



## CENTRALE BANK VAN ARUBA

### Statistical News Release

Date: February 2, 2017

#### **Monetary and financial developments: Net foreign assets decreased in the third quarter of 2016**

##### *Money and credit*

In the third quarter of 2016, the money supply decreased by Afl. 26.5 million to Afl. 4,044.7 million, compared to the previous quarter (Table 1 and Chart 1). This decline resulted from an Afl. 76.1 million outflow of foreign funds and an Afl. 49.6 million increase in the domestic component of the money supply.

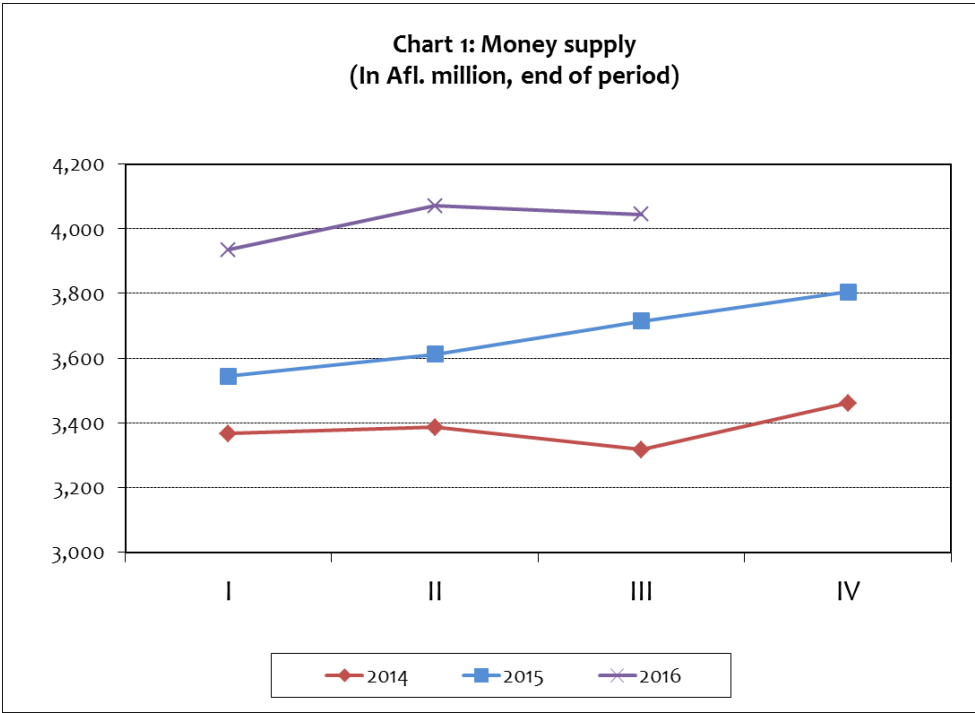
Table 1: Monetary survey (figures in Afl. million)	2015	2016		Changes	
	Q3	Q2	Q3	Q3-16 vs Q3-15	Q3-16 vs Q2-16
<b>I. Net domestic assets</b>	<b>2,244.0</b>	<b>2,210.0</b>	<b>2,259.6</b>	<b>15.6</b>	<b>49.6</b>
A. Domestic credit	3,175.7	3,105.2	3,191.2	15.5	86.0
◦ Net claims on the public sector	207.3	131.2	196.3	-11.0	65.0
◦ Claims on the private sector	2,968.4	2,974.0	2,995.0	26.6	21.0
▪ Loans to enterprises	1,296.2	1,262.5	1,261.9	-34.3	-0.7
▪ Loans to individuals	1,663.2	1,701.6	1,722.9	59.7	21.3
- Consumer credit	579.7	574.4	579.2	-0.5	4.7
- Housing mortgages	1,083.5	1,127.1	1,143.7	60.2	16.6
▪ Other claims by the banking sector	9.0	9.8	10.2	1.2	0.4
B. Non-credit-related balance sheet items	-931.7	-895.2	-931.6	0.1	-36.5
<b>II. Net foreign assets</b>	<b>1,471.1</b>	<b>1,861.2</b>	<b>1,785.1</b>	<b>314.0</b>	<b>-76.1</b>
<b>III. Broad money</b>	<b>3,715.0</b>	<b>4,071.2</b>	<b>4,044.7</b>	<b>329.7</b>	<b>-26.5</b>
Money	1,948.3	2,156.1	2,213.1	264.8	57.0
Quasi-money	1,766.7	1,915.1	1,831.6	64.9	-83.5

Source: Centrale Bank van Aruba

The expansion in net domestic assets was mainly due to a growth in domestic credit of Afl. 86 million, which was partly offset by an Afl. 36.5 million decline in non-credit related balance sheet items. The rise in domestic credit was due to increases in the net claims of the banking sector on the public sector (Afl. 65 million) and claims of the banking sector on the private sector (Afl. 21 million).

The higher claims of the banking sector on the private sector resulted mainly from expansions in housing mortgages (Afl. 16.6 million) and consumer credit (Afl. 4.7 million). In contrast, loans to

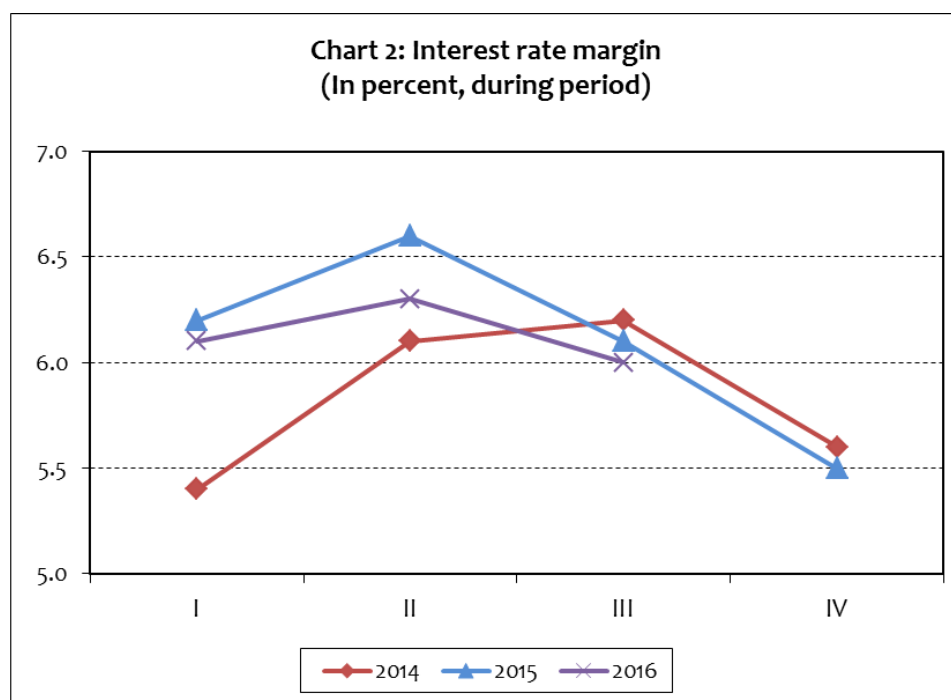
enterprises decreased by Afl. 0.7 million. The contraction in non-credit related balance sheet items was the result of increases in balance sheet items “other liabilities” and “borrowings” and decreases in balance sheet items “shareholders’ equity”, “accounts receivable and prepayments” and “allocated provision for loan losses”, 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) decreased by 0.3 percentage point to 6.0 percent in the third quarter of 2016, when compared to the second quarter of 2016 (Table 2 and Chart 2). This resulted from a decline in the weighted average rate of interest charged on new loans of 0.3 percentage point to 7.5 percent. The weighted average rate of interest offered on new deposits remained unchanged at 1.5 percent.



Source: Centrale Bank van Aruba

<b>Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)</b>	2015	2016	
	Q3	Q2	Q3
<b>Weighted average rate of interest on new deposits</b>	2.1	1.5	1.5
Time deposits ≤ 12 months	2.0	1.2	1.2
Time deposits > 12 months	2.5	1.8	1.9
Savings deposits	1.4	1.3	1.3
<b>Weighted average rate of interest on new loans</b>	8.2	7.8	7.5
<b>Individual</b>			
Consumer credit	10.5	10.6	10.1
Housing mortgages	6.5	6.2	6.2
<b>Commercial</b>			
Commercial mortgages	7.5	6.7	7.2
Other loans - Including current accounts (overdraft) facilities	7.6	7.7	6.5
<b>Interest rate margin</b>	6.1	6.3	6.0

Source: Centrale Bank van Aruba

### Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions expanded by Afl. 104 million or 2.9 percent to Afl. 3,677.8 million, compared to the end of June 2016. This growth was the result of increases in net foreign assets and domestic claims of Afl. 54.1 million and Afl. 49.9 million, respectively. On the liability side, other items net, borrowings and deposits, pension fund provisions

and insurance reserve fund rose by Afl. 62 million, Afl. 16.4 million, Afl. 14.9 million and Afl. 10.7 million, respectively, when compared to the end of June 2016.

Table 3: Nonmonetary financial institutions End of period	2015	2016		Changes	
	Q3	Q2	Q3	Q316 vs Q315	Q316 vs Q216
1. Net foreign assets	939.5	1,049.6	<b>1,103.7</b>	164.2	54.1
2. Domestic claims	2,663.5	2,524.2	<b>2,574.1</b>	-89.4	49.9
a. Government	1,459.6	1,378.6	<b>1,397.2</b>	-62.4	18.7
b. Private sector	1,203.9	1,145.6	<b>1,176.9</b>	-27.0	31.2
3. Total assets = total liabilities	3,603.0	3,573.8	<b>3,677.8</b>	74.8	104.0
4. Borrowings and deposits	38.8	50.6	<b>67.0</b>	28.2	16.4
a. Government	38.6	38.6	<b>38.6</b>	0.0	0.0
b. Other residents	0.2	12.0	<b>28.4</b>	28.2	16.4
5. Pension fund provisions	2,827.0	2,854.4	<b>2,869.4</b>	42.4	14.9
6. Insurance reserve fund	970.0	1,036.3	<b>1,047.0</b>	77.0	10.7
7. Other items, net	-232.9	-367.6	<b>-305.6</b>	-72.7	62.0

Source: Centrale Bank van Aruba

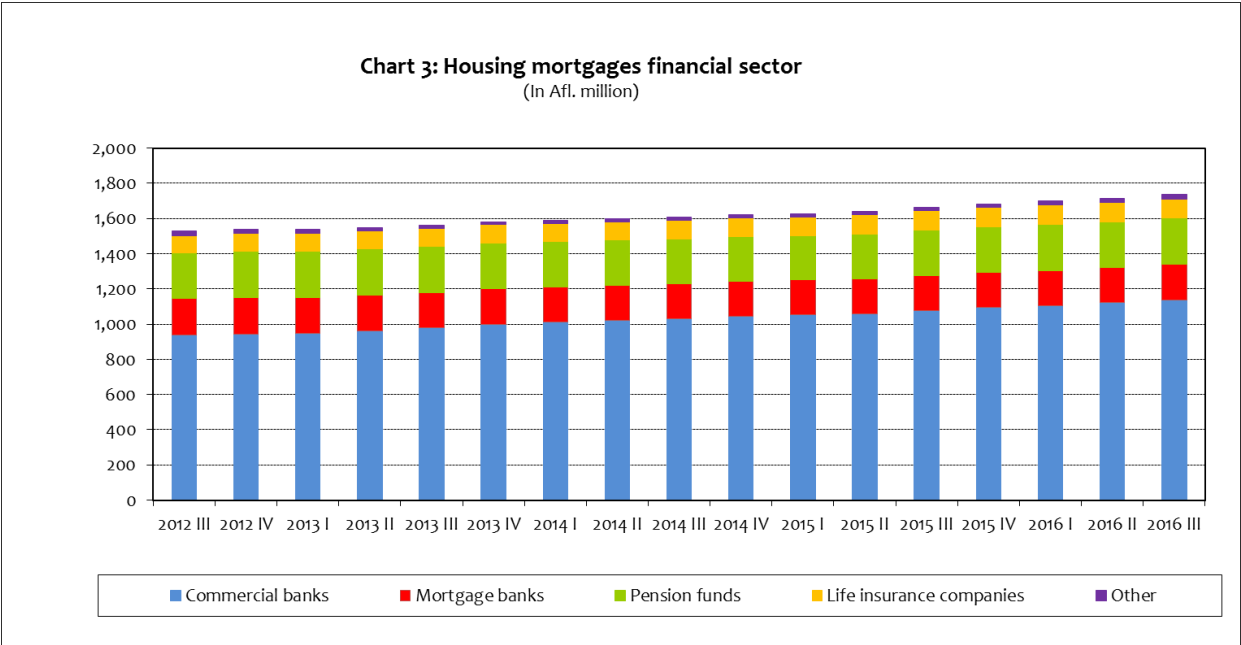
### *Mortgage market*

Housing mortgage lending of the financial institutions rose by Afl. 21 million to Afl. 1,735.5 million at the end of September 2016, compared to the end of June 2016. This growth resulted from increases in housing mortgage lending by the commercial banks (Afl. 16.6 million), the mortgage banks (Afl. 5 million) and other financial institutions (Afl. 0.7 million). In contrast, housing mortgage lending by both pension funds and life insurance companies decreased by Afl. 0.7 million (Table 4 and Chart 3).

Table 4: Housing mortgages	2015			2016					
	Q3			Q2			Q3		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
End of period									
<b>Total</b>	<b>1,662.6</b>	<b>21.5</b>	<b>100.0%</b>	<b>1,714.6</b>	<b>16.3</b>	<b>100.0%</b>	<b>1,735.5</b>	<b>21.0</b>	<b>100.0%</b>
Commercial banks	1,077.1	18.0	64.8%	1,121.1	16.4	65.4%	1,137.7	16.6	65.6%
Mortgage banks	198.7	-0.1	12.0%	198.3	-1.7	11.6%	203.3	5.0	11.7%
Pension funds	257.0	3.8	15.5%	261.5	0.6	15.3%	260.8	-0.7	15.0%
Life Insurance Companies	110.5	-0.5	6.6%	110.3	0.7	6.4%	109.7	-0.7	6.3%
Other	19.4	0.3	1.2%	23.3	0.2	1.4%	24.1	0.7	1.4%

Source: Centrale Bank van Aruba

At the end of September 2016, there was a rise in the market share of the commercial banks and the other financial institutions of 0.8 percentage point and 0.2 percentage point, respectively, when compared to the third quarter of 2015. The market share of the pension funds, life insurance companies, and mortgage banks decreased by 0.5 percentage point, 0.3 percentage point and 0.3 percentage point, respectively, when compared to the third quarter of 2015 (Table 4 and Chart 3).



Source: Centrale Bank van Aruba