

# Annual Report 2008



March 27, 2019

# Outline presentation

- **Developments in:**
  - **Real sector.**
  - **Public sector.**
  - **External sector.**
  - **Monetary and financial sector.**
- **Outlook for 2009**

# Real sector



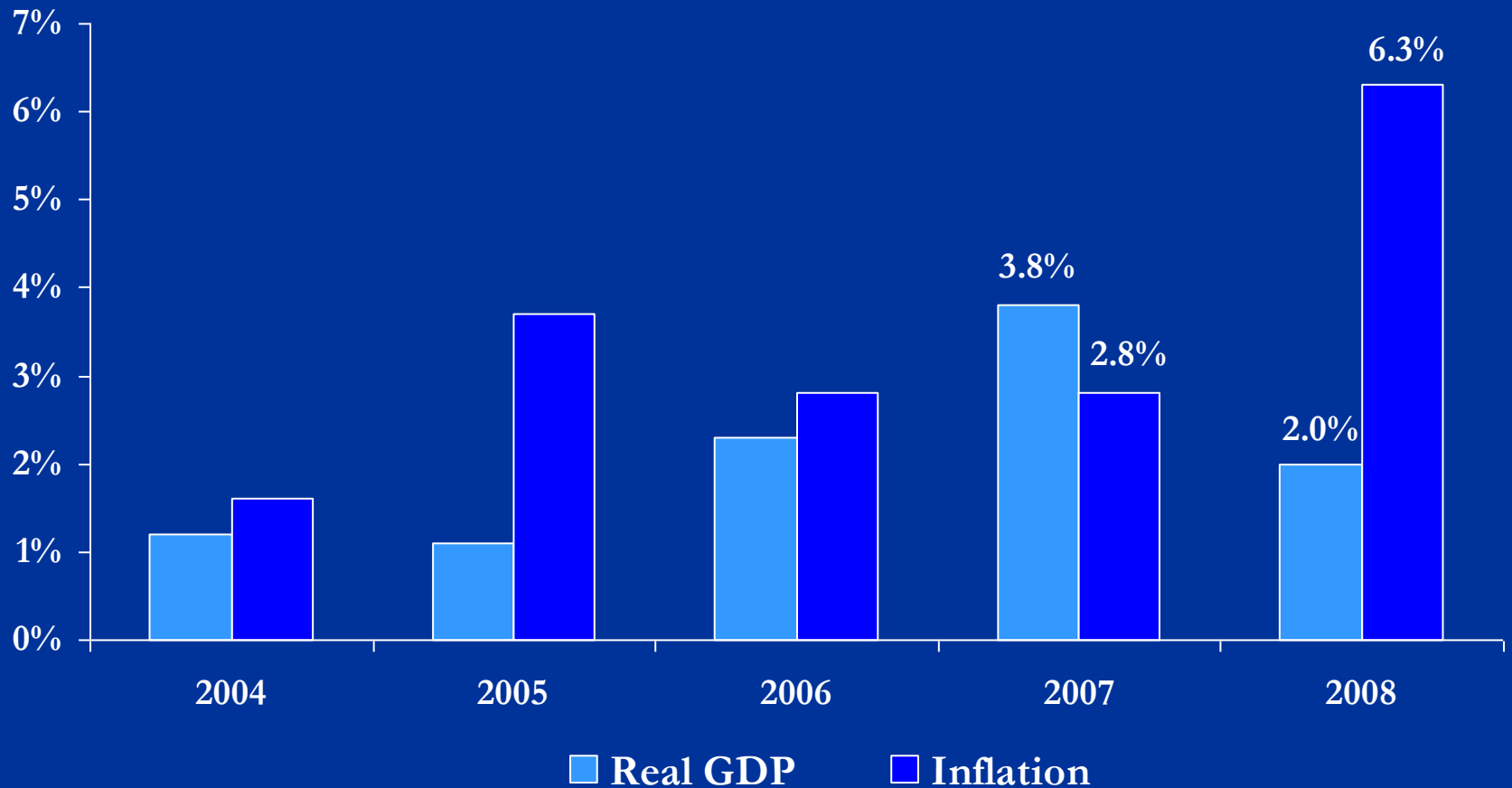
# Main developments in 2008

- Slower economic growth of 2.0%.
- Soaring inflation of 6.3%, fueled by the rising world oil and food prices.
- Decline in unemployment rate (9.7%).

# Macro-economic key figures: a comparison

	Real GDP		Consumer prices		Unemployment rate	
	2007	2008	2007	2008	2007	2008
<b>Netherlands Antilles</b>	3.8%	2.0%	2.8%	6.3%	11.5%	9.7%
<b>United States</b>	2.2%	1.1%	2.9%	3.8%	4.9%	7.2%
<b>Venezuela</b>	8.4%	4.8%	18.7%	31.4%	6.2%	6.1%
<b>The Netherlands</b>	3.5%	2.0%	1.6%	2.5%	4.5%	3.9%
<b>Aruba</b>	2.1%	-2.2%	6.0%	8.3%	n.a.	n.a.

# Economic development

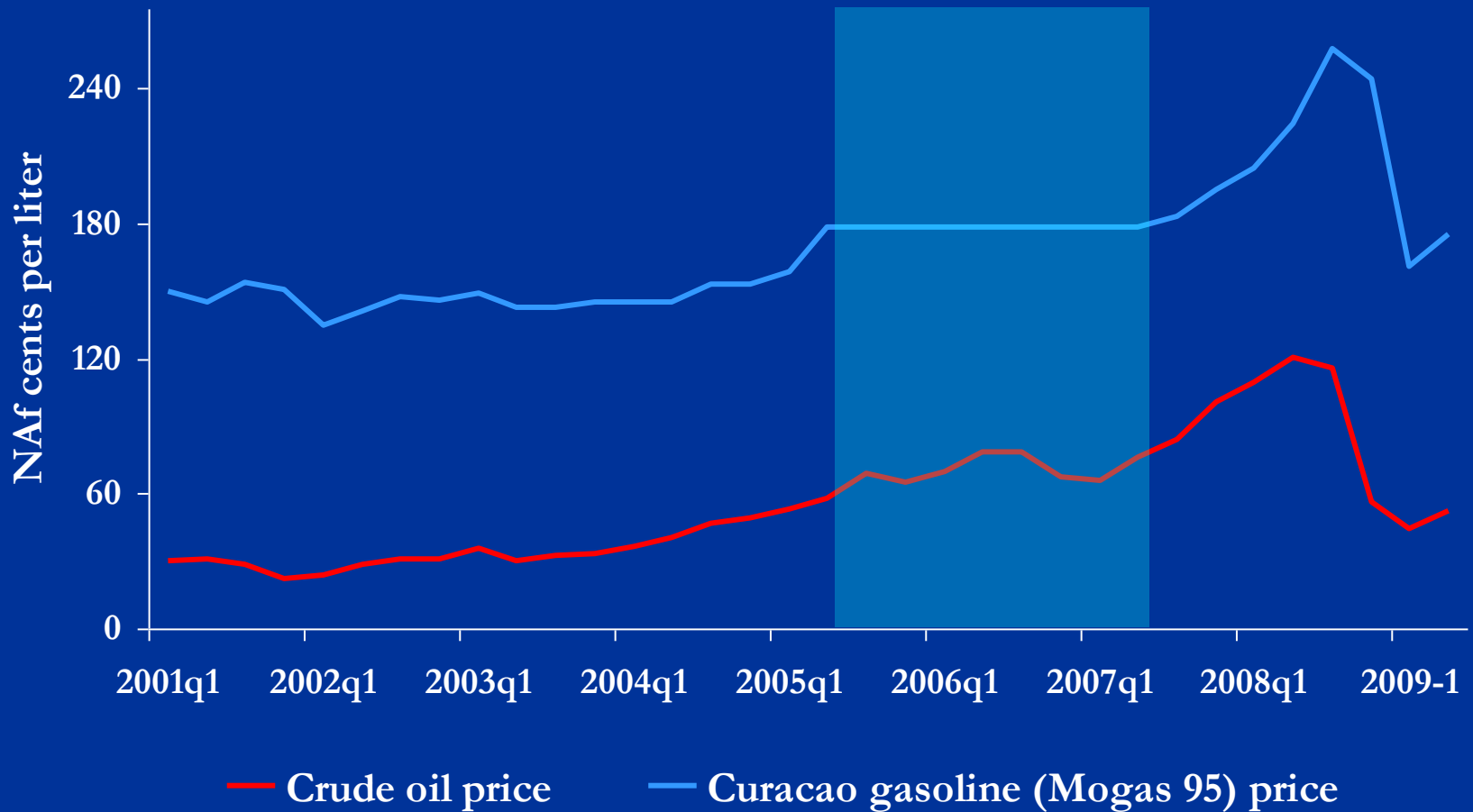


# Labor market

	Curacao		St. Maarten		Bonaire	
	2007	2008	2005	2007	2006	2008
<b>Employment</b>	54,049	56,535	18,073	20,720	5,647	6,408
<b>Unemployment rate</b>	12.4%	10.3%	13.4%	10.6%	7.8%	6.3%
<b>Youth unemployment</b>	24.2%	26.3%	30.4%	26.0%	20.5%	11.5%

<b>Participation rate</b>	45.0%	45.5%	58.1%	59.4%	47.9%	52.7%
<b>Unemployment</b>	7,659	6,486	2,798	2,446	481	433
<b>Labor force</b>	61,708	63,021	20,871	23,166	6,128	6,841
<b>Population</b>	137,124	138,642	35,910	39,011	11,793	12,631

# Development int'l crude oil price vs Curaçao gasoline price





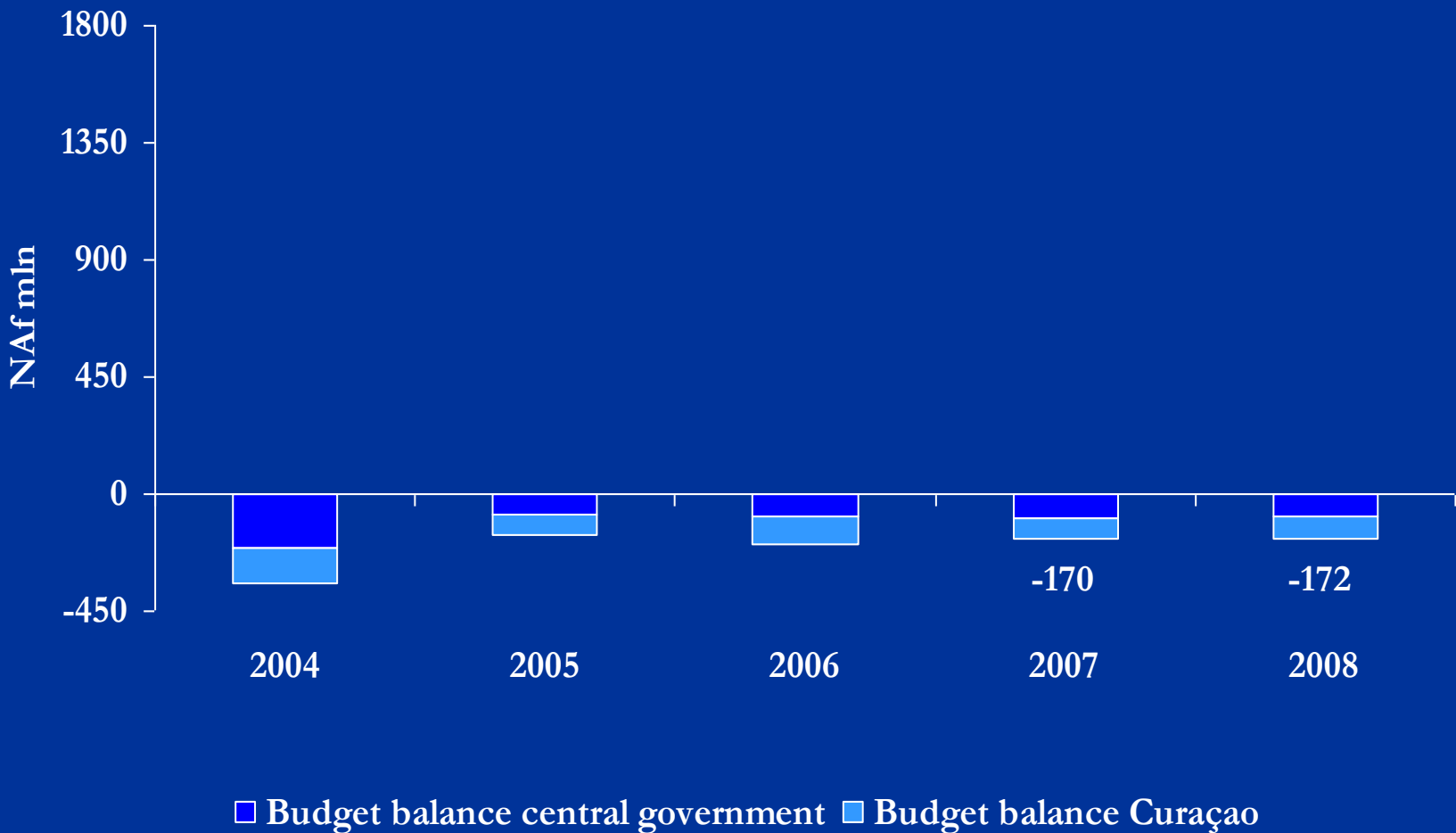
# Public sector



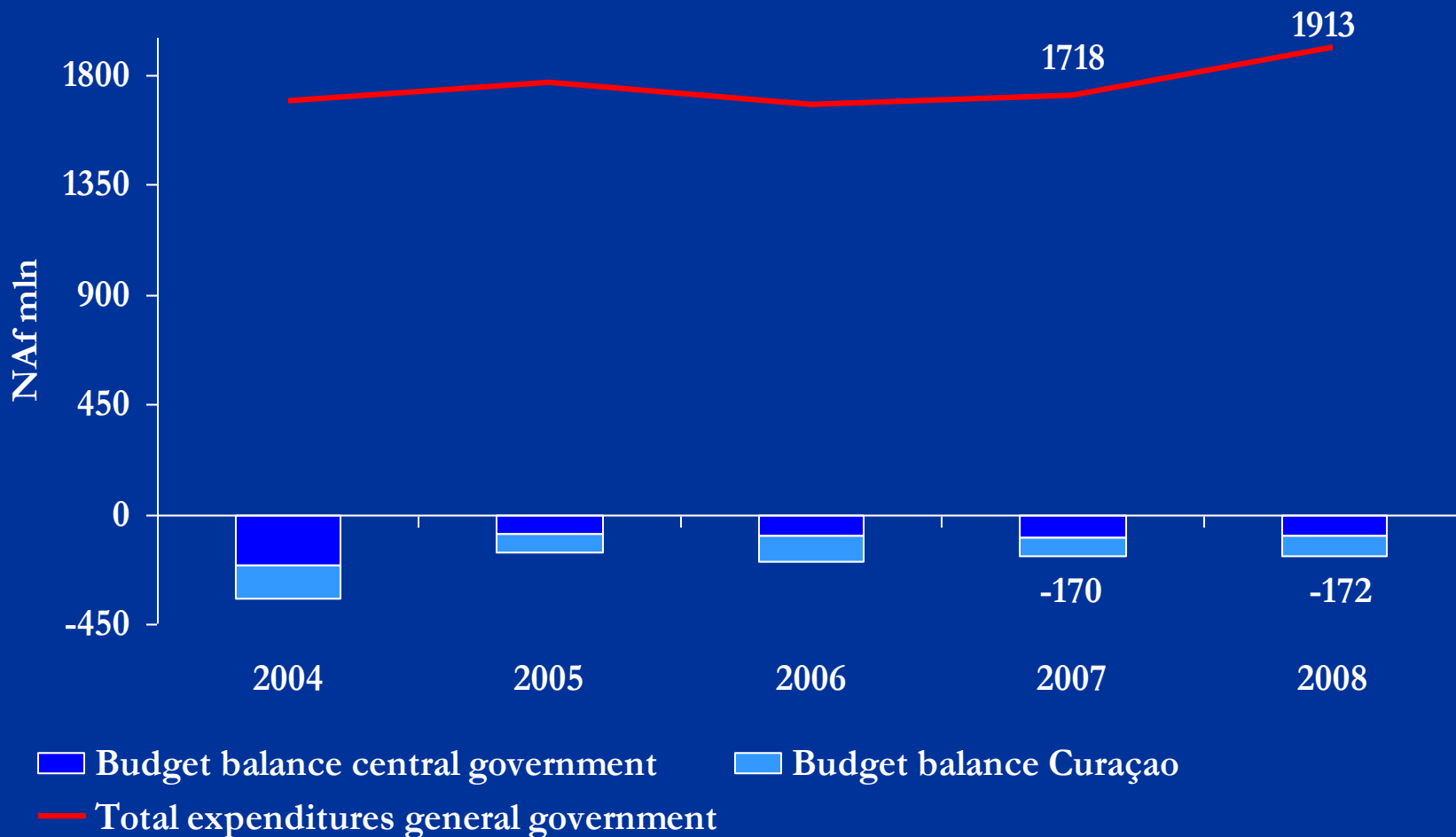
# Main developments

- Deterioration of the primary surplus.
- Slight worsening of the budget deficit.
- Lower interest burden.
- Lower debt ratio.

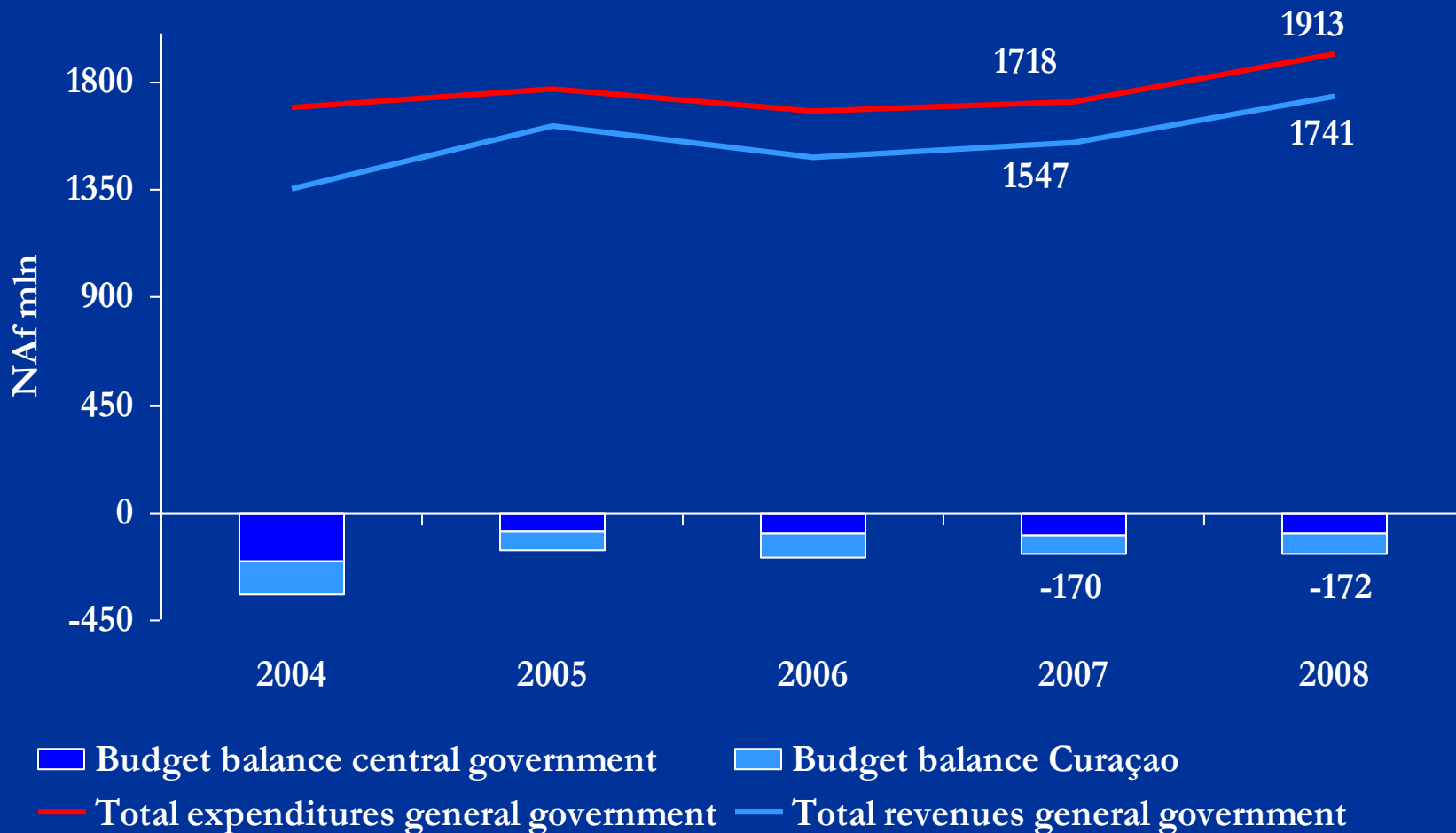
# Budget development general government (Cash basis)



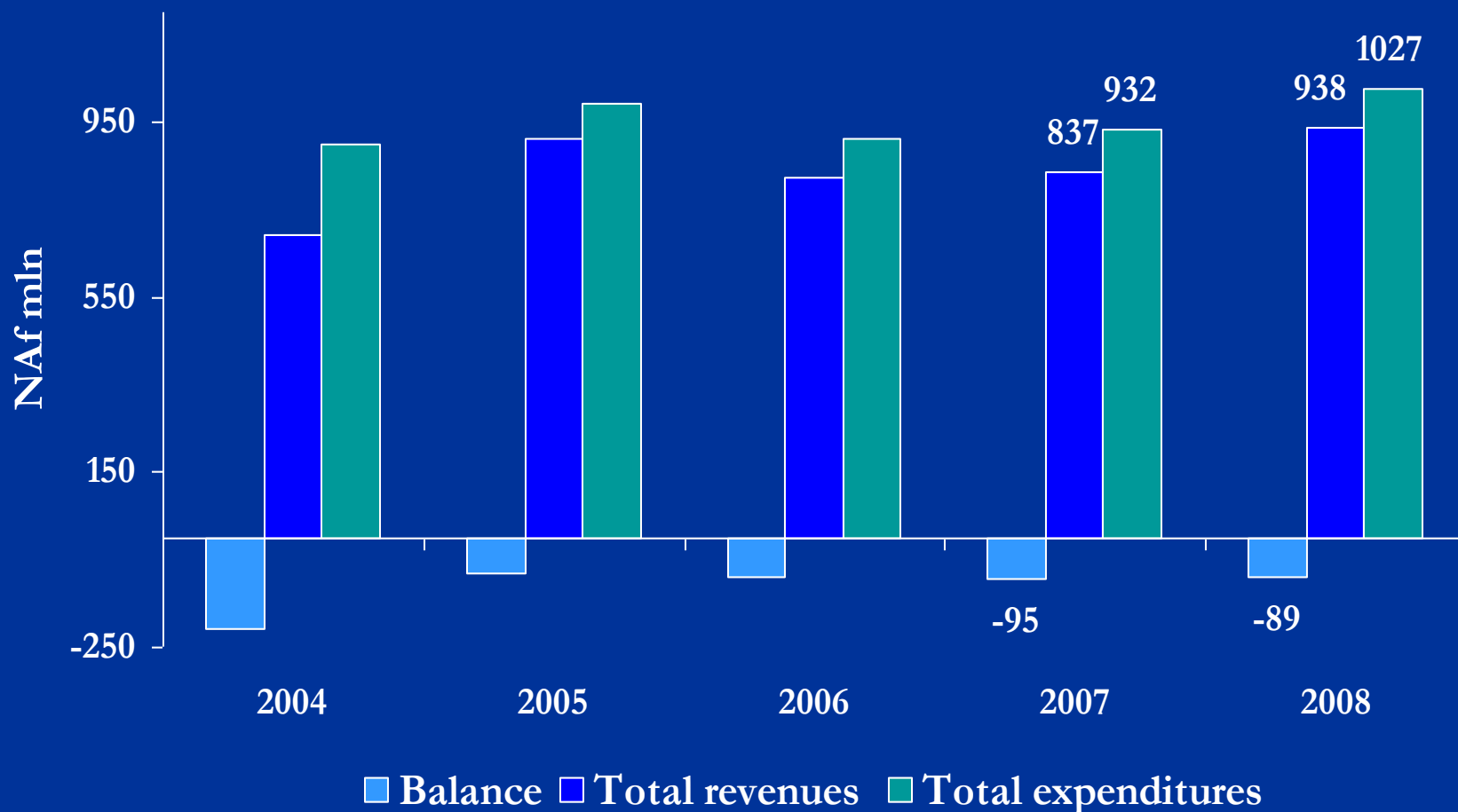
# Budget development general government (Cash basis)



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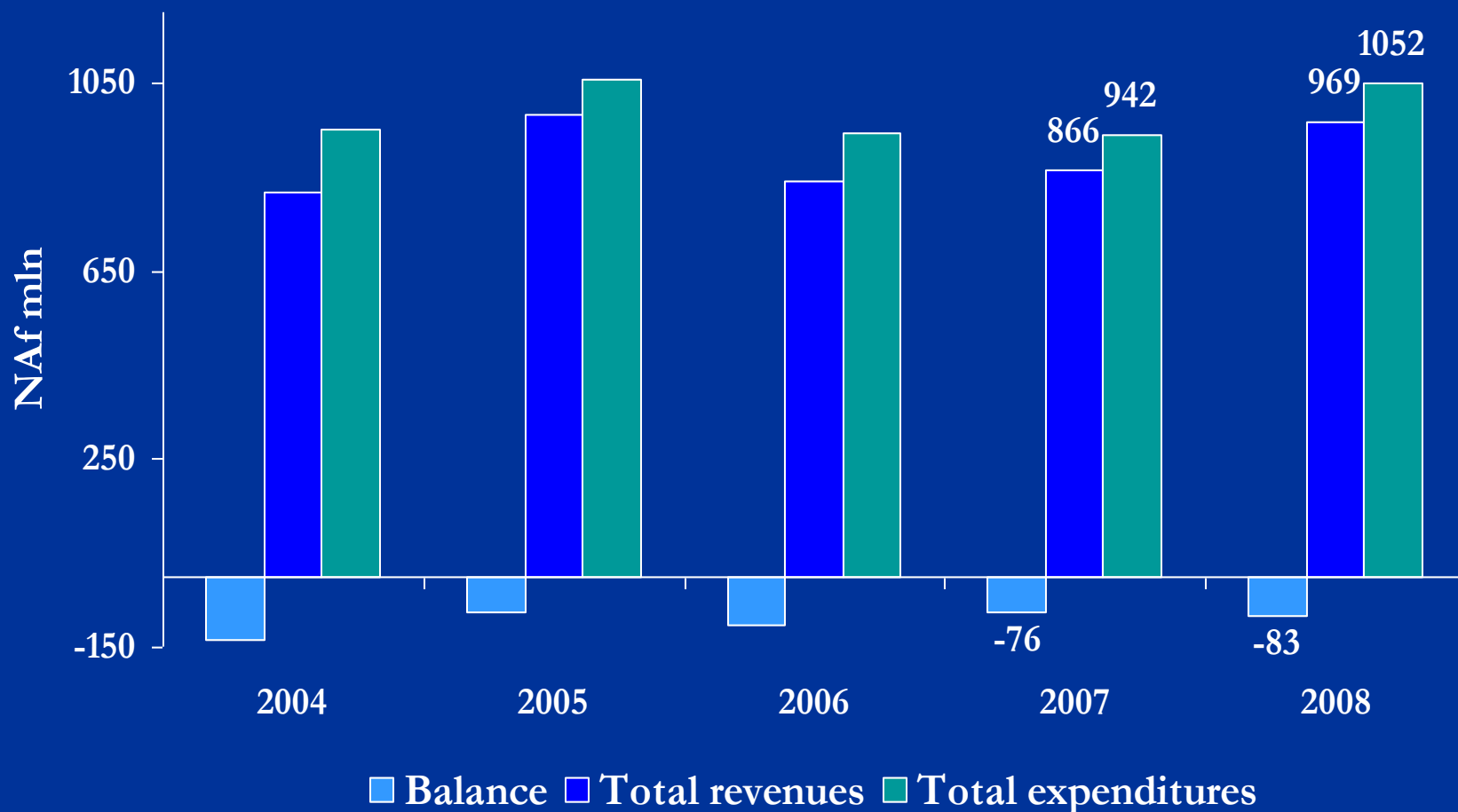


# Revenues and expenditures central government (Cash basis)

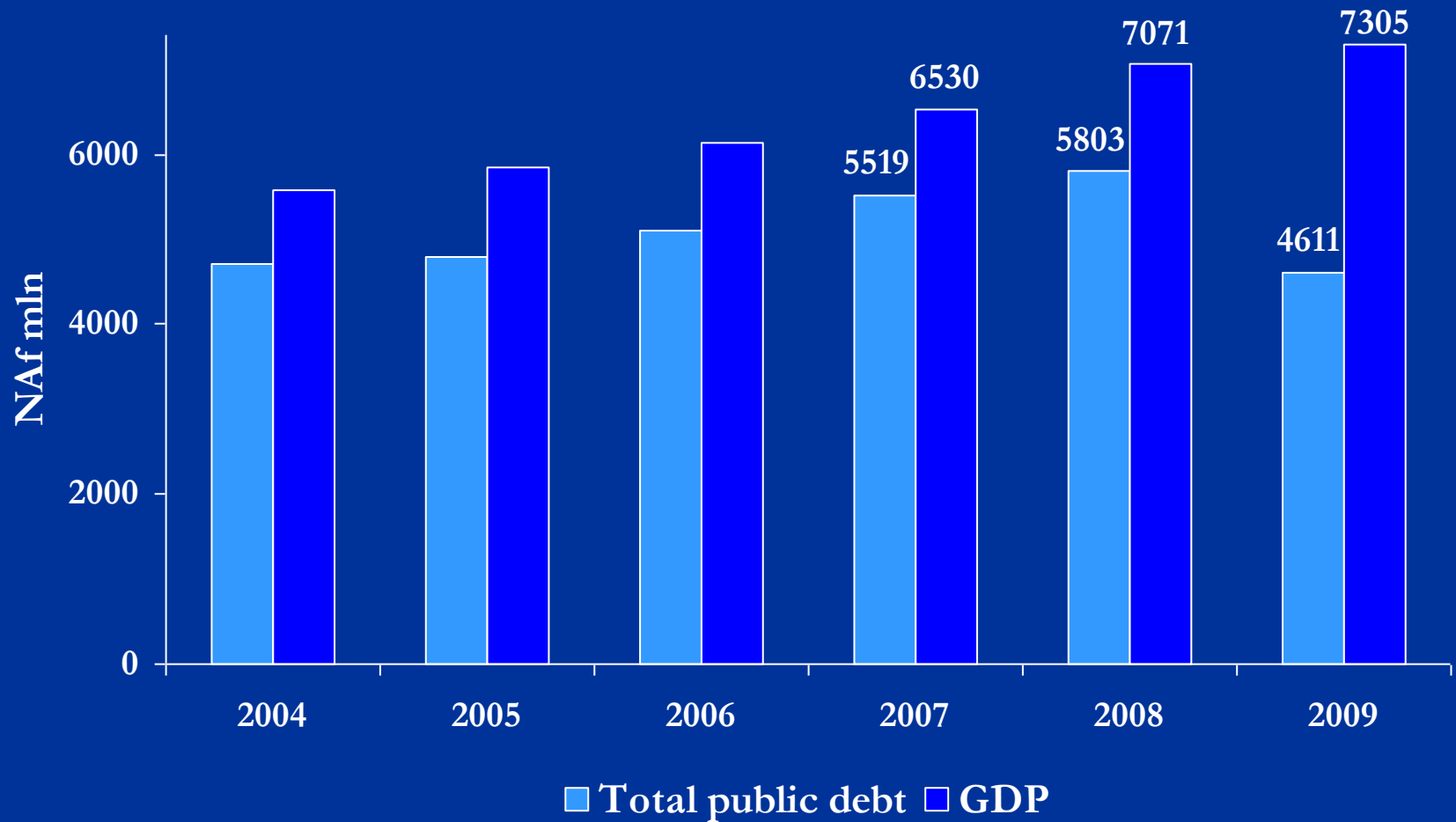


# Revenues and expenditures

## Curaçao government (Cash basis)

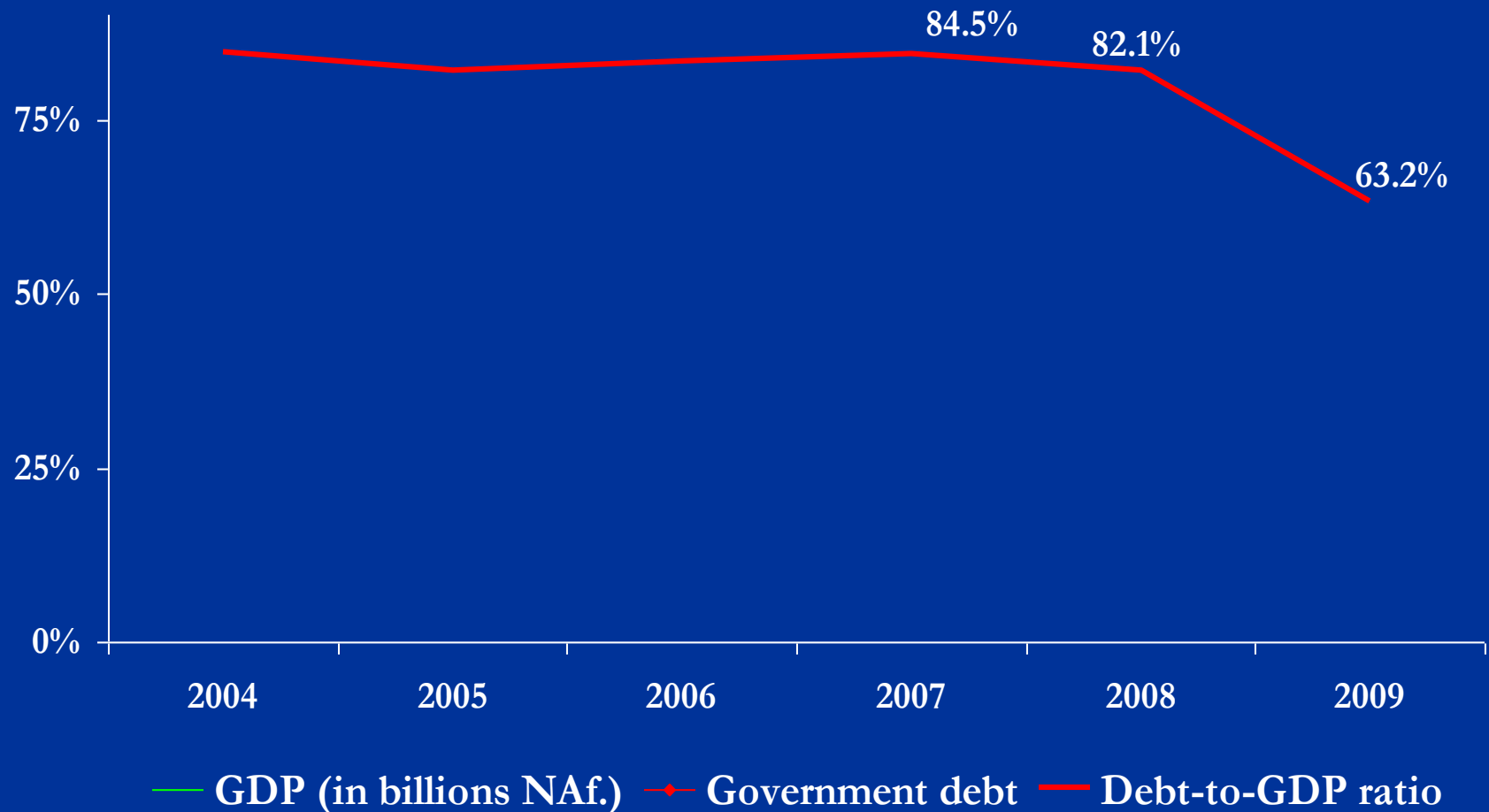


# Total public debt

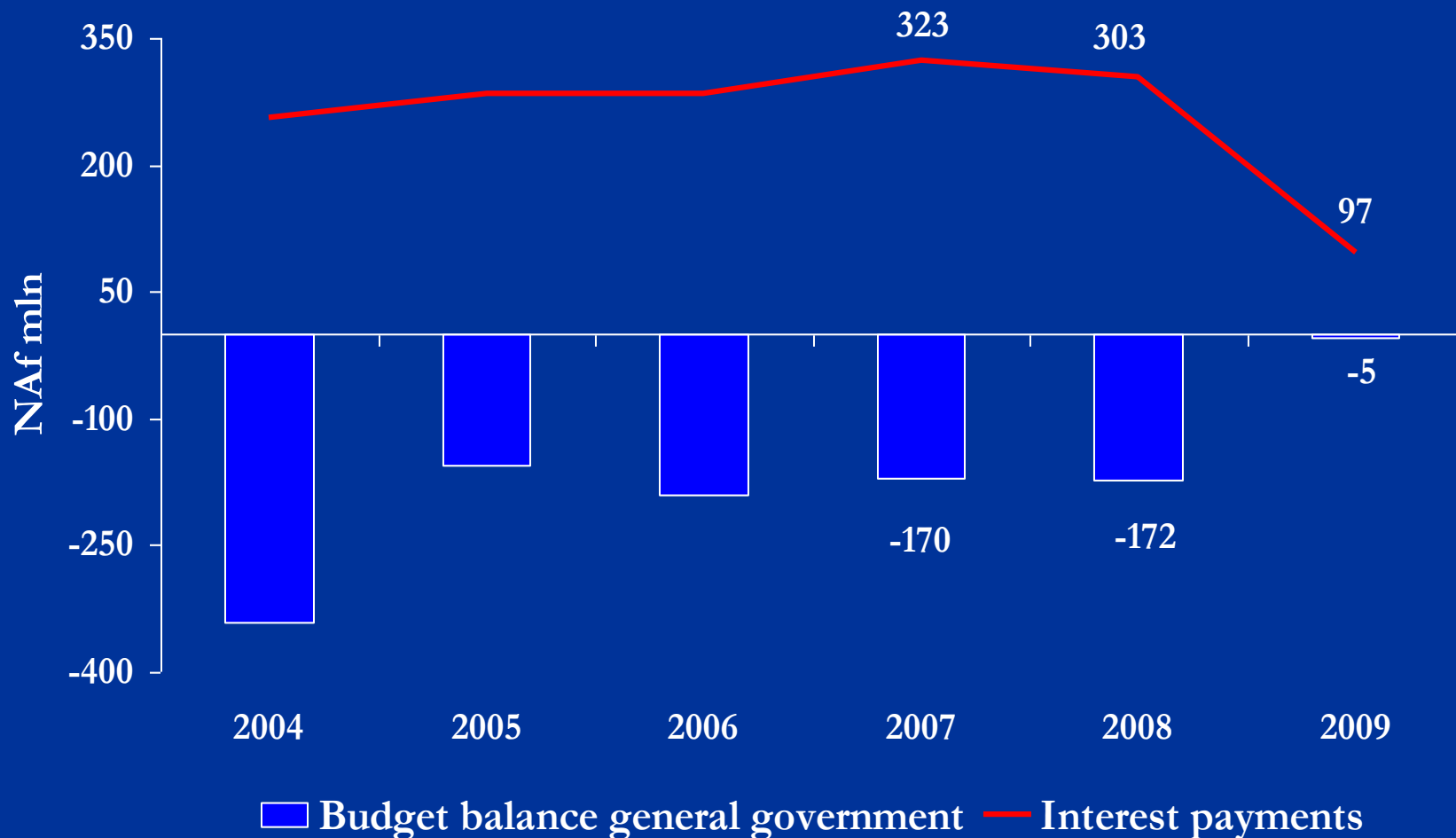




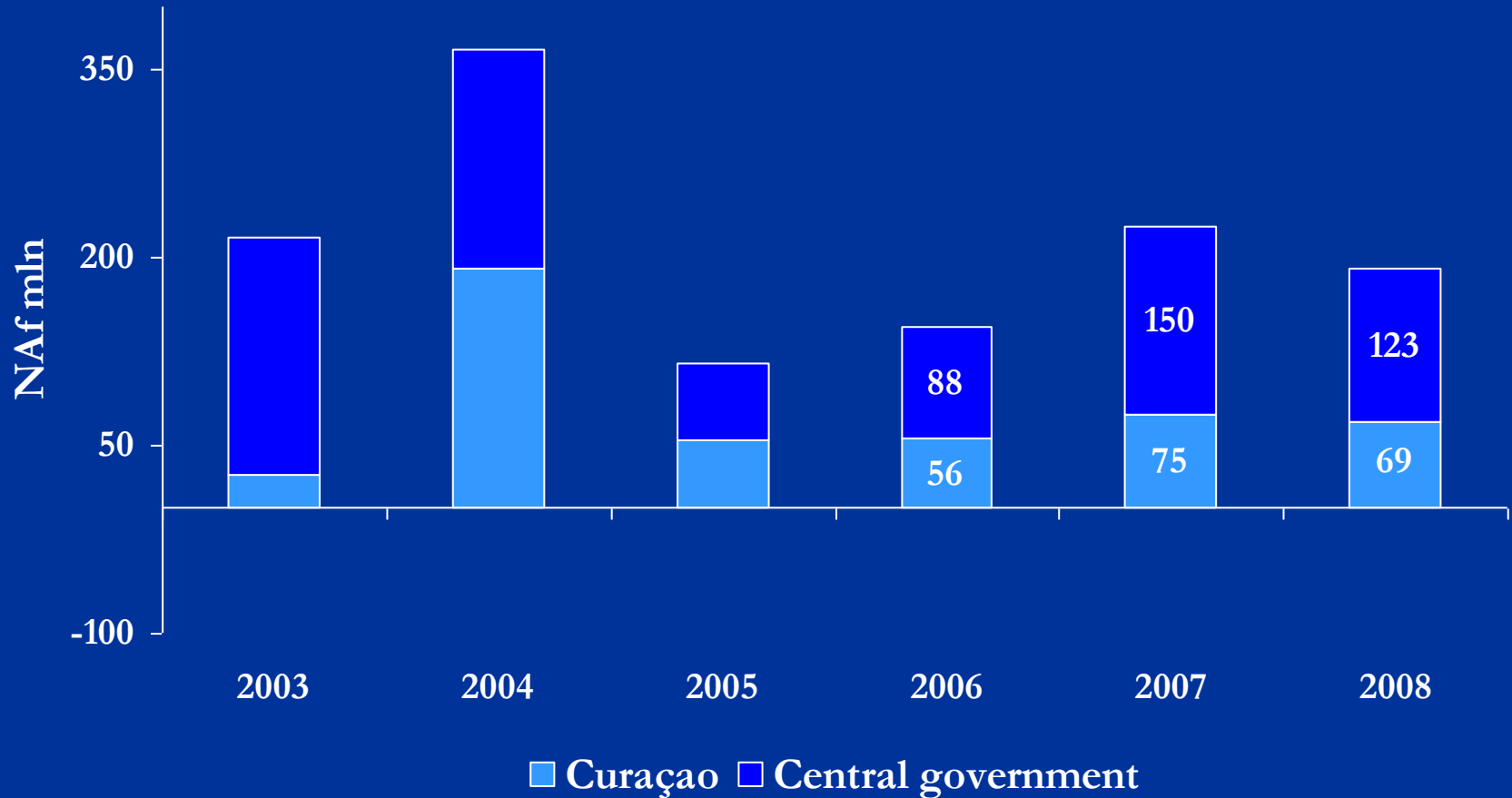
# Total public debt-to-GDP ratio



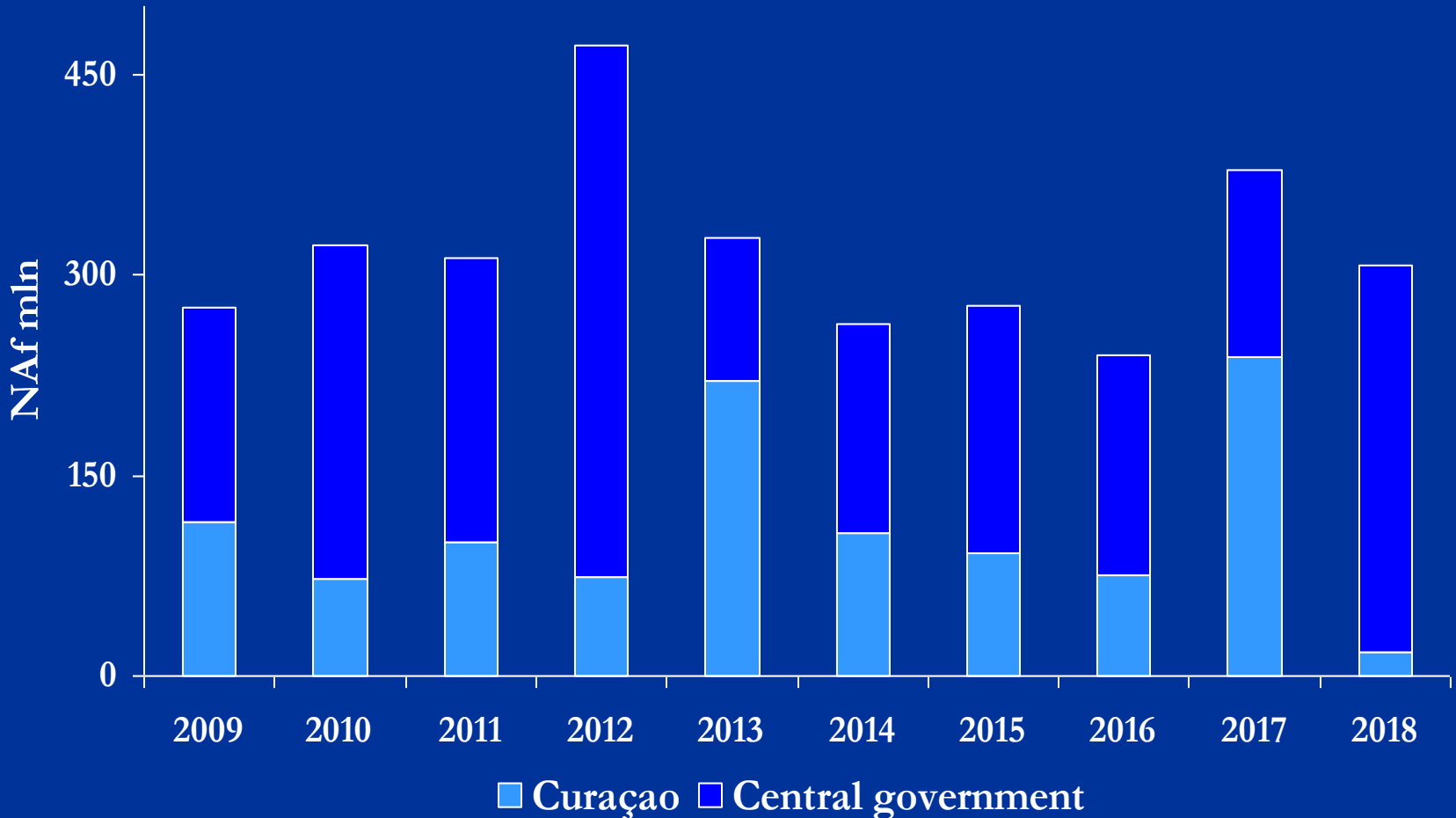
# Interest burden (Cash basis)



# Net borrowing of general government



# Government bonds maturity schedule



# External sector



# Main developments

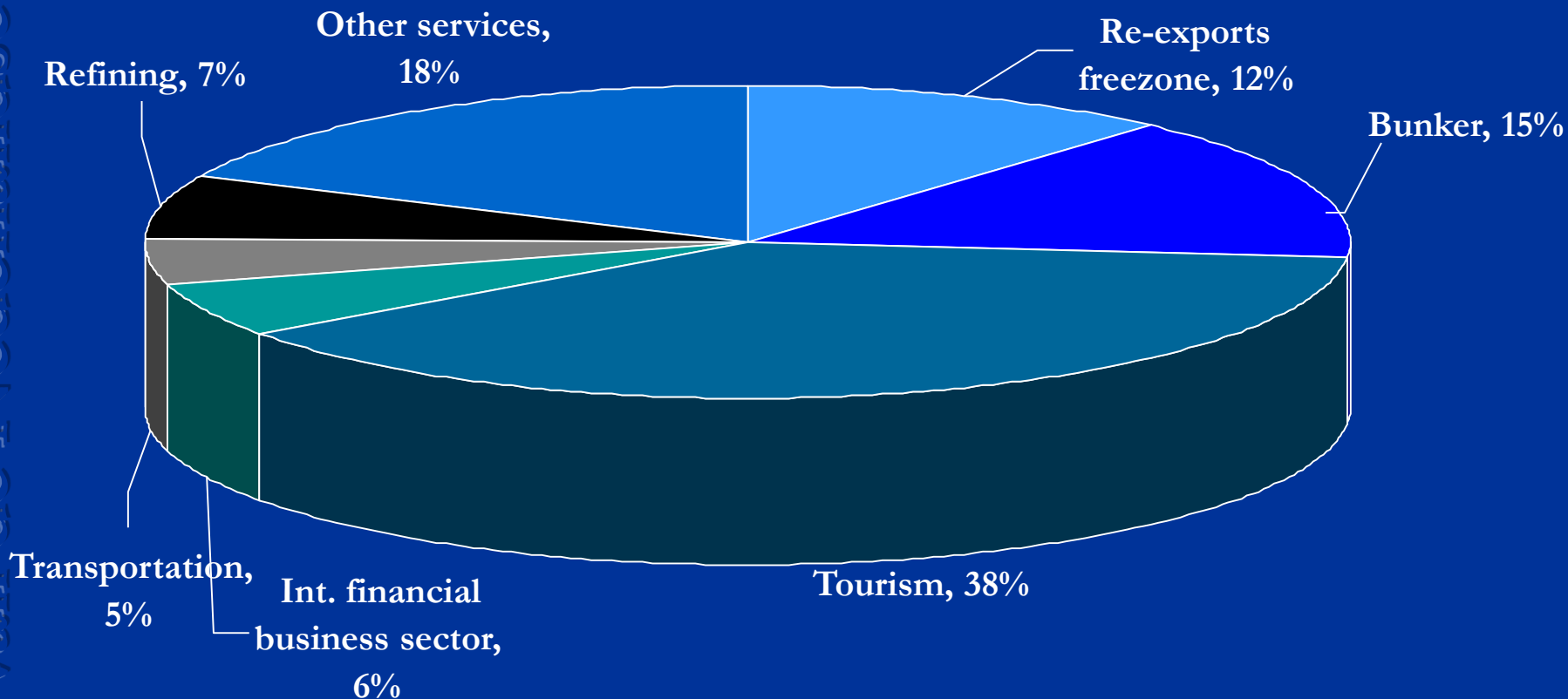
- **Current account worsened in 2008 due to:**
  - Decline in net foreign demand
  - Deterioration of income balance
- **Increase in capital account surplus.**
- **Large increase in external financing (financial account).**
- **Developments resulted in balance of payments surplus.**

# Balance of payments

(transaction basis, NAf mln)

	2004	2005	2006	2007	2008
<b>Current account</b>	-157.6	-189.4	-465.2	-1,063.0	-1,560.9
<b>Capital account</b>	142.2	171.1	179.6	218.8	244.8
<b>External Financing</b>	27.7	110.1	315.0	976.3	1,579.8
<i>Direct investments</i>	-0.7	-42.1	-140.5	425.1	449.0
<i>Loans and credits</i>	30.2	194.8	353.9	700.5	1,257.4
<i>Portfolio investments</i>	-1.7	-42.7	101.6	-149.3	-126.6
<b>Change in reserves</b>	-65.7	-132.7	-84.3	-277.5	-371.6

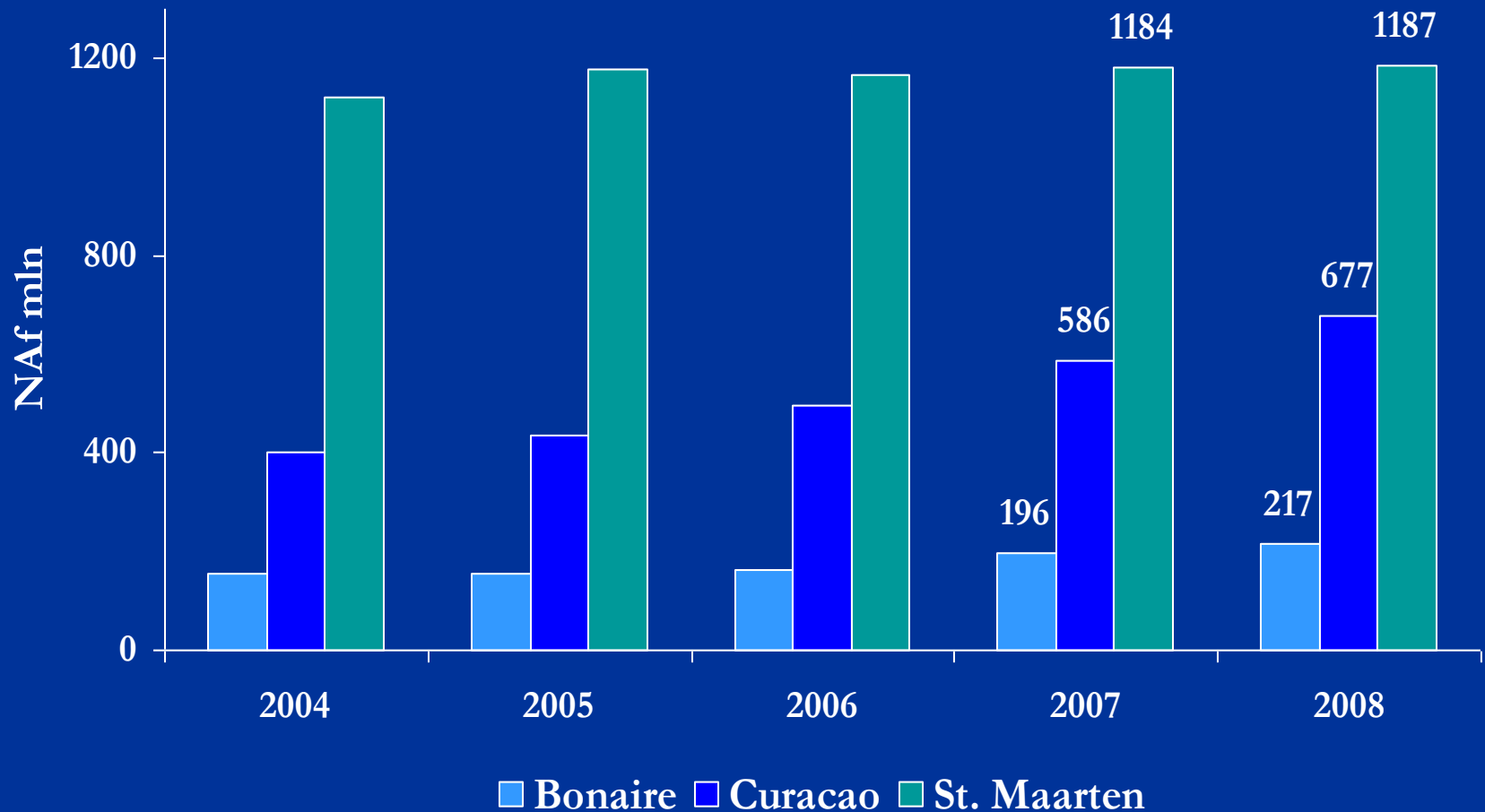
# Contribution to foreign exchange income\* in 2008



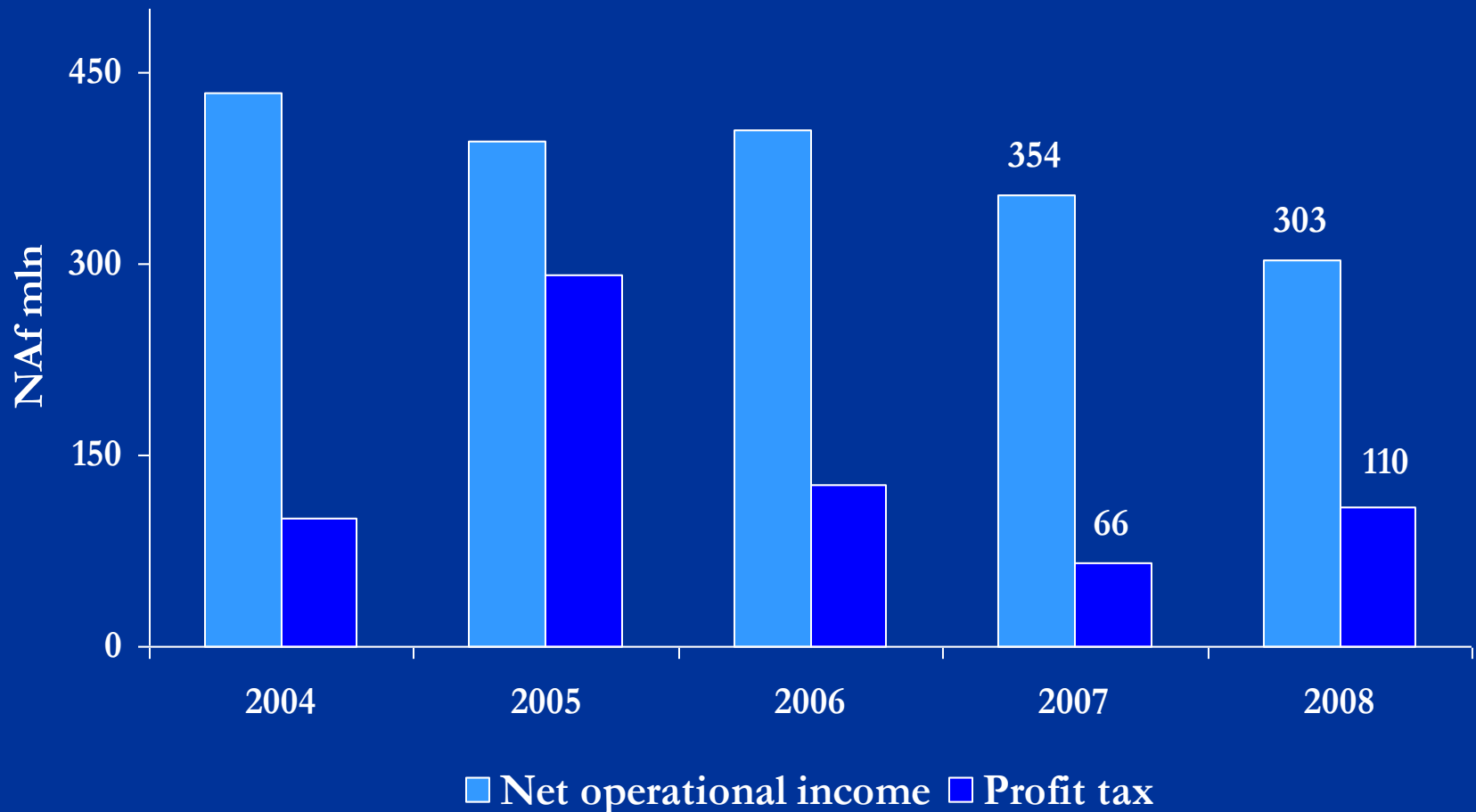
\*Income from the export of goods and services



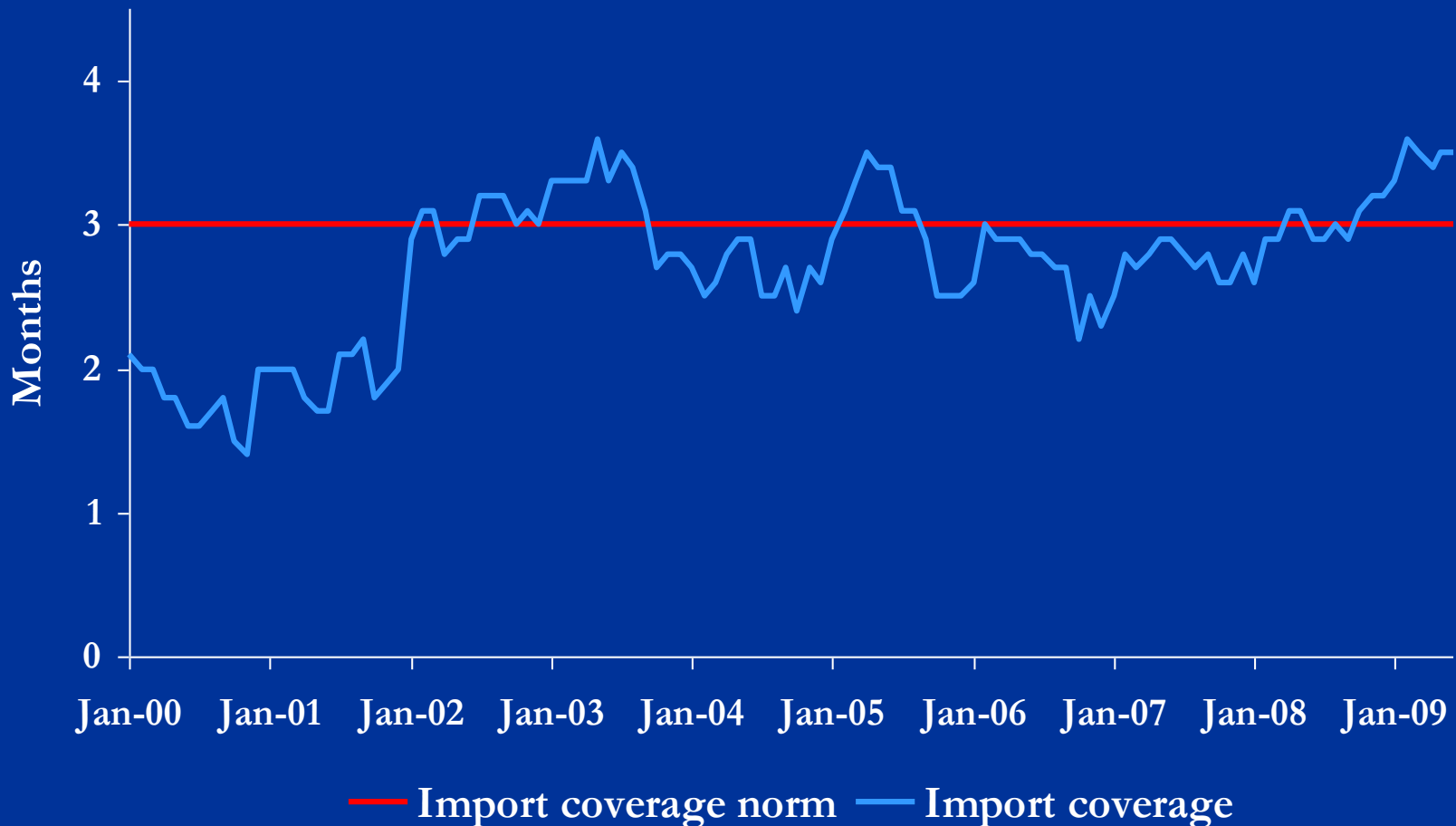
# Tourism sector



# Offshore financial sector



# Monthly import coverage



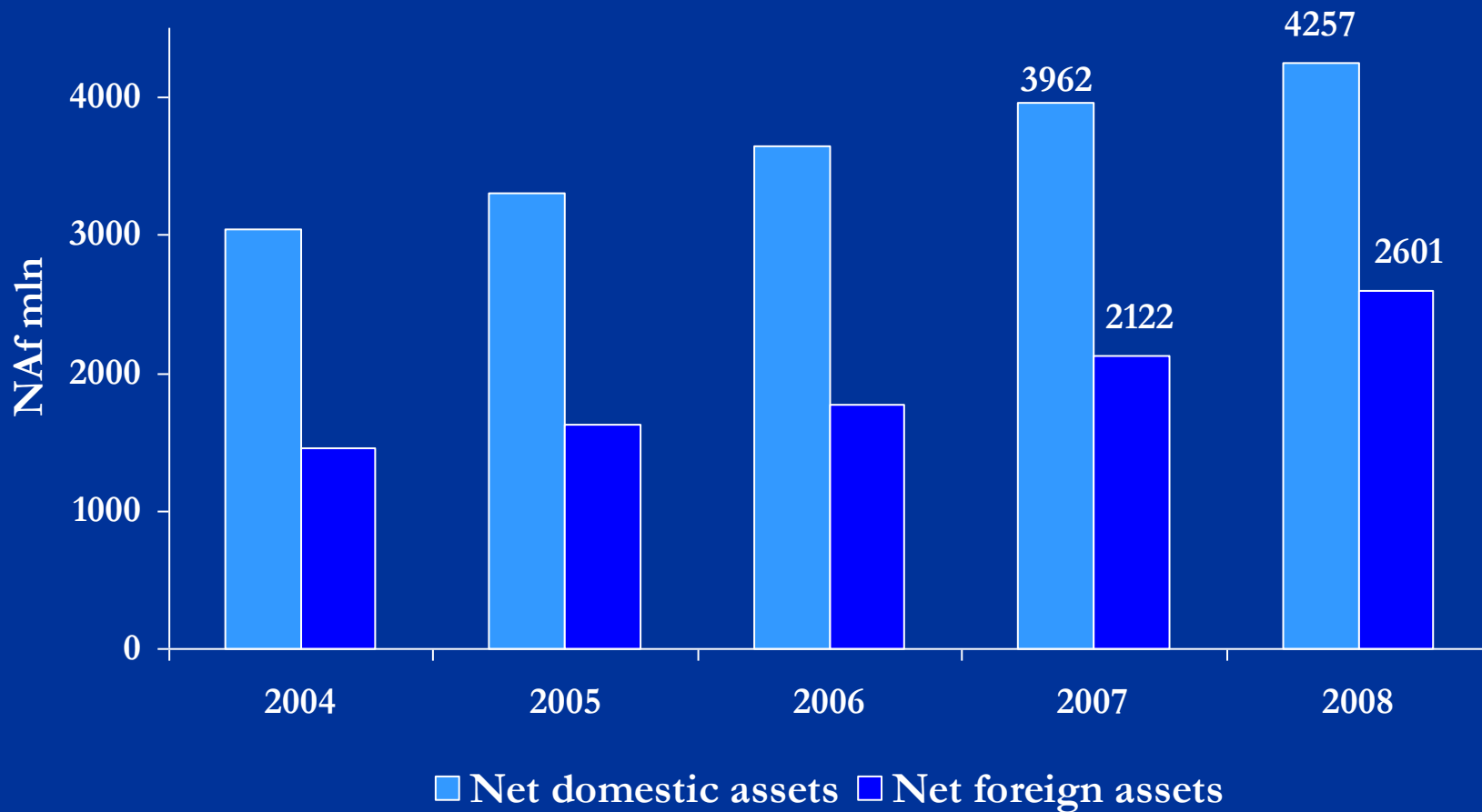
# Monetary and financial sector



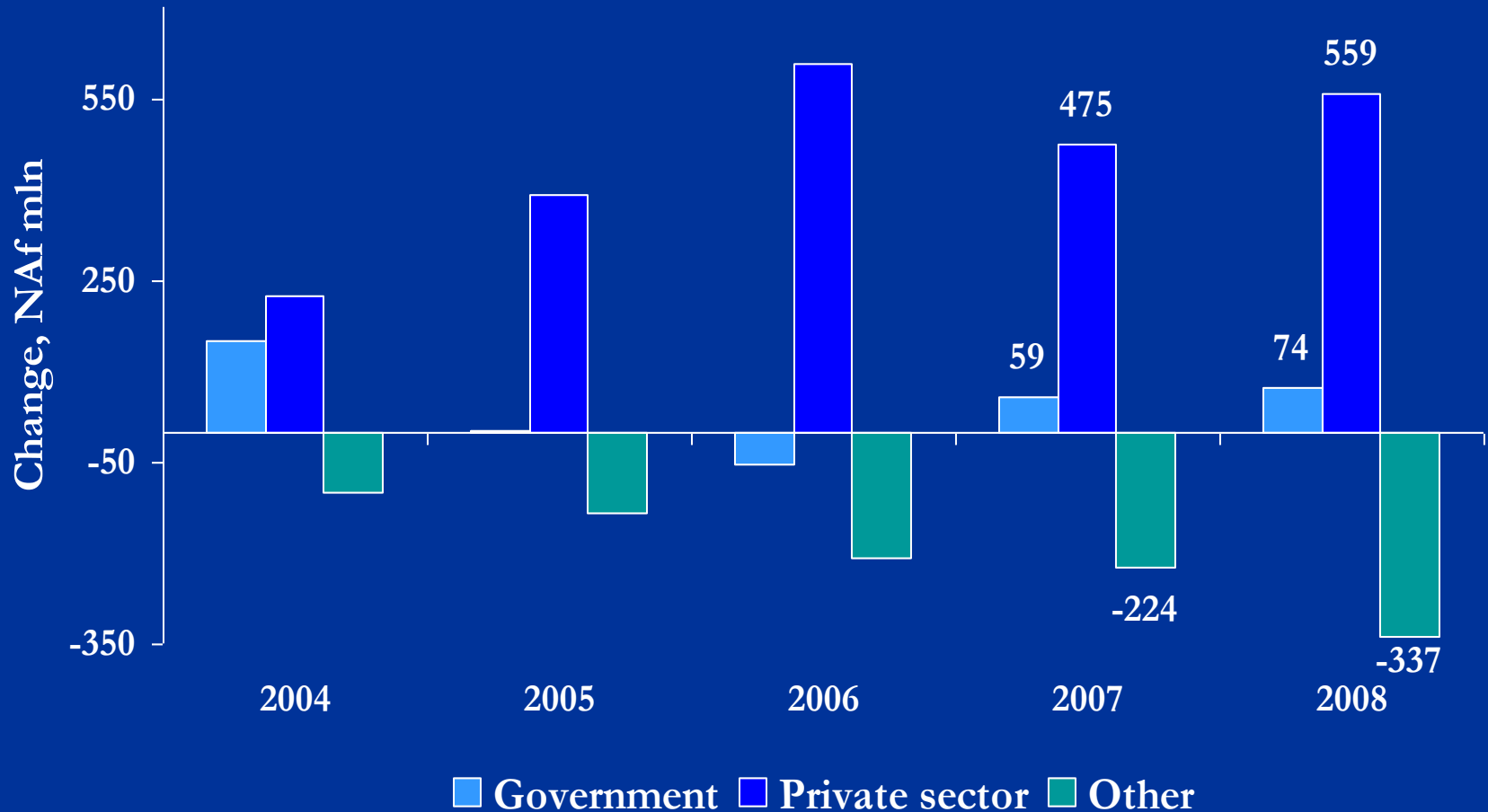
# Main monetary developments

- Increase in money supply.
- Continued strong growth in credit extension.
- Interest rates on government paper dropped.
- Declining trend in private sector interest rates.

# Money supply

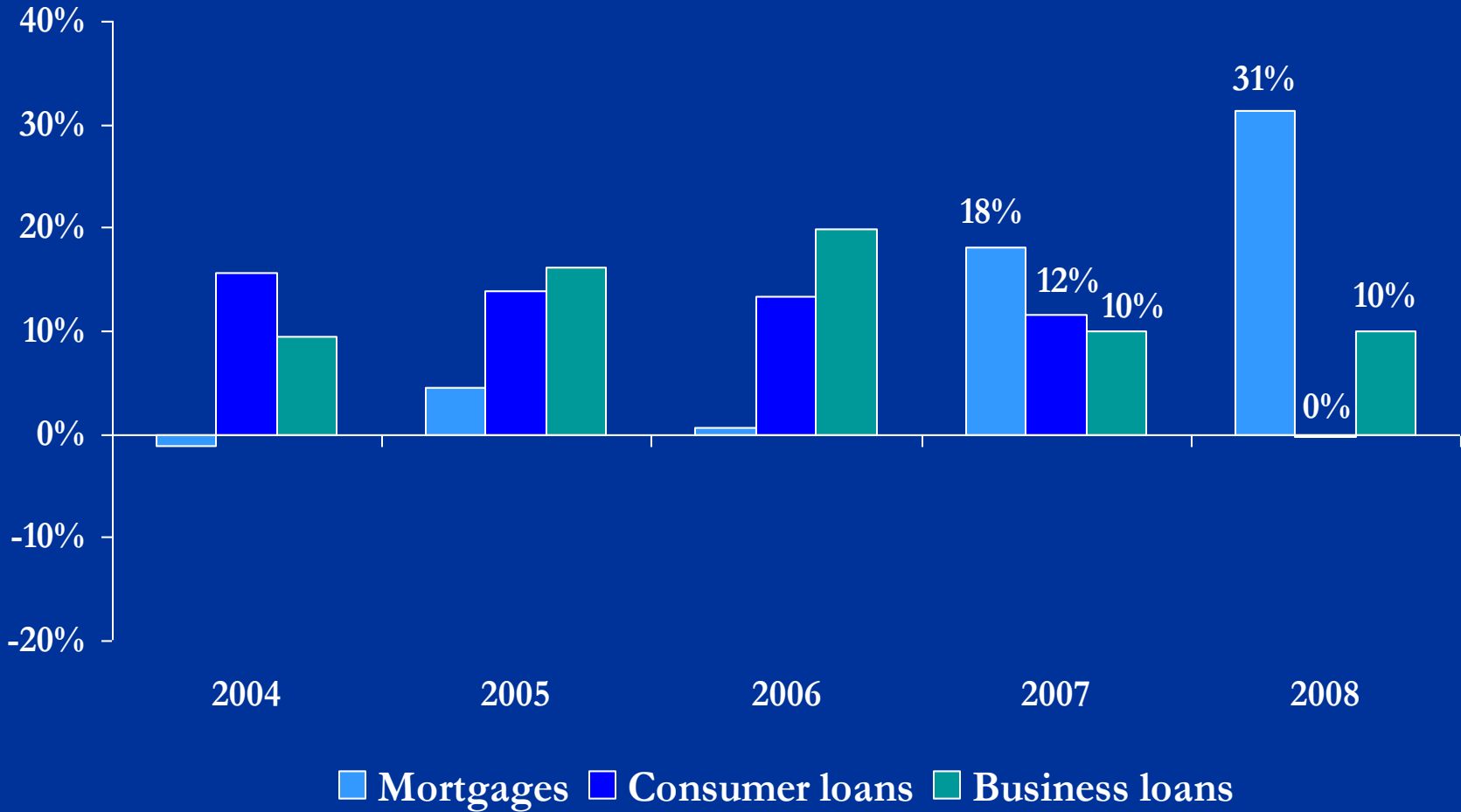


# Net domestic credit



# Credit extension Leeward Islands

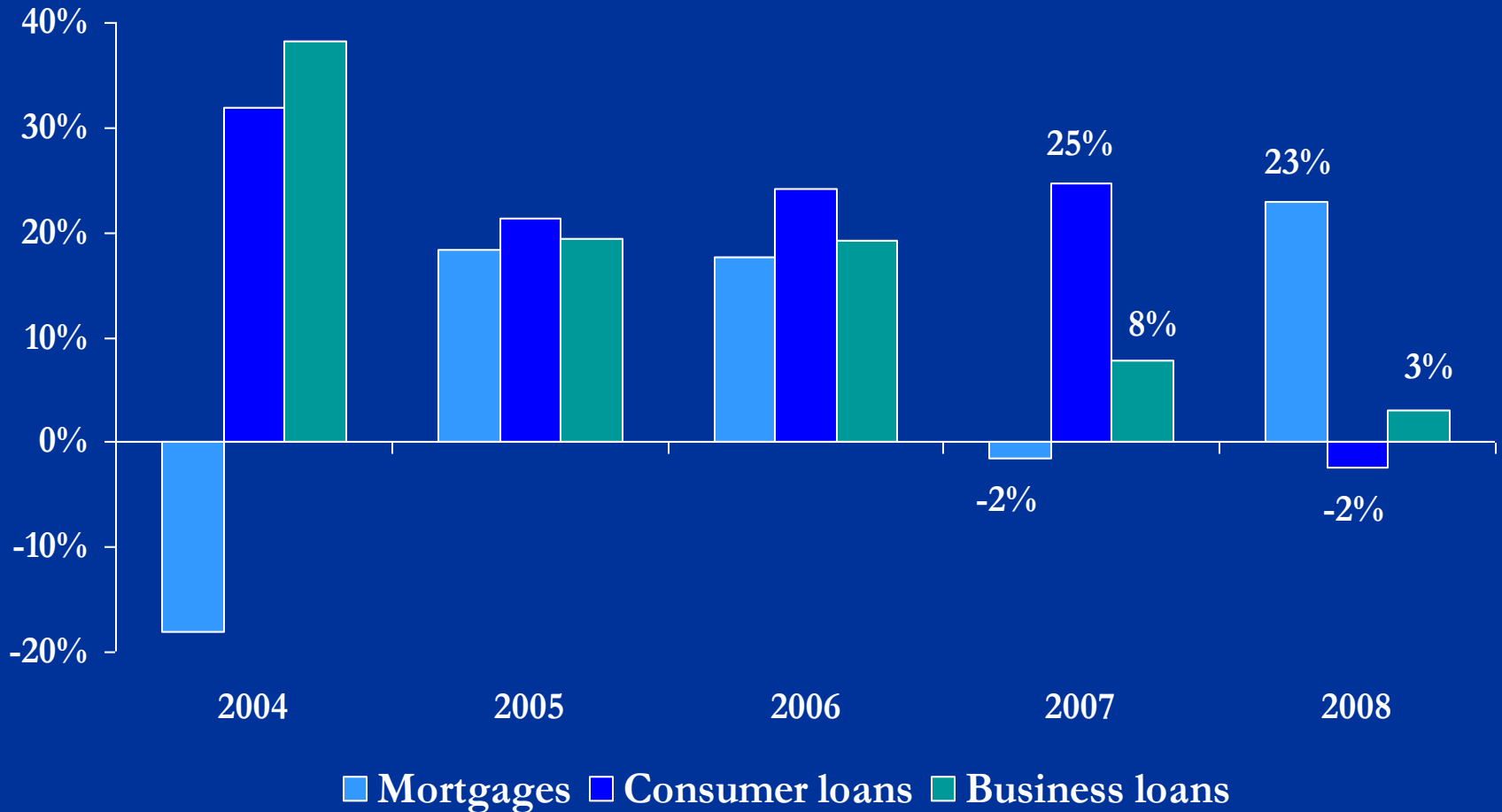
(annual changes)





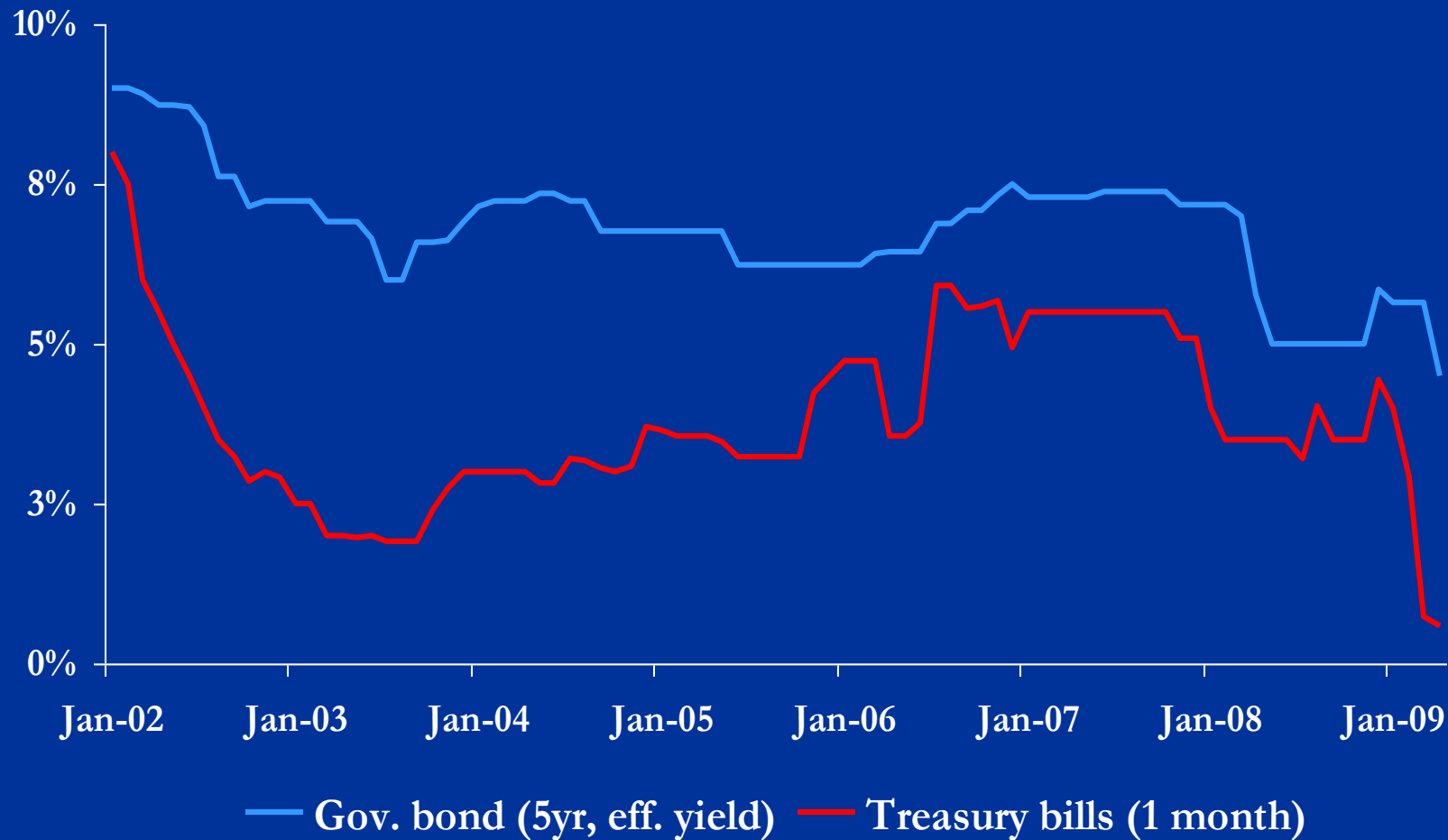
# Credit extension Windward Islands

(annual changes)



# Domestic interest rates

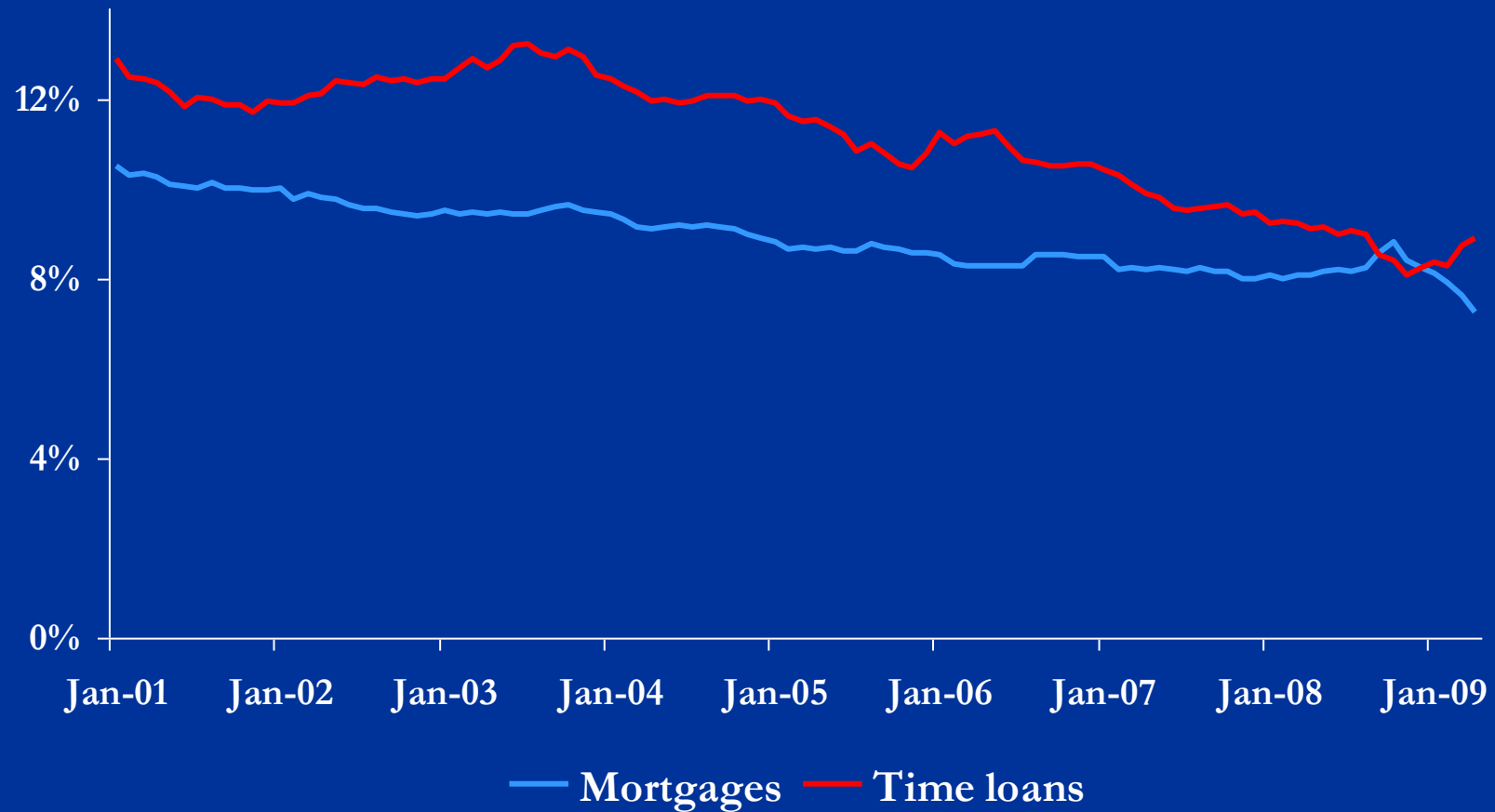
(government securities)



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# Domestic interest rates

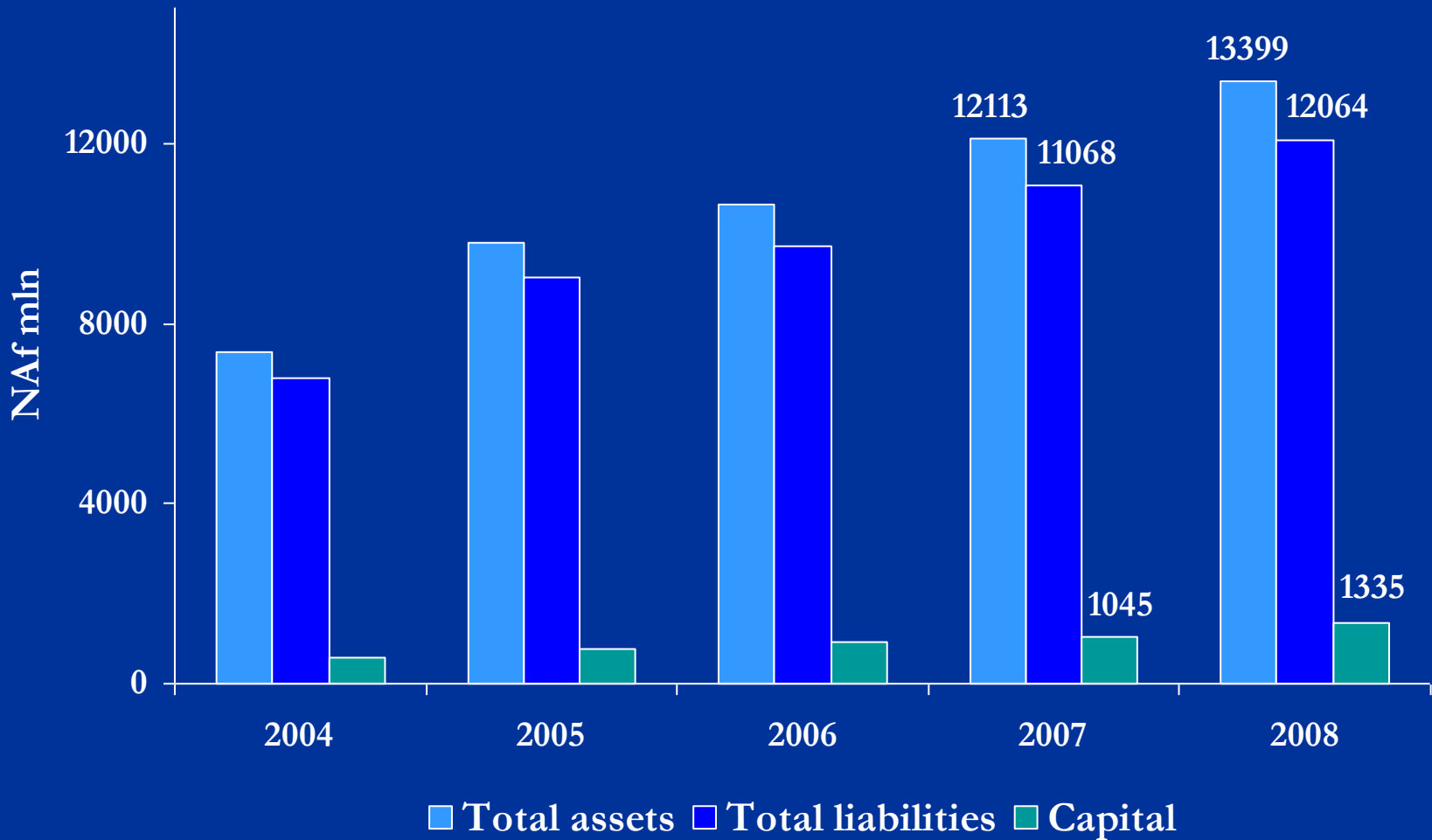
(commercial bank lending rates)



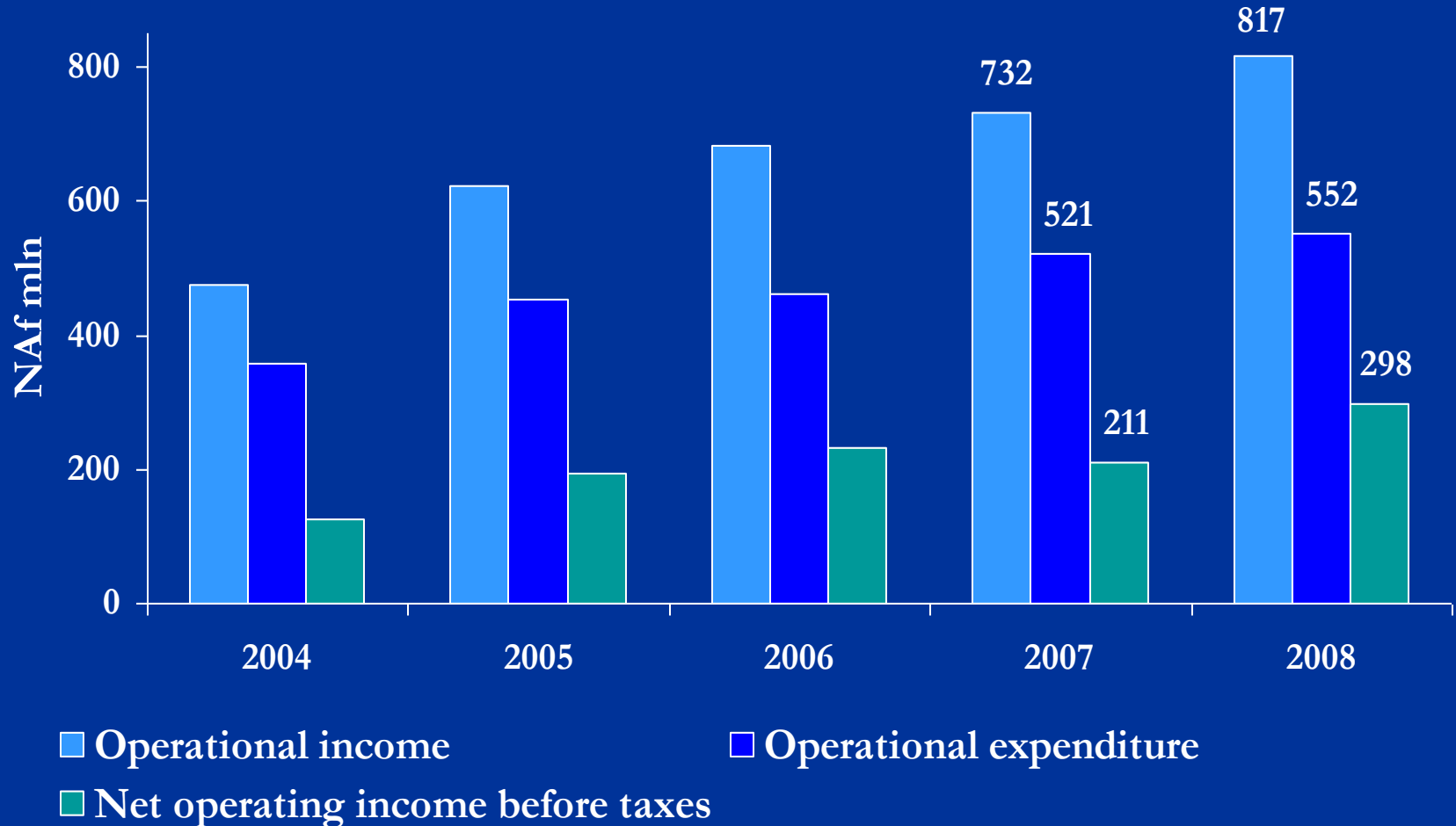
# Main financial developments

- **Banks:**
  - Improving capitalization.
  - No increase in non-performing loans.
  - Increase in earnings and profitability.
- **Institutional investors:**
  - Growth in assets, except non-life insurers.
  - Increase in profitability.

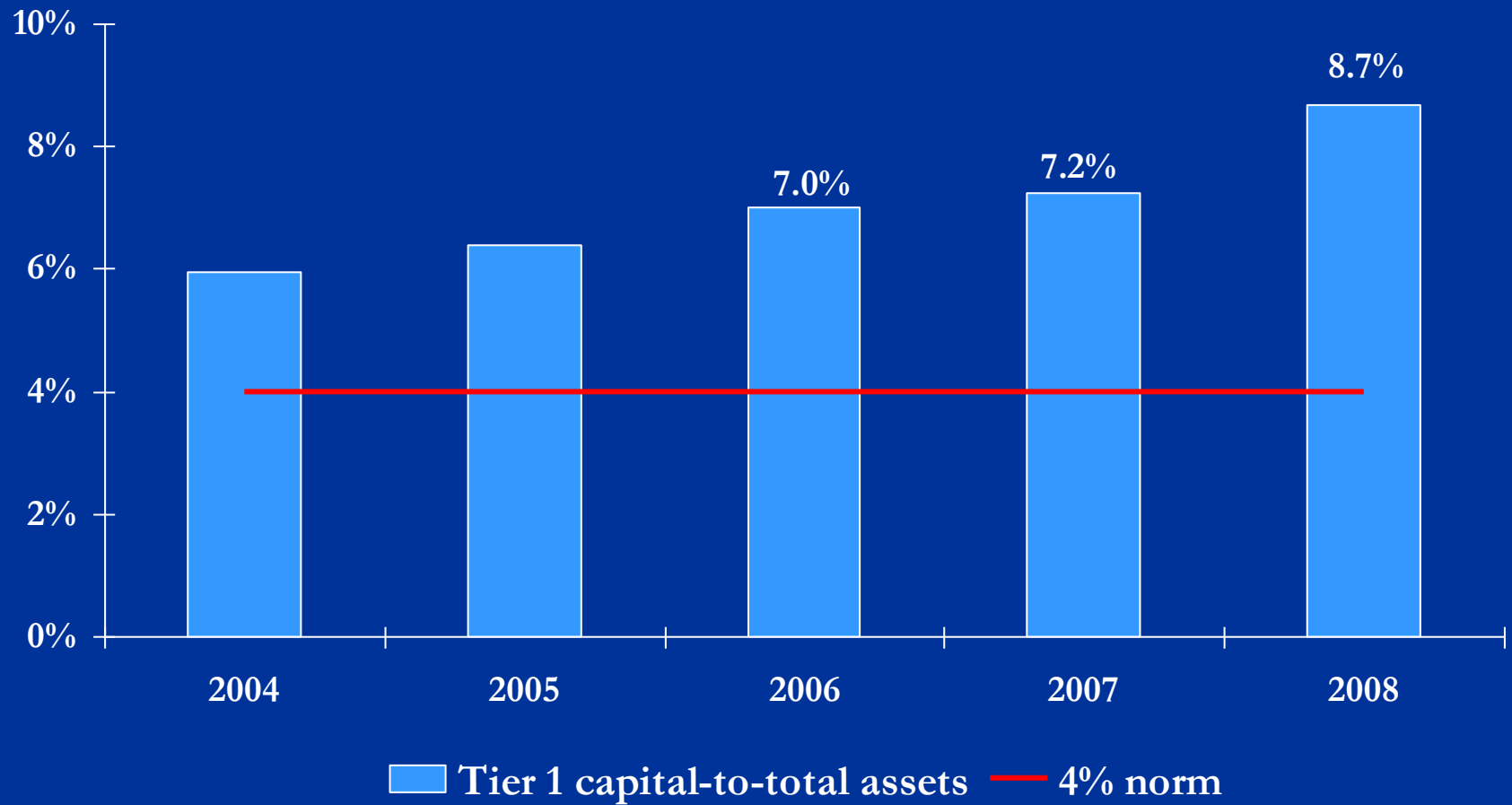
# Balance sheet domestic banks



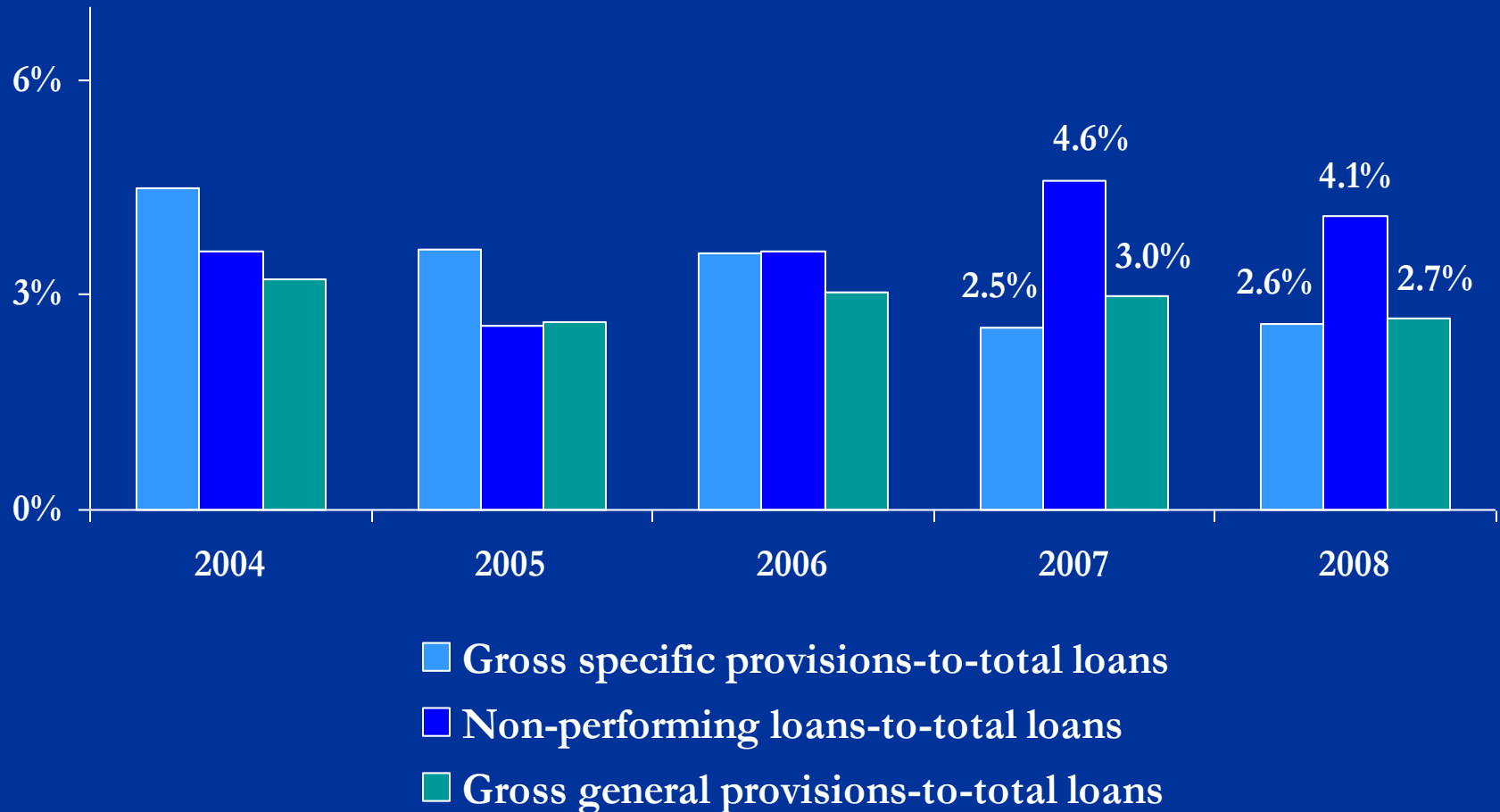
# Profit & loss domestic banks



# Capital adequacy



# Assets quality





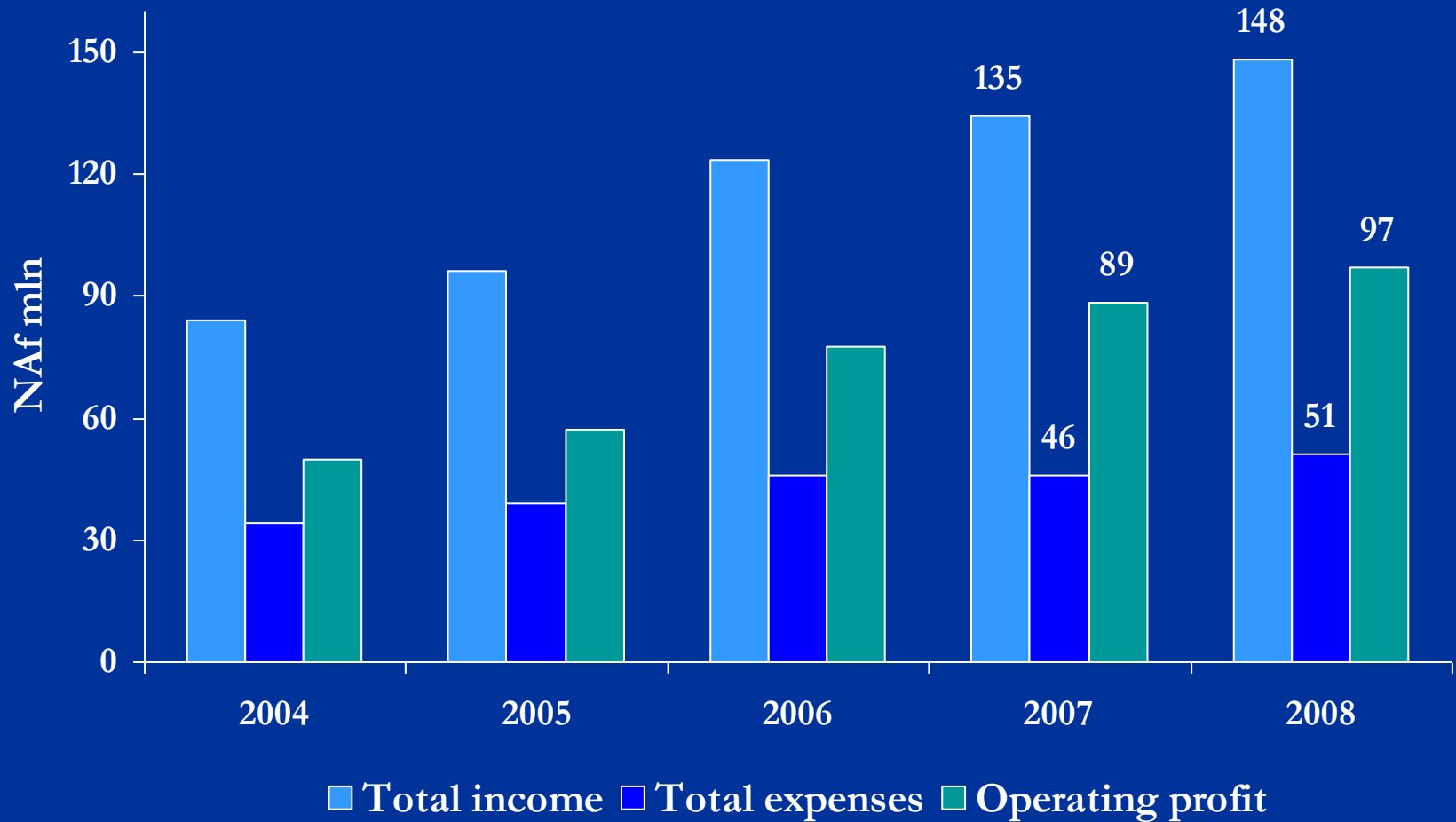
# Earnings & profitability



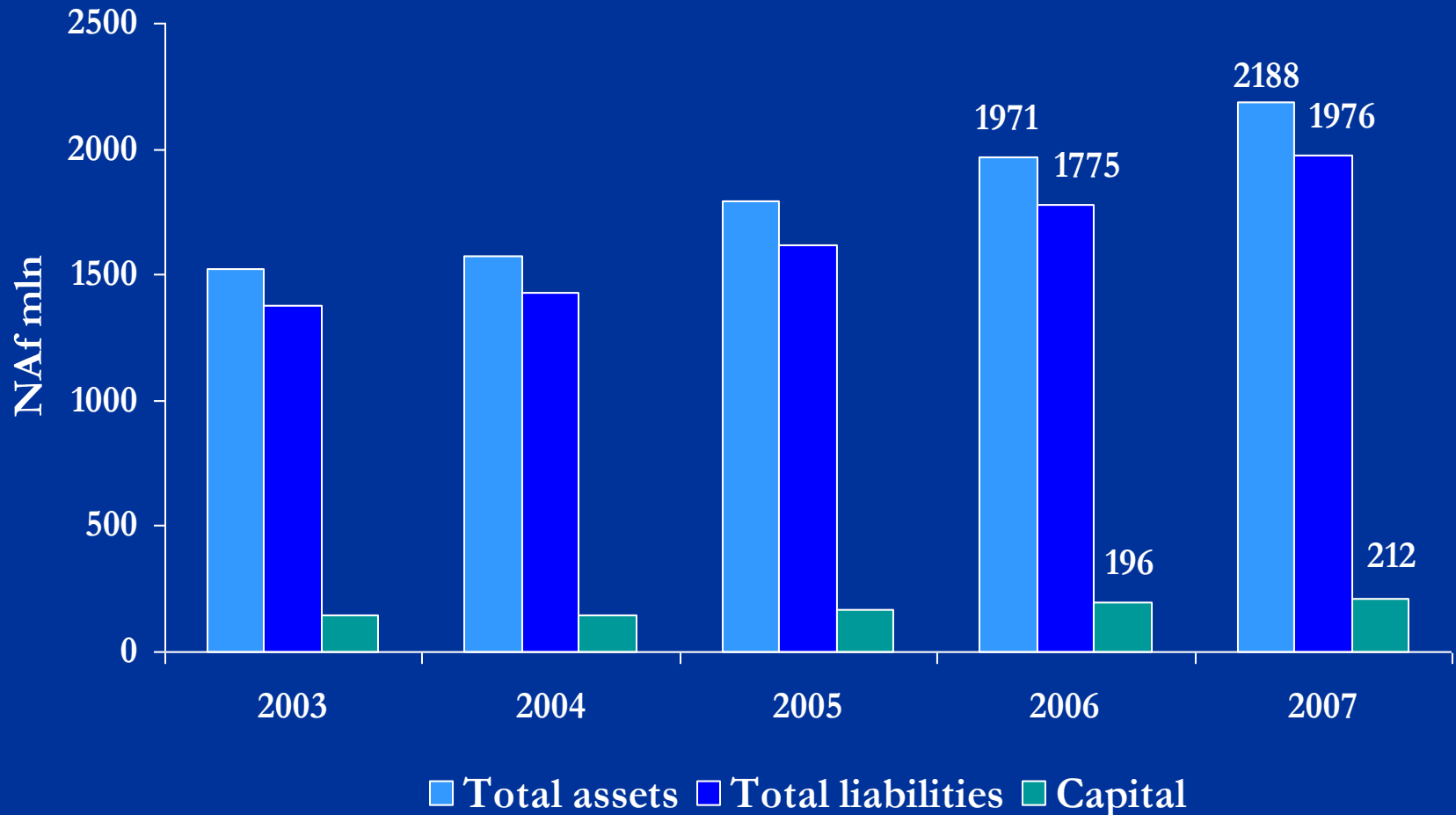
# Liquidity



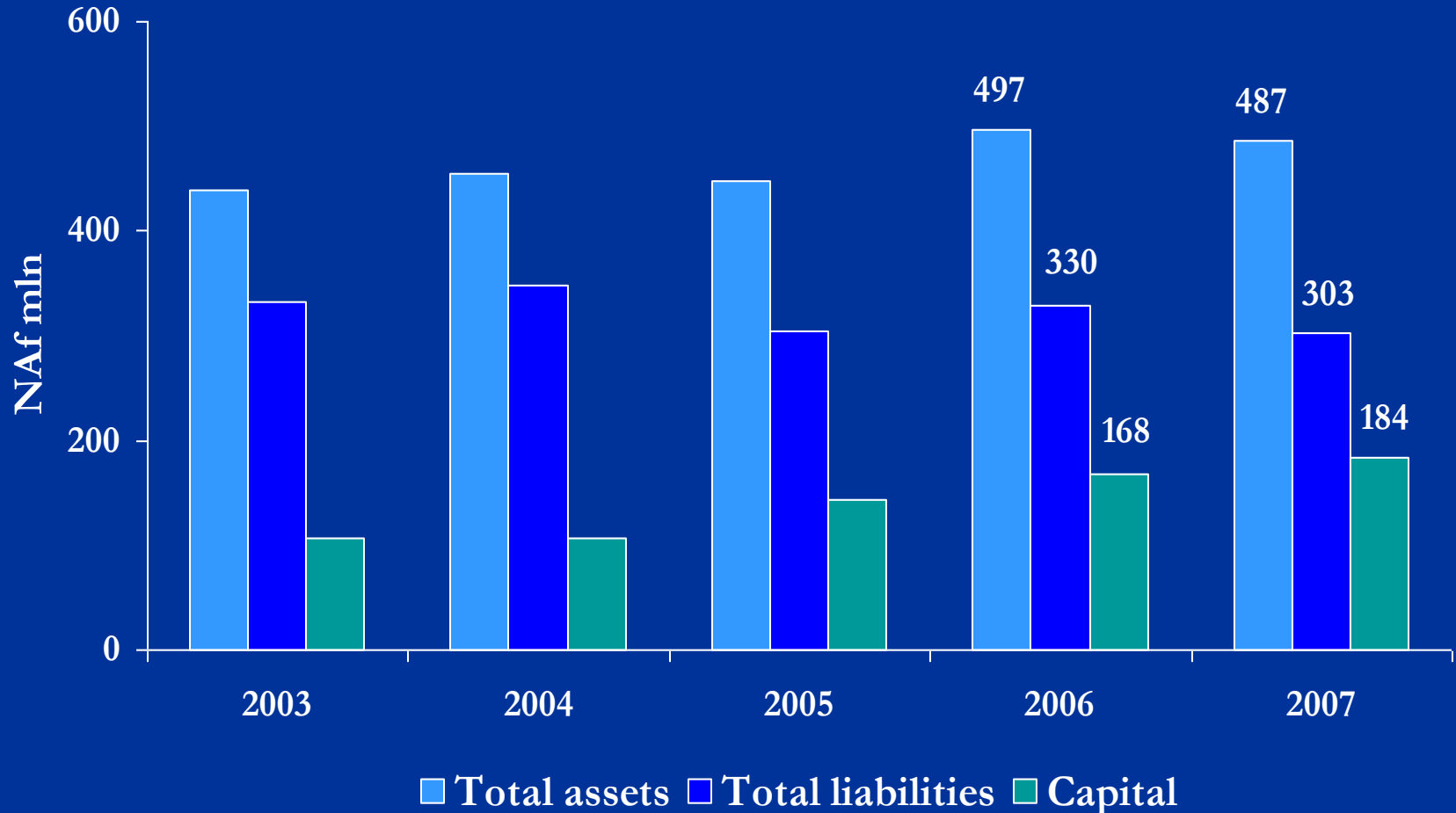
# Profit development BNA



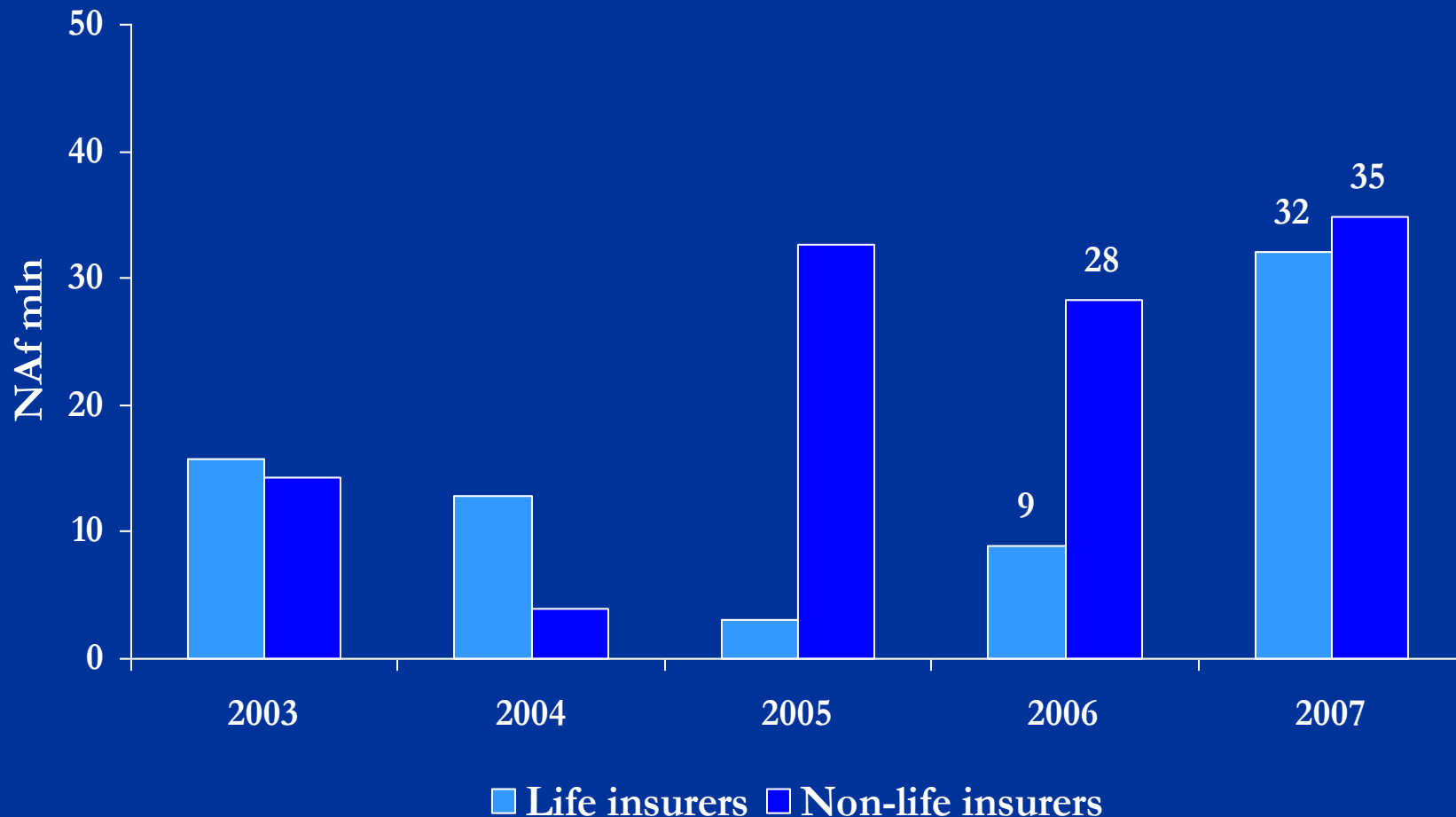
# Balance sheet domestic life insurance sector



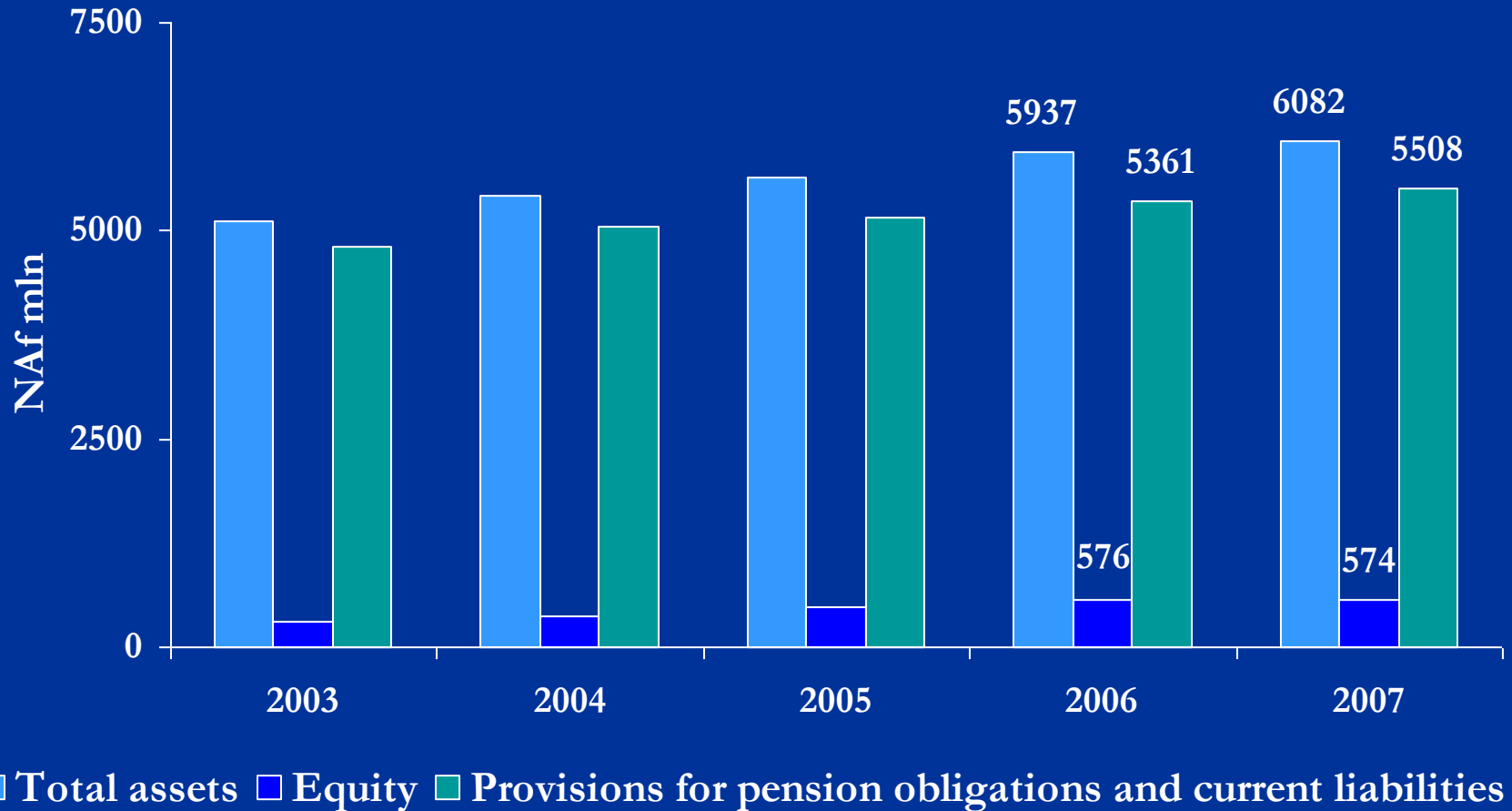
# Balance sheet domestic non-life insurance sector



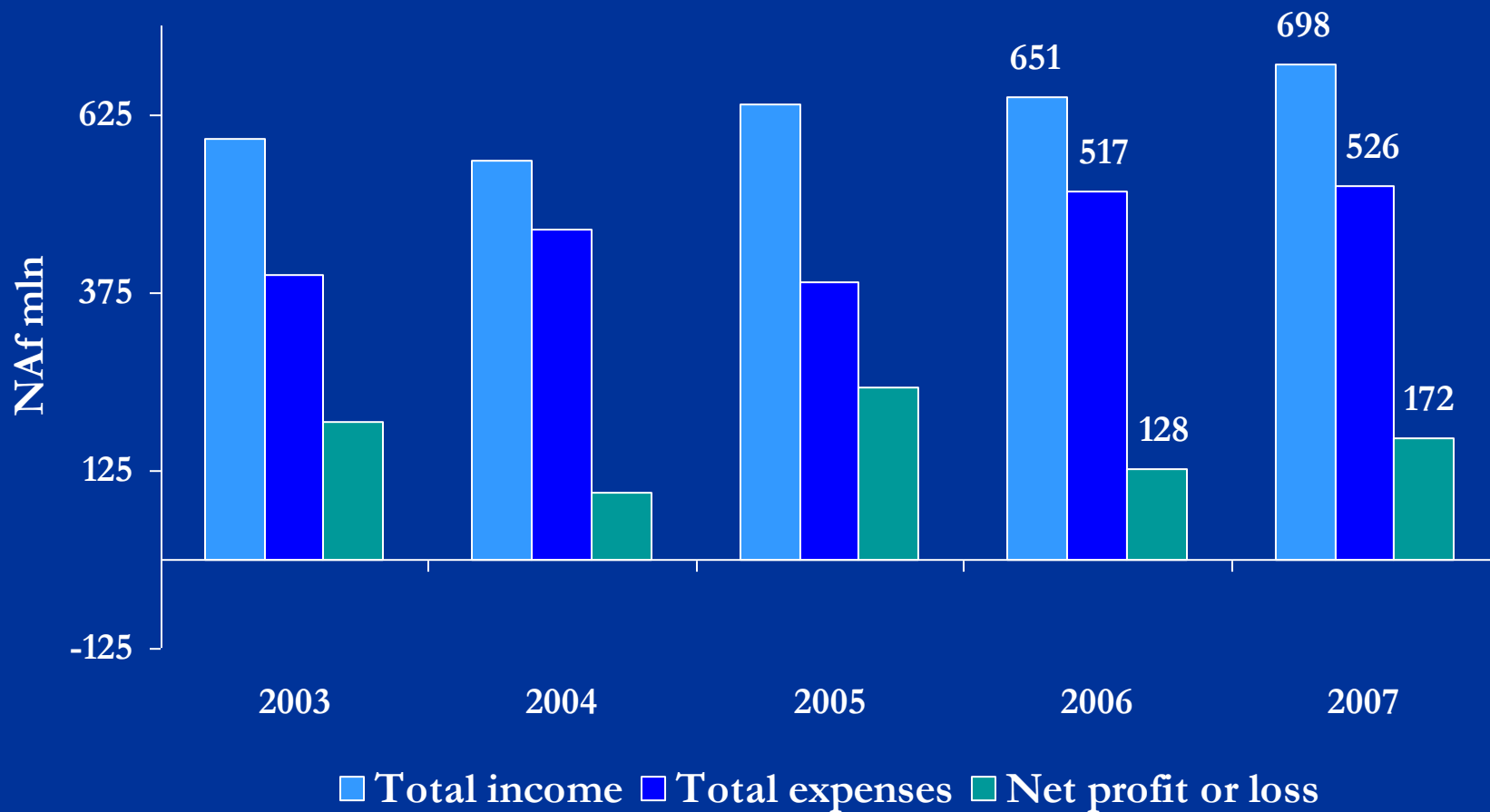
# Net income domestic insurance companies (before taxes)



# Balance sheet of the pension funds



# Profit and loss of the pension funds





# Outlook 2009



# Expected developments in 2009

- Economic growth continues to weaken to 1.0%, reflecting the deepening of the global financial and economic crisis.
- Lower inflation of 2.1%, driven by declining global oil and other commodity prices.
- Nearly balanced general government budget deficit as a result of the debt relief program.
- Worsening of the current account of the balance of payments as export of goods and services are expected to drop, partly offset by a decline in imports.

**Thank you for your  
attention**