

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

Assets	31-Jul-05	Difference compared to 30-Jun-05	Liabilities	31-Jul-05	Difference compared to 30-Jun-05
<b>Claims on nonresidents</b>	<b>1,176.2</b>	<b>-77.3</b>	<b>Liabilities to nonresidents</b>	<b>11.3</b>	<b>5.6</b>
Gold	271.6	0.0	Deposits of non-residents in foreign currency	11.3	5.6
Official reserves	904.6	-77.3			
<b>Domestic assets</b>	<b>389.9</b>	<b>-11.8</b>	<b>Domestic liabilities</b>	<b>1,554.7</b>	<b>-93.7</b>
			<b>Currency in circulation</b>	<b>263.0</b>	<b>1.7</b>
<b>Claims on the government</b>	<b>262.8</b>	<b>-14.0</b>	<b>Government deposits</b>	<b>155.0</b>	<b>3.7</b>
Government paper in portfolio	212.8	0.0	Island government of Curaçao	94.6	10.8
Advanced license fees	50.0	0.0	Central government	60.4	-7.1
Special account central government	0.0	-14.0			
			<b>Liabilities to deposit money banks</b>	<b>579.6</b>	<b>-102.9</b>
			Current account balances	47.9	-84.5
			Certificates of Deposit	78.9	-26.3
			Required reserves	452.8	8.0
<b>Claims on other sectors</b>	<b>127.1</b>	<b>2.2</b>	<b>Liabilities to other sectors</b>	<b>282.6</b>	<b>3.8</b>
Other assets	127.1	2.2	Deposits other residents	185.5	-1.7
			Other liabilities	97.1	5.5
			<b>Capital and reserves</b>	<b>274.5</b>	<b>0.0</b>
<b>Total assets</b>	<b>1,566.1</b>	<b>-89.1</b>	<b>Total liabilities</b>	<b>1,566.1</b>	<b>-89.1</b>

As a result of the excess liquidity during the first three weeks of July 2005, the Bank van de Nederlandse Antillen aimed its monetary policy at tightening the money market. This was pursued through the main monetary policy instruments at the Bank's disposal: Certificates of Deposit (CDs) and the reserve requirement. On the one hand, the Bank aimed to mop up surplus liquidity through auctioning a larger amount of CDs. However, due to a shortfall in subscriptions, the amount of outstanding CDs dropped by NAf.26.3 million. On the other hand, the Bank raised the reserve requirement percentage by 0.125 percentage point to 11.50%. As a result, the required reserves increased by NAf.8.0 million. In the end, there were several - for the Bank autonomous - transactions causing the current account balances of the commercial banks to drop by NAf.84.5 million. These transactions were partly the result of the net purchase of foreign currency by the commercial banks, reflected by the drop in the item "Official reserves" on the assets side of the balance sheet.

Base money, defined as the amount of currency in circulation and the current account balances of the commercial banks at the Bank, decreased by NAf.82.2 million in July 2005. This was due to the earlier mentioned drop in the current account balances, as currency in circulation increased minimally.

August 31, 2005

**Bank van de Nederlandse Antillen**