



CENTRALE BANK VAN ARUBA

Statistical News Release

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Monetary and financial developments: Money supply increased in the first quarter of 2016

Money and credit

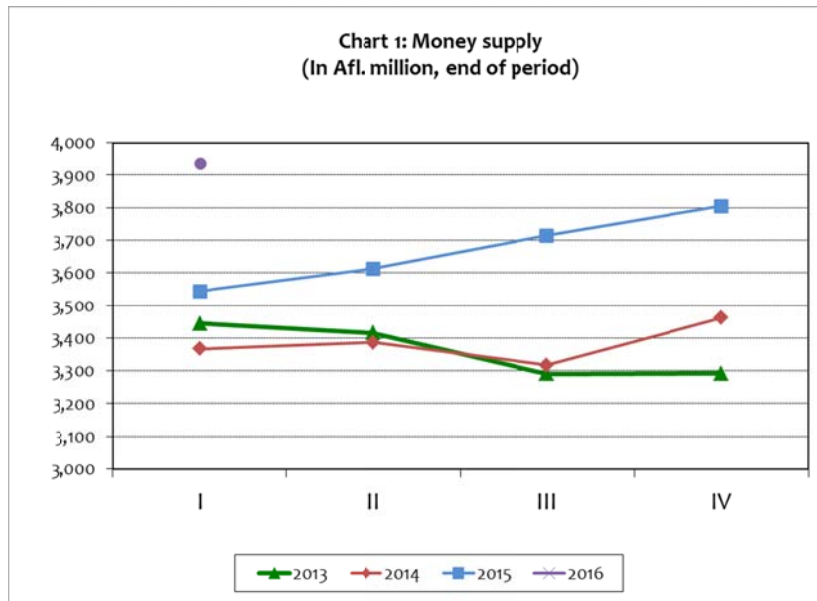
In the first quarter of 2016, the money supply increased by Afl. 130.2 million to Afl. 3,935.1 million, compared to the previous quarter (Table 1 and Chart 1). This growth was attributed to an Afl. 103.1 million inflow of foreign funds and an Afl. 27.1 million rise in the domestic component of the money supply.

Table 1: Monetary survey (figures in Afl. million)	2015				2016	
	Q1	Changes during Q1	Q4	Changes during Q4	Q1	Changes during Q1
I. Net domestic assets	2,282.4	-5.7	2,289.2	45.3	2,316.3	27.1
A. Domestic credit	3,129.9	-6.2	3,162.8	-12.9	3,194.5	31.7
Net claims on the public sector	167.9	6.2	195.6	-11.7	236.6	41.0
Claims on the private sector	2,962.0	-12.4	2,967.2	-1.2	2,957.9	-9.2
Loans to enterprises	1,324.6	-6.1	1,270.6	-25.6	1,261.3	-9.3
Loans to individuals	1,629.2	-6.4	1,687.7	24.5	1,687.0	-0.7
- Consumer credit	571.0	-15.1	586.0	6.3	576.2	-9.9
- Housing mortgages	1,058.2	8.8	1,101.7	18.2	1,110.9	9.2
Other claims by the banking sector	8.3	0.1	8.9	-0.1	9.6	0.8
B. Non-credit-related balance sheet items	-847.5	0.4	-873.6	58.2	-878.2	-4.6
II. Net foreign assets	1,261.5	88.6	1,515.7	44.6	1,618.8	103.1
III. Broad money	3,543.9	82.8	3,804.9	89.9	3,935.1	130.2
Money	1,813.4	20.4	2,060.6	112.3	2,133.7	73.1
Quasi-money	1,730.5	62.4	1,744.3	-22.4	1,801.4	57.1

Source: Centrale Bank van Aruba

The rise in net domestic assets was mainly due to an Afl. 31.7 million increase in domestic credit, which was partially offset by an Afl. 4.6 million decrease in non-credit related balance sheet items. The expansion in domestic credit was due to an Afl. 41.0 million rise in the net claims of the banking sector on the public sector, which was caused by decreases in government deposits and development funds of Afl. 35.0 million and Afl. 5.2 million, respectively. The downturn of Afl. 9.2 million in claims of the banking sector on the private sector resulted from decreases in loans to enterprises (Afl. 9.3 million) and consumer credit (Afl. 9.9 million), and a rise in housing mortgages (Afl. 9.2 million). The contraction in non-credit related balance sheet items was the result of decreases in balance sheet items “borrowings”, “premises and equipment” and “accounts

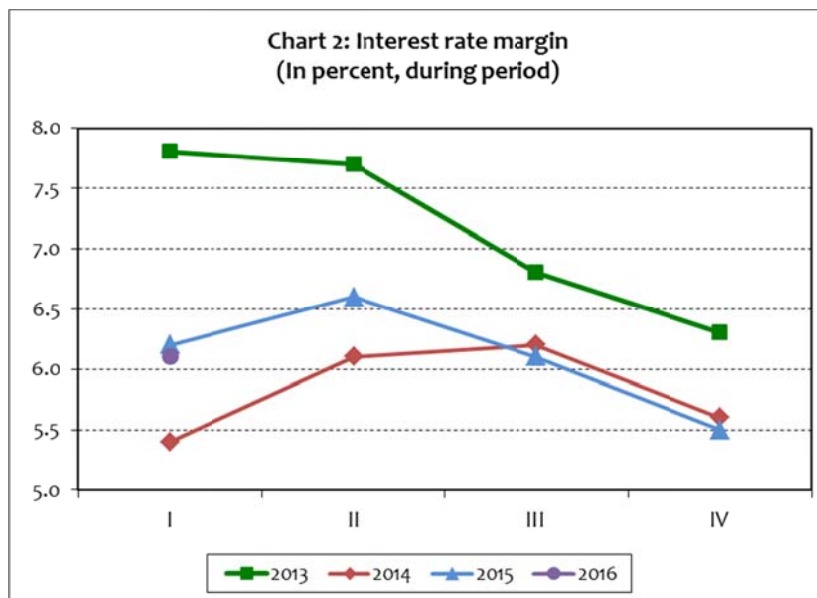
receivable and prepayments”, and increases in “shareholders’ equity”, “other liabilities”, and clearing transactions.



Source: Centrale Bank van Aruba

Interest rate margin

The interest rate margin of the commercial banks (calculated as the differential between the weighted average rate of interest paid on new loans and the weighted average rate of interest offered on new deposits) increased by 0.6 percentage point to 6.1 percent in the first quarter of 2016, when compared to the fourth quarter of 2015 (Table 2 and Chart 2). This resulted from a larger rise in the weighted average rate of interest charged on new loans of 0.9 percentage point to 8.4 percent than the increase in the weighted average rate of interest offered on new deposits of 0.4 percentage point to 2.4 percent.



Source: Centrale Bank van Aruba

Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)	2015		2016
	Q1	Q4	Q1
Weighted average rate of interest on new deposits	2.1	2.0	2.4
Time deposits ≤ 12 months	2.0	2.0	1.6
Time deposits > 12 months	3.1	2.0	3.5
Savings deposits	1.3	1.1	1.2
Weighted average rate of interest on new loans	8.3	7.5	8.4
Individual			
Consumer credit	11.8	10.1	11.7
Housing mortgages	6.8	6.1	6.6
Commercial			
Commercial mortgages	7.5	6.3	6.4
Other loans - including current accounts (overdraft) facilities	7.1	7.3	7.3
Interest rate margin	6.2	5.5	6.1

Source: Centrale Bank van Aruba

Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions contracted by Afl. 25.2 million or 0.7 percent to Afl. 3,605.9 million, compared to end of December 2015. This downturn was a result of an Afl. 50.1 million fall in domestic claims and an Afl. 24.9 million rise in the net foreign assets. On the liability side, the insurance reserve fund and pension fund provisions expanded by Afl. 48.8 million and Afl. 0.9 million, respectively. Other items net decreased by Afl. 74.9 million compared to the previous quarter, while borrowings and deposits remained practically unchanged at Afl. 38.9 million at the end of March 2016, when compared to the end of December 2015.

End of period	2015				2016	
	Q1	Changes during Q1	Q4	Changes during Q4	Q1	Changes during Q1
1. Net foreign assets	981.2	22.7	1,038.6	99.1	1,063.6	24.9
2. Domestic claims	2,630.2	-41.6	2,592.4	-71.1	2,542.3	-50.1
a. Government	1,444.1	-38.3	1,445.8	-13.9	1,380.1	-65.6
b. Private sector	1,186.1	-3.3	1,146.7	-57.2	1,162.2	15.5
3. Total assets = total liabilities	3,611.4	-18.9	3,631.0	28.0	3,605.9	-25.2
4. Borrowings and deposits	38.8	0.0	38.8	0.0	38.9	0.0
a. Government	38.6	0.0	38.6	0.0	38.6	0.0
b. Other residents	0.2	0.0	0.2	0.0	0.2	0.0
5. Pension fund provisions	2,793.2	18.3	2,837.8	10.8	2,838.7	0.9
6. Insurance reserve fund	945.6	47.2	972.4	2.4	1,021.2	48.8
7. Other items, net	-166.2	-84.4	-218.0	14.9	-292.9	-74.9

Source: Centrale Bank van Aruba

Mortgage market

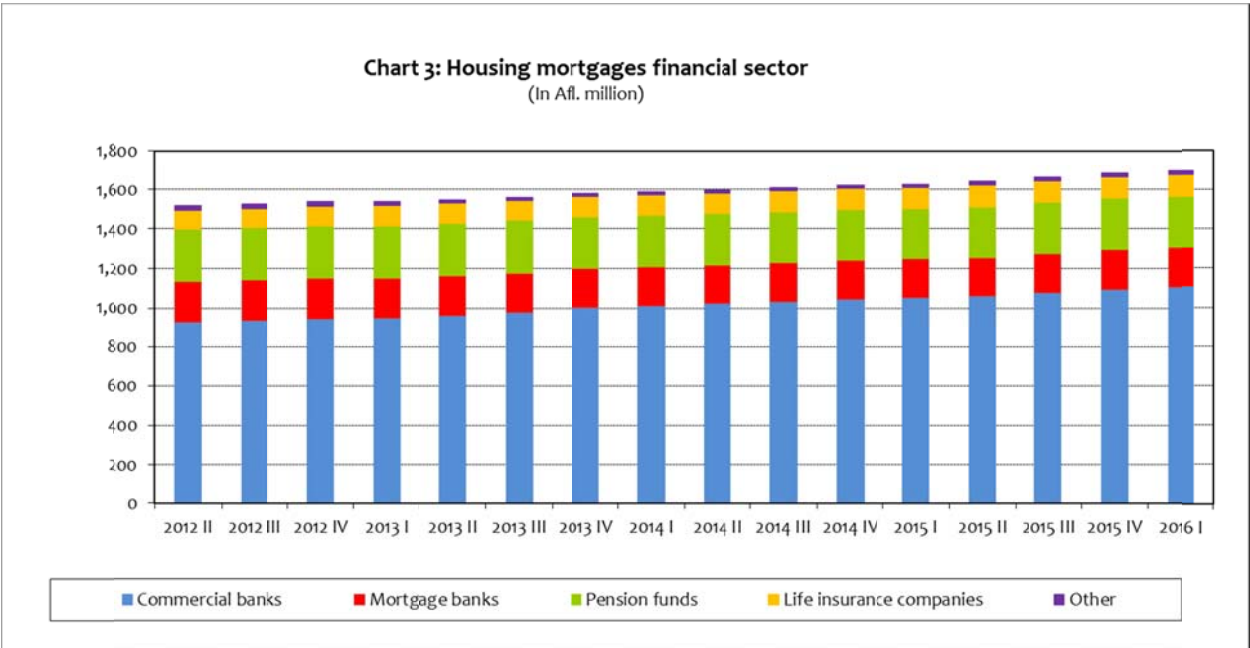
Housing mortgage lending of the financial institutions rose by Afl. 14.3 million to Afl. 1,698.3 million at the end of March 2016, compared to end of December 2015. This growth resulted mainly from increases in housing mortgage lending by the commercial banks, other financial institutions and pension funds, of Afl. 9.4 million, Afl. 3.0 million and Afl. 2.9 million, respectively. In contrast, housing mortgage lending by the mortgage banks and life insurance companies decreased by Afl. 0.7 million and Afl. 0.4 million, respectively (Table 4 and Chart 3).

End of period	2015						2016		
	Q1			Q4			Q1		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
Total	1,626.7	5.0	100.0%	1,684.0	21.3	100.0%	1,698.3	14.3	100.0%
Commercial banks	1,051.6	8.8	64.7%	1,095.4	18.3	65.0%	1,104.8	9.4	65.1%
Mortgage banks	199.1	-2.3	12.2%	200.6	1.9	11.9%	200.0	-0.7	11.8%
Pension funds	249.6	-3.4	15.3%	257.9	0.9	15.3%	260.9	2.9	15.4%
Life Insurance Companies	107.7	0.2	6.6%	110.0	-0.5	6.5%	109.6	-0.4	6.5%
Other	18.7	1.7	1.1%	20.0	0.6	1.2%	23.1	3.0	1.4%

Source: Centrale Bank van Aruba

At the end of March 2016, there was a rise in the market share of the commercial banks and other financial institutions of 0.4 percentage point and 0.3 percentage point, respectively, when compared to the first quarter of 2015. The market share of the mortgage banks decreased by 0.4 percentage

point, while the market share of the pension funds and life insurance companies remained practically unchanged, when compared to the first quarter of 2015. There were no significant changes in the market shares of the different financial institutions in the first quarter 2016, when compared to the fourth quarter of 2015 (Table 4 and Chart 3).



Source: Centrale Bank van Aruba