

CONDENSED BALANCE SHEET OF THE BANK VAN DE NEDERLANDSE ANTILLEN

The Condensed Balance Sheet of the Bank van de Nederlandse Antillen for December 2009 is as follows:
(millions of NAf.)

Assets	31-Dec-09	Difference Compared to 30-Nov-09	Liabilities	31-Dec-09	Difference Compared to 30-Nov-09
Claims on nonresidents	2,984.3	-131.9	Liabilities to nonresidents	796.0	-147.6
Gold	637.5	92.7	Deposits of nonresidents	796.0	-147.6
Official reserves	2,346.8	-224.6			
Domestic assets	663.1	238.4	Domestic liabilities	2,851.5	254.1
			Currency in circulation	381.0	24.7
Claims on the government	273.9	0.4	Government deposits	310.9	-11.6
Government paper in portfolio	254.9	0.0	Island government	122.4	-9.5
Government agencies and institutions	16.8	0.0	Central government	149.6	-2.8
Other	2.2	0.4	Government agencies and institutions	39.0	0.8
Claims on deposit money banks	14.8	-1.6	Liabilities to deposit money banks	1,152.3	106.5
Current account balances	14.8	-1.6	Current account balances	451.4	120.6
			Certificates of Deposit	69.1	0.0
			Required reserves	631.8	-14.1
Claims on other sectors	374.5	239.7	Liabilities to other sectors	319.3	34.2
Other assets	374.5	239.7	Deposits of other residents	277.6	37.1
			Other liabilities	41.8	-2.8
			Capital and reserves	687.9	100.2
Total assets	3,647.5	106.5	Total liabilities	3,647.5	106.5

In December 2009, the Bank relaxed its monetary policy further. Therefore, the reserve requirement percentage was cut by 25 basis points to 10.25%, resulting in a net decrease of NAf.14.1 million in the item “Required reserves”. Furthermore, during the biweekly auctions of Certificates of Deposit (CDs), the Bank focused only on refinancing the maturing CDs. Hence, the outstanding amount of CDs remained unchanged.

Base money, defined as the sum of currency in circulation and the commercial banks’ net current account balances at the Bank, rose by NAf.146.9 million in December. This increase was related to a rise in the currency in circulation (NAf.24.7 million) as well as the net current account balances of the commercial banks (NAf.122.2 million). The latter can be ascribed, to among other things, transfers by the island territory of Curaçao, the SVB, and the USONA¹ from their accounts at the Bank towards their accounts at the commercial banks. In addition, the Integrated Utility Holding N.V. (Aqualectra) issued corporate bonds during the month of December of which part of the raised funds were used to repay the company’s debt at the commercial banks.

As the aforementioned corporate bonds were issued through the Bank, the item “Other assets” increased by NAf.239.7 million. Integrated Utility Holding N.V. used part of the funds from the bond issuance to repurchase preferred shares owned by a foreign shareholder, and to repay foreign debt. These transactions explain most of the decline in the item “Official reserves” at the assets side of the balance sheet. The remaining funds were

¹ The foundation that approves and funds development projects in the Netherlands Antilles.

deposited on an account of Integrated Utility Holding N.V. at the Bank. This is reflected by the increase in the item “Deposits of other residents” at the liabilities side of the balance sheet.

The government’s net position at the Bank deteriorated by NAf.12.0 million in December, primarily as a consequence of a decline in government deposits. The deposits of the island territory of Curaçao dropped by NAf.9.5 million largely due to the repayment of debt securities and to transfers towards its accounts at the commercial banks. This decline was partly offset by a transfer from the central government towards the island territory, related to the regular settlement of mutual obligations between the two government entities. In addition, the Dutch Ministry of the Interior and Kingdom Relations (BZK) transferred funds towards the debt relief of the island territory.

The deposits of the central government dropped by NAf.2.8 million on balance, due to, among other things, the payment of pension and insurance premiums in December 2009. In addition, the central government made a transfer towards the island territory of Curaçao related to the settlement of mutual obligations. Moreover, the central government repaid maturing debt securities. The decline in the central government’s deposits was partly offset by transfers by the Dutch Ministry of BZK towards the repayment of debt of the BES² islands with the central government and the debt relief of the central government.

Worth mentioning is also the decline in the item “Deposits of non-residents” by NAf.147.6 million due mainly to the transfers by the Dutch Ministry of BZK towards the debt relief of the central government, the island territory of Curaçao, and the BES islands.

Lastly, the annual revaluation of the gold stock of the Netherlands Antilles caused the increase in the item “Gold” on the assets side and in the item “Capital and reserves” on the liabilities side of the balance sheet.

Willemstad, February 26, 2010

Bank van de Nederlandse Antillen

² Bonaire, Sint Eustatius and Saba.