

**CONDENSED BALANCE SHEET
BANK VAN DE NEDERLANDSE ANTILLEN
(Central Bank)**

The condensed balance sheet of the Bank van de Nederlandse Antillen (Central Bank) for the month of October 2004 is presented below:

Condensed Balance Sheet (millions of NAf.)					
		Diff. compared with			Diff. compared with
Assets	10-31-04	09-30-04	Liabilities	10-31-04	09-30-04
Claims on nonresidents	945.0	9.7	Liabilities to non-residents	1.2	-0.4
Gold	237.0	0.0	Deposits of non-residents in foreign currency	1.2	-0.4
Official reserves	708.0	9.7			
Domestic Assets	371.4	30.2	Domestic liabilities	1276.8	37.7
			Currency in circulation	251.8	0.5
Claims on the government	222.7	24.8	Governments deposits	120.7	-1.1
Government paper in portfolio	197.5	-0.4	Island government of Curaçao	7.2	-4.6
			Central government	113.5	3.5
Advanced license fees	25.2	25.2			
Claims on deposit money banks	0.0	0.0	Liabilities to deposit money banks, of which:	548.7	2.5
			Current account balances	53.4	23.4
			Certificates of Deposit	94.5	-3.0
			Required reserves	399.5	-8.5
Claims on other sectors	148.7	5.4	Liabilities to other sectors	115.7	35.9
Other assets	148.7	5.4	Deposits other residents	103.2	35.4
			Other liabilities	12.5	0.5
			Capital and reserves	239.9	-0.1
Total Assets	1,316.4	39.9	Total Liabilities	1,316.4	39.9

During October 2004, the balance sheet of the Bank van de Nederlandse Antillen increased with NAf.39.9 million reaching NAf.1,316.4 million. The liabilities side of the balance sheet reveals that this increase is due mainly to increases in deposits of other residents and the current accounts balances of the commercial banks. The assets side of the balance sheet reveals that the advance payment of license fee¹ by the Bank to the central government contributed largely to this increase. Deposits of other residents increased mainly due to a deposit of NAf.25.0 million by the Dutch Ministry of Domestic and Kingdom Affairs in favor of the "Stichting Ontwikkelingsfonds Nederlandse Antillen" (SONA). In addition, these deposits increased due to interest and amortization payments on government securities received by the public servants pension fund (APNA).

The sum of the commercial banks' current account balances and banknotes in circulation is defined as base money. The increase in base money of NAf.23.9 million indicates an expansion of the money market.

The increase in the commercial banks' current account balances (NAf.23.4 million) is partly explained by decreases in both Certificates of Deposit (CDs) in portfolio and the required reserves at the Bank. Both these decreases were the result of autonomous factors and not of the monetary policy conducted by the Bank. The drop in CDs was due to undersubscription on the amount that was auctioned. The drop in the required reserves was due to a decrease in the base amount upon which it is calculated. This base amount is derived from the commercial banks' domestic liabilities. In addition, the current account balances rose due to the net sale of foreign exchange by commercial banks to the Bank, which contributed also to the increase in the official reserves.

December 2, 2004

Bank van de Nederlandse Antillen

[1] The Bank charges commercial banks a 1% license fee on all payments of residents to non-residents. The proceeds of this fee form part of the Bank's profit. In the end, this profit is paid out to the central government. It occurs that the Bank, in anticipation of the closing of the financial year, provides advances on license fee collected.