

Condensed Balance Sheet

CENTRALE BANK VAN CURAÇAO EN SINT MAARTEN

September 2019

(millions of NAf.)

Assets	Difference compared to		Liabilities	Difference compared to	
	30-Sep-19	31-Aug-19		30-Sep-19	31-Aug-19
Claims on nonresidents	3,284.3	-127.6	Liabilities to nonresidents	267.0	1.8
Gold	1,117.7	-32.4	Deposits of nonresidents in foreign currency	267.0	1.8
Official reserves	2,166.6	-95.2			
Other	0.0	0.0			
Domestic assets	638.1	-7.4	Domestic liabilities	2,590.4	-103.6
			Currency in circulation	465.8	-6.4
Claims on the government	0.1	0.0	Government deposits	135.9	-31.0
Government paper in portfolio	0.1	0.0	Government of Curaçao	84.9	-40.0
Government agencies and institutions	0.0	0.0	Government of Sint Maarten	48.9	9.1
Other	0.0	0.0	Former Central Government	1.7	0.0
			Government agencies and institutions	0.4	0.0
Claims on deposit money banks	267.0	-1.0	Liabilities to deposit money banks	1,841.2	20.5
Current account balances	267.0	-1.0	Current account balances	430.8	-41.4
			Certificates of Deposit	115.7	77.8
			Required reserves	1,294.7	-15.9
Claims on other sectors	371.0	-6.4	Liabilities to other sectors	147.5	-86.7
Other assets	371.0	-6.4	Deposits of other residents	87.0	-86.0
			Other liabilities	60.6	-0.7
			Capital and reserves	1,065.0	-33.2
Total assets	3,922.4	-135.0	Total liabilities	3,922.4	-135.0

During the month of September 2019, the Bank continued to direct its monetary policy at tightening the surplus in the money market by auctioning Certificates of Deposit (CD) in both guilders (NAf.) and US dollars. As a result, the outstanding amount of CDs increased by NAf.77.8 million¹. Meanwhile, the Bank maintained the percentage of the reserve requirement at 18.00%. Nevertheless, the amount of required reserves decreased by NAf.15.9 million due to the lower base amount² upon which it is calculated.

Base money³ decreased by NAf.47.8 million due to a decline in both the current account balances of the commercial banks (NAf.41.4 million) and currency in circulation (NAf.6.4 million). The decline in the current account balances was mainly the result of the net purchase of foreign exchange, the transfer of dollar deposits to abroad, and the purchase of CDs by the commercial banks at the Bank. However, this decline was mitigated by the decrease in required reserves and transfers by a pension fund and the government of Curaçao towards their accounts at the commercial banks.

The net position of the governments at the Bank deteriorated by NAf.31.0 million due to a decrease in deposits of the government of Curaçao (NAf.40.0 million) moderated by an increase in deposits of the government of Sint Maarten (NAf.9.1 million). The decline in

¹ Of which NAf.33.0 million in NAf-CDs and NAf.44.8 million in US\$-CDs.

² The base amount is equal to the commercial banks' domestic liabilities -/- long-term deposits.

³ The sum of currency in circulation and the current account balances of the commercial banks at the Bank.

deposits of the government of Curaçao was the result of, among other things, the transfer of funds towards its accounts at the commercial banks. The government of Curaçao also made payments to creditors related to the completion of the new hospital. However, the transfer of license fees collected by the Bank over the month of August 2019 moderated this decrease. The increase in deposits of the government of Sint Maarten can be attributed to funds received from abroad related to the sale of the government's share in UTS N.V.⁴

Furthermore, the item "Liabilities to other sectors" decreased by NAf.86.7 million due to transfers made by a financial institution placed under the emergency measure from its account at the Bank towards its accounts abroad. The funds received by the public pension fund of Curaçao, APC, from the Dutch State Treasury Agency (DSTA) related to an annuity loan taken over under the debt relief program that is held in the portfolio of APC mitigated the decline in the item "Liabilities to other sectors".

On the assets side of the balance sheet, the item "Official reserves" decreased by NAf.95.2 million as a result of the net purchase of foreign exchange and the transfer of dollar deposits to abroad by the commercial banks, and transfers by a financial institution placed under the emergency measure towards its accounts abroad. The decrease in official reserves was moderated by funds received from abroad related to the sale of the shares of Sint Maarten in UTS N.V., the payment by DSTA of an annuity installment, and the transactions by a pension fund.

Finally, the item "Gold" on the assets side of the balance sheet fell by NAf.32.4 million due to the lower market value at the balance sheet date compared to the end of August 2019. Even though there was a decline in September, the gold price remained well above historical averages due to the sharp increases in recent months. The decrease in the item "Capital and reserves" on the liabilities side of the balance sheet was related to the decline in the market value of gold.

Willemstad, November 19, 2019

Centrale Bank van Curaçao en Sint Maarten

⁴ The country of Sint Maarten had a share of 12.5% in UTS N.V. Following the privatization of this telecommunication company by the country of Curaçao in March 2019, Sint Maarten also sold its shares in the company to Liberty Latin America in September 2019.