

Condensed Balance Sheet

CENTRALE BANK VAN CURAÇAO EN SINT MAARTEN

August 2014

(millions of NAf.)

| Assets | Difference compared to | | Liabilities | Difference compared to | |
|--------------------------------------|---------------------------|--------------|--|---------------------------|---------------|
| | 31-Aug-14 | 31-Jul-14 | | 31-Aug-14 | 31-Jul-14 |
| Claims on nonresidents | 3,532.0 | 9.8 | Liabilities to nonresidents | 523.9 | 30.5 |
| Gold | 967.5 | 0.4 | Deposits of nonresidents in foreign currency | 523.9 | 30.5 |
| Official reserves | 2,389.4 | 9.4 | | | |
| Other | 175.0 | 0.0 | | | |
| Domestic assets | 509.7 | -84.3 | Domestic liabilities | 2,630.6 | -103.9 |
| | | | Currency in circulation | 392.4 | -17.9 |
| Claims on the government | 0.5 | 0.0 | Government deposits | 459.4 | -170.0 |
| Government paper in portfolio | 0.5 | 0.0 | Government of Curacao | 185.5 | -169.0 |
| Government agencies and institutions | 0.0 | 0.0 | Government of Sint Maarten | 75.5 | -0.1 |
| Other | 0.0 | 0.0 | Former Central Government | 72.7 | -0.9 |
| | | | Government agencies and institutions | 125.7 | 0.0 |
| Claims on deposit money banks | 18.2 | -91.9 | Liabilities to deposit money banks | 1,422.8 | 9.5 |
| Current account balances | 18.2 | -91.9 | Current account balances | 265.2 | 21.9 |
| | | | Certificates of Deposit | 40.0 | 15.0 |
| | | | Required reserves | 1,117.6 | -27.3 |
| Claims on other sectors | 491.0 | 7.6 | Liabilities to other sectors | 355.9 | 74.4 |
| Other assets | 491.0 | 7.6 | Deposits of other residents | 259.5 | 71.8 |
| | | | Other liabilities | 96.4 | 2.6 |
| | | | Capital and reserves | 887.2 | -1.1 |
| Total assets | 4,041.6 | -74.5 | Total liabilities | 4,041.6 | -74.5 |

During the month of August 2014, the Bank continued its monetary policy aimed at a tightening of the surplus in the money market by auctioning more Certificates of Deposit (CDs). As a consequence, the amount of the outstanding CDs rose by NAf.15.0 million. By contrast, the percentage of the reserve requirement remained unchanged at 18.00%. Nevertheless, the amount of required reserves decreased by NAf.27.3 million due to the lower base amount¹ upon which it is calculated.

Base money² increased slightly (NAf.4.0 million) due to the rise in the current account balances of the commercial banks (NAf.21.9 million), mitigated by the fall in currency in circulation (NAf.17.9 million). The latter is ascribable mainly to the lower demand for banknotes by the public after the vacation month of July. The rise in the current account balances of the commercial banks was largely the result of transfers from the government of Curaçao and the government pension fund of Curaçao (APC) from their accounts at the Bank towards their accounts at the commercial banks, and the drop in the required reserves. However, the purchase of CDs mitigated the increase in the current account balances of the commercial banks.

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.

Furthermore, part of the short-term credit that was extended to the commercial banks by the Bank was repaid. This repayment explains the decline by NAf.91.9 million in the item “Claims on deposit money banks” on the assets side of the balance sheet.

The net position of the government with the Bank worsened by NAf.170.0 million. This decline was related to a transfer by the government of Curaçao towards USONA³ regarding the construction of the new hospital. The government transferred also funds from its account at the Bank towards its account at a commercial bank.

The item “Liabilities to other sectors” rose by NAf.74.4 million due mainly to aforementioned transfer by the government of Curaçao towards USONA, mitigated by the transfers by the APC towards the commercial banks. Finally, the item “Liabilities to nonresidents” increased by NAf.30.5 million because of transactions of some commercial banks in Bonaire.

Centrale Bank van Curaçao en Sint Maarten

September 18, 2014

³ USONA is the foundation that approves and funds development projects in Curaçao and Sint Maarten and has been assigned with the task of managing the construction of the new hospital in Curaçao.