Economic developments in 2008 and outlook 2009

March 2009
Outline presentation

Developments in:

- Real sector.
- Public sector.
- External sector.
- Monetary and financial sector.
Real sector
Main developments in 2008

• Slower economic growth of 1.9%, owing to weaker private demand, caused largely by the loss of purchasing power.

• Higher inflation of 6.5%, due mainly to higher world oil and food prices.
Expectations for 2009

• Slower economic growth of 1.0%, due to fewer domestic activities caused by the downturn of the world economy.

• Lower inflation of 2.2%, stemming from declining global commodity prices.
Macro-economic key figures: a comparison

<table>
<thead>
<tr>
<th></th>
<th>Real GDP</th>
<th></th>
<th></th>
<th>Consumer Prices</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
<td>2009</td>
<td>2007</td>
<td>2008</td>
<td>2009</td>
</tr>
<tr>
<td>Netherlands Antilles</td>
<td>3.7%</td>
<td>1.9%</td>
<td>1.0%</td>
<td>2.8%</td>
<td>6.5%</td>
<td>2.2%</td>
</tr>
<tr>
<td>United States</td>
<td>2.2%</td>
<td>1.3%</td>
<td>-1.6%</td>
<td>2.9%</td>
<td>3.8%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Venezuela</td>
<td>8.5%</td>
<td>6.0%</td>
<td>2.0%</td>
<td>18.7%</td>
<td>30.4%</td>
<td>35.0%</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>3.5%</td>
<td>2.0%</td>
<td>-3.5%</td>
<td>1.6%</td>
<td>2.5%</td>
<td>1.0%</td>
</tr>
</tbody>
</table>
Economic development

Real GDP

Inflation

2002 2003 2004 2005 2006 2007 2008 2009

March 2009
Development int’l crude oil price vs Curaçao gasoline price

- Crude oil price
- Curacao gasoline (Mogas 95) price
Public sector
Main developments

• Debt relief started in February 2009.
• Government budget deficit nearly balanced.
• Positive primary balance.
• Interest burden to decrease as result of debt relief.
• Substantially lower debt ratio.
Budget development general government (Cash basis)

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget balance central government</th>
<th>Budget balance Curaçao</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>-450 NAf mln</td>
<td>0 NAf mln</td>
</tr>
<tr>
<td>2006</td>
<td>0 NAf mln</td>
<td>0 NAf mln</td>
</tr>
<tr>
<td>2007</td>
<td>900 NAf mln</td>
<td>-170 NAf mln</td>
</tr>
<tr>
<td>2008 Nov.</td>
<td>1350 NAf mln</td>
<td>-166 NAf mln</td>
</tr>
<tr>
<td>2009 Proj.</td>
<td>1800 NAf mln</td>
<td>-5 NAf mln</td>
</tr>
</tbody>
</table>

March 2009
Budget development general government (Cash basis)

NAf mln


-170 -166 -5

Budget balance central government
Budget balance Curaçao
Total expenditures general government
Budget development general government (Cash basis)

Budget balance central government
Budget balance Curaçao
Total expenditures general government
Total revenues general government
Revenues and expenditures central government (Cash basis)

Balance  Total revenues  Total expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance</th>
<th>Total revenues</th>
<th>Total expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>-250</td>
<td>950</td>
<td>1000</td>
</tr>
<tr>
<td>2006</td>
<td>150</td>
<td>950</td>
<td>1100</td>
</tr>
<tr>
<td>2007</td>
<td>550</td>
<td>950</td>
<td>1500</td>
</tr>
<tr>
<td>2008 Nov.</td>
<td>-79</td>
<td>862</td>
<td>940</td>
</tr>
<tr>
<td>2009 Proj.</td>
<td>10</td>
<td>1167</td>
<td>1156</td>
</tr>
</tbody>
</table>
Revenues and expenditures
Curaçao government (Cash basis)

Revenues and expenditures of the Curaçao government (Cash basis) from 2005 to 2009.

- **2005**: Total revenues of 1050 NAf mln, total expenditures of 1125 NAf mln, balance of -150 NAf mln.
- **2006**: Total revenues of 868 NAf mln, total expenditures of 956 NAf mln, balance of -88 NAf mln.
- **2007**: Total revenues of 868 NAf mln, total expenditures of 956 NAf mln, balance of -88 NAf mln.
- **2008 Nov.**: Total revenues of 1125 NAf mln, total expenditures of 956 NAf mln, balance of -15 NAf mln.
- **2009 Proj.**: Total revenues of 1139 NAf mln, total expenditures of 1125 NAf mln, balance of 8 NAf mln.

Legend:
- Light blue: Balance
- Blue: Total revenues
- Green: Total expenditures
Total public debt

- **Total public debt**
- **Total consolidated public debt**
- **GDP**

Year | Total public debt (N Af mln) | Total consolidated public debt (N Af mln) | GDP (N Af mln)
--- | --- | --- | ---
2005 | 5616 | 4425 | 7078
2006 | 6078 | 5180 | 7305
2007 | 4425 | 4425 | 7305
2008 Nov. | 7078 | 7078 | 7305
2009 | 7305 | 7305 | 7305

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Total public debt-to-GDP ratio

Debt-to-GDP ratio

- 2005: 81.2%
- 2007: 81.2%
- 2009: 60.6%
Interest burden (Cash basis)

Budget balance general government
Interest payments

March 2009
Net borrowing of general government

![Bar chart showing net borrowing of general government for different years (2005 to 2009)](chart)

- 2005: Curaçao: 0, Central government: -100
- 2006: Curaçao: -35, Central government: 0
- 2007: Curaçao: 69, Central government: 123
- 2008: Curaçao: 0, Central government: 2
- 2009 Jan.: Curaçao: 0, Central government: -35
Government bonds maturity schedule
External sector
Main developments

• Worsening current account deficit.

• Increasing capital account surplus in 2009, related to debt relief and SEI.

• Decline external financing in 2009, due to global economic downturn.

• Developments will still result in balance of payments surplus.
### Balance of payments

(transaction basis, NAF mln)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008*</th>
<th>2009*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current account</strong></td>
<td>-189.4</td>
<td>-465.2</td>
<td>-1055.6</td>
<td>-1,523.1</td>
<td>-1,558.3</td>
</tr>
<tr>
<td><strong>Capital account</strong></td>
<td>171.1</td>
<td>179.6</td>
<td>217.7</td>
<td>240.8</td>
<td>806.2</td>
</tr>
<tr>
<td><strong>External Financing</strong></td>
<td>93.9</td>
<td>306.5</td>
<td>967.7</td>
<td>1,501.4</td>
<td>695.9</td>
</tr>
<tr>
<td><strong>Direct investments</strong></td>
<td>-42.1</td>
<td>-140.5</td>
<td>420.7</td>
<td>482.2</td>
<td>280.0</td>
</tr>
<tr>
<td><strong>Loans and credits</strong></td>
<td>178.7</td>
<td>345.4</td>
<td>693.2</td>
<td>1,148.7</td>
<td>546.1</td>
</tr>
<tr>
<td><strong>Portfolio investments</strong></td>
<td>-42.7</td>
<td>101.6</td>
<td>-146.2</td>
<td>-129.5</td>
<td>-130.2</td>
</tr>
<tr>
<td><strong>Change in reserves</strong></td>
<td>-132.7</td>
<td>-84.1</td>
<td>-277.4</td>
<td>-308.6</td>
<td>-51.8</td>
</tr>
</tbody>
</table>

* projection

March 2009
Tourism sector

NAf mln

2005  2006  2007  2008*  2009*

Bonaire  Curacao  St. Maarten

March 2009
Offshore financial sector

Operational income
Profit tax

NAf mln

2004 2005 2006 2007 2008* 2009*

2004 2005 2006 2007 2008* 2009*

* projection
Monthly import coverage

Import coverage norm

Import coverage

Bank van de Nederlandse Antillen

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Monetary and financial sector
Main monetary developments

- Increase in money supply.
- Continued strong private credit growth in 2008 but moderation expected in 2009.
- Lower interest rates on government paper due to debt relief and Dutch government participation on local capital market.
- Continued downward pressure on private sector interest rates.
Money supply

- Net domestic assets
- Net foreign assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Domestic Assets</th>
<th>Net Foreign Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>NAf mln</td>
<td>0</td>
</tr>
<tr>
<td>2005</td>
<td>3100</td>
<td>1500</td>
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<tr>
<td>2006</td>
<td>3962</td>
<td>2122</td>
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<tr>
<td>2007</td>
<td>2122</td>
<td>3962</td>
</tr>
<tr>
<td>2008</td>
<td>4257</td>
<td>2601</td>
</tr>
</tbody>
</table>

March 2009
Net domestic credit
Credit extension Leeward Islands
(annual changes)
Credit extension Windward Islands
(annual changes)

-2% 23%
-2% 8%
0% 25%
-2% 23%
-2% 3%

Mortgages  Consumer loans  Business loans

March 2009
Domestic interest rates
(government securities)

Gov. bond (5yr, eff. yield)  Treasury bills (1 month)
Domestic interest rates
(commercial bank lending rates)
Main financial developments

• Banks:
  – Strengthening capitalization.
  – Increase in non-performing loans.
  – Improvement in earnings.
Capital adequacy

0% 2% 4% 6% 8% 10%

2004 2005 2006 2007 2008

Tier 1 capital-to-total assets 4% norm

7.2% 8.7%
Assets quality

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>2004</td>
<td>3.0%</td>
<td>2.5%</td>
<td>6.0%</td>
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<td>2006</td>
<td>3.0%</td>
<td>2.5%</td>
<td>6.0%</td>
</tr>
<tr>
<td>2007</td>
<td>4.6%</td>
<td>3.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>2008</td>
<td>5.0%</td>
<td>2.9%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

March 2009

Gross specific provisions to total loans
Non-performing loans to total loans
Gross general provisions to total loans
Earnings & profitability

Return on assets

- 2004: 2%
- 2005: 2.2%
- 2006: 1.8%
- 2007: 1.8%
- 2008: 2.2%

0.6% norm
Liquidity

- 2004: 900 NAF mln
- 2005: 1200 NAF mln
- 2006: 1440 NAF mln
- 2007: 1664 NAF mln
- 2008: 1664 NAF mln
Thank you for your attention