

Condensed Balance Sheet BANK VAN DE NEDERLANDSE ANTILLEN (Central Bank)

The Condensed Balance Sheet of the Bank van de Nederlandse Antillen for August 2010 is as follows:
(millions of NAf.)

Assets	31-Aug-10	Difference Compared to 31-Jul-10	Liabilities	31-Aug-10	Difference Compared to 31-Jul-10
Claims on nonresidents	3,120.6	-189.6	Liabilities to nonresidents	774.0	-20.9
Gold	637.1	-0.4	Deposits of nonresidents in foreign currency	774.0	-20.9
Official reserves	2,483.4	-189.2			
Domestic assets	634.1	8.7	Domestic liabilities	2,312.3	-156.5
			Currency in circulation	352.3	-10.4
Claims on the government	258.4	0.0	Government deposits	505.9	-139.8
Government paper in portfolio	251.5	0.0	Island government	119.2	-25.2
Advanced license fees	4.8	0.0	Central government	347.3	-119.1
Other	2.1	0.1	Government agencies and institutions	39.5	4.5
Claims on deposit money banks	0.0	-9.7	Liabilities to deposit money banks	1,037.4	-33.8
Current account balances	0.0	-9.7	Current account balances	423.9	-8.8
			Certificates of Deposit	65.1	0.0
			Required reserves	548.4	-25.1
Claims on other sectors	375.7	18.4	Liabilities to other sectors	416.7	27.6
Other assets	375.7	18.4	Deposits of other residents	379.0	31.0
			Other liabilities	37.7	-3.5
			Capital and reserves	668.4	-3.5
Total assets	3,754.7	-180.9	Total liabilities	3,754.7	-180.9

In August 2010, the Bank relaxed its monetary policy further. The reserve requirement percentage was cut by 25 basis points to 8.25%. This reduction, combined with a decline in the base amount upon which the required reserves are calculated, resulted in a drop of NAf.25.1 million in the item "Required reserves." During the biweekly auctions of Certificates of Deposit (CDs), the Bank focused only on refinancing of maturing CDs. Hence, the outstanding amount of CDs remained unchanged.

The amount of base money¹ fell by NAf.9.5 million because the decrease in currency in circulation (NAf.10.4 million) outweighed the net increase in the current account balances of the commercial banks at the Bank (NAf.0.9 million).

The net position of the government at the Bank deteriorated in August 2010 by NAf.139.8 million, due largely to the decrease in deposits of the central government (NAf.119.1 million). This decline was owed mainly to the redemption of debt securities held by the government pension fund, APNA. In addition, the deposits of the island territory of Curaçao dropped (NAf.25.2 million), due to transfers from its account at the Bank towards its accounts at the commercial banks.

Worth mentioning is the gain in the deposits of other residents (NAf.31.0 million). This increase can largely be ascribed to the mentioned transfer made from the central government

¹ Base money is defined as the sum of 'currency in circulation' and the commercial banks' current account balances at the Bank.

towards the APNA. Most of these funds were invested abroad, which led to the decrease in the item “Official reserves” on the assets side of the balance sheet.

Finally, the drop in the item “Deposits of nonresidents in foreign currency” (NAf.20.9 million) was due to net transactions carried out by the Central Bank of Aruba.

Willemstad, September 29, 2010

Bank van de Nederlandse Antillen