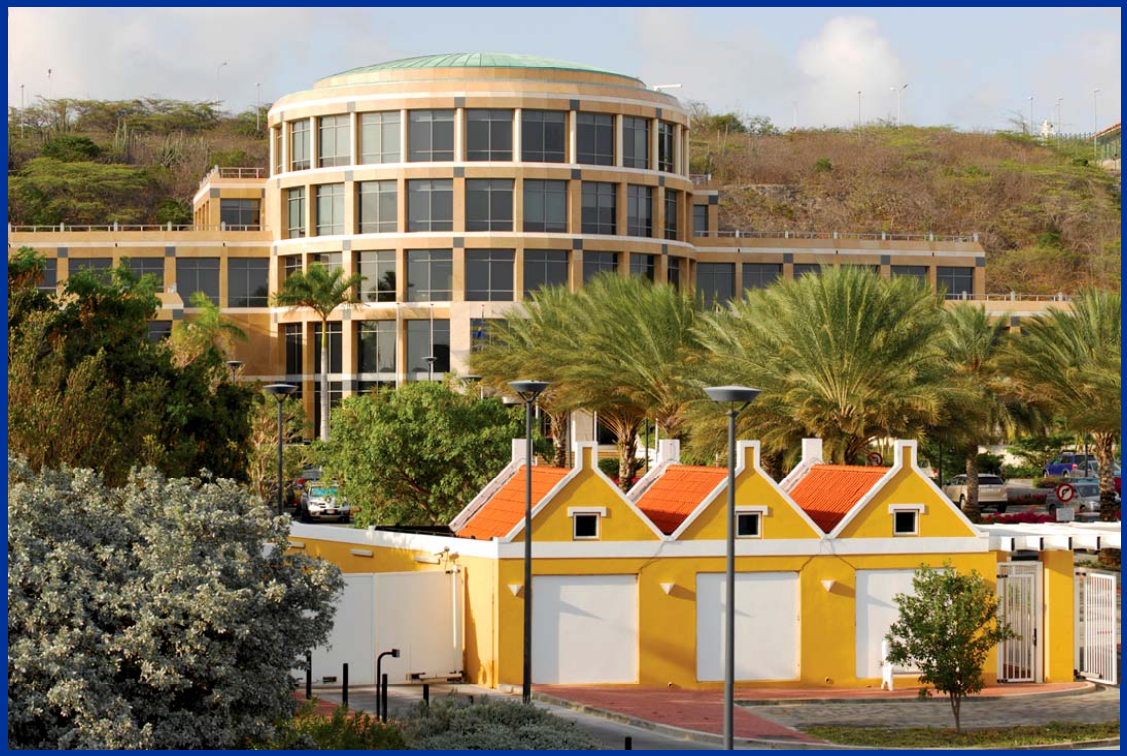
Annual Report 2007



July 17, 2008

Outline presentation

- Developments in:
  - Real sector.
  - Public sector.
  - External sector.
  - Monetary and financial sector.
- Outlook for 2008

Real sector

tien gulden
bank van de nederlandse antillen
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SPECIMEN
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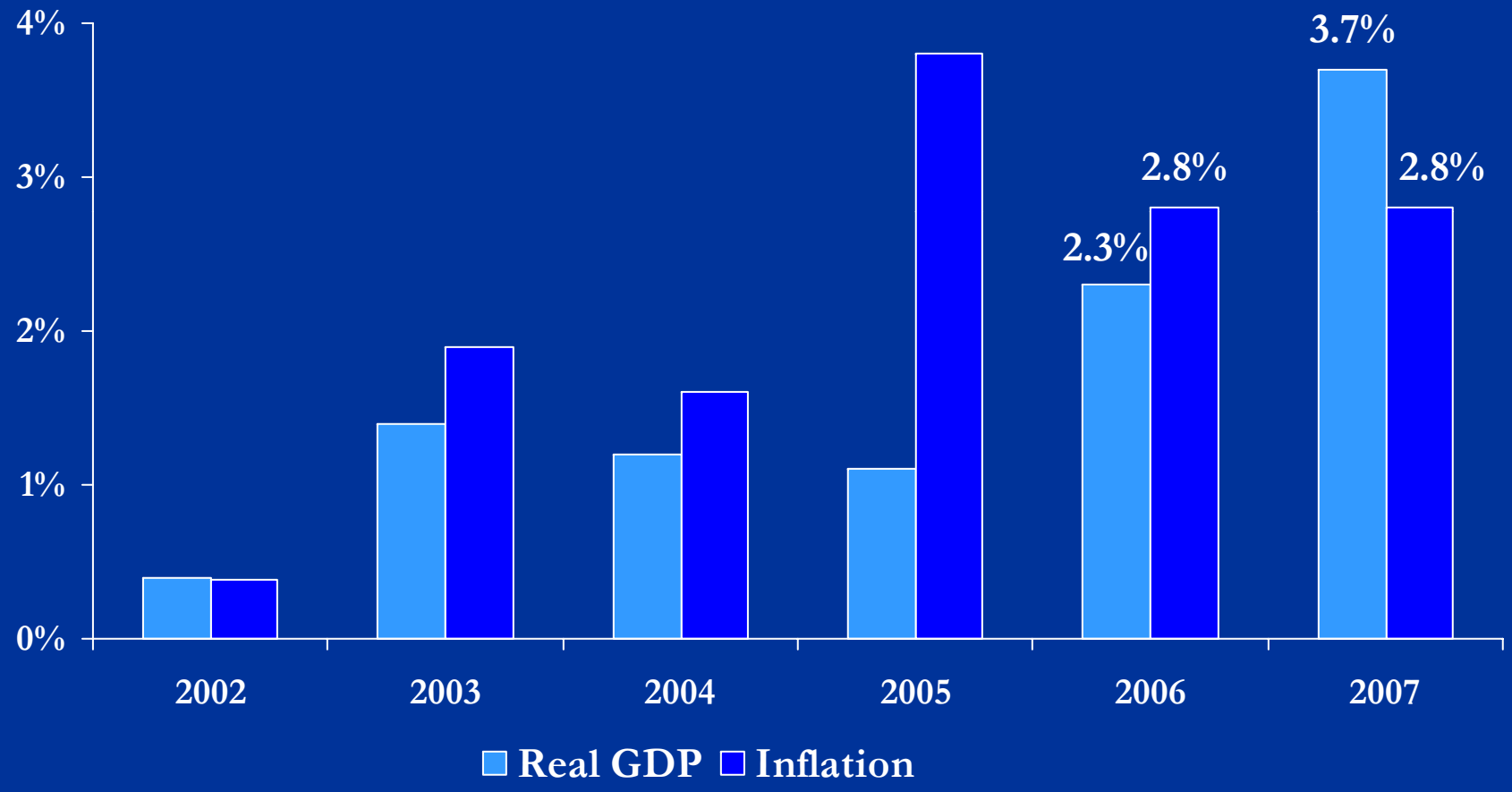
Main developments in 2007

- Robust economic growth of 3.7%.
- Inflation remained steady at 2.8%, reflecting the slower world oil price increases throughout the year.
- Decline in unemployment rate and youth unemployment.

Macro-economic key figures: a comparison

	Real GDP		Consumer Prices		Unemployment rate	
	2006	2007	2006	2007	2006	2007
Netherlands Antilles	2.3%	3.7%	2.8%	2.8%	13.2%	11.1%
United States	3.3%	2.2%	3.2%	2.9%	4.5%	5.0%
Venezuela	10.3%	8.5%	13.7%	18.7%	8.4%	6.2%
The Netherlands	2.9%	3.5%	1.1%	1.6%	5.5%	4.5%
Aruba	0.6%	2.1%	3.6%	6.0%	n.a.	n.a.

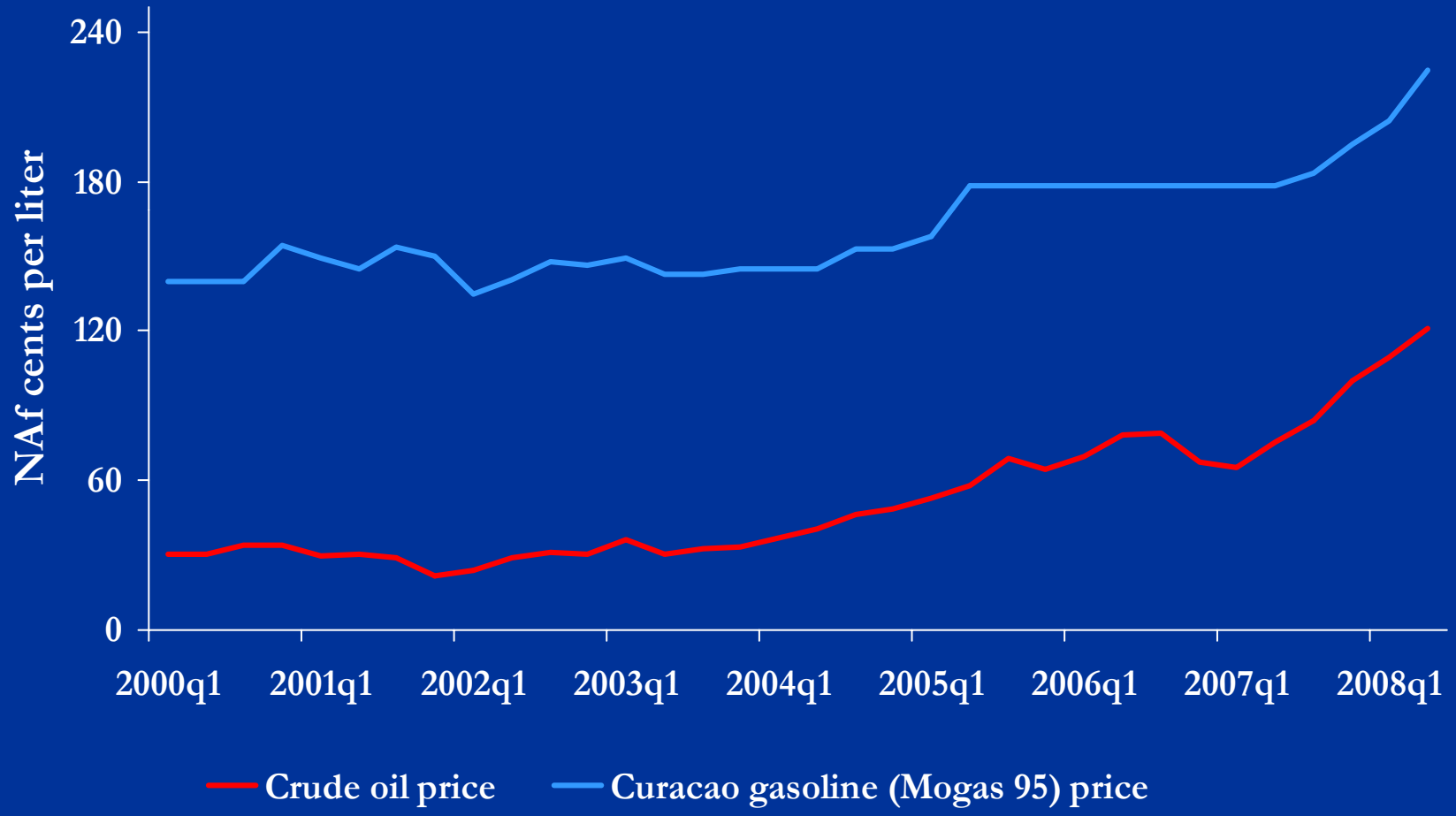
Economic development



Labor market

	Curacao		St. Maarten		Bonaire	
	2006	2007	2005	2007	2004	2006
Employment	53,797	53,825	18,073	20,720	4,661	5,647
Unemployment rate	14.7%	11.9%	13.4%	10.6%	9.0%	7.8%
Youth unemployment	37.8%	24.2%	30.4%	26.0%	25.2%	20.5%
Participation rate	45.7%	43.4%	58.1%	59.4%	49.1%	52.0%
Unemployment	9,241	7,300	2,798	2,446	460	481
Labor force	63,038	61,125	20,871	23,166	5,121	6,128
Population	138,027	140,788	35,910	39,011	10,436	11,793

Development int'l crude oil price vs Curaçao gasoline price

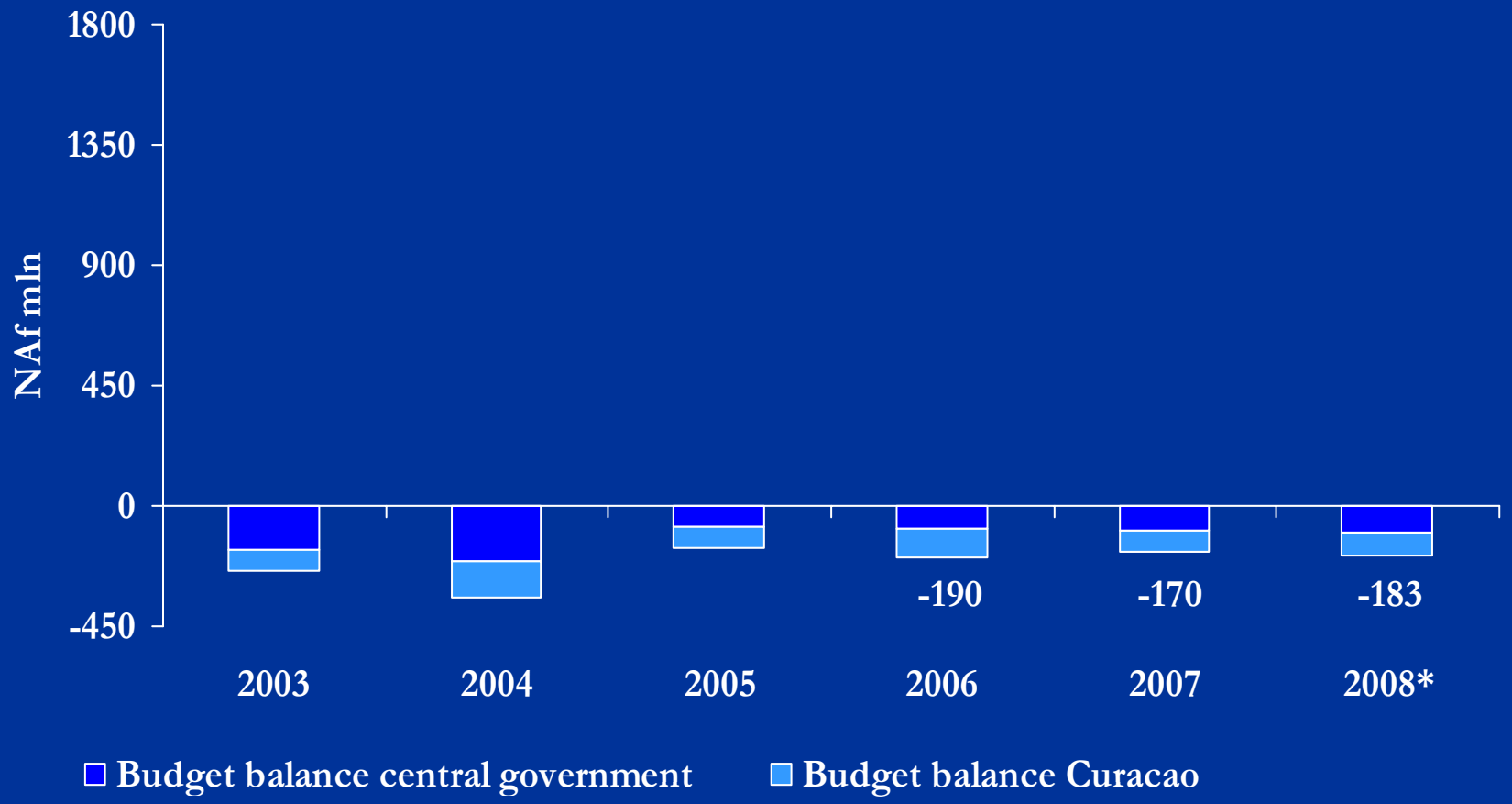


Public sector

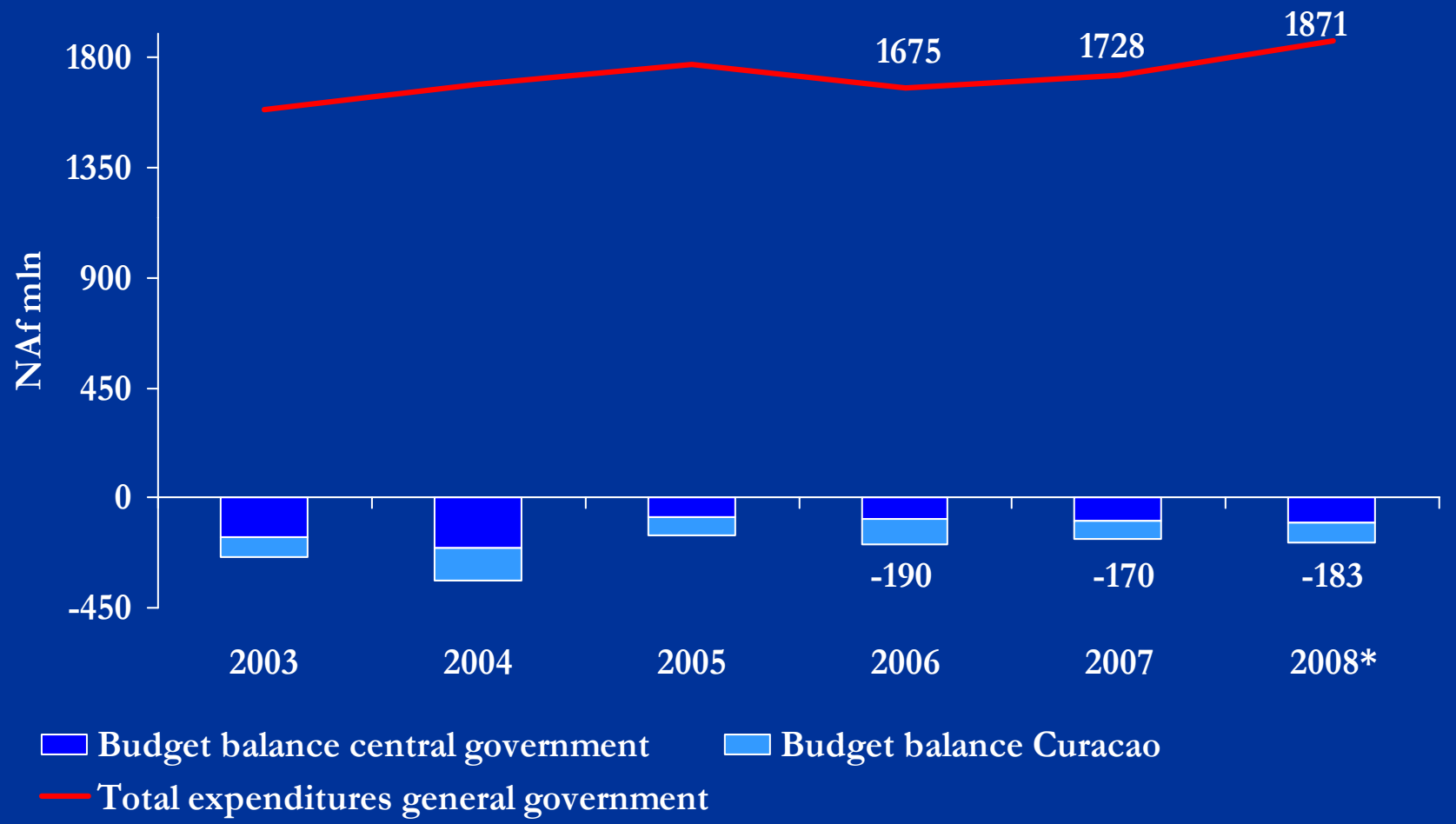
Main developments

- Improved primary surplus due to a surge in tax revenues.
- Slight improvement of the budget deficit.
- Increased interest burden.
- Higher debt ratio.

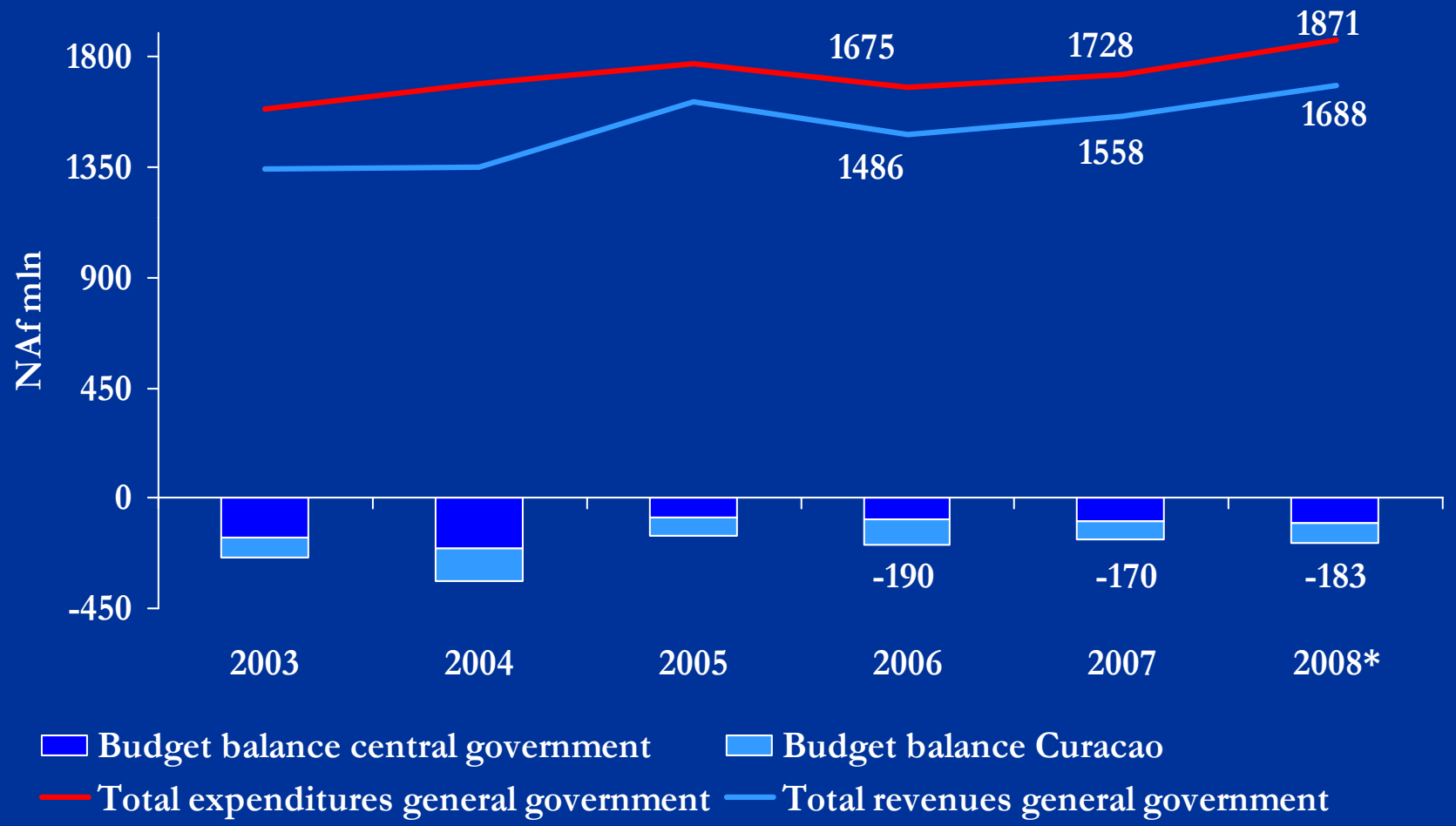
Budget development general government (Cash basis)



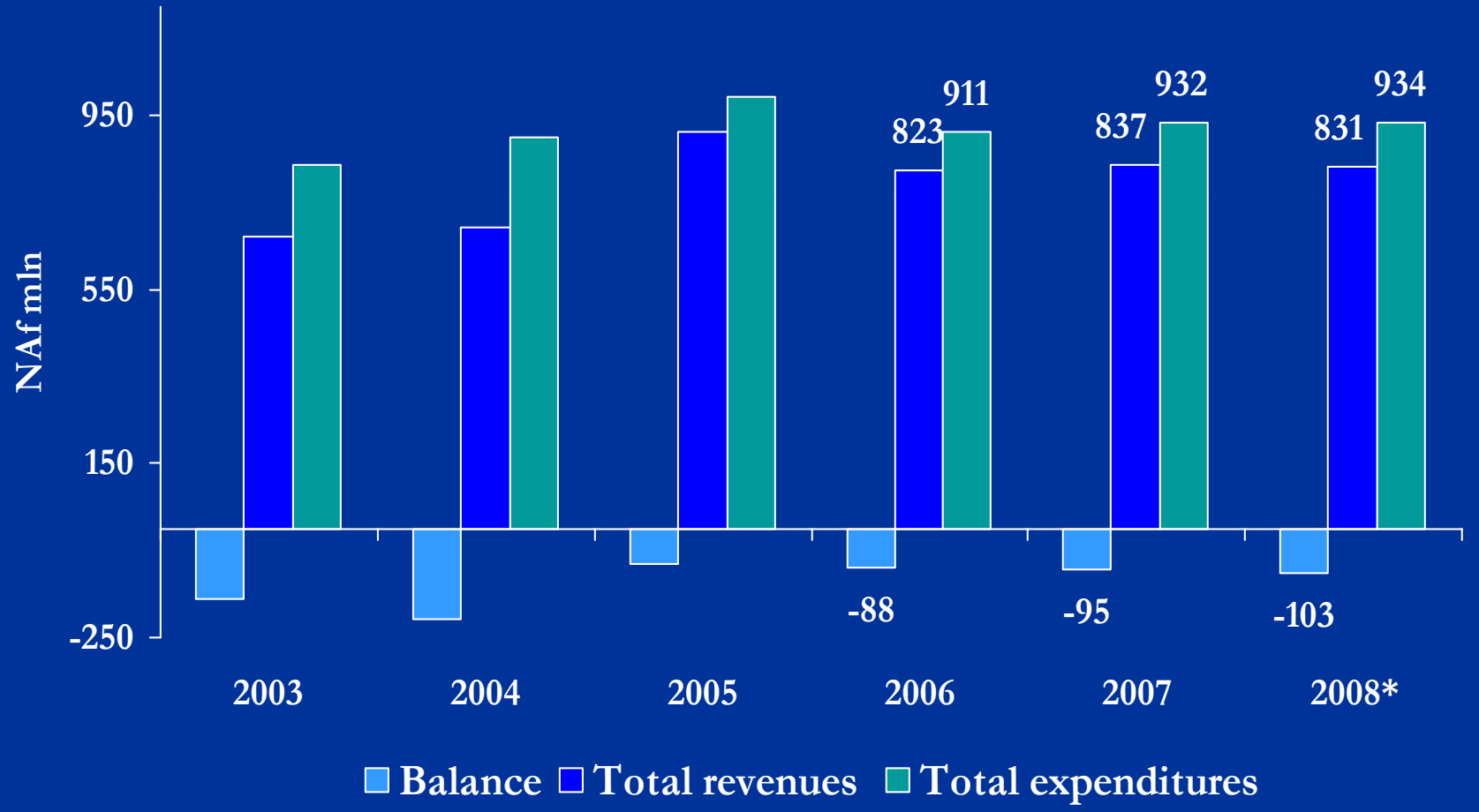
Budget development general government (Cash basis)



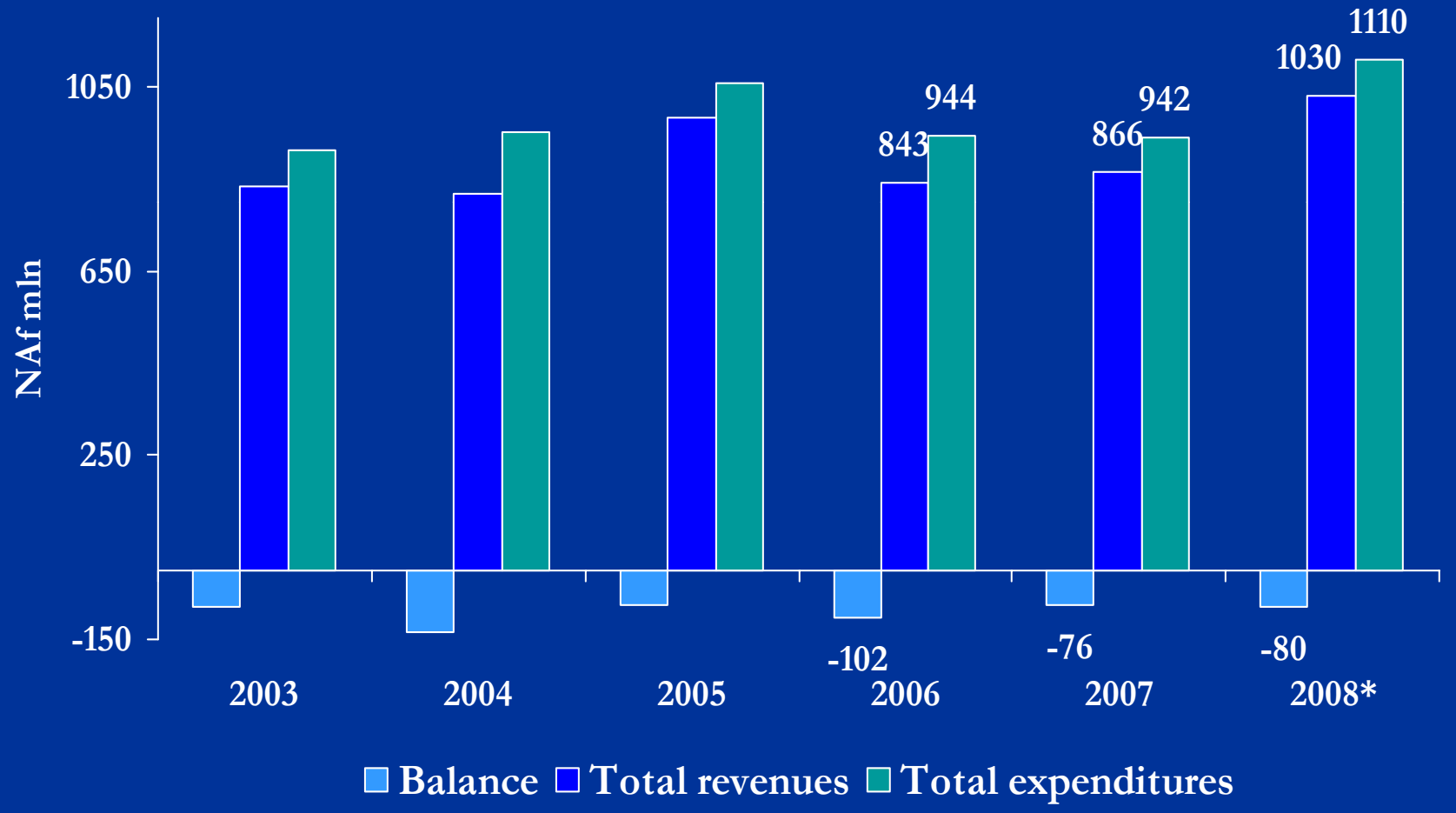
Budget development general government (Cash basis)



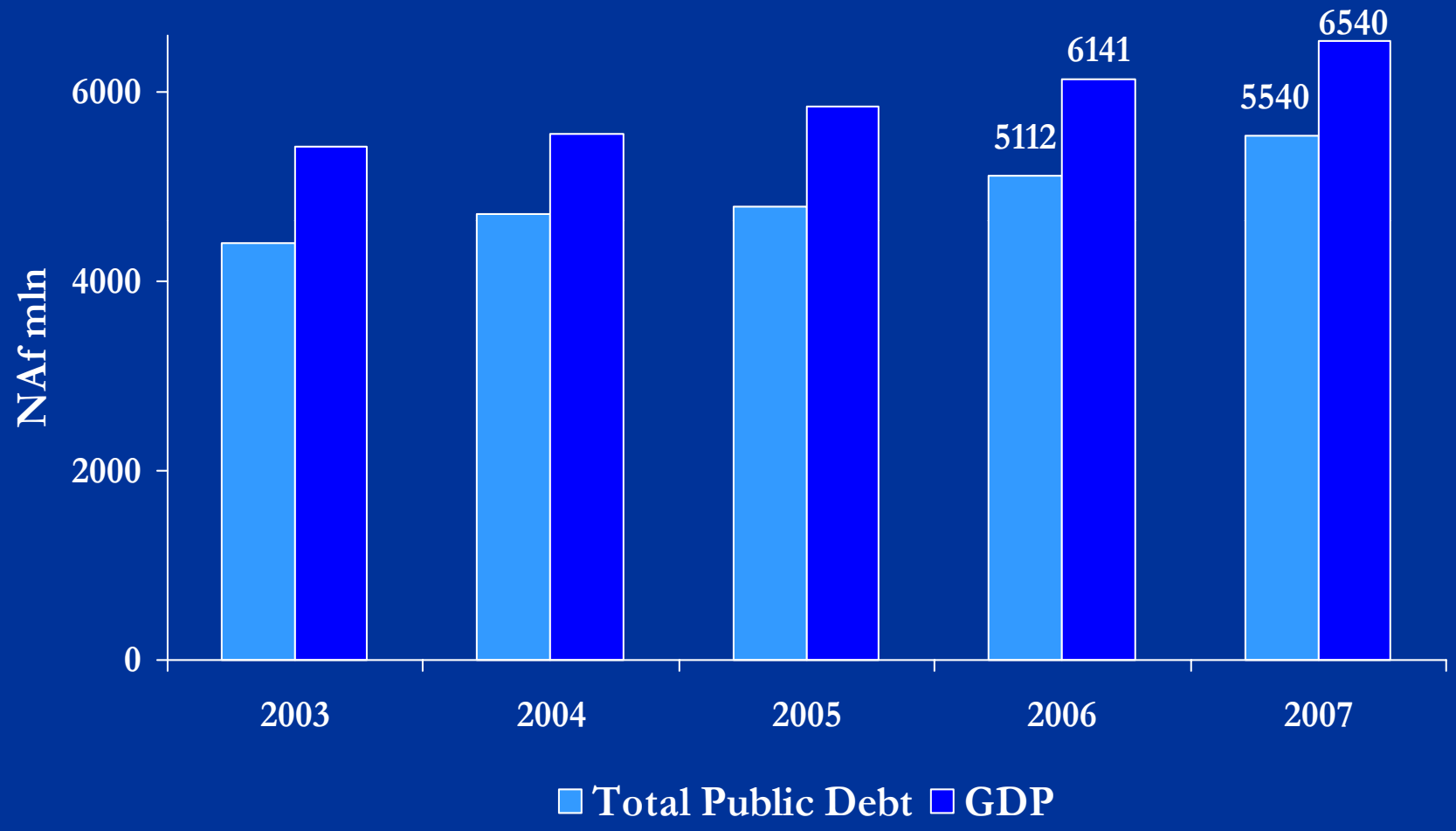
Revenues and expenditures central government (Cash basis)



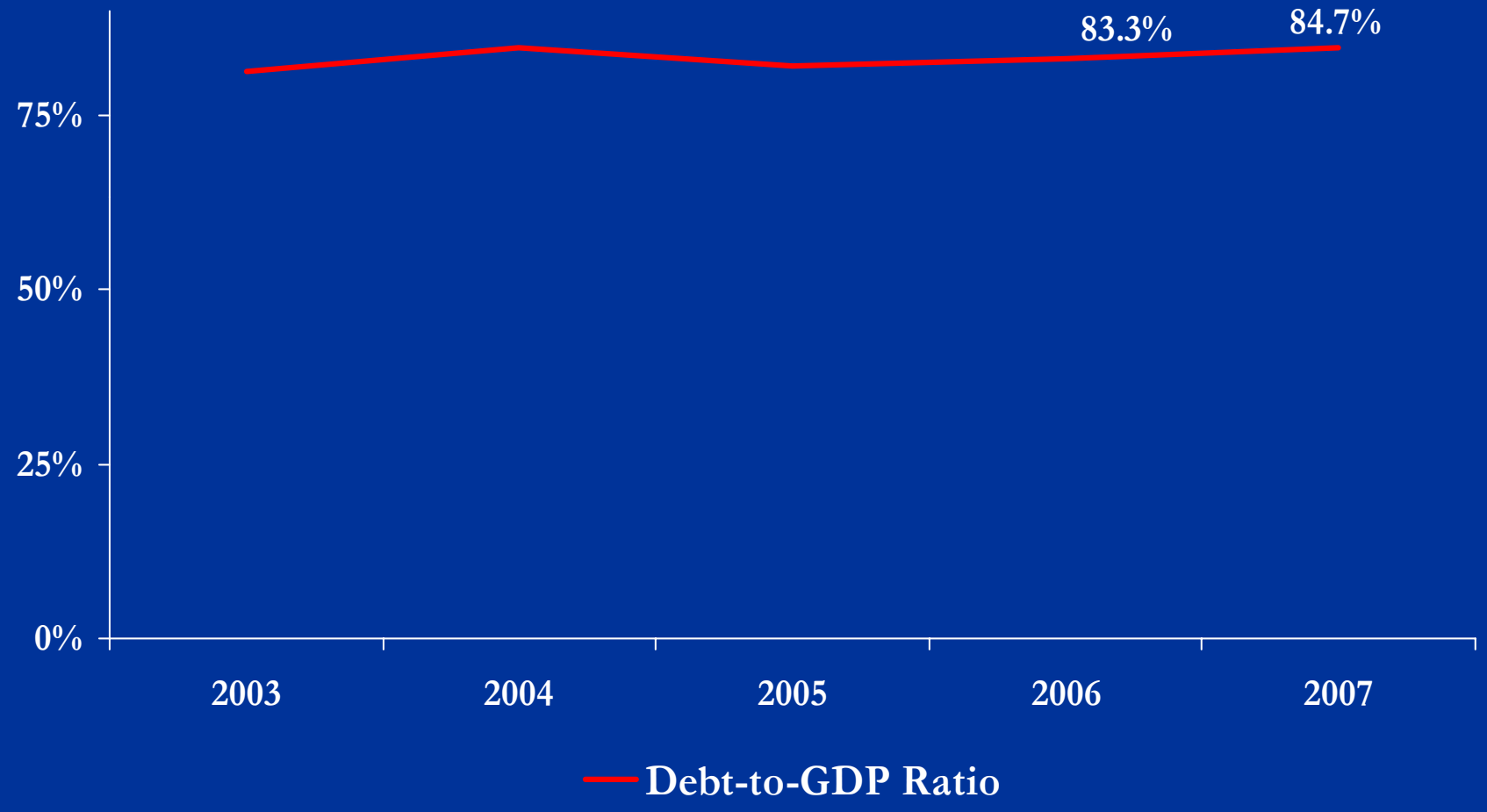
Revenues and expenditures Curacao government (Cash basis)



Total public debt

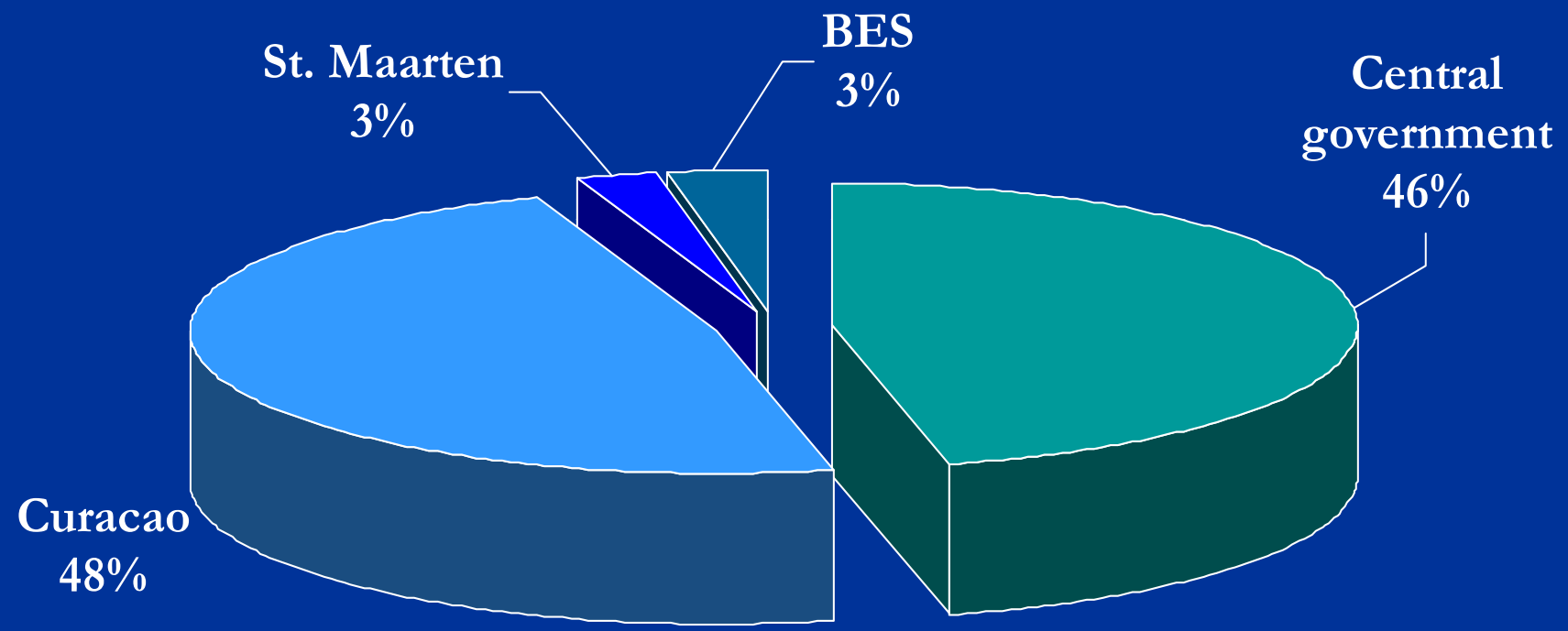


Total public debt-to-GDP ratio

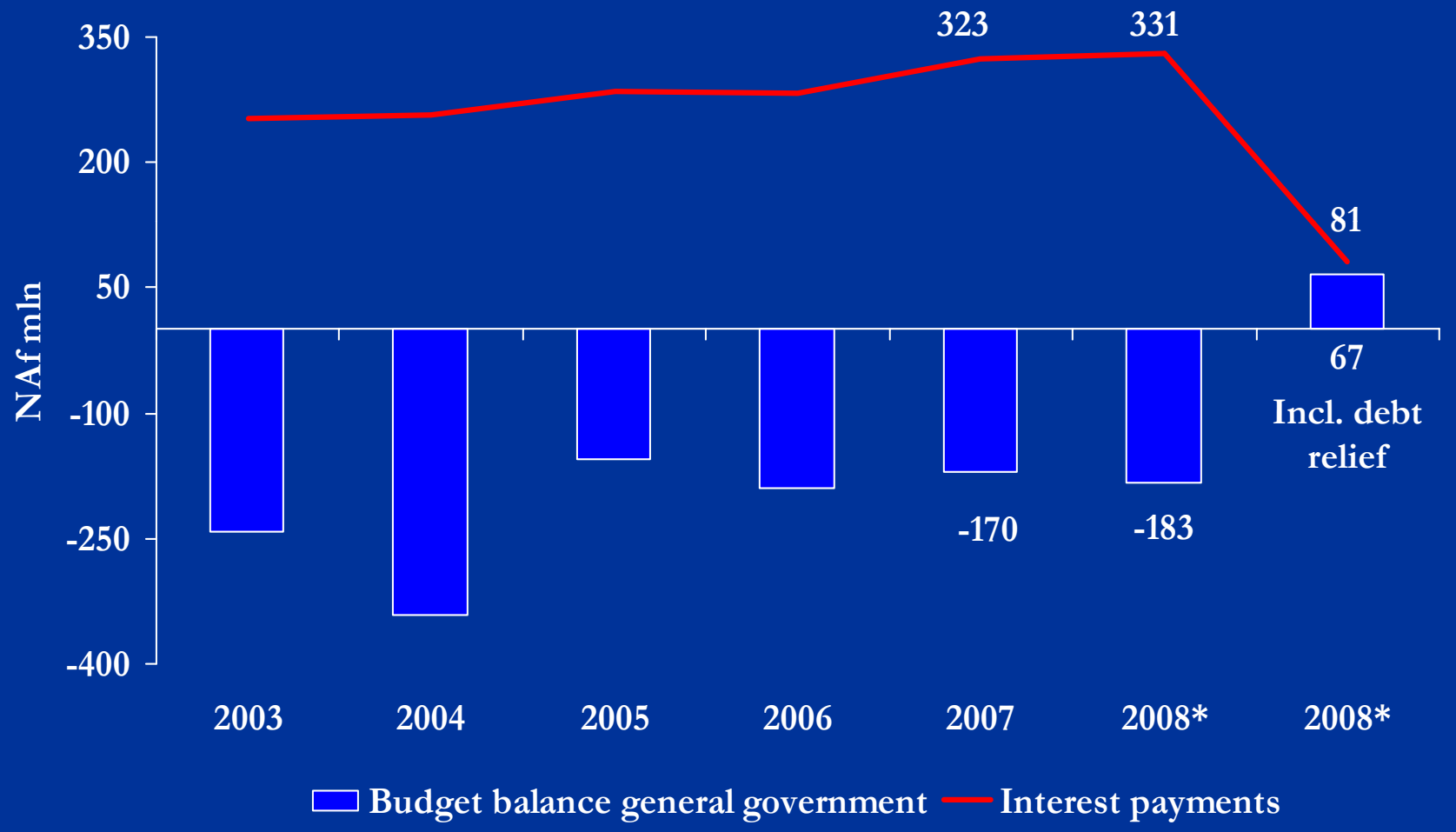


Distribution public debt

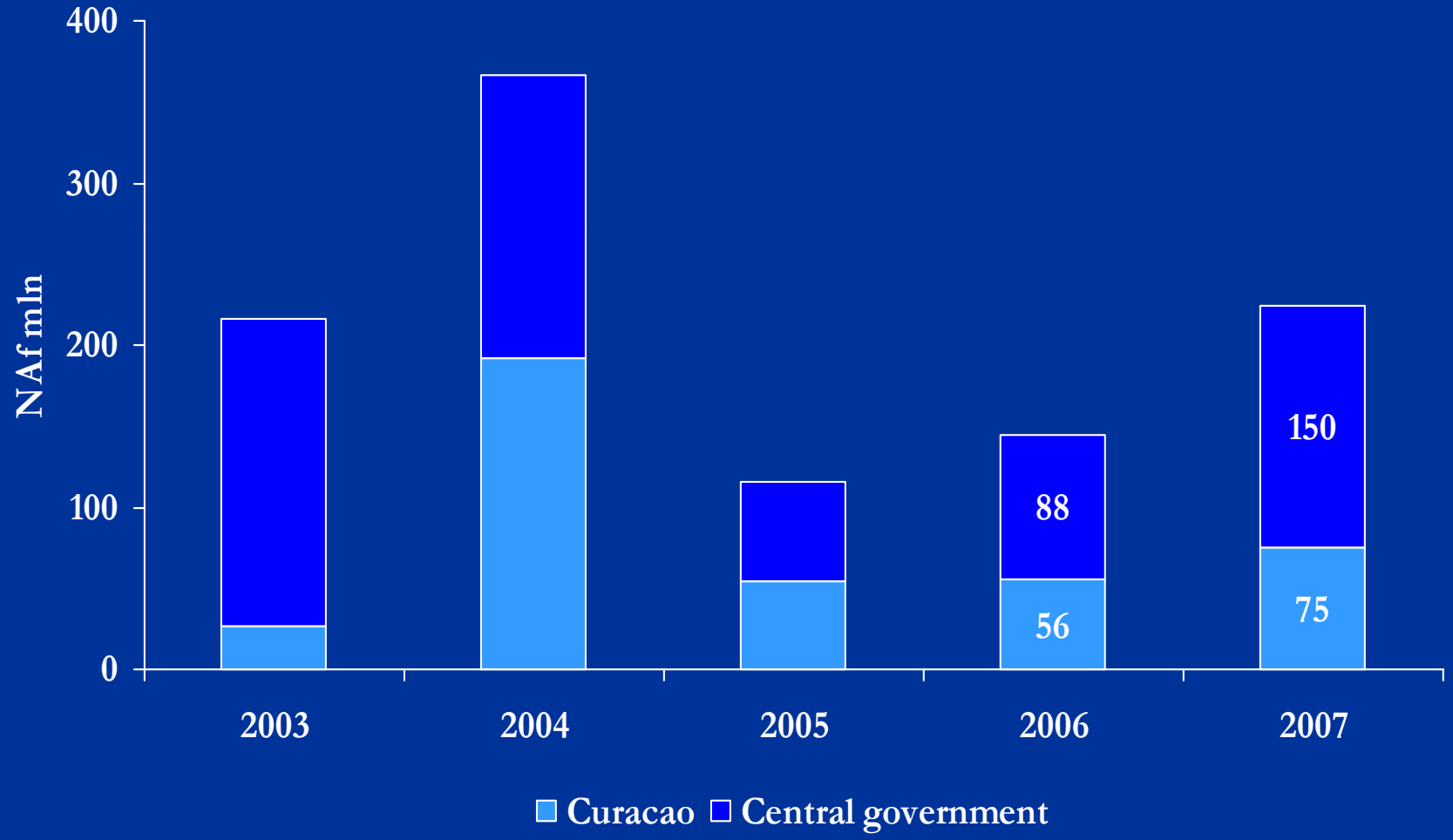
(Dec. 2007)



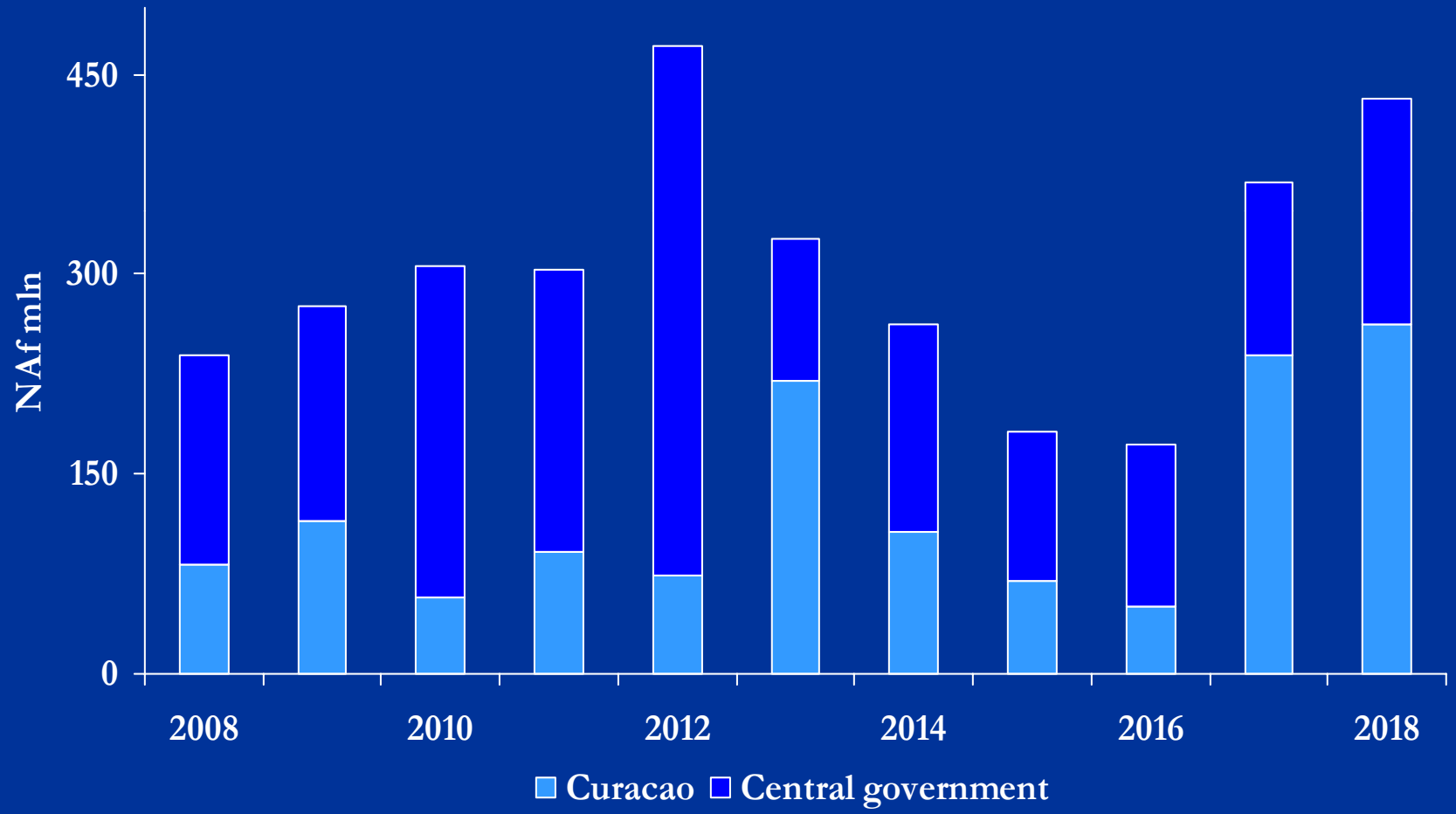
Interest burden (Cash basis)



Net borrowing of general government



Government bonds maturity schedule



External sector

Main developments

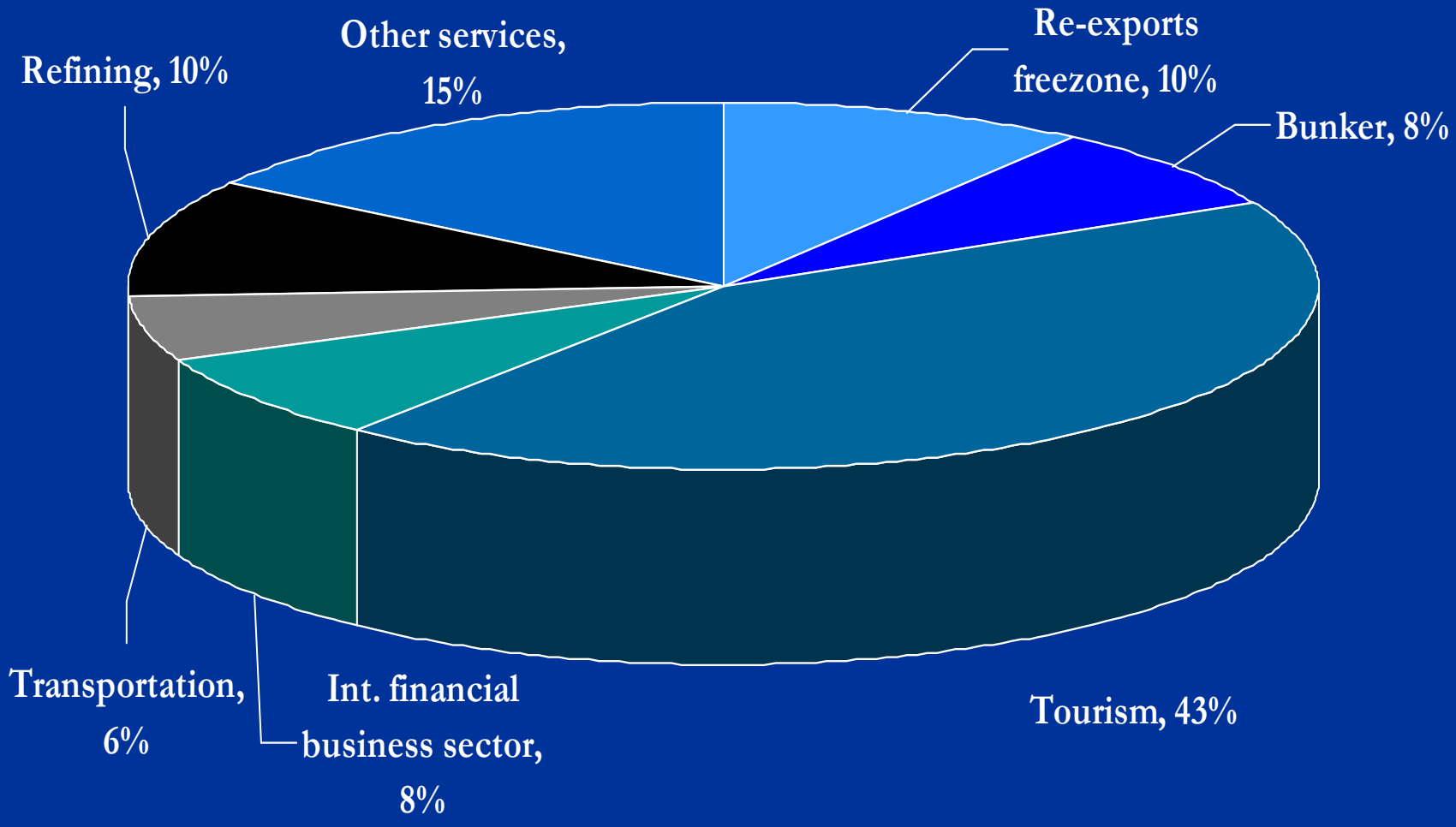
- Current account more than doubled in 2007.
- Increase in capital account surplus.
- Large increase in external financing (financial account).
- Developments resulted in balance of payments surplus.

Balance of payments

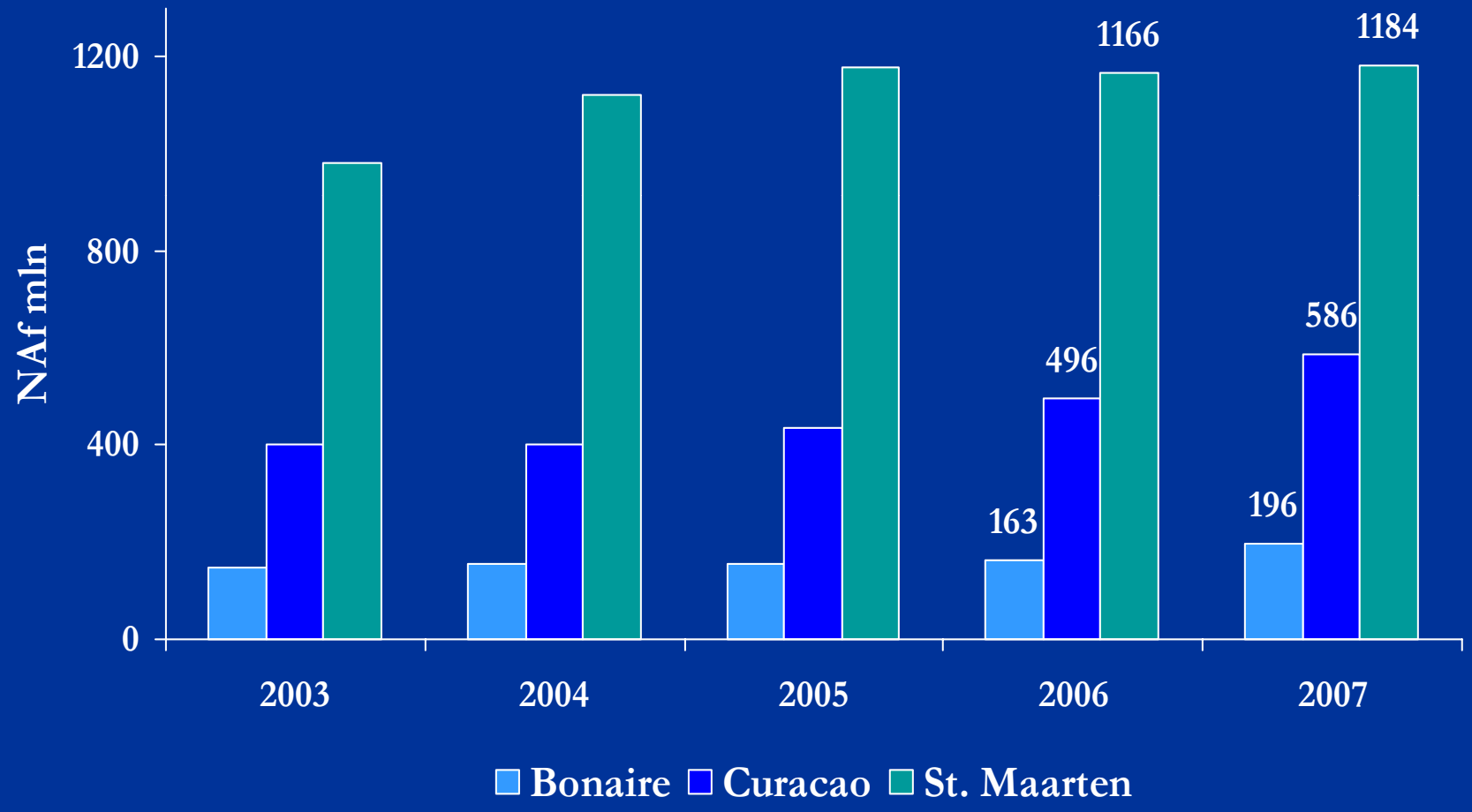
(transaction basis, NAf mln)

	2003	2004	2005	2006	2007
Current account	-4.5	-157.6	-189.4	-465.2	-1,055.6
Capital account	46.9	142.2	171.1	179.6	217.7
External Financing	29.8	32.3	93.9	306.5	967.7
Direct investments	20.5	-0.7	-42.1	-140.5	420.7
Loans and credits	2.7	34.8	178.7	345.4	693.2
Portfolio investments	6.6	-1.7	-42.7	101.6	-146.2
Change in reserves	-89.0	-65.7	-132.7	-84.1	-277.4

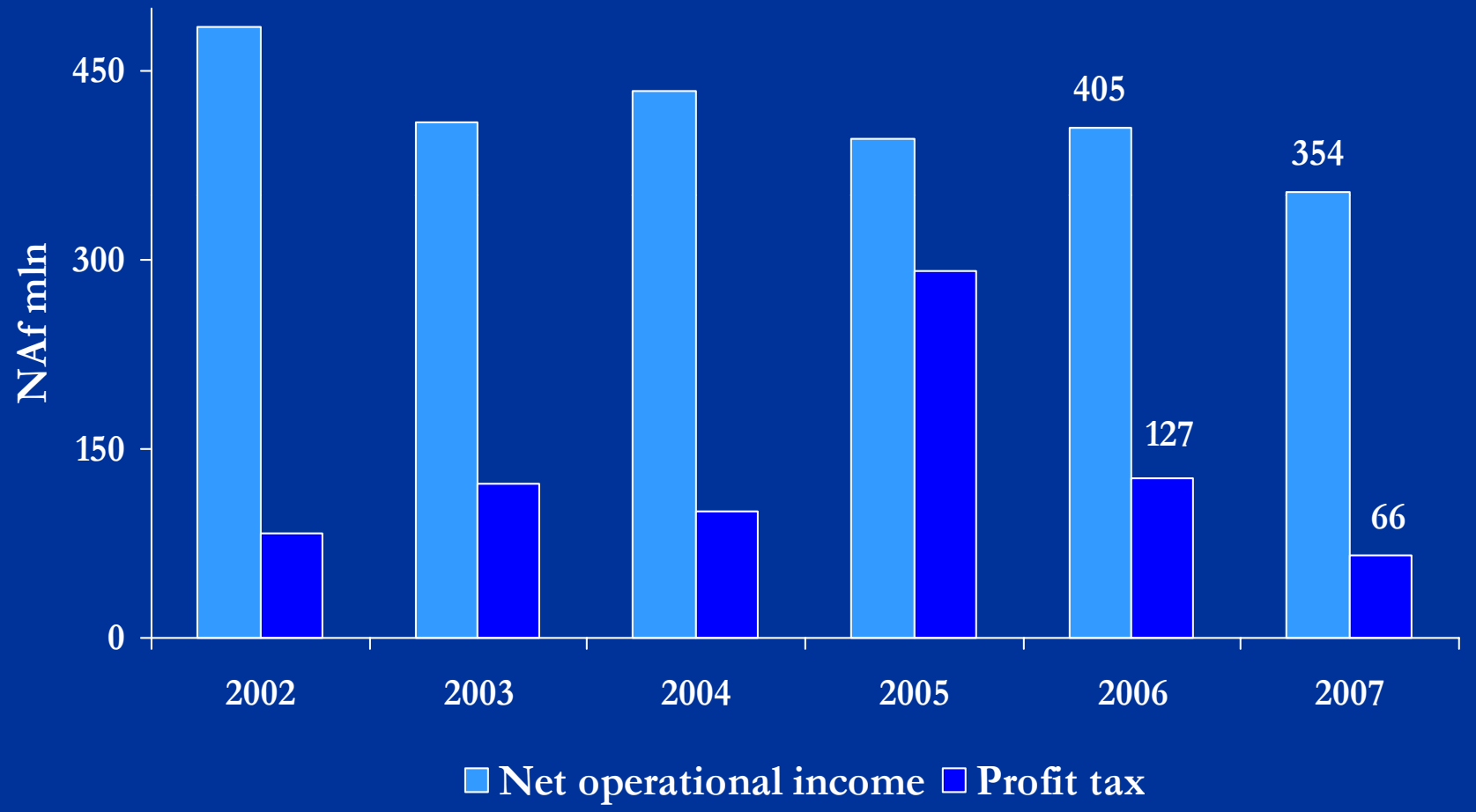
Contribution to foreign exchange income in 2007



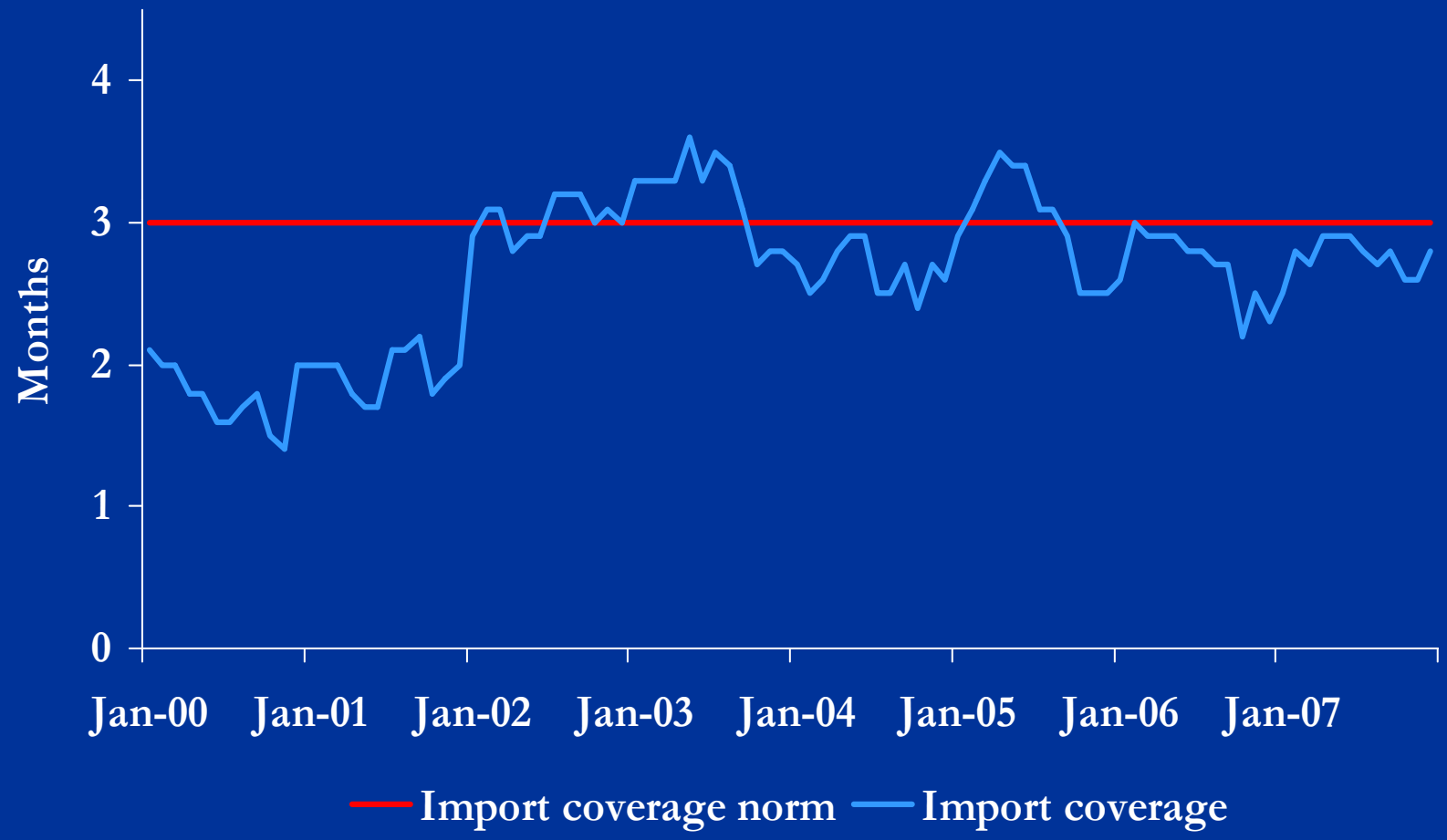
Tourism sector



Offshore financial sector



Monthly import coverage

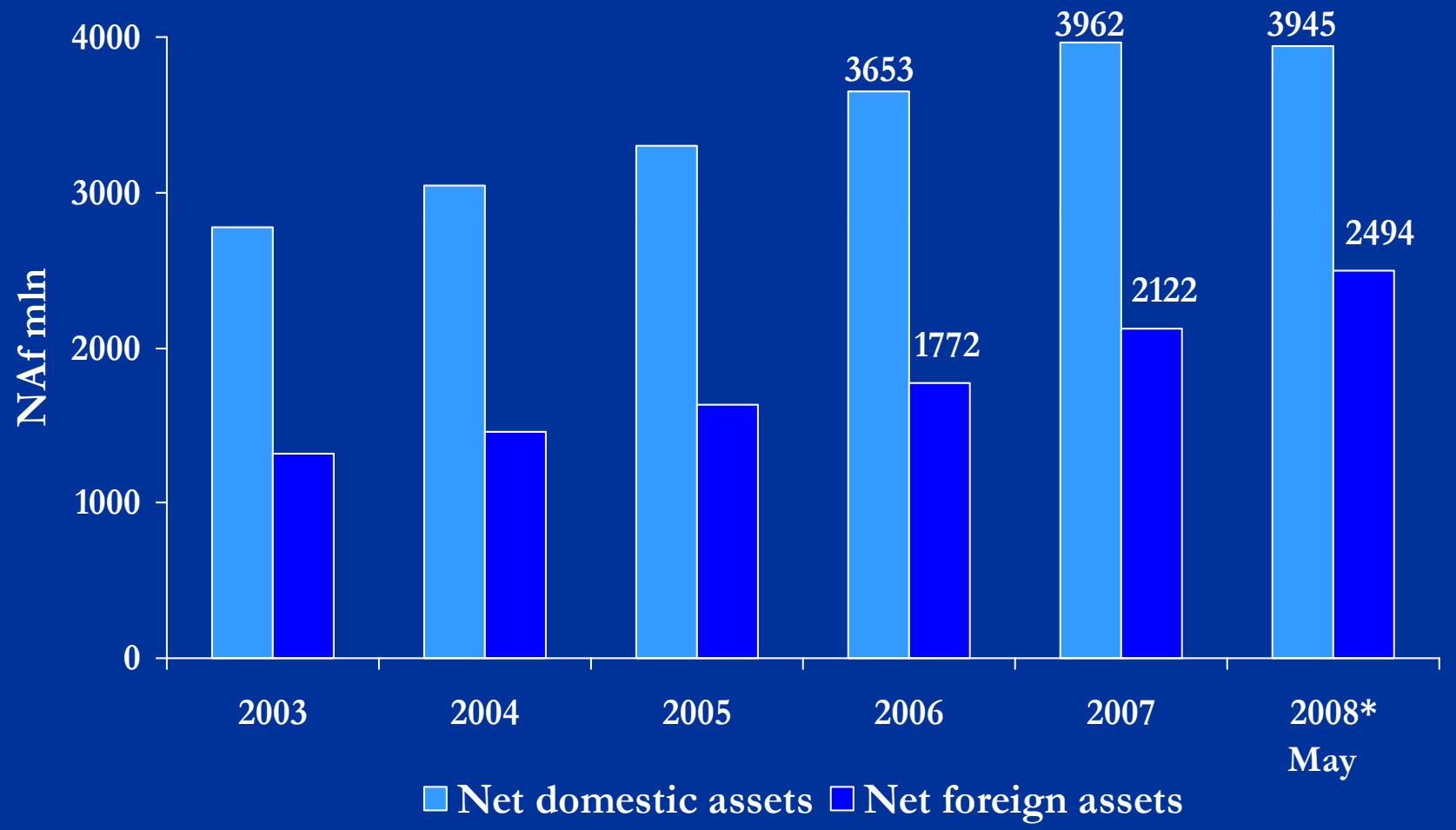


Monetary and financial sector

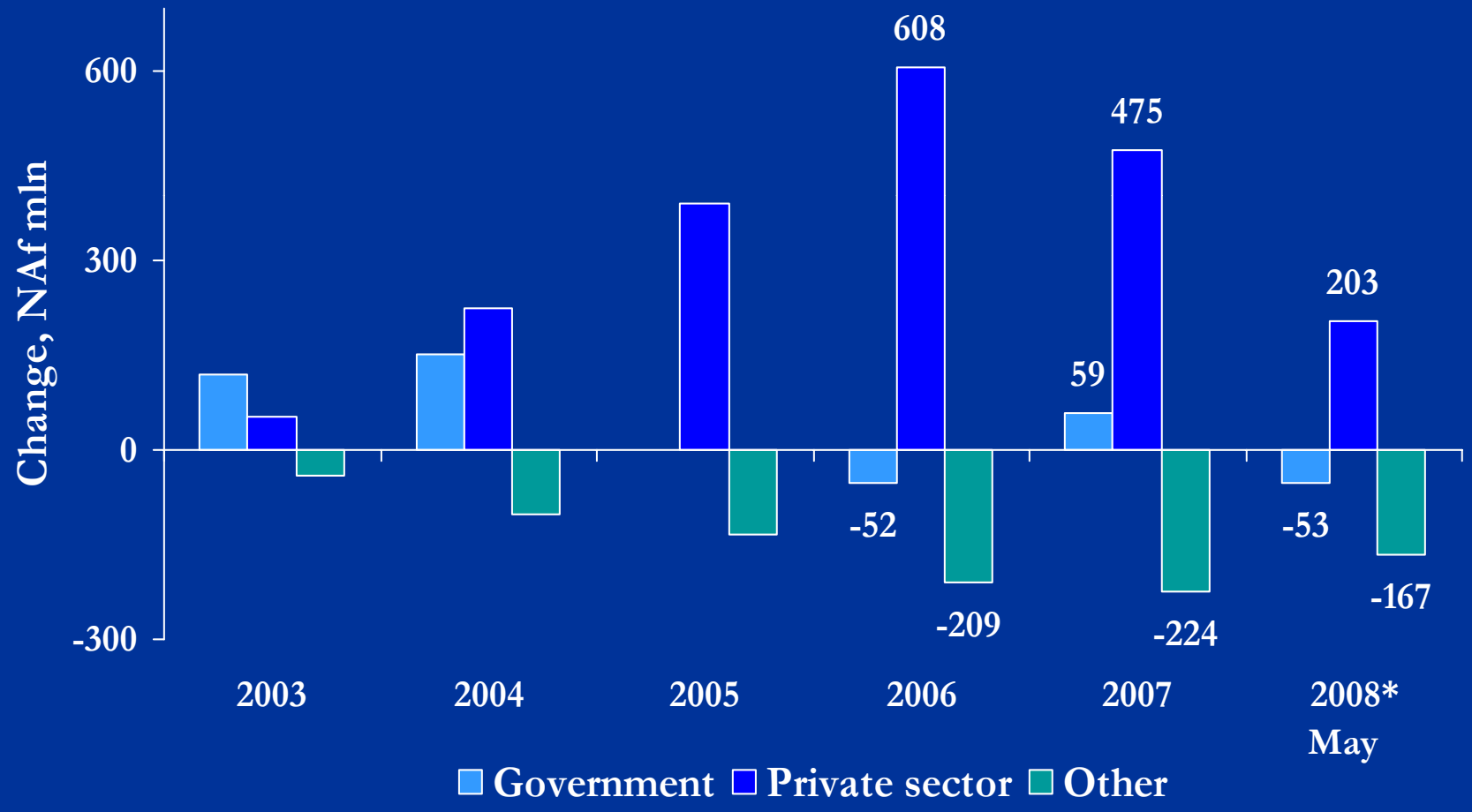
Main monetary developments

- Increase in money supply.
- Continued strong growth in credit extension.
- Interest rates on government paper stabilized, declining private sector interest rates.

Money supply

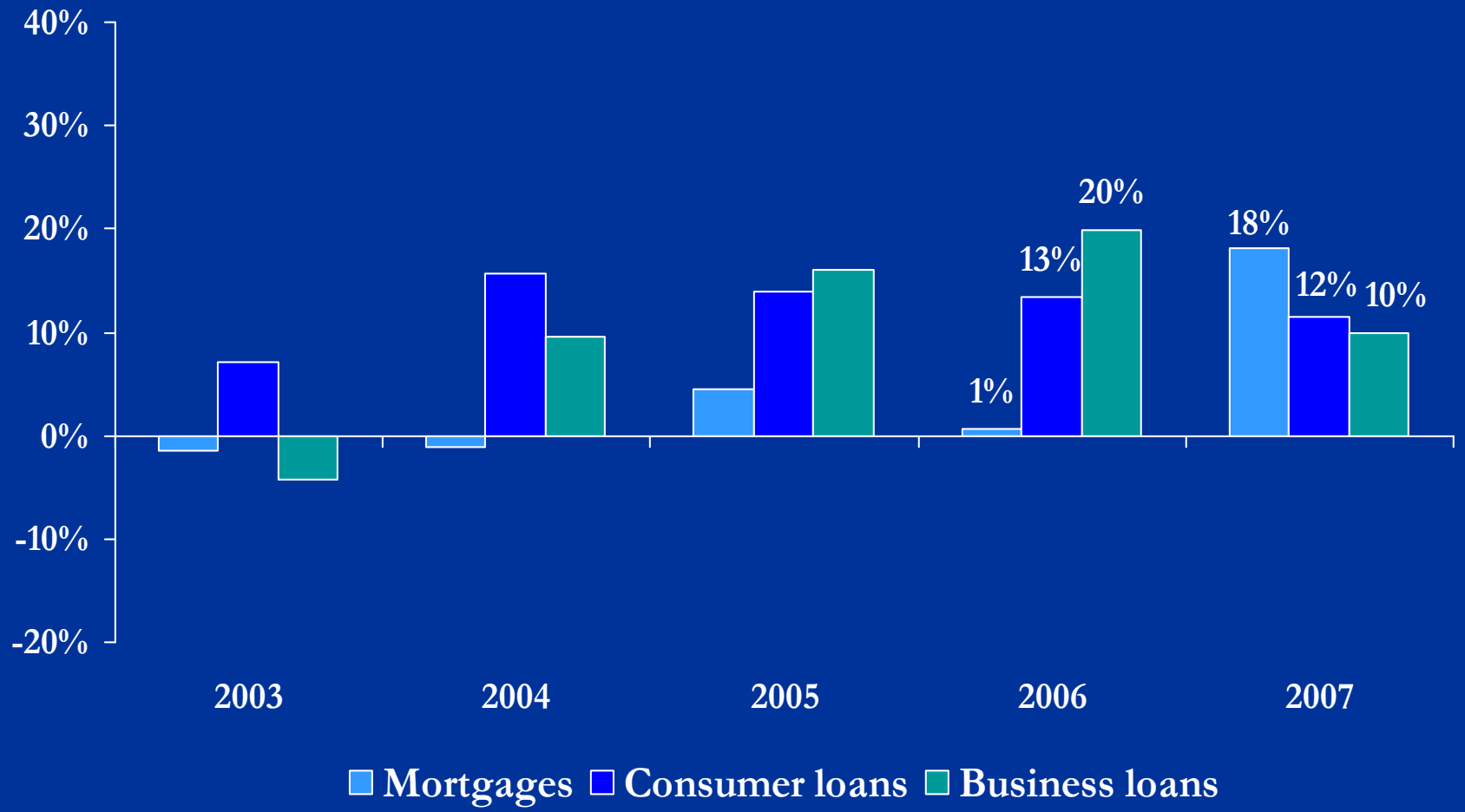


Net domestic credit



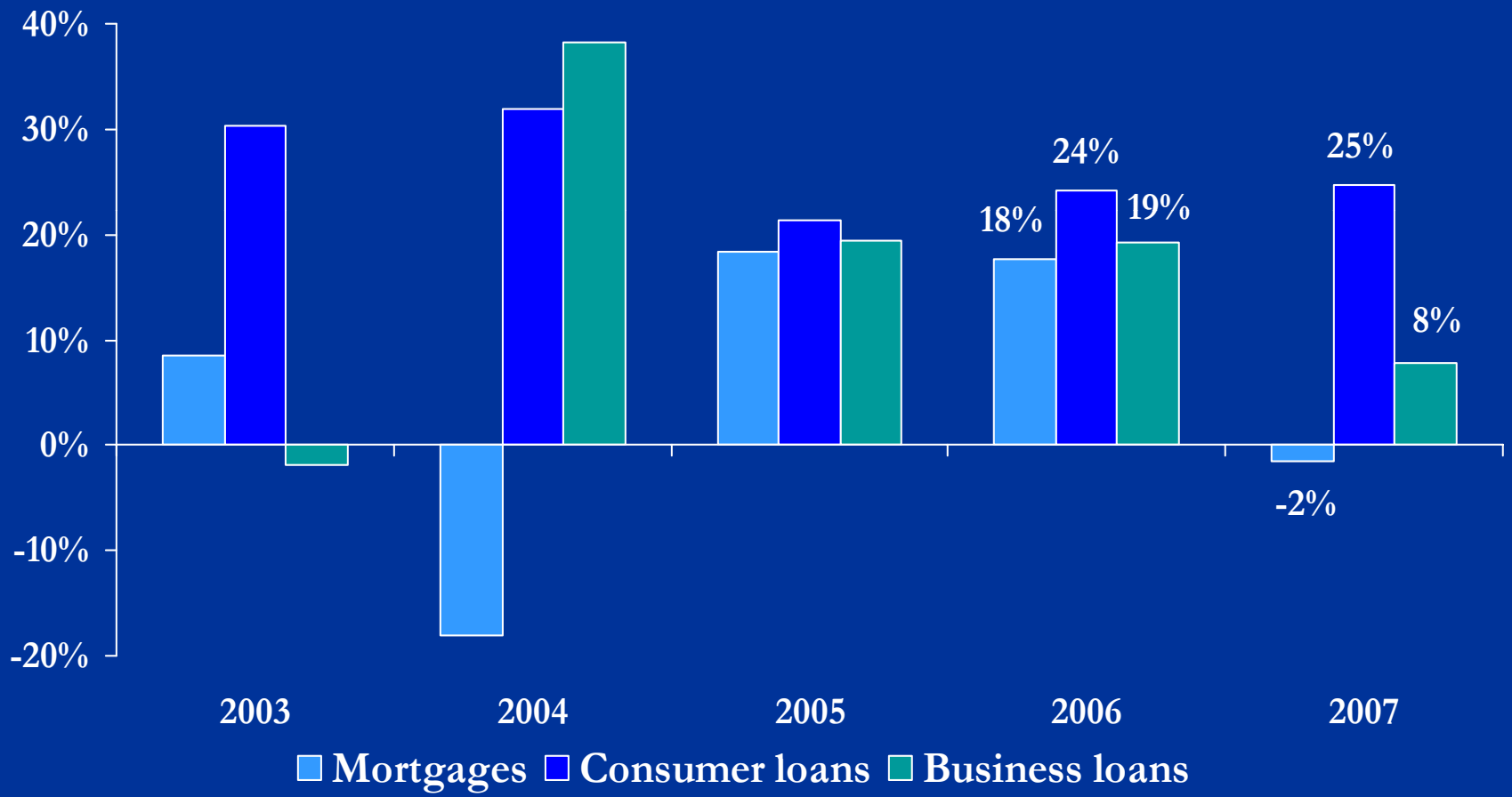
Credit extension Leeward Islands

(annual changes)



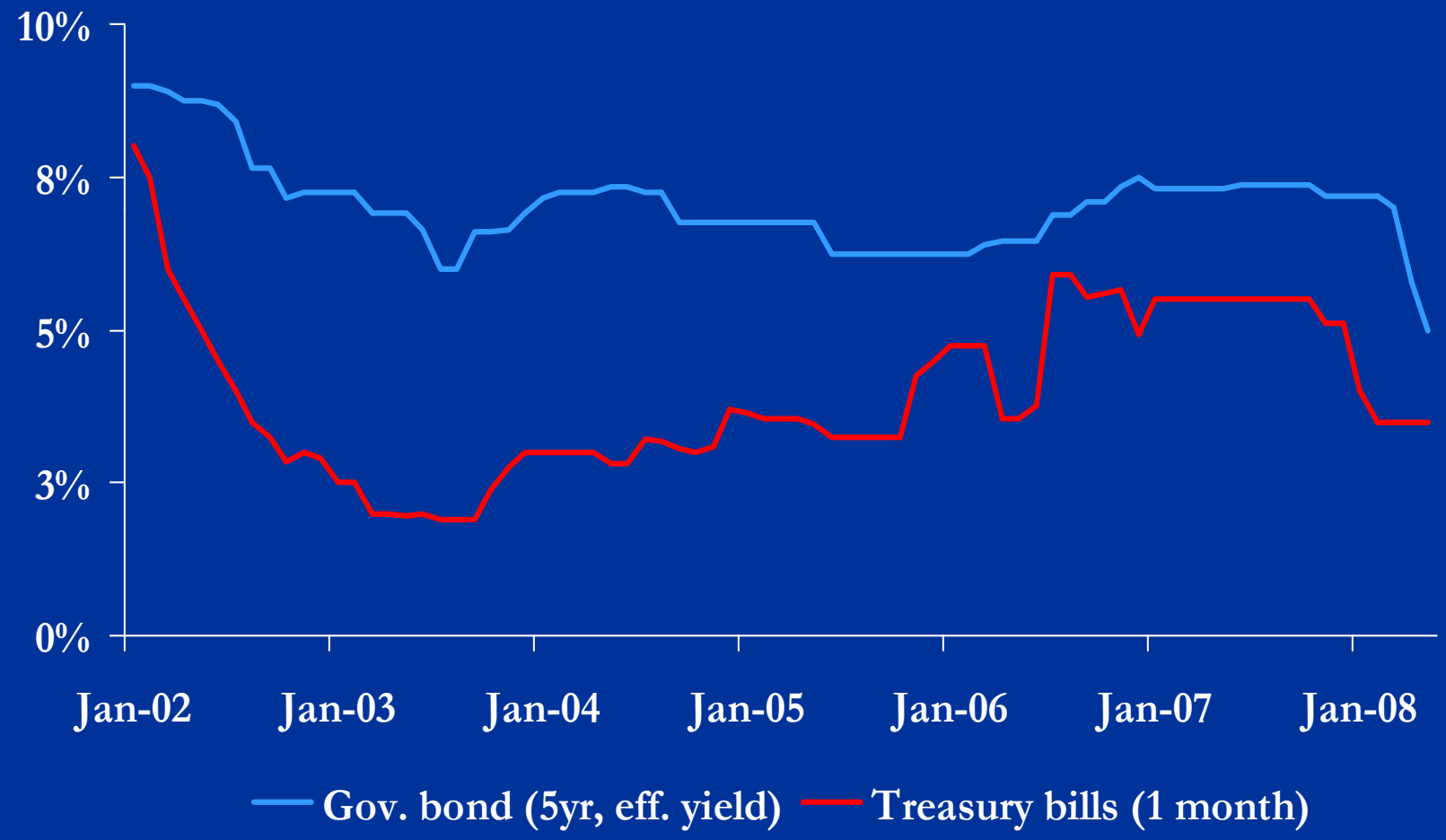
Credit extension Windward Islands

(annual changes)



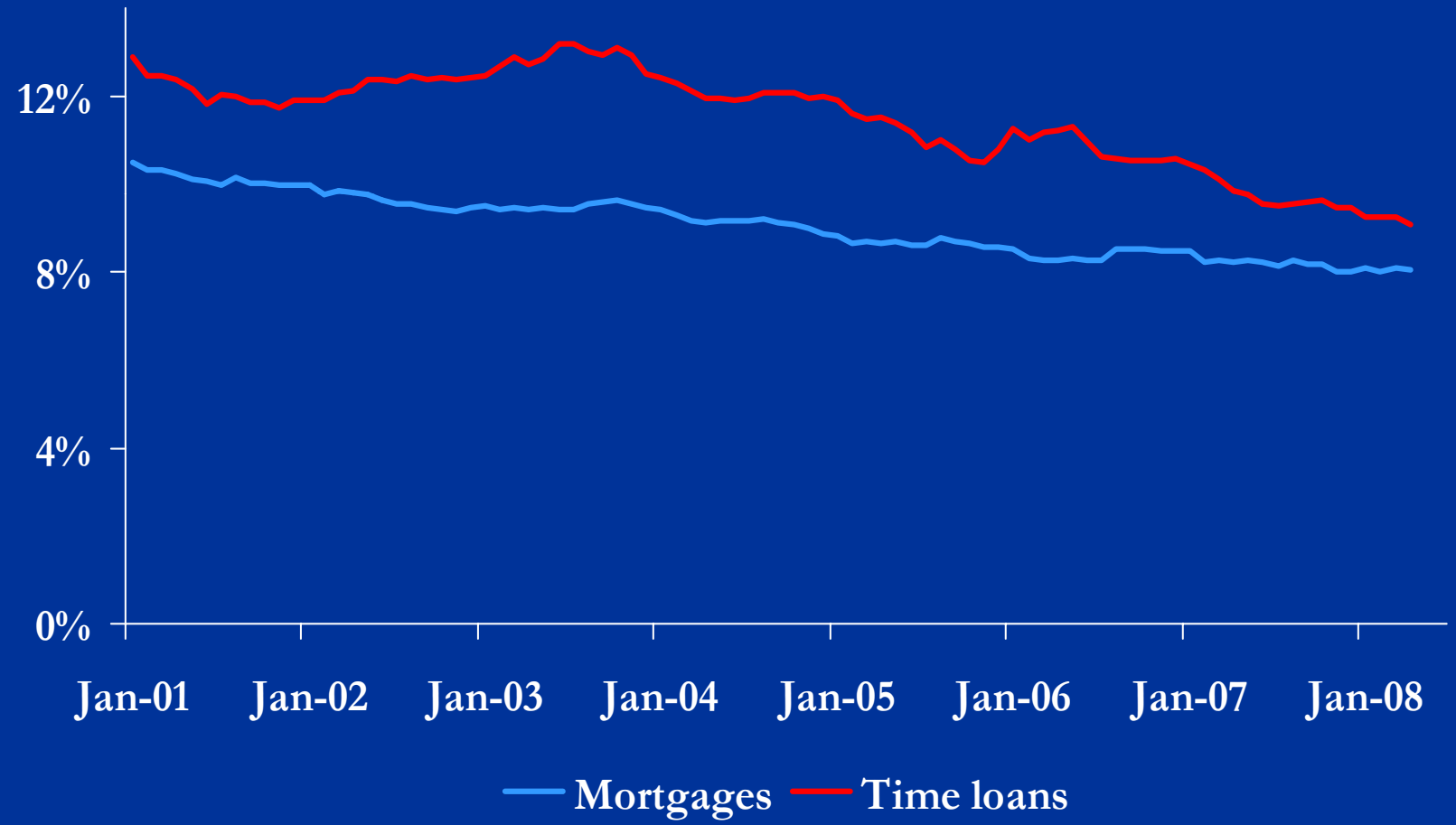
Domestic interest rates

(government securities)



Domestic interest rates

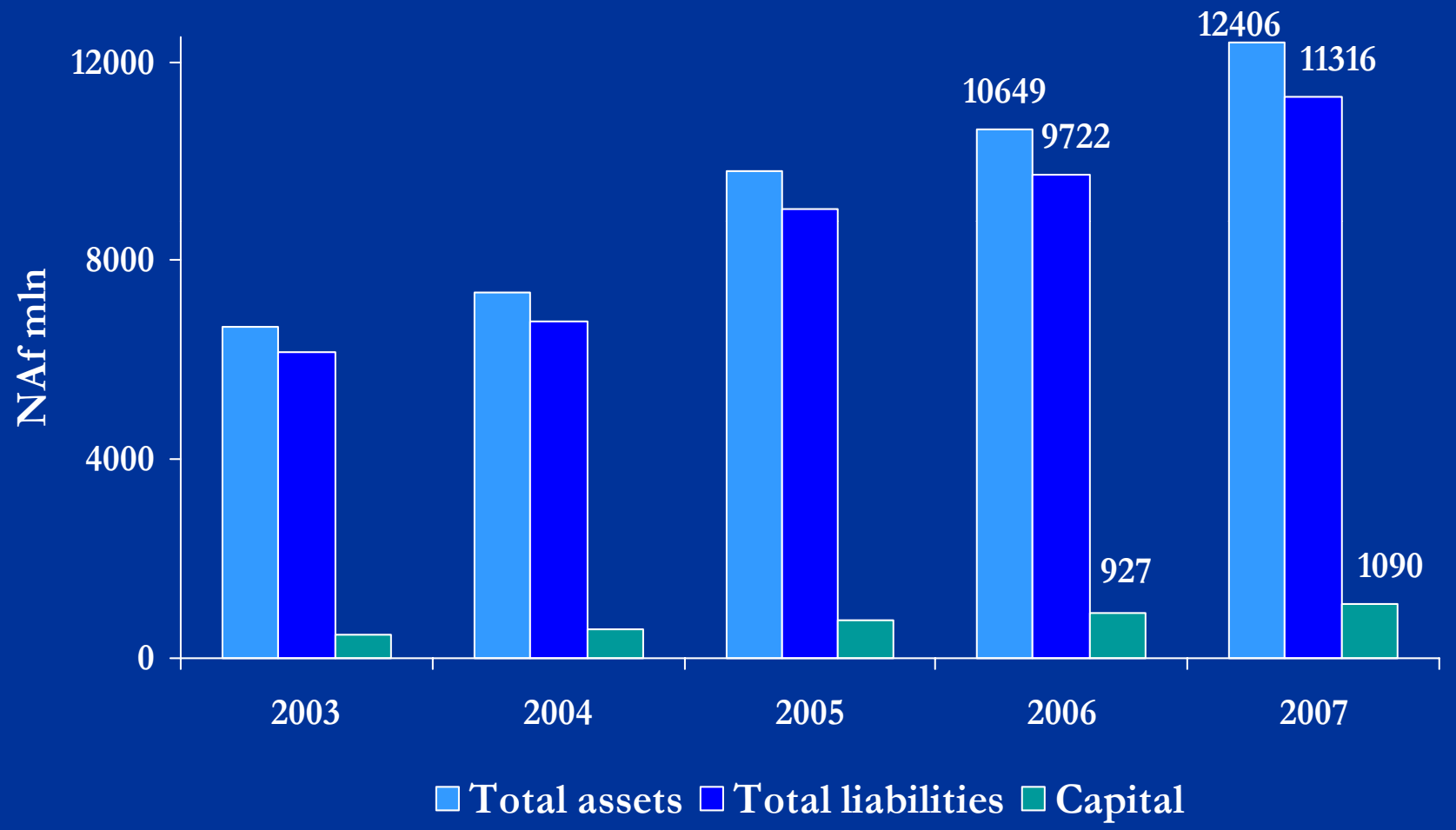
(commercial bank lending rates)



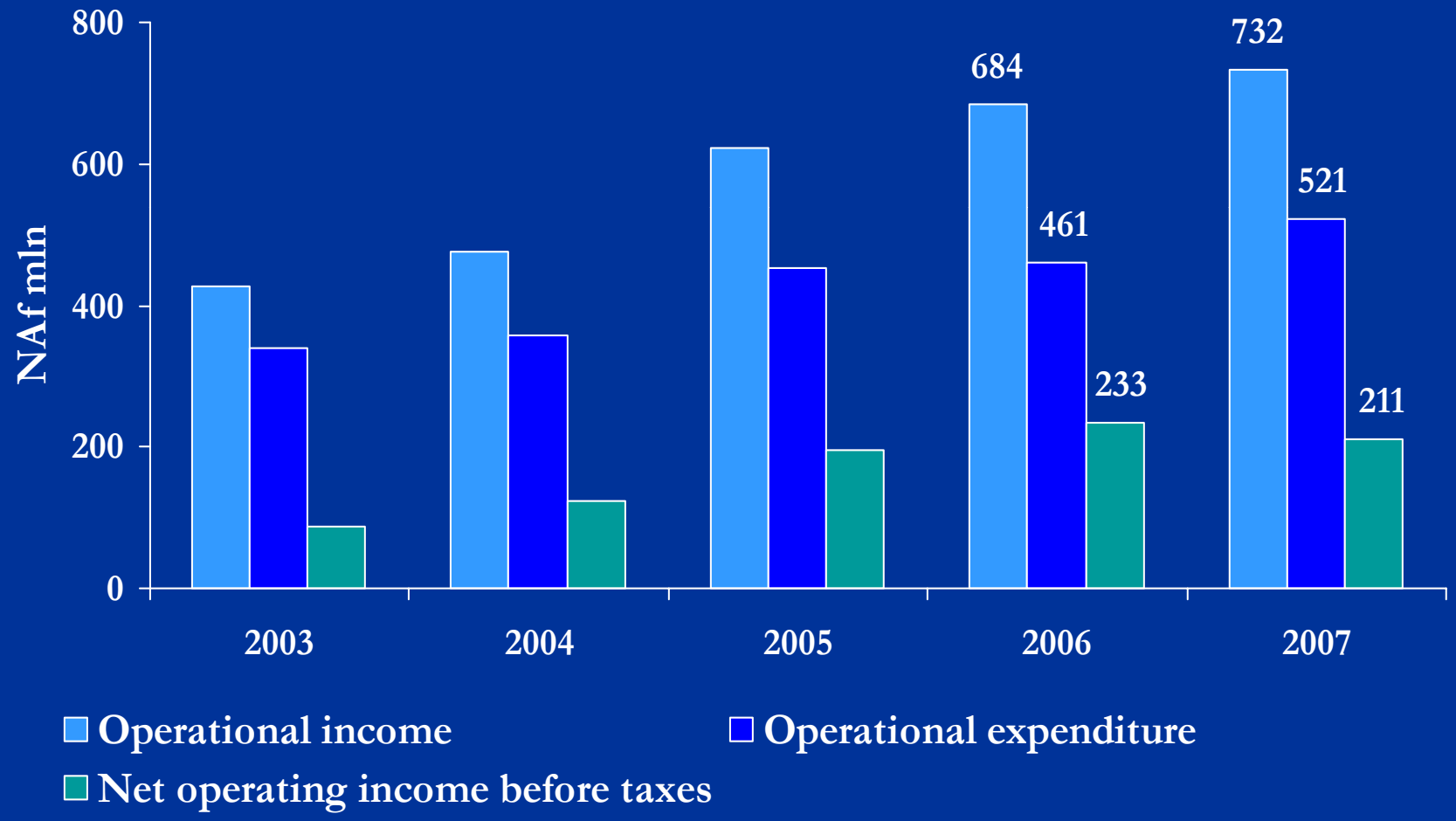
Main financial developments

- Banks:
  - Improving capitalization.
  - Increase in non-performing loans.
  - Decrease in earnings.
- Institutional investors:
  - Growth in assets.
  - Lower profitability, except for life insurers.

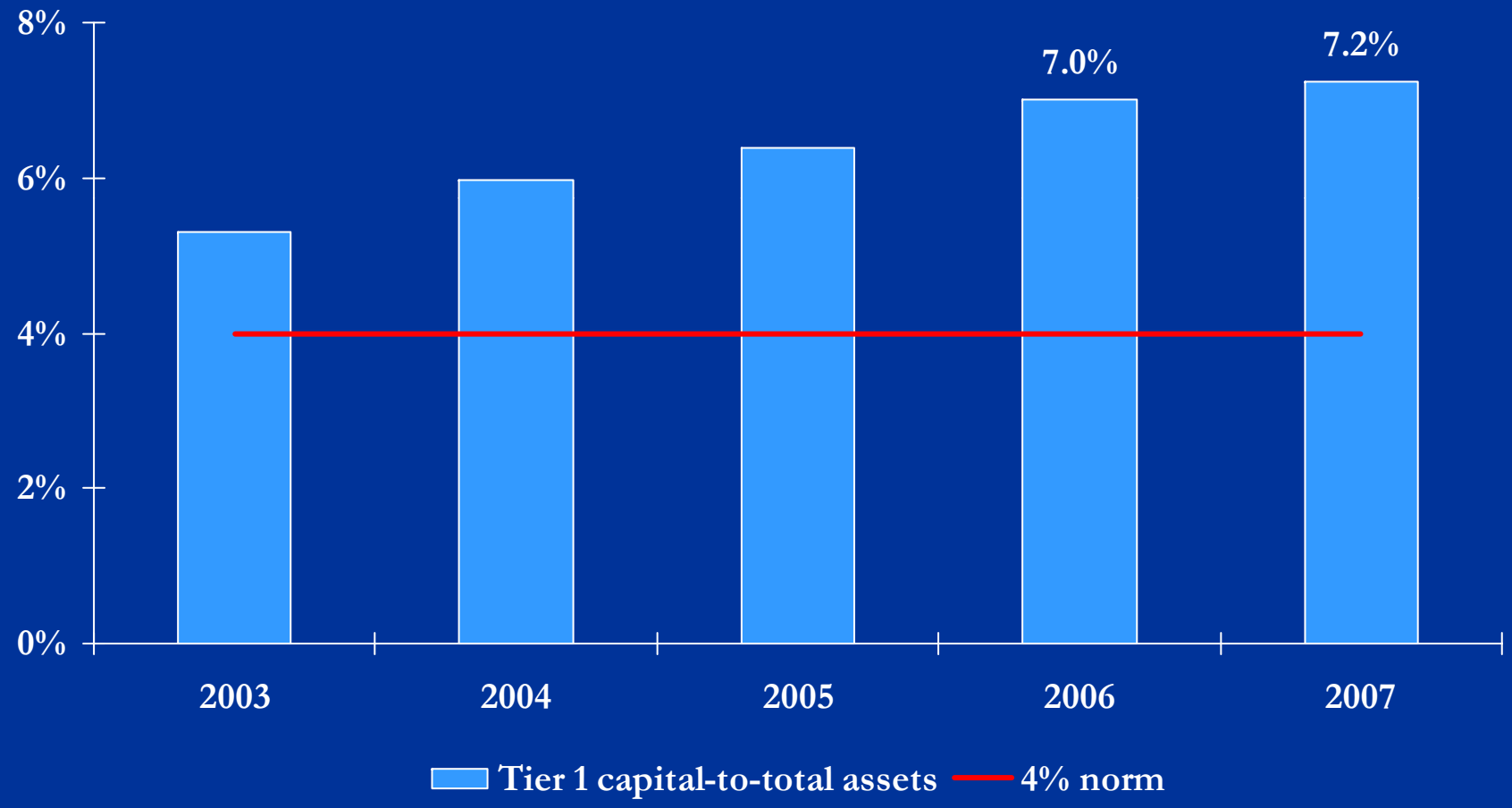
Balance sheet domestic banks



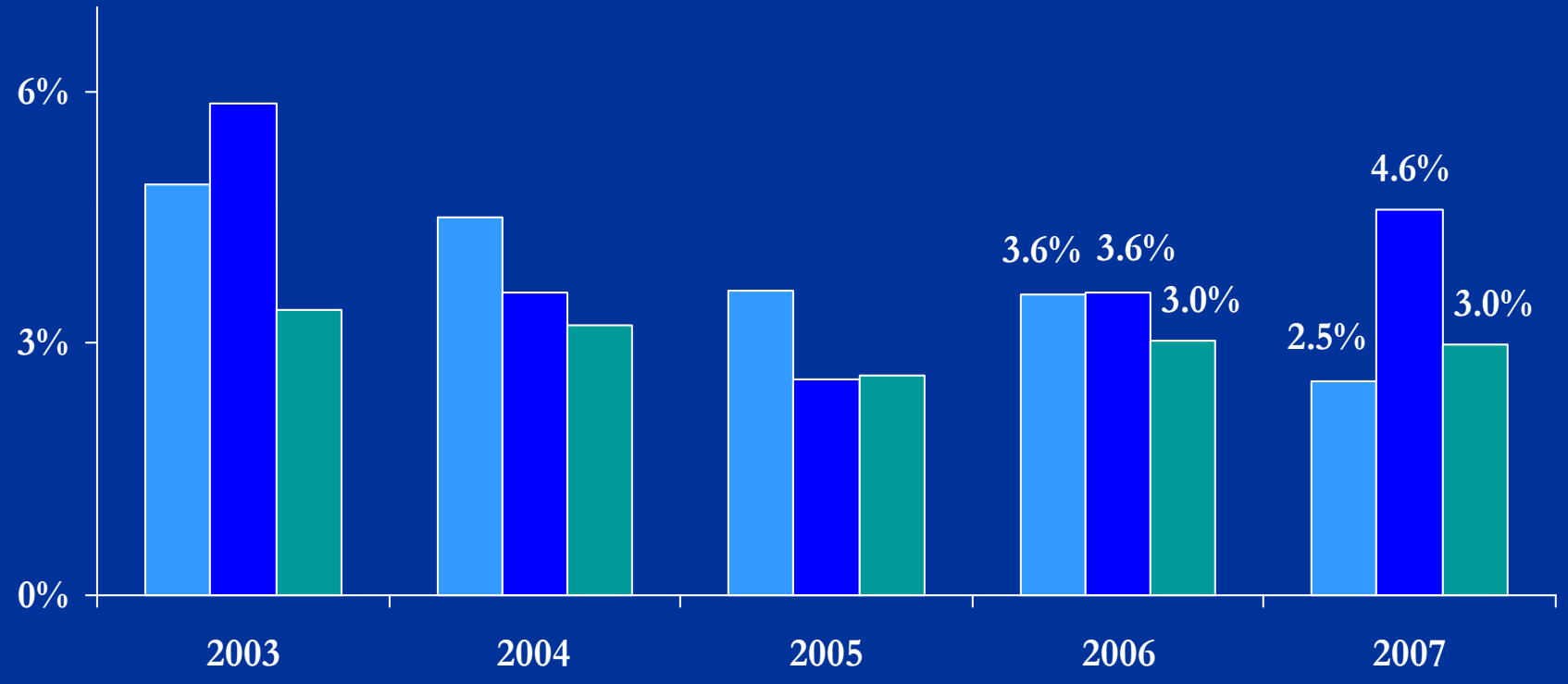
Profit & loss domestic banks



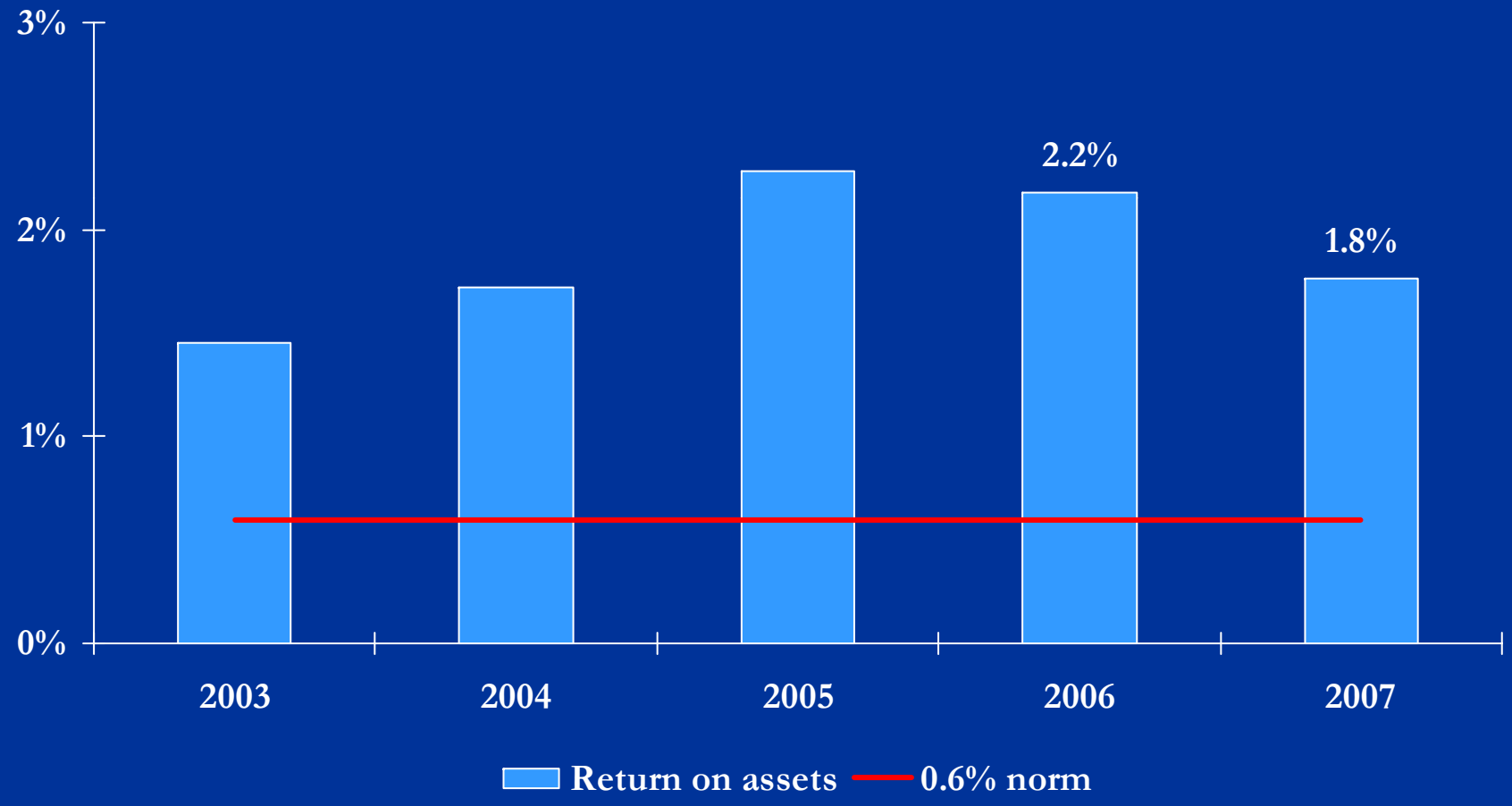
Capital adequacy



Assets quality



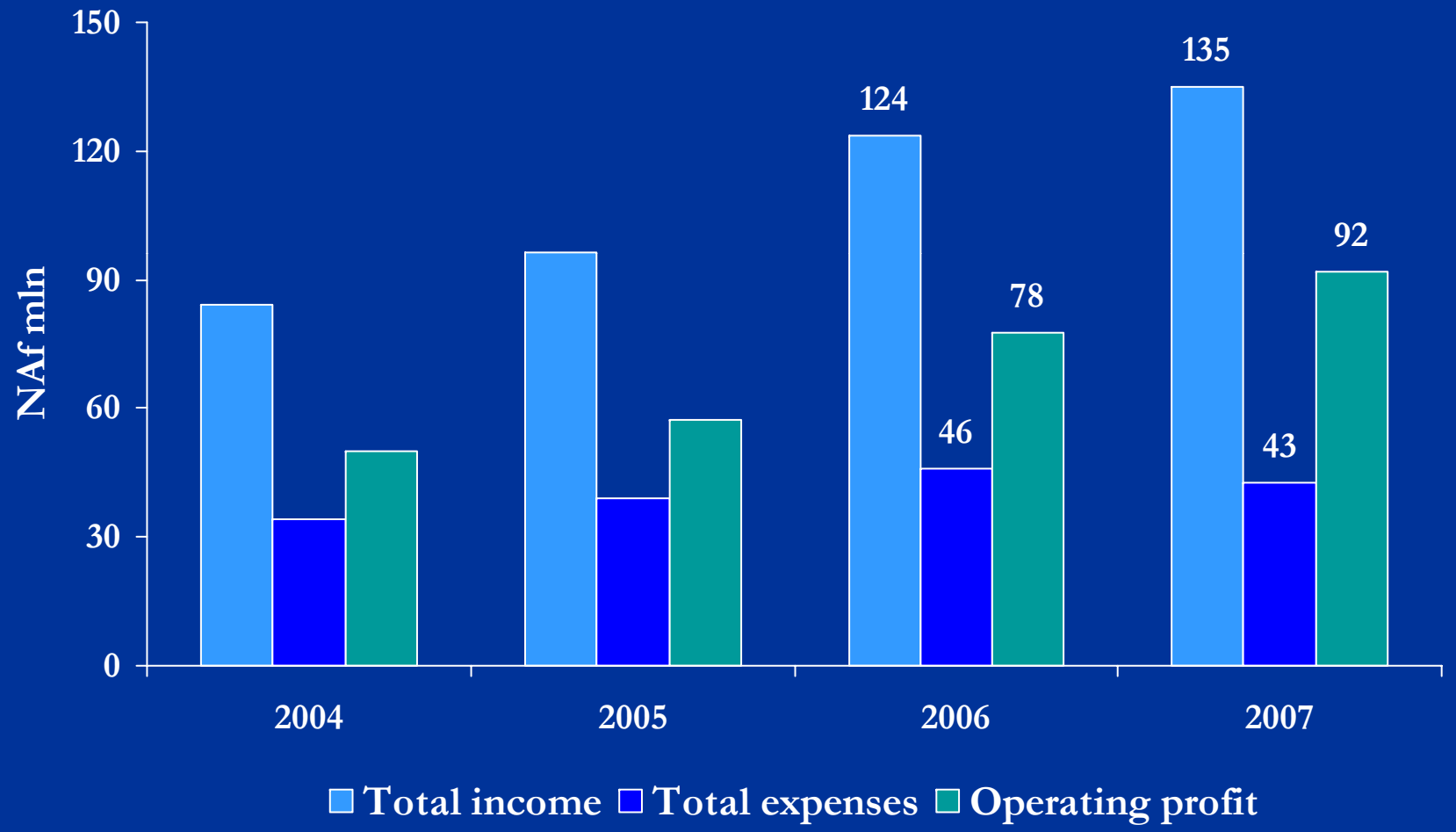
Earnings & profitability



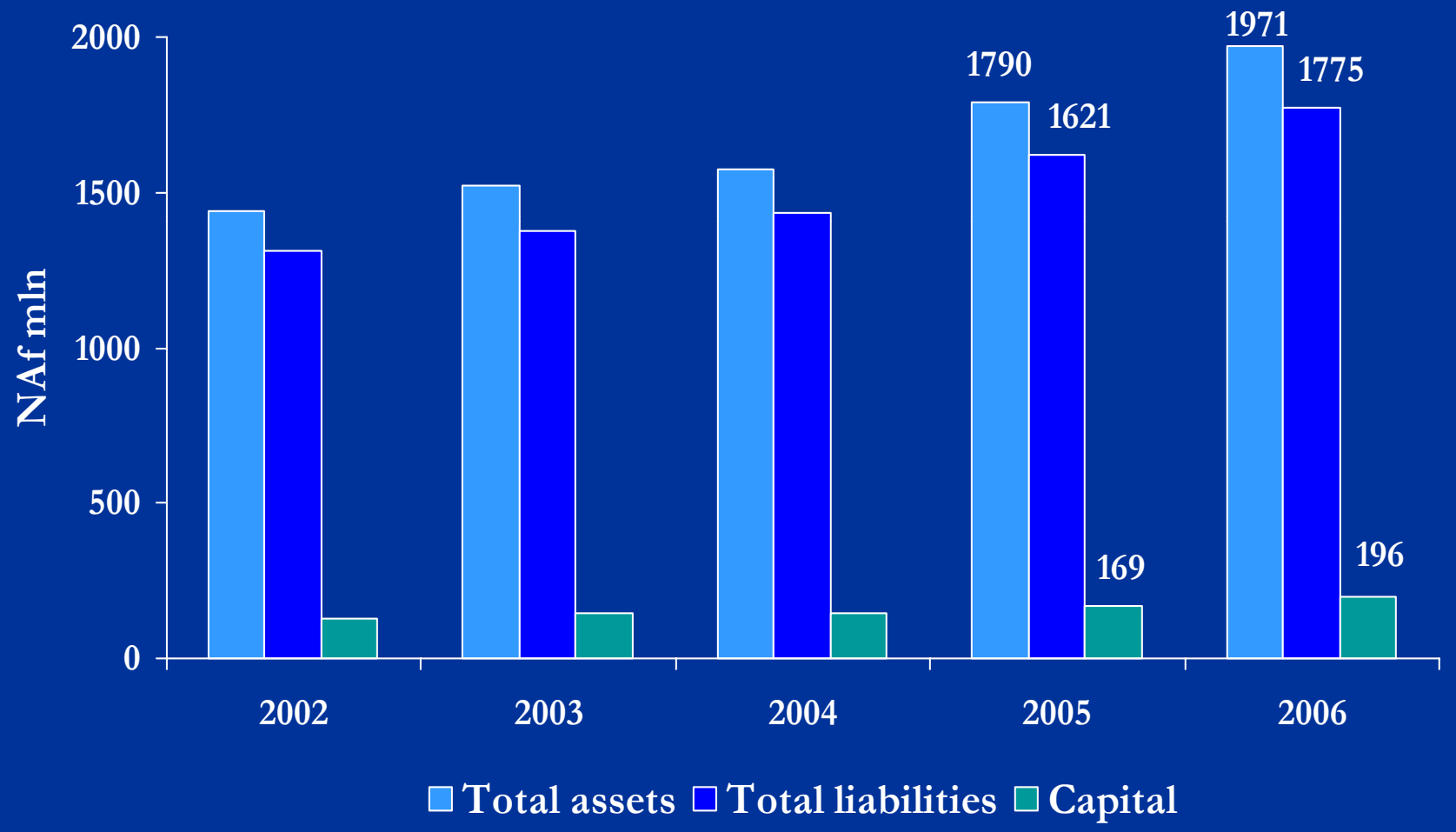
Liquidity

1500
1200
900
600
300
0
NAf mln
1340
1440
2003
2004
2005
2006
2007
Liquidity

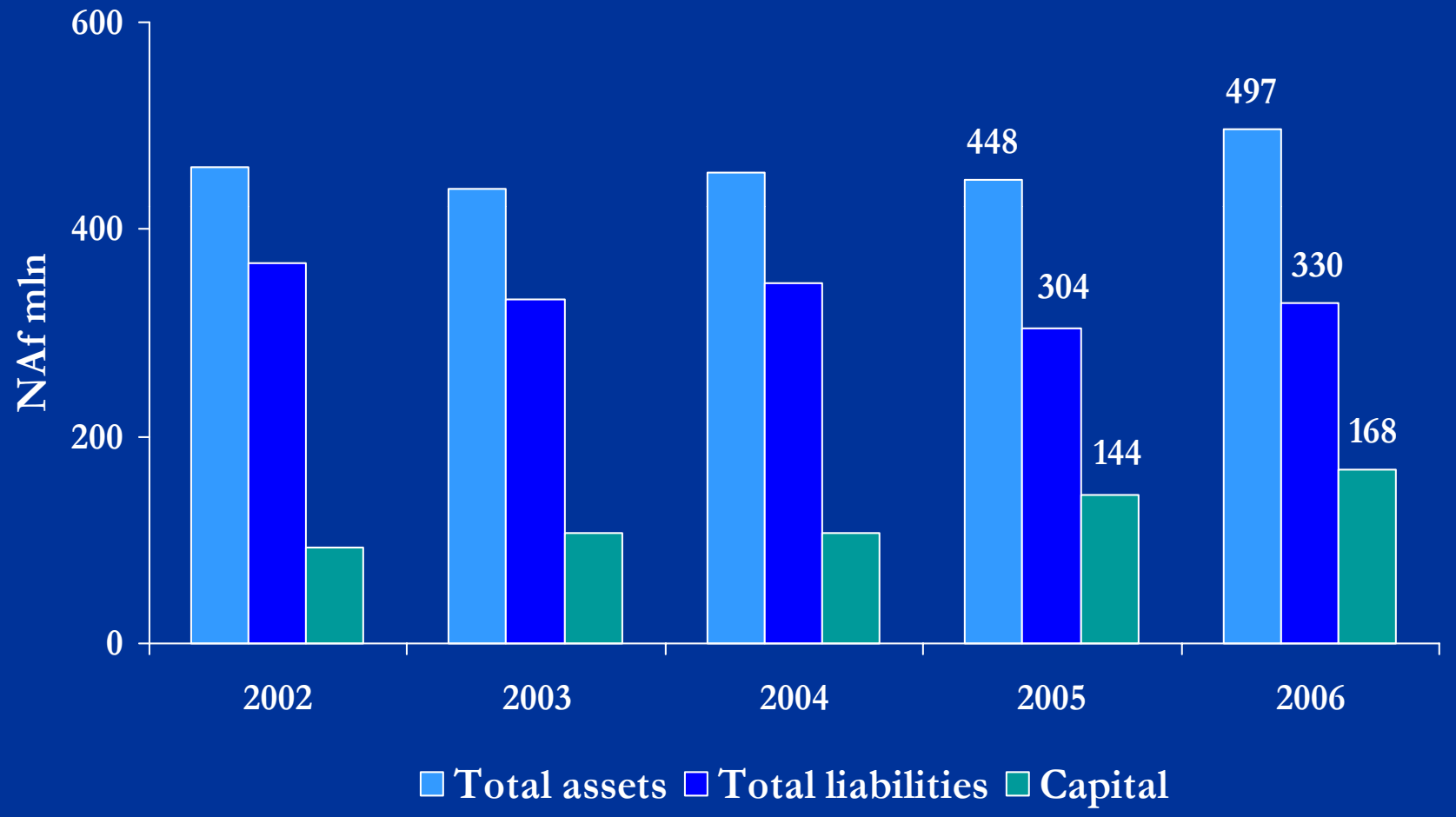
Profit development BNA



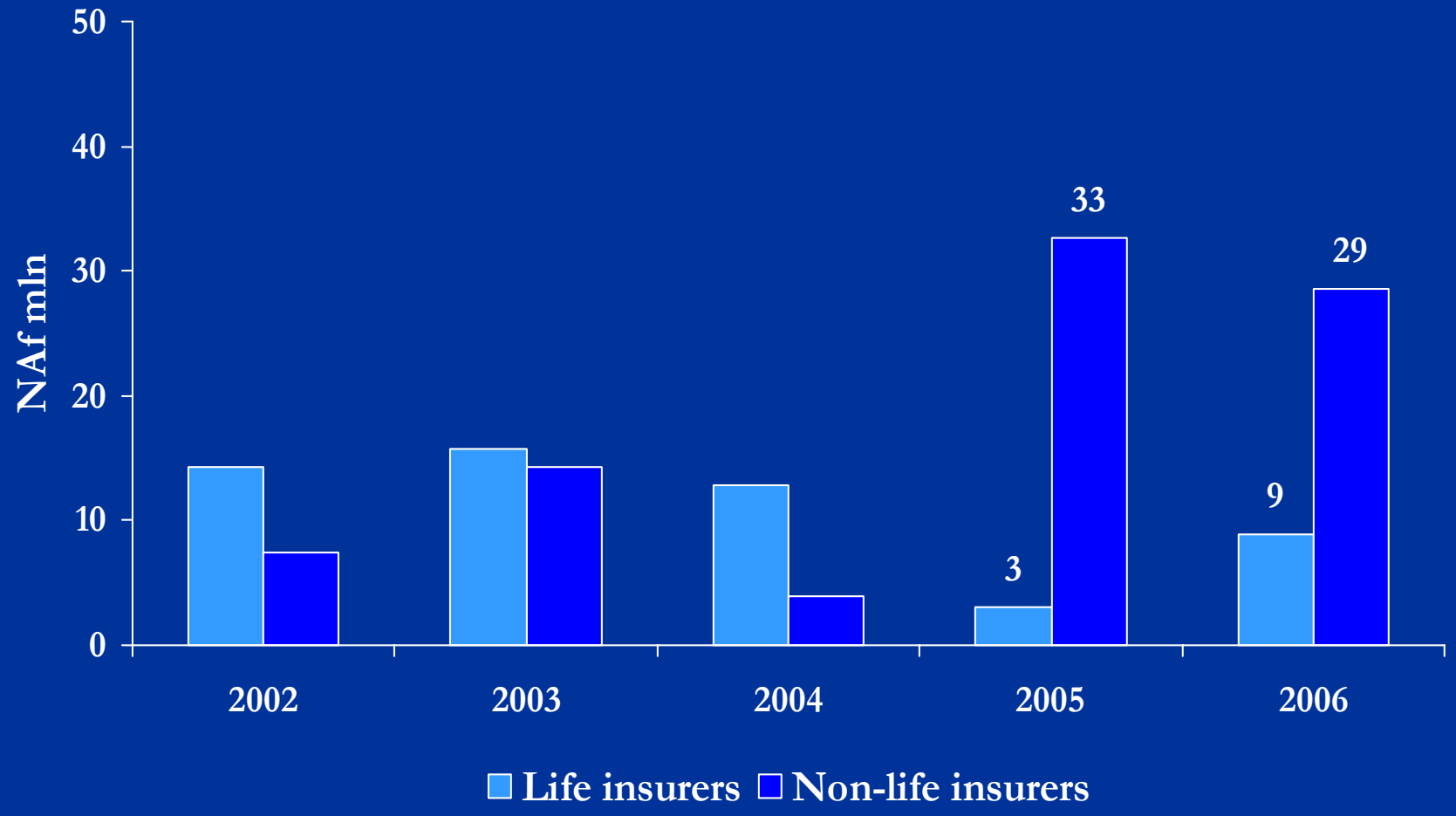
Balance sheet domestic life insurance sector



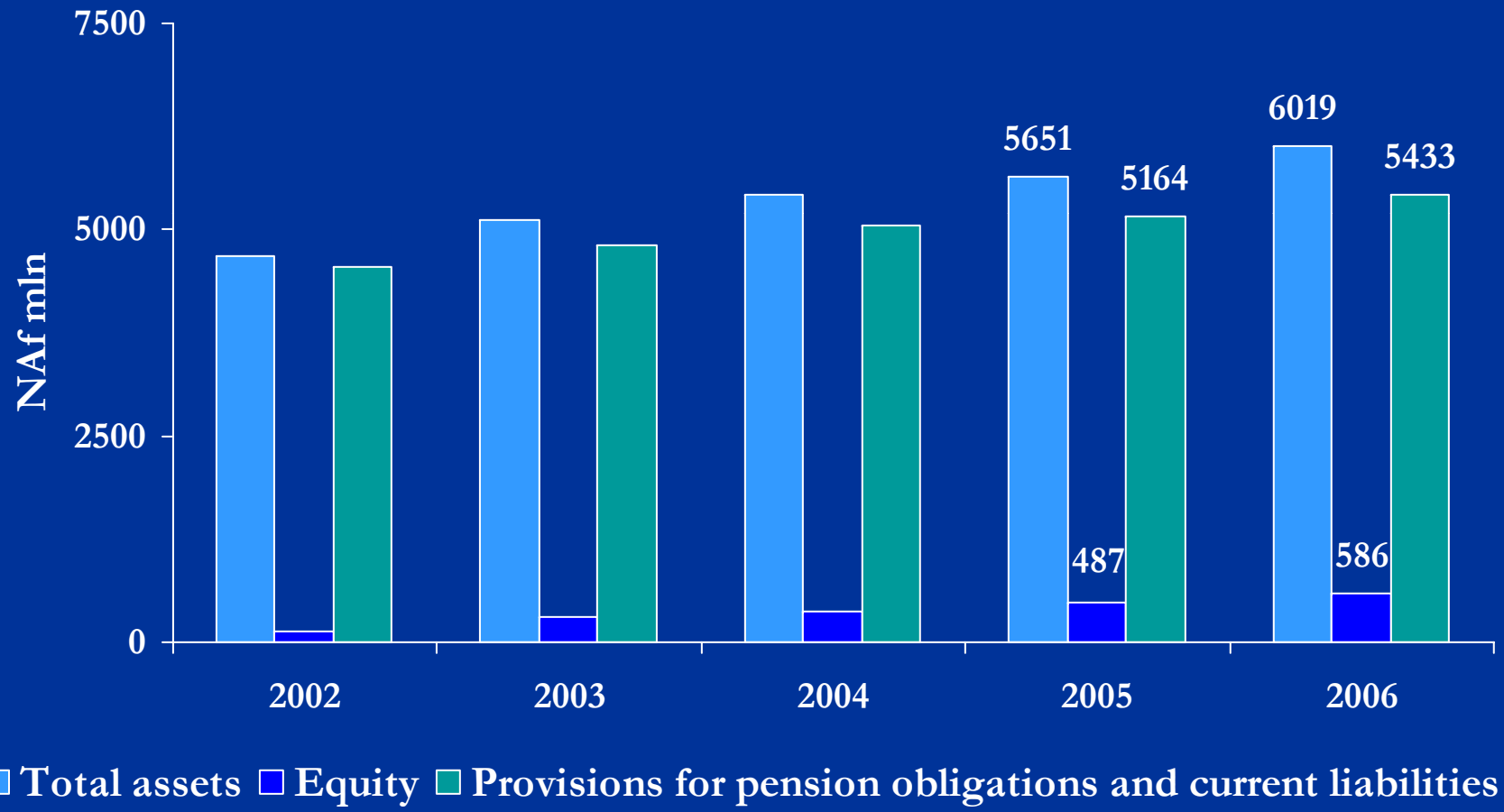
Balance sheet domestic non-life insurance sector



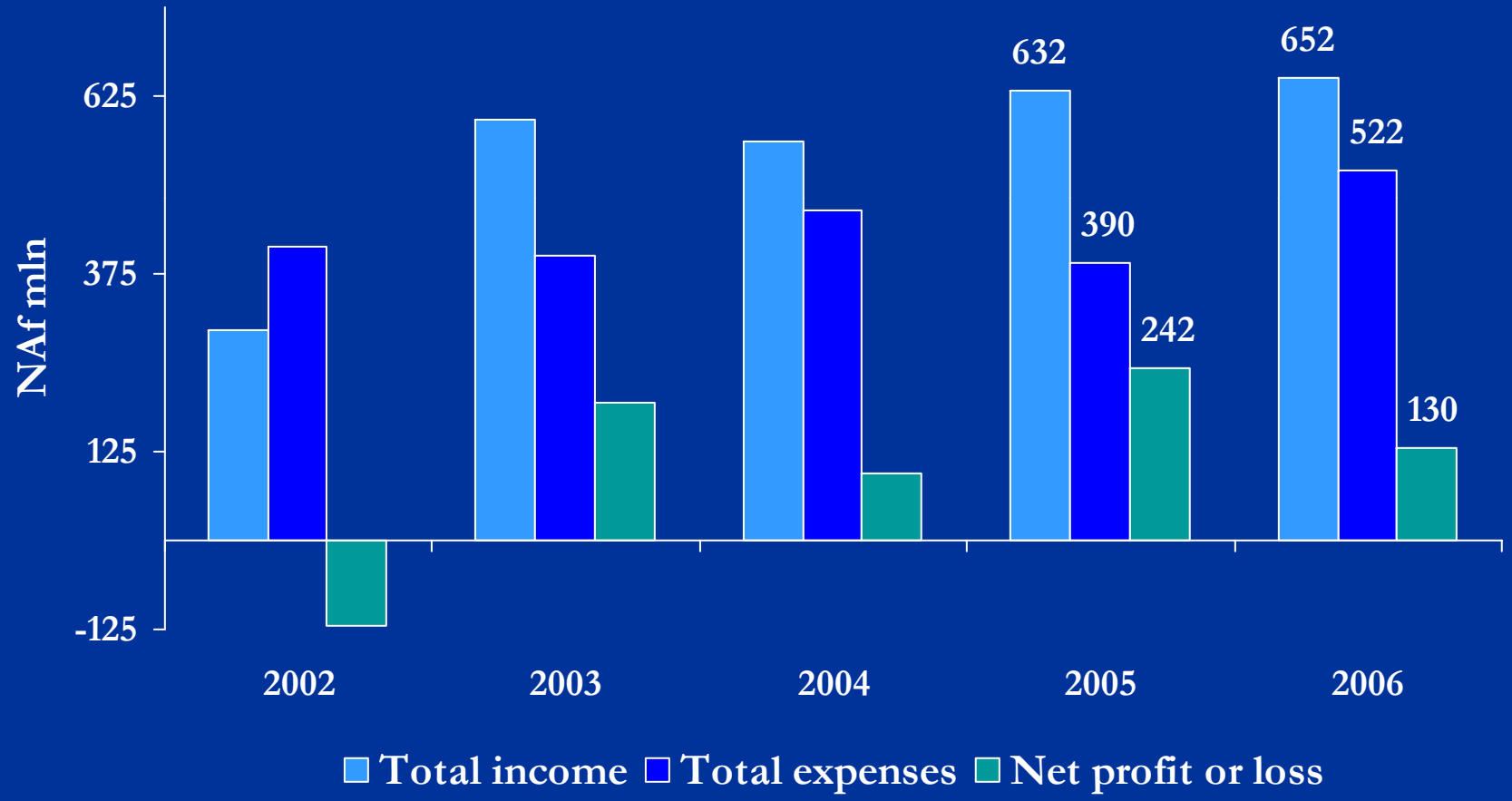
Net income domestic insurance companies (before taxes)



Balance sheet of the pension funds



Profit and loss of the pension funds



Outlook 2008

Expected developments in 2008

- Slower economic growth of 3%, due to slowdown of the world economy and drop in purchasing power.
- Higher inflation of 5.0%, fueled by rising global food and oil prices that are no longer absorbed by the government.
- Deteriorating general government budget mostly due to delays in financial supervision and subsequently debt relief.
- Lower surplus on the balance of payments due primarily to less external financing.

Thank you for your attention