



CENTRALE BANK VAN ARUBA

Statistical News Release

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

Money and credit

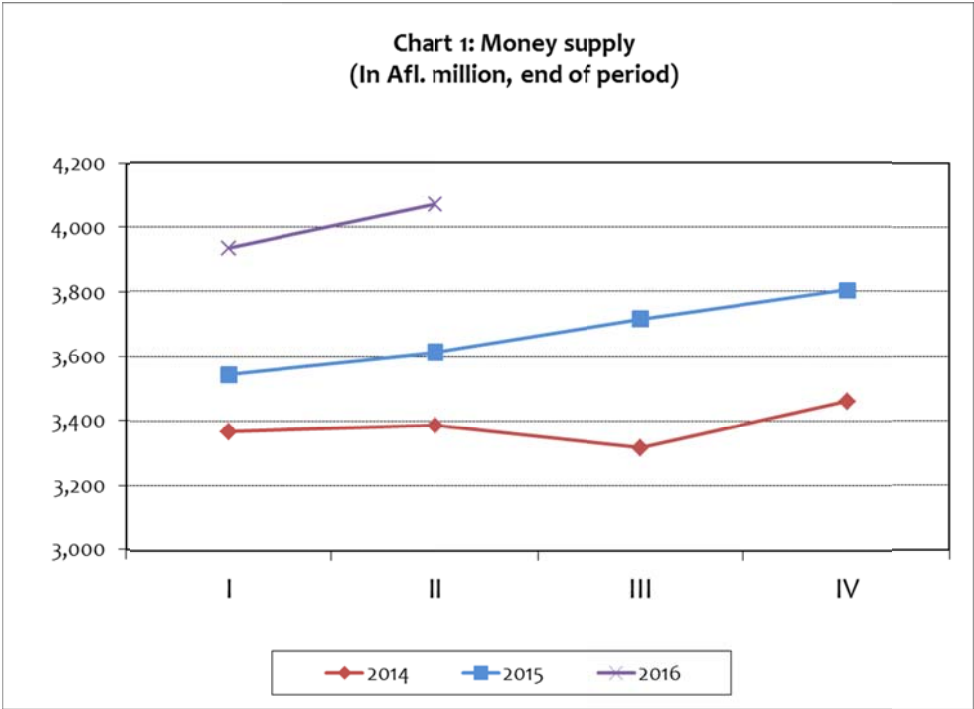
In the second quarter of 2016, the money supply increased by Afl. 136.1 million to Afl. 4,071.2 million, compared to the previous quarter (Table 1 and Chart 1). This growth was attributed to an Afl. 242.4 million inflow of foreign funds and an Afl. 106.3 million decline in the domestic component of the money supply.

Table 1: Monetary survey (figures in Afl. million)	2015	2016		Changes	
	Q2	Q1	Q2	Q2-16 vs Q2-15	Q2-16 vs Q1-16
I. Net domestic assets	2,234.5	2,316.3	2,210.0	-24.5	-106.3
A. Domestic credit	3,134.6	3,194.5	3,105.2	-29.4	-89.3
◦ Net claims on the public sector	202.7	236.6	131.2	-71.5	-105.3
◦ Claims on the private sector	2,931.8	2,957.9	2,974.0	42.2	16.0
▪ Loans to enterprises	1,289.8	1,261.3	1,262.5	-27.3	1.3
▪ Loans to individuals	1,633.2	1,687.0	1,701.6	68.4	14.5
- Consumer credit	567.7	576.2	574.4	6.7	-1.7
- Housing mortgages	1,065.6	1,110.9	1,127.1	61.5	16.3
▪ Other claims by the banking sector	8.9	9.6	9.8	0.9	0.2
B. Non-credit-related balance sheet items	-900.1	-878.2	-895.2	4.9	-17.0
II. Net foreign assets	1,378.2	1,618.8	1,861.2	483.0	242.4
III. Broad money	3,612.6	3,935.1	4,071.2	458.6	136.1
Money	1,895.4	2,133.7	2,156.1	260.7	22.4
Quasi-money	1,717.2	1,801.4	1,915.1	197.9	113.7

Source: Centrale Bank van Aruba

The drop in net domestic assets was mainly due to decreases in both domestic credit and non-credit related balance sheet items of Afl. 89.3 million and Afl. 17.0 million, respectively. The contraction in domestic credit was due to an Afl. 105.3 million fall in the net claims of the banking sector on the public sector, which was largely caused by an increase in government deposits of Afl. 91.8 million. The higher claims of the banking sector on the private sector resulted mainly from a rise in housing mortgages (Afl. 16.3 million) and an increase in loans to enterprises (Afl. 1.3 million), which were partly offset by a decrease in consumer credit (Afl. 1.7 million). The contraction in non-credit related

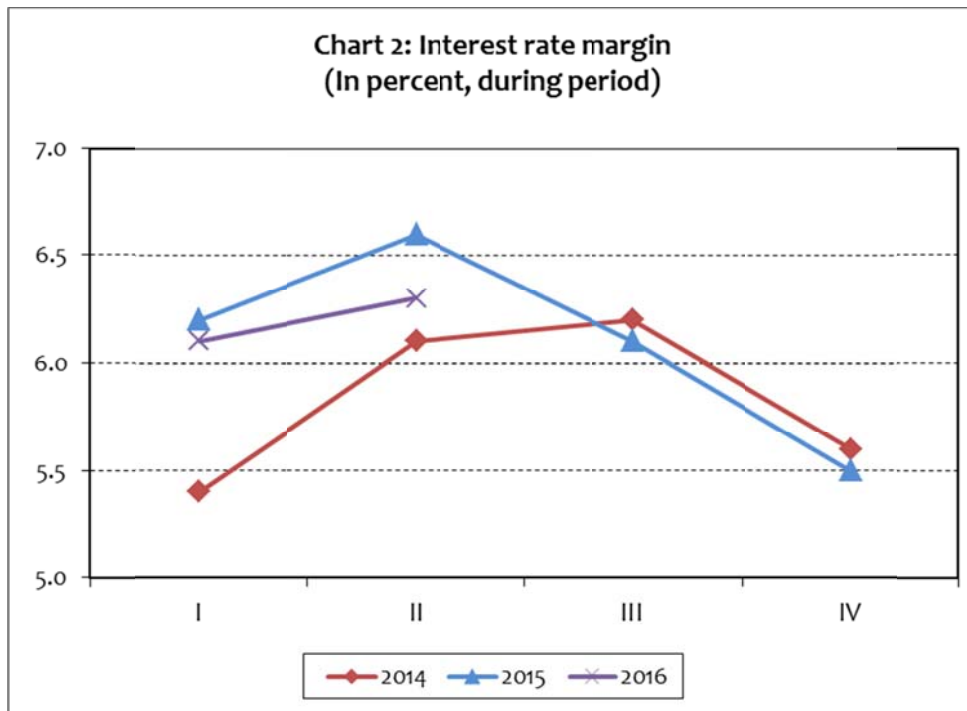
balance sheet items was the result of increases in balance sheet items “shareholders’ equity”, “allocated provision for loan losses”, “borrowings”, “other liabilities”, and decreases in balance sheet item “accounts receivable and prepayments” and clearing transactions.



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 0.2 percentage point to 6.3 percent in the second quarter of 2016, when compared to the first quarter of 2016 (Table 2 and Chart 2). This resulted from a relatively larger decline in the weighted average rate of interest offered on new deposits of 0.9 percentage point to 1.5 percent in comparison to the decrease in the weighted average rate of interest charged on new loans of 0.6 percentage point to 7.8 percent.



Source: Centrale Bank van Aruba

Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)	2015	2016	
	Q2	Q1	Q2
Weighted average rate of interest on new deposits	2.0	2.4	1.5
Time deposits ≤ 12 months	2.0	1.6	1.2
Time deposits > 12 months	2.4	3.5	1.8
Savings deposits	1.4	1.2	1.3
Weighted average rate of interest on new loans	8.6	8.4	7.8
<i>Individual</i>			
Consumer credit	11.4	11.7	10.6
Housing mortgages	6.5	6.6	6.2
<i>Commercial</i>			
Commercial mortgages	7.2	6.4	6.7
Other loans - Including current accounts (overdraft) facilities	8.4	7.3	7.7
Interest rate margin	6.6	6.1	6.3

Source: Centrale Bank van Aruba

Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions contracted by Afl. 76.8 million or 2.1 percent to Afl. 3,573.8 million, compared to end of March 2016. This downturn was a result of decreases in domestic claims and in net foreign assets of Afl. 62.9 million and Afl. 14.0

million, respectively. On the liability side, other items net decreased by Afl. 119.4 million, which was offset by increases in the pension fund provisions (Afl. 15.7 million), insurance reserve fund (Afl. 15.1 million) and borrowings and deposits (Afl. 11.8 million) when compared to the end of March 2016.

Table 3: Nonmonetary financial institutions End of period	2015	2016		Changes	
	Q2	Q1	Q2	Q2-16 vs Q2-15	Q2-16 vs Q1-16
1. Net foreign assets	964.3	1,063.6	1,049.6	85.3	-14.0
2. Domestic claims	2,655.4	2,587.0	2,524.2	-131.2	-62.9
a. Government	1,464.7	1,424.9	1,378.6	-86.1	-46.3
b. Private sector	1,190.7	1,162.2	1,145.6	-45.1	-16.5
3. Total assets = total liabilities	3,619.7	3,650.6	3,573.8	-45.9	-76.8
4. Borrowings and deposits	38.9	38.9	50.6	11.7	11.8
a. Government	38.6	38.6	38.6	0.0	0.0
b. Other residents	0.2	0.2	12.0	11.8	11.8
5. Pension fund provisions	2,809.6	2,838.7	2,854.4	44.8	15.7
6. Insurance reserve fund	952.8	1,021.2	1,036.3	83.5	15.1
7. Other items, net	-181.5	-248.1	-367.6	-186.1	-119.4

Source: Centrale Bank van Aruba

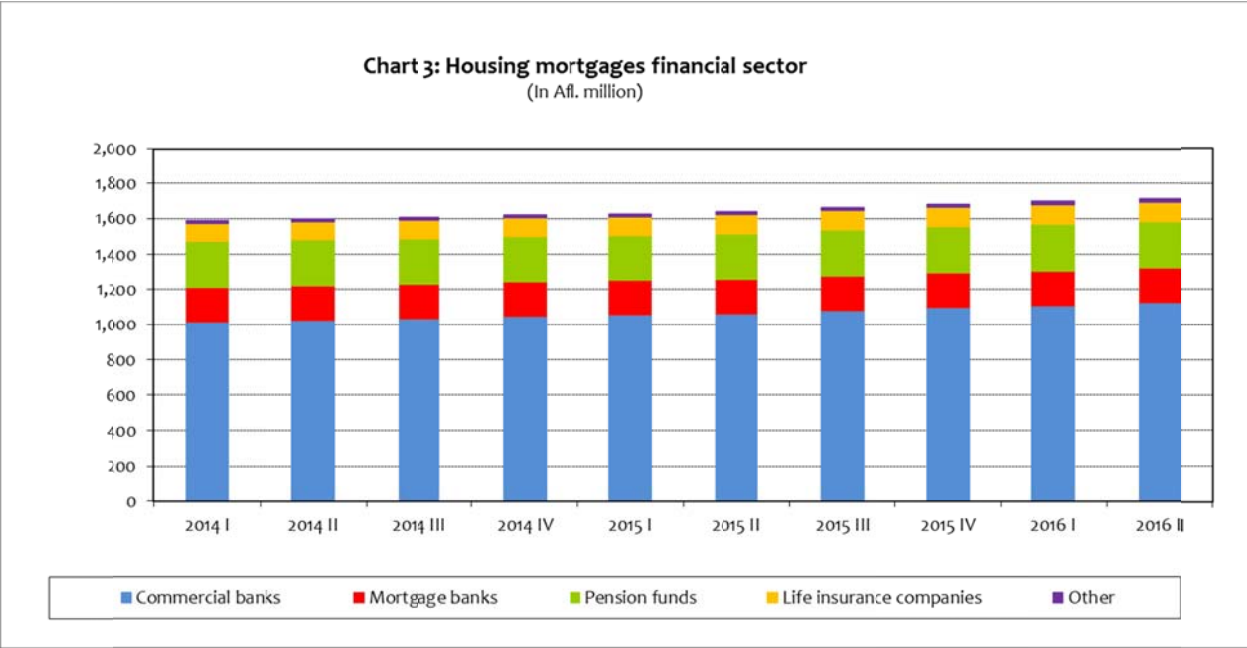
Mortgage market

Housing mortgage lending of the financial institutions rose by Afl. 16.3 million to Afl. 1,714.6 million at the end of June 2016, compared to end of March 2016. This growth resulted mainly from increases in housing mortgage lending by the commercial banks (Afl. 16.4 million), life insurance companies (Afl. 0.7 million), pension funds (Afl. 0.6 million) and other financial institutions (Afl. 0.2 million). In contrast, housing mortgage lending by the mortgage banks decreased by Afl. 1.7 million (Table 4 and Chart 3).

Table 4: Housing mortgages	2015			2016					
	Q2			Q1			Q2		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
End of period									
Total	1,641.2	14.5	100.0%	1,698.3	14.3	100.0%	1,714.6	16.3	100.0%
Commercial banks	1,059.1	7.5	64.5%	1,104.8	9.4	65.1%	1,121.1	16.4	65.4%
Mortgage banks	198.8	-0.2	12.1%	200.0	-0.7	11.8%	198.3	-1.7	11.6%
Pension funds	253.2	3.6	15.4%	260.9	2.9	15.4%	261.5	0.6	15.3%
Life Insurance Companies	111.0	3.2	6.8%	109.6	-0.4	6.5%	110.3	0.7	6.4%
Other	19.1	0.4	1.2%	23.1	3.0	1.4%	23.3	0.2	1.4%

Source: Centrale Bank van Aruba

At the end of June 2016, there was a rise in the market share of the commercial banks and other financial institutions of 0.9 percentage point and 0.2 percentage point, respectively, when compared to the second quarter of 2015. The market share of the mortgage banks, life insurance companies and pension funds decreased by 0.5 percentage point, 0.4 percentage point and 0.1 percentage point, respectively, when compared to the second quarter of 2015. There were no significant changes in the market shares of the different financial institutions in the second quarter 2016, when compared to the first quarter of 2016 (Table 4 and Chart 3).



Source: Centrale Bank van Aruba