

Condensed Balance Sheet  
CENTRALE BANK VAN CURAÇAO EN SINT MAARTEN

**October 2012**

(millions of NAf.)

Assets	31-Oct-12	Difference compared to		Liabilities	31-Oct-12	Difference compared to	
		30-Sep-12				30-Sep-12	
<b>Claims on nonresidents</b>	<b>3,523.1</b>	<b>7.1</b>		<b>Liabilities to nonresidents</b>	<b>635.9</b>	<b>20.4</b>	
Gold	1,293.6	-42.9		Deposits of nonresidents in foreign currency	635.9	20.4	
Official reserves	2,061.0	67.6					
Securities and loans	168.6	-17.5					
<b>Domestic assets</b>	<b>457.4</b>	<b>1.6</b>		<b>Domestic liabilities</b>	<b>2,134.3</b>	<b>28.7</b>	
				<b>Currency in circulation</b>	<b>373.8</b>	<b>5.9</b>	
<b>Claims on the government</b>	<b>0.2</b>	<b>0.0</b>		<b>Government deposits</b>	<b>158.9</b>	<b>-48.9</b>	
Government paper in portfolio	0.2	0.0		Government of Curacao	56.2	-49.2	
Government agencies and institutions	0.0	0.0		Government of Sint Maarten	0.1	0.0	
Other	0.0	0.0		Former Central Government	102.5	0.3	
				Government agencies and institutions	0.2	0.0	
<b>Claims on deposit money banks</b>	<b>0.1</b>	<b>0.1</b>		<b>Liabilities to deposit money banks</b>	<b>1,257.2</b>	<b>41.7</b>	
Current account balances	0.1	0.1		Current account balances	381.0	17.0	
				Certificates of Deposit	29.0	-1.3	
				Required reserves	847.2	26.0	
<b>Claims on other sectors</b>	<b>457.2</b>	<b>1.5</b>		<b>Liabilities to other sectors</b>	<b>344.5</b>	<b>29.9</b>	
Other assets	457.2	1.5		Deposits of other residents	249.6	31.3	
				Other liabilities	94.9	-1.4	
				<b>Capital and reserves</b>	<b>1,210.3</b>	<b>-40.4</b>	
<b>Total assets</b>	<b>3,980.5</b>	<b>8.7</b>		<b>Total liabilities</b>	<b>3,980.5</b>	<b>8.7</b>	

During the month of October 2012, the Bank continued to direct its monetary policy at tightening the surplus in the money market. The percentage of the reserve requirement, the main instrument, was increased by 0.50 percentage point to 12.75%. This instrument aims at influencing the liquidity of the commercial banks and, hence, the growth in credit extension. Due to the increase in the reserve requirement percentage, the amount of required reserves expanded by NAf.26.0 million. The other monetary policy instrument, the auctioning of Certificates of Deposit (CDs), was not actively deployed. During the biweekly auctions, the Bank aimed only at the refinancing of maturing CDs. The amount of outstanding CDs, therefore, remained practically unchanged.

Base money<sup>1</sup> increased by NAf.22.9 million in October 2012. This expansion was due to an increase of NAf.17.0 million in the current account balances of the commercial banks and a rise of NAf.5.9 million in the value of currency in circulation. The increase in the current account balances was due mainly to transfers by the government of Curaçao from its account at the Bank towards its accounts at the commercial banks. However, the increase in the current account balances of the commercial banks was mitigated by the rise in the required reserves and transfers by USONA<sup>2</sup> from its accounts at the commercial banks towards its account at the Bank. Moreover, the commercial banks purchased securities that were held in the Bank's portfolio. The latter explains the decline by NAf.17.5 million in the item "Securities and loans" on the assets side of the balance sheet.

<sup>1</sup> The sum of currency in circulation and the current account balances of the commercial banks at the Bank.

<sup>2</sup> The foundation that approves and funds development projects.

The increase by NAf.20.4 million in the item “Liabilities to non residents” was largely related to interest payments by the governments of Curaçao and Sint Maarten to the Dutch state. Because of the standing subscription, the Dutch State obtained the bulk of the bonds issued by Curaçao and Sint Maarten in October 2010.

The net position of the government with the Bank declined by NAf.48.9 million because of a drop in the deposits of the Curaçao government at the Bank. This drop was related largely to the aforementioned transfers towards its accounts at the commercial banks, and the interest payments on bonds issued in October 2010. However, a transfer of collected dividend tax by the Netherlands related to the tax arrangement for the Kingdom (BRK) moderated the decline in the deposits of the Curaçao government. The transfer of the collected dividend tax explains also the rise by NAf.67.6 million in the item “Official Reserves” on the assets side of the balance sheet.

The item “Liabilities to other sectors” rose by NAf.29.9 million. This rise was caused by an increase of NAf.31.3 million in the item “Deposits of other residents”, largely the result of an increase in the deposits of the public pension fund, APNA, because of interest earnings on debt securities issued by the entities of the former Netherlands Antilles and taken over by the Netherlands. Also, USONA transferred funds from its accounts with the commercial banks to its account at the Bank.

Finally, the item “Gold” on the assets side of the balance sheet declined by NAf.42.9 million as a result of the lower market value at the balance sheet date, compared to the end of September 2012. The decline in the item “Capital and reserves” on the liabilities side of the balance sheet was related to the drop in the market value of gold.

Willemstad, November 23, 2012  
**Centrale Bank van Curaçao en Sint Maarten**