

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

| <b>Assets</b>                      | 31-May-05      | Difference<br>compared<br>to<br>30-Apr-05 | <b>Liabilities</b>                            | 31-May-05      | Difference<br>compared<br>to<br>30-Apr-05 |
|------------------------------------|----------------|---|---|----------------|---|
| <b>Claims on nonresidents</b>      | <b>1,268.8</b> | <b>-26.1</b>                              | <b>Liabilities to nonresidents</b>            | <b>8.4</b>     | <b>0.0</b>                                |
| Gold                               | 271.7          | 0.0                                       | Deposits of non-residents in foreign currency | 8.4            | 0.0                                       |
| Official reserves                  | 997.1          | -26.1                                     |   |                |   |
| <b>Domestic assets</b>             | <b>362.7</b>   | <b>-2.1</b>                               | <b>Domestic liabilities</b>                   | <b>1,622.9</b> | <b>-27.1</b>                              |
|                                    |                |   | <b>Currency in circulation</b>                | <b>265.6</b>   | <b>0.9</b>                                |
| <b>Claims on the government</b>    | <b>235.8</b>   | <b>-1.8</b>                               | <b>Government deposits</b>                    | <b>192.7</b>   | <b>-80.7</b>                              |
| Government paper in portfolio      | 210.6          | -1.8                                      | Island government of Curaçao                  | 110.2          | -49.9                                     |
| Advanced license fees              | 25.2           | 0.0                                       | Central government                            | 82.5           | -30.8                                     |
| Special account central government | 0.0            | 0.0                                       |   |                |   |
|                                    |                |   | <b>Liabilities to deposit money banks</b>     | <b>623.9</b>   | <b>39.6</b>                               |
|                                    |                |   | Current account balances                      | 86.4           | 29.0                                      |
|                                    |                |   | Certificates of Deposit                       | 91.4           | 0.0                                       |
|                                    |                |   | Required reserves                             | 446.1          | 10.6                                      |
| <b>Claims on other sectors</b>     | <b>126.9</b>   | <b>-0.3</b>                               | <b>Liabilities to other sectors</b>           | <b>266.0</b>   | <b>13.2</b>                               |
| Other assets                       | 126.9          | -0.3                                      | Deposits other residents                      | 179.7          | 8.4                                       |
|                                    |                |   | Other liabilities                             | 86.3           | 4.8                                       |
|                                    |                |   | <b>Capital and reserves</b>                   | <b>274.7</b>   | <b>-0.1</b>                               |
| <b>Total assets</b>                | <b>1,631.5</b> | <b>-28.2</b>                              | <b>Total liabilities</b>                      | <b>1,631.5</b> | <b>-28.2</b>                              |

During May 2005, the Bank did not deem necessary to influence the liquidity on the domestic money market through its monetary policy instruments. This is illustrated by the unchanged position in outstanding Certificates of Deposit (CDs)<sup>1</sup>. Also the reserve requirement percentage remained unchanged. The increase in the required reserves was the result of an increase in the base amount upon which these are calculated.

Base money<sup>2</sup> increased by NAf.29.9 million during May. This increase was primarily the result of an increase of NAf.29.0 million in the current account balances of the commercial banks at the Bank. In accordance with the execution of its monetary policy, the Bank follows developments in this item closely. An increase in this item could indicate potential credit extension and, hence, an outflow of international reserves.

Further worth mentioning is the drop of NAf.49.9 million in the item "Island government of Curaçao". This drop was due mainly to a withdrawal by the island government of Curaçao of part of the transfers received in light of the tax arrangement for the Kingdom (BRK), which were invested in a time deposit.

<sup>1</sup> These securities are issued by the Bank through biweekly auctions and are aimed at mopping up liquidity in the domestic money market.

<sup>2</sup> This consists of banknotes in circulation and the current account balances of the commercial banks at the Bank.

Finally, the decrease of NAf.31.8 million in the central government's deposits was due largely to the net redemption of government paper through the account "Gouvernement Speciaal". These redemptions, together with the above mentioned withdrawal of BRK-transfers by the island government of Curaçao, caused a rise in the current account balances of the commercial banks at the Bank.

June 27, 2005

**Bank van de Nederlandse Antillen**