



## CENTRALE BANK VAN ARUBA

### Statistical News Release

Date: September 15, 2017

#### **Monetary and financial developments: Net foreign assets increased in the first quarter of 2017**

##### Money and credit

In the first quarter of 2017, the money supply increased by Afl. 14.5 million to Afl. 4,180.9 million, compared to the previous quarter (Table 1 and Chart 1). This growth resulted from an Afl. 41.7 million inflow of foreign funds and an Afl. 27.1 million decrease in the domestic component of the money supply.

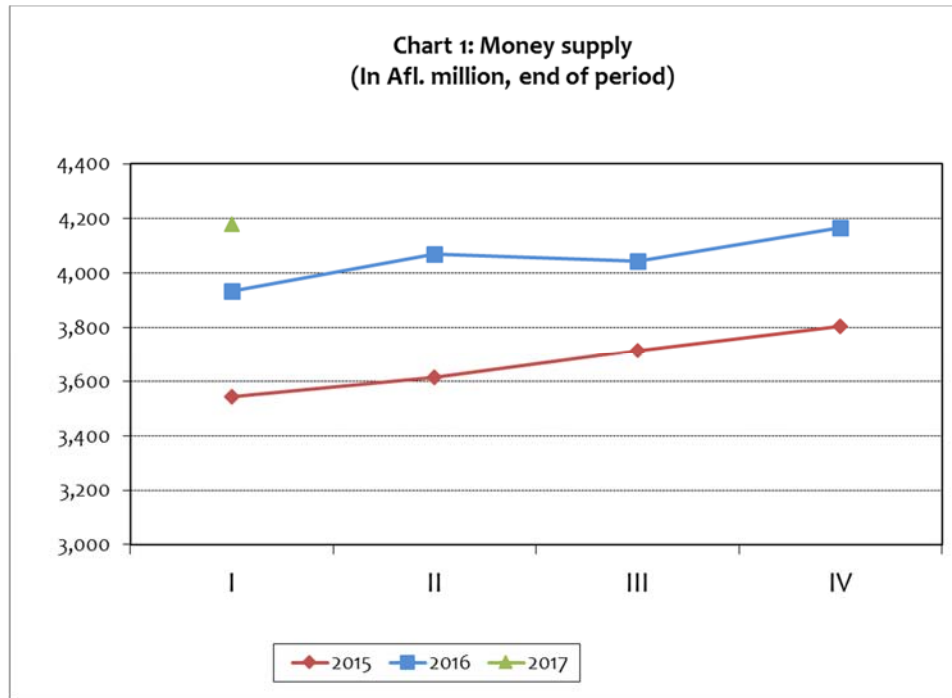
Table 1: Monetary survey (figures in Afl. million)	2016		2017	Changes	
	Q1	Q4	Q1	Q1-17 vs Q1-16	Q1-17 vs Q4-16
<b>I. Net domestic assets</b>	<b>2,316.3</b>	<b>2,388.9</b>	<b>2,361.8</b>	45.5	-27.1
A. Domestic credit	3,194.5	3,307.5	<b>3,340.3</b>	145.8	32.8
◦ Net claims on the public sector	236.6	287.0	<b>326.5</b>	89.9	39.5
◦ Claims on the private sector	2,957.9	3,020.5	<b>3,013.8</b>	55.9	-6.7
▪ Loans to enterprises	1,261.3	1,286.0	<b>1,282.7</b>	21.4	-3.3
▪ Loans to individuals	1,687.0	1,724.2	<b>1,720.9</b>	33.8	-3.3
- Consumer credit	576.2	572.7	<b>561.9</b>	-14.3	-10.8
- Housing mortgages	1,110.9	1,151.5	<b>1,159.0</b>	48.1	7.4
▪ Other claims by the banking sector	9.6	10.3	<b>10.3</b>	0.7	0.0
B. Non-credit-related balance sheet items	-878.2	-918.6	<b>-978.5</b>	-100.3	-60.0
<b>II. Net foreign assets</b>	<b>1,618.8</b>	<b>1,777.5</b>	<b>1,819.1</b>	200.4	41.7
<b>III. Broad money</b>	<b>3,935.1</b>	<b>4,166.4</b>	<b>4,180.9</b>	245.9	14.5
Money	2,133.7	2,250.3	<b>2,305.9</b>	172.2	55.6
Quasi-money	1,801.4	1,916.1	<b>1,875.0</b>	73.6	-41.0

Source: Centrale Bank van Aruba

The decline in net domestic assets was due to an Afl. 60 million decrease in non-credit related balance sheet items and the strengthening in domestic credit of Afl. 32.8 million. The contraction in non-credit related balance sheet items was mainly due to increases in balance sheet items “shareholders’ equity”, “other liabilities” and “borrowings”.

The rise in domestic credit was the result of a surge in the net claims of the banking sector on the public sector (+Afl. 39.5 million) and a decrease in the claims of the banking sector on the private

sector (-Afl. 6.7 million). The latter resulted from an increase in the gross claims of the banking sector (+Afl. 23.6 million) and drawing down of development funds (-Afl. 12 million) and government deposits (-Afl. 3.9 million). The lower claims of the banking sector on the private sector resulted from decreases in consumer credit (-Afl. 10.8 million) and loans to enterprises (-Afl. 3.3 million). In contrast, housing mortgages rose by Afl. 7.4 million.



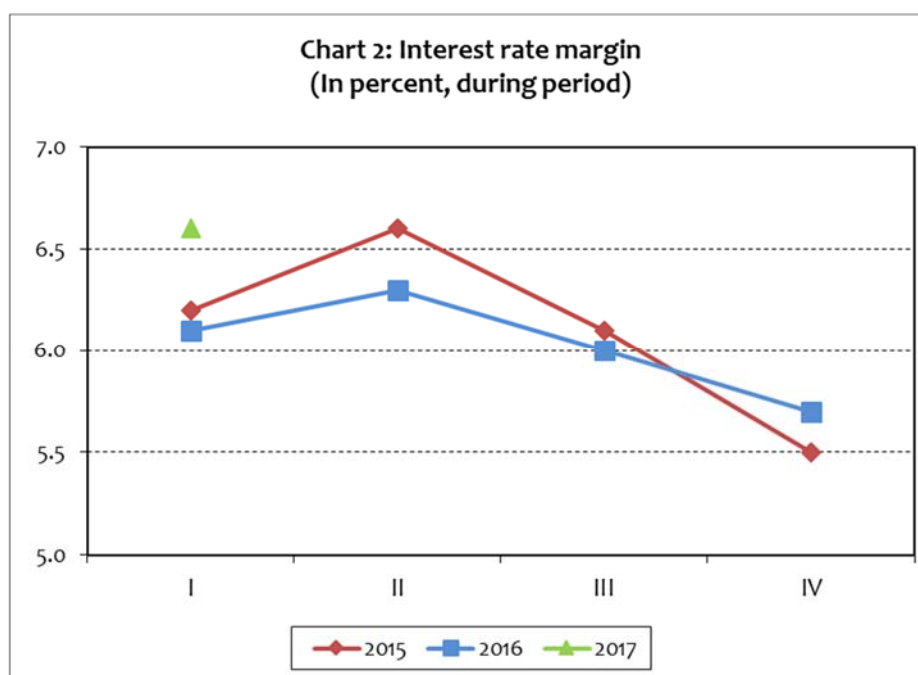
Source: Centrale Bank van Aruba

### 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 0.9 percentage point to 6.6 percent in the first quarter of 2017, when compared to the fourth quarter of 2016 (Table 2 and Chart 2). This resulted from a decrease in the weighted average rate of interest offered on new deposits of 0.5 percentage point to 1.3 percent and an increase in the weighted average rate of interest charged on new loans of 0.4 percentage point to 7.9 percent.

Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)	2016		2017
	Q1	Q4	Q1
<b>Weighted average rate of interest on new deposits</b>	<b>2.4</b>	<b>1.8</b>	<b>1.3</b>
Time deposits ≤ 12 months	1.6	1.5	1.0
Time deposits > 12 months	3.5	2.6	1.9
Savings deposits	1.2	1.4	1.0
<b>Weighted average rate of interest on new loans</b>	<b>8.4</b>	<b>7.5</b>	<b>7.9</b>
<b>Individual</b>			
Consumer credit	11.7	9.9	10.8
Housing mortgages	6.6	6.2	6.1
<b>Commercial</b>			
Commercial mortgages	6.4	6.6	6.7
Other loans - Including current accounts (overdraft) facilities	7.3	6.9	7.2
<b>Interest rate margin</b>	<b>6.1</b>	<b>5.7</b>	<b>6.6</b>

Source: Centrale Bank van Aruba



Source: Centrale Bank van Aruba

### Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions expanded by Afl. 84.3 million or 2.3 percent to Afl. 3,802 million, compared to the end of December 2016 (Table 3). This growth was the result of increases in net foreign assets (+Afl. 61.5 million) and domestic claims (+Afl. 22.8 million). On the liability side, other items net, insurance reserve fund and pension fund

provisions rose by Afl. 35.7 million, Afl. 23.9 million and Afl. 22.9 million, respectively, when compared to the end of December 2016. In addition, borrowings and deposits increased slightly by Afl. 1.7 million.

Table 3: Nonmonetary financial institutions End of period	2016		2017	Changes	
	Q1	Q4	Q1	Q117 vs Q116	Q117 vs Q416
1. Net foreign assets	1,063.6	1,157.4	<b>1,218.9</b>	155.3	61.5
2. Domestic claims	2,587.0	2,560.3	<b>2,583.1</b>	-3.9	22.8
a. Government	1,424.9	1,395.7	<b>1,404.0</b>	-20.9	8.3
b. Private sector	1,162.2	1,164.6	<b>1,179.0</b>	16.8	14.4
3. Total assets = total liabilities	3,650.6	3,717.7	<b>3,802.0</b>	151.4	84.3
4. Borrowings and deposits	38.9	23.3	<b>25.1</b>	-13.8	1.7
a. Government	38.6	2.0	<b>2.0</b>	-36.6	0.0
b. Other residents	0.2	21.3	<b>23.1</b>	22.9	1.7
5. Pension fund provisions	2,838.7	2,913.4	<b>2,936.4</b>	97.7	22.9
6. Insurance reserve fund	1,021.2	1,060.3	<b>1,084.1</b>	62.9	23.9
7. Other items, net	-248.1	-279.4	<b>-243.6</b>	4.5	35.7

Source: Centrale Bank van Aruba

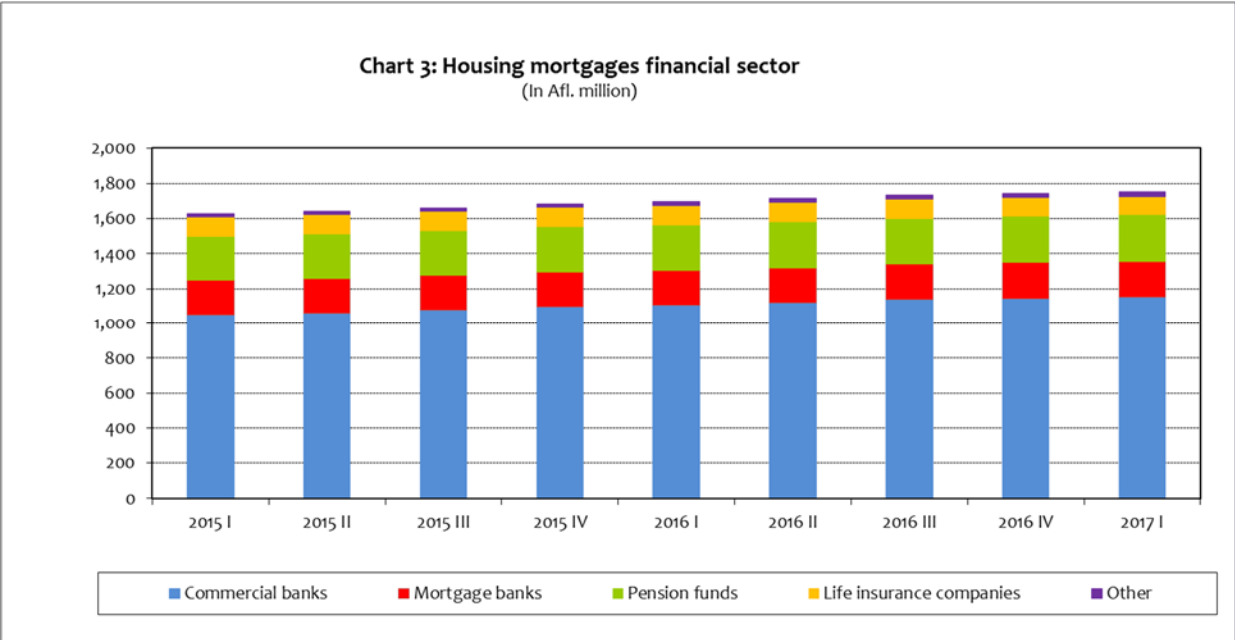
### Mortgage market

Housing mortgage lending of the financial institutions rose by Afl. 7.7 million to Afl. 1,753.5 million at the end of March 2017, compared to the end of December 2016 (Table 4 and Chart 3). This growth resulted from increases in housing mortgage lending by the commercial banks (+Afl. 7.6 million), the pension funds (+Afl. 1.1 million) and other financial institutions (+Afl. 1.2 million). In contrast, housing mortgage lending by mortgage banks and life insurance companies decreased by Afl. 2 million and Afl. 0.1 million, respectively.

Table 4: Housing mortgages	2016						2017		
	Q1			Q4			Q1		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
End of period									
<b>Total</b>	<b>1,698.3</b>	<b>14.3</b>	<b>100.0%</b>	<b>1,745.8</b>	<b>10.2</b>	<b>100.0%</b>	<b>1,753.5</b>	<b>7.7</b>	<b>100.0%</b>
Commercial banks	1,104.8	9.4	65.1%	1,145.4	7.7	65.6%	1,153.0	7.6	65.8%
Mortgage banks	200.0	-0.7	11.8%	206.1	2.8	11.8%	204.1	-2.0	11.6%
Pension funds	260.9	2.9	15.4%	263.8	3.0	15.1%	264.8	1.1	15.1%
Life Insurance Companies	109.6	-0.4	6.5%	105.6	-4.1	6.0%	105.5	-0.1	6.0%
Other	23.1	3.0	1.4%	24.8	0.8	1.4%	26.0	1.2	1.5%

Source: Centrale Bank van Aruba

At the end of March 2017, there was a rise in the market share of the commercial banks and the other financial institutions of 0.7 percentage point and 0.1 percentage point, respectively, when compared to the first quarter of 2016. The market share of the life insurance companies, pension funds, and mortgage banks decreased by 0.5 percentage point, 0.3 percentage point and 0.2 percentage point, respectively.



Source: Centrale Bank van Aruba