

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

Assets	30-Jun-06	Difference compared to 31-May-06	Liabilities	30-Jun-06	Difference compared to 31-May-06
Claims on nonresidents	1,192.7	-13.2	Liabilities to nonresidents	5.8	2.6
Gold	305.5	0.0	Deposits of non-residents in foreign currency	5.8	2.6
Official reserves	887.2	-13.2			
Domestic assets	372.4	10.8	Domestic liabilities	1,559.3	-4.9
			Currency in circulation	282.2	1.7
Claims on the government	242.3	15.4	Government deposits	91.0	-27.8
Government paper in portfolio	227.9	1.0	Island government of Curaçao	47.8	-13.0
Advanced license fees	0.0	0.0	Central government	43.2	-14.8
Special account central government	14.4	14.4			
Claims on money banks	3.8	-5.1	Liabilities to deposit money banks	596.6	18.0
Current account balances	3.8	-5.1	Current account balances	0.0	0.0
			Certificates of Deposit	44.9	-0.2
			Required reserves	551.7	18.2
Claims on other sectors	126.3	0.5	Liabilities to other sectors	281.0	3.2
Other assets	126.3	0.5	Deposits other residents	229.5	-4.1
			Other liabilities	51.5	7.3
			Capital and reserves	308.5	0.0
Total assets	1,565.1	-2.4	Total liabilities	1,565.1	-2.4

In June 2006, monetary developments did not induce the Bank to deploy its monetary policy instruments to influence the domestic money market. On the CD auctions¹, the Bank aimed only at the refinancing of maturing CDs, while the reserve requirement percentage remained unchanged. The increase in the commercial banks' required reserves was, therefore, the result of an increase in the base² upon which they are calculated.

Base money is defined as the sum of currency in circulation and the commercial banks' current account balances at the Bank. During the month of June, the amount of base money rose by NAf. 6.8 million due mainly to an improvement in the commercial banks' current account balances of NAf. 5.8 million. The currency in circulation increased by a mere NAf. 1.7 million.

Worth mentioning is the drop of NAf. 27.8 million in the item "government deposits". This drop was, among other things, the result of transfers by the island government of Curaçao, and the payment of interest and principal on debt securities, and pension and insurance premiums by the central government. The payments by the central government went through the "special account central government", turning around its claim on the Bank into a liability to the Bank.

The above mentioned transfers by the island government of Curaçao together with the interest and principal payments on debt securities by the central government contributed largely to the improvement in the current account balances of the commercial banks at the

¹ The Bank organizes biweekly auctions with the commercial banks. This makes it possible for the Bank to influence the domestic money market.

² This base is calculated via the commercial bank's domestic liabilities.

Bank. The commercial banks used part of the available liquidity to purchase foreign exchange at the Bank, resulting in a drop in the item “official reserves” on the assets side of the balance sheet.

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Bank van de Nederlandse Antillen