Monetary developments and policy stance

October 8, 2013
Developments in the monetary union

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current account balance (in mln NAf.)</td>
<td>-1,466.5</td>
<td>-1,382.1</td>
<td>-1,258.4</td>
</tr>
<tr>
<td>Change in gross foreign reserves of the central bank (in mln NAf.)*</td>
<td>-48.4</td>
<td>277.4</td>
<td>165.2</td>
</tr>
<tr>
<td>Change private loans (%)</td>
<td>5.4</td>
<td>4.8</td>
<td>3.7</td>
</tr>
<tr>
<td>Curaçao</td>
<td>8.9</td>
<td>8.6</td>
<td>6.3</td>
</tr>
<tr>
<td>Sint Maarten</td>
<td>-2.4</td>
<td>-4.7</td>
<td>-3.3</td>
</tr>
<tr>
<td>GDP growth (%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Curaçao</td>
<td>0.6</td>
<td>-0.1</td>
<td>-0.7</td>
</tr>
<tr>
<td>Sint Maarten</td>
<td>-1.5</td>
<td>1.5</td>
<td>1.1</td>
</tr>
<tr>
<td>Inflation (%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Curaçao</td>
<td>2.3</td>
<td>3.2</td>
<td>2.5</td>
</tr>
<tr>
<td>Sint Maarten</td>
<td>4.6</td>
<td>4.0</td>
<td>2.8</td>
</tr>
</tbody>
</table>

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* - sign means an increase
** projection CBCS; money supply and private loans annualized per June
<table>
<thead>
<tr>
<th>Balance of payments</th>
<th>2011</th>
<th>2012</th>
<th>2013**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current account</td>
<td>-1,466.5</td>
<td>-1,382.1</td>
<td>-1,258.4</td>
</tr>
<tr>
<td>Capital account</td>
<td>123.1</td>
<td>69.8</td>
<td>12.3</td>
</tr>
<tr>
<td>External financing</td>
<td>1,346.9</td>
<td>947.4</td>
<td>964.0</td>
</tr>
<tr>
<td><strong>Direct investments</strong></td>
<td>88.4</td>
<td>112.1</td>
<td>169.0</td>
</tr>
<tr>
<td><strong>Loans and credits</strong></td>
<td>1,076.2</td>
<td>261.6</td>
<td>555.0</td>
</tr>
<tr>
<td><strong>Portfolio investments</strong></td>
<td>182.3</td>
<td>573.7</td>
<td>240.0</td>
</tr>
<tr>
<td>Change in reserves*</td>
<td>-48.4</td>
<td>277.4</td>
<td>165.2</td>
</tr>
</tbody>
</table>

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*- sign means an increase

** projection CBCS
Monthly import coverage

Data shows the import coverage over various months, with a line indicating the import coverage norm. The graph includes a trend line that fluctuates over time, with peaks and troughs. The data points are marked with specific months from January 2001 to December 2013, and the graph includes labels for import coverage norm, import coverage, and import coverage estimate.
Private credit extension
(year-on-year growth)

Loans to the private sector
Loans to the private sector Curaçao
Loans to the private sector Sint Maarten

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Credit measure (1)
March – August 2012

Credit freeze (base February 2012):

• annual credit growth moderated from 5.6% to 3.7%;
• 4 out of 11 banks exceeded their limit by 0 – 5%;
• banking sector remained within the limit.
Credit measure (2)
September 2012 – February 2013

Maximum credit growth 1.0%
(base August 2012):

• annual credit growth increased from 3.7% to 4.3%;
• 3 out of 13 banks exceeded their limit by 0 – 7%;
• banking sector remained within the limit.
Credit measure (3)
March - August 2013

Maximum credit growth 2.0%
(base August 2012):

• annual credit growth declined from 4.3% to 3.7% (June);
• 3 out of 13 banks exceeded their limit by 0 – 1%;
• banking sector remained within the limit.
Credit measure (4)

Points for improvement:

• Timeliness monthly reporting:
  ➢ introduction penalty on late reporting of NAf.1,000 per day;

• Prevent shift to financial institutions that are not subject to the credit measure.
Current monetary situation

• Current account deficit balance of payments is still high, but declining trend.
• Moderation in decline foreign exchange reserves.
• Declining import coverage.
• Declining trend in excess liquidity banking sector, but outstanding amount still high.
• Moderation credit growth private sector.
Monetary policy
September 2013 – February 2014

• Further increase in reserve requirement percentage.

• Maximum credit growth of 3% compared to end of August 2012.

• Auctioning of more CDs.
Thank you for your attention