

**Condensed Balance Sheet of the Bank van de Nederlandse Antillen**  
(in millions NAF.)

<b>Assets</b>	31-Jul-06	Difference compared to 30-Jun-06	<b>Liabilities</b>	31-Jul-06	Difference compared to 30-Jun-06
<b>Claims on nonresidents</b>	<b>1,203.2</b>	<b>10.5</b>	<b>Liabilities to nonresidents</b>	<b>9.0</b>	<b>3.2</b>
Gold	305.5	0.0	Deposits of non-residents in foreign currency	9.0	3.2
Official reserves	897.7	10.5			
<b>Domestic assets</b>	<b>378.4</b>	<b>6.0</b>	<b>Domestic liabilities</b>	<b>1,572.6</b>	<b>13.3</b>
			<b>Currency in circulation</b>	<b>273.7</b>	<b>-8.5</b>
<b>Claims on the government</b>	<b>227.9</b>	<b>-14.4</b>	<b>Government deposits</b>	<b>64.0</b>	<b>-27.0</b>
Government paper in portfolio	227.9	0.0	Island government of Curaçao	11.9	-35.9
Advanced license fees	0.0	0.0	Central government	52.1	8.9
Special account central government	0.0	-14.4			
<b>Claims on money banks</b>	<b>0.0</b>	<b>-3.8</b>	<b>Liabilities to deposit money banks</b>	<b>612.2</b>	<b>15.6</b>
Current account balances	0.0	-3.8	Current account balances	26.1	26.1
			Certificates of Deposit	41.9	-3.0
			Required reserves	544.2	-7.5
<b>Claims on other sectors</b>	<b>150.5</b>	<b>24.2</b>	<b>Liabilities to other sectors</b>	<b>314.2</b>	<b>33.2</b>
Other assets	150.5	24.2	Deposits other residents	254.6	25.1
			Other liabilities	59.6	8.1
			<b>Capital and reserves</b>	<b>308.5</b>	<b>0.0</b>
<b>Total assets</b>	<b>1,581.6</b>	<b>16.5</b>	<b>Total liabilities</b>	<b>1,581.6</b>	<b>16.5</b>

In July 2006, monetary developments did not induce the Bank to deploy its monetary policy instruments to influence the domestic money market. The change in the amount of outstanding Certificates of Deposit (CDs) was as caused by an autonomous factor for the Bank, i.e., lower subscriptions on the auctions held by the Bank. The reserve requirement percentage remained unchanged at 13%. Nevertheless, the commercial banks' required reserves decreased due to a decline in the base amount<sup>1</sup> upon which these are calculated.

The amount of base money<sup>2</sup> rose by NAF. 21.4 million in July 2006. This was the result of an increase in the current account balances of the commercial banks, as the currency in circulation dropped. The increase in the current account balances of the commercial banks was, among other things, due to deposits by the commercial banks and the net redemption of government paper by the island government of Curaçao.

Worth mentioning is the decline in "Government deposits" as a result of a drop in the deposits of the island government of Curaçao at the Bank. This drop was, among other things, due to the transfer of maturing time deposits of the island government of Curaçao to its commercial bank accounts, and the aforementioned net redemption of government paper. Contrary to the deposits of the island government of Curacao, the deposits of the central government increased. This increase was, among other things, the result of the issuance of debt securities and the transfer of license fee advances by the Bank to the central government. The proceeds of the issuance and the transfer were deposited on the "Special

<sup>1</sup> This base is calculated via the commercial bank's domestic liabilities.

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

account central government”, turning around its liability to the Bank into a claim on the Bank. The transfer of license fee advances by the Bank to the central government is reflected by the increase in the item “Claims on other sectors” on the assets side of the balance sheet.

Furthermore, the “Liabilities to other sectors” increased by NAf.33.2 million. This increase was due mainly to transfers from abroad in favor of USONA<sup>3</sup>. The transferred amount was subsequently invested in a time deposit at the Bank. The transfers from abroad contributed also to the increase in the item “Official reserves” on the assets side of the balance sheet.

August 29, 2006

Bank van de Nederlandse Antillen

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<sup>3</sup> The foundation that approves and funds development projects.