

Condensed Balance Sheet

BANK VAN DE NEDERLANDSE ANTILLEN

(Central Bank)

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

Assets	31-Jan-09	Difference Compared to 31-Dec-08	Liabilities	31-Jan-09	Difference Compared to 31-Dec-08
Claims on nonresidents	3,041.3	-0.6	Liabilities to nonresidents	1064.4	33.2
Gold	544.9	0.0	Deposits of nonresidents in foreign currency	1064.4	33.2
Official reserves	2,496.4	-0.6			
Domestic assets	481.1	-18.6	Domestic liabilities	2,458.0	-52.4
			Currency in circulation	353.6	-29.8
Claims on the government	321.5	-8.1	Government deposits	52.7	-44.1
Government paper in portfolio	260.4	-5.0	Island government	4.5	-0.9
Advanced license fees	61.1	-3.1	Central government	48.2	-43.2
Special account central government	0.0	0.0			
Claims on deposit money banks	28.0	-10.0	Liabilities to deposit money banks	1001.4	40.7
Current account balances	28.0	-10.0	Current account balances	176.1	38.4
			Certificates of Deposit	113.0	5.0
			Required reserves	712.3	-2.7
Claims on other sectors	131.6	-0.5	Liabilities to other sectors	500.8	-18.8
Other assets	131.6	-0.5	Deposits other residents	365.7	-23.1
			Other liabilities	135.1	4.3
			Capital and reserves	549.5	-0.4
Total assets	3,522.4	-19.2	Total liabilities	3,522.4	-19.2

In January 2009, the Bank relaxed its monetary policy. The motivation for this relaxation was the solid import coverage and the fact that the sustained liquidity surplus in the domestic money market has not resulted in excessive credit expansion. This liquidity surplus is caused by the low interest rates in the United States and the unfavorable conditions in international securities markets, which induced investors to hold more funds domestically. In addition, the decline in the financing needs of the central government as a result of debt relief contributed to the high surplus in the money market.

On January 16, 2009, the Bank reduced the reserve requirement percentage by 0.25% to 13%. Prior to this reduction, the rate had remained unchanged at 13.25% for more than a year. As a result of the reduction, the required reserves¹ dropped by NAf.2.7 million. During the biweekly auctions of Certificates of Deposit (CDs), the Bank tendered a lower amount to the commercial banks. The subscriptions received picked up compared to the two preceding months, culminating in a NAf.5.0 million rise in the outstanding amount of CDs.

The amount of base money² grew by NAf.18.6 million, due to the net increase in the current account balances of the commercial banks at the Bank (NAf.48.4 million). The increase in these balances can be ascribed to the net sale of banknotes to the Bank, the drop in the required reserves, and the higher balances of local investors. The net sale of banknotes is reflected in the NAf.29.8 million decline in the value of currency in circulation. This decline

¹ The required reserves are derived from the commercial banks' domestic liabilities.

² Base money is defined as the sum of 'currency in circulation' and the commercial banks' current account balances at the Bank.

is characteristic for January, when the public's demand decreases compared to the December holidays.

During January 2009, the net position of the government at the Bank deteriorated by NAf.36.0 million. The central government drew down its deposits with the Bank to pay, among other things, principal and interest on debt securities, causing its account balance to drop by NAf.43.2 million. The position of the island government of Curaçao at the Bank improved as a consequence of the net redemption on treasury bills in the Bank's portfolio. This redemption resulted in a NAf.5.0 million decrease in the item "Government paper in portfolio" on the assets side of the balance sheet.

The increase in the item "Liabilities to nonresidents" (NAf.33.2 million) can primarily be explained by transfers from abroad in favor of the institution placed under the emergency measure, First Curaçao International Bank. Lastly, the item "Liabilities to other sectors" decreased due to, among others things, transfers made by USONA, the foundation that approves and funds development projects in the Netherlands Antilles.

Willemstad, March 10, 2009

Bank van de Nederlandse Antillen