

Condensed Balance Sheet

CENTRALE BANK VAN CURAÇAO EN SINT MAARTEN

October 2018

(millions of NAf.)

Assets	Difference compared to		Liabilities	Difference compared to	
	31-Oct-18	30-Sep-18		31-Oct-18	30-Sep-18
Claims on nonresidents	3,141.4	1.4	Liabilities to nonresidents	333.1	34.3
Gold	914.3	20.9	Deposits of nonresidents in foreign currency	333.1	34.3
Official reserves	2,227.2	-19.5			
Other	0.0	0.0			
Domestic assets	780.1	15.3	Domestic liabilities	2,724.8	-40.6
			Currency in circulation	467.3	9.2
Claims on the government	0.1	0.0	Government deposits	102.2	-14.7
Government paper in portfolio	0.1	0.0	Government of Curacao	35.1	-47.1
Government agencies and institutions	0.0	0.0	Government of Sint Maarten	64.9	32.4
Other	0.0	0.0	Former Central Government	1.8	0.0
			Government agencies and institutions	0.4	0.0
Claims on deposit money banks	289.5	11.8	Liabilities to deposit money banks	2,029.7	-64.0
Current account balances	289.5	11.8	Current account balances	704.0	-38.3
			Certificates of Deposit	13.0	-5.0
			Required reserves	1,312.7	-20.7
Claims on other sectors	490.5	3.4	Liabilities to other sectors	125.6	28.9
Other assets	490.5	3.4	Deposits of other residents	67.0	29.8
			Other liabilities	58.6	-0.9
			Capital and reserves	863.6	22.9
Total assets	3,921.5	16.6	Total liabilities	3,921.5	16.6

During the month of October 2018, the Bank maintained the reserve requirement at 18.00%. Nevertheless, the amount of required reserves decreased by NAf.20.7 million due to the lower base amount¹ upon which it is calculated. Furthermore, on the bi-weekly auctions of certificates of deposit (CDs), the Bank issued a lower amount of CDs causing a NAf.5.0 million decrease in the outstanding amount of CDs.

Base money² dropped by NAf.29.1 million due to a decrease in the current account balances of the commercial banks (NAf.38.3 million), mitigated by a rise in the currency in circulation (NAf.9.2 million). The decline in the current account balances was the result of primarily the net purchase of foreign exchange at the Bank. However, the transfer of funds by the government of Curaçao, the government of Sint Maarten, and N.V. Pensioen ESC from their accounts at the Bank towards their accounts at the commercial banks, payments by USONA³ to local creditors regarding the construction of the new hospital in Curaçao, the drop in the required reserves, and the decline in the amount of outstanding CDs moderated the decrease in the current account balances. In addition, the Bank provided short-term

¹ The base amount is equal to the commercial banks' domestic liabilities -/- long-term deposits.

² The sum of currency in circulation and the current account balances of the commercial banks at the Bank.

³ USONA is the foundation in charge with the construction of the new hospital in Curaçao.

liquidity to some commercial banks during the month of October, reflected by an increase in the item “Claims on deposit money banks” by NAf.11.8 million.

The item “Liabilities to nonresidents” grew by NAf.34.3 million due mainly to an increase in the deposits of the Dutch Ministry of the Interior and Kingdom Relations (BZK) at the Bank related to interest payments on debt securities issued by the governments of Curaçao and Sint Maarten that are held by the Dutch State. In addition, the commercial banks in Bonaire carried out transactions towards their accounts at the Bank.

The net position of the government with the Bank worsened by NAf.14.7 million as a result of a decline in the deposits of the government of Curaçao (NAf.47.1 million), mitigated by an increase in the deposits of the government of Sint Maarten (NAf.32.4 million). The decline in the deposits of the government of Curaçao was mainly the result of interest payments on debt securities held by the Dutch State and the transfer of funds to USONA regarding the construction of the new hospital. This decline was, however, partly offset by the transfer of license fees over the month of September by the Bank. Meanwhile, the increase in the deposits of the government of Sint Maarten was due to liquidity support that the Dutch State provided because of the impact of Hurricane Irma, that hit the island in September 2017, on the government’s budget.

The increase of NAf.28.9 million in the item “Liabilities to other sectors” can be attributed primarily to the transfer of funds by the public sector pension fund (APC) from abroad toward its account at the Bank. Furthermore, the funds received by APC from the Dutch State Treasury Agency (DSTA) regarding an annuity loan taken over by the Dutch government under the debt relief program contributed to the increase in the item “Liabilities to other sectors”.

The decline by NAf.19.5 million of the item “Official reserves” on the assets side of the balance sheet was primarily the result of the net purchase of foreign exchange by the commercial banks at the Bank and the payments made by USONA to foreign creditors. This decline was, however, mitigated by the transfer of funds by the Dutch State for liquidity support to the government of Sint Maarten, by the DSTA for the payment of annuities, by APC and N.V. Pensioen ESC from abroad, and the transactions carried out by the commercial banks in Bonaire.

Finally, the item “Gold” on the assets side of the balance sheet rose by NAf.20.9 million as a result of the higher market value at the balance sheet date compared to the end of September 2018. The increase in the item “Capital and reserves” on the liabilities side of the balance sheet was related to the rise in the market value of gold.

Willemstad, November 29, 2018

Centrale Bank van Curaçao en Sint Maarten