



CENTRALE BANK VAN ARUBA

Statistical News Release

Date: September 30, 2021

Monetary and financial developments during the second quarter of 2021: Net foreign assets increased

Money and credit

In the second quarter of 2021, the money supply expanded by Afl. 198.8 million to Afl. 5,056.3 million, compared to the first quarter of 2021 (Table 1 and Chart 1). This rise resulted from an increase in net foreign assets (+Afl. 307.9 million) and a decrease in net domestic assets (-Afl. 109.1 million).

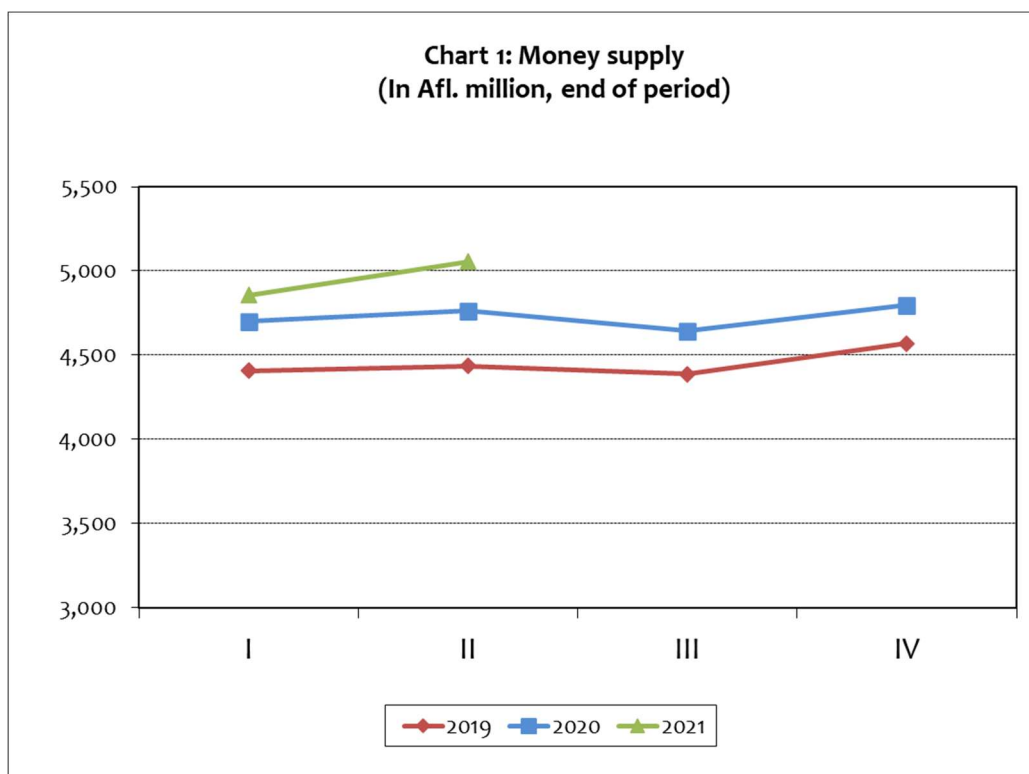
Table 1: Monetary survey (figures in Afl. million)	2020	2021		Changes	
	Q2	Q1	Q2	Q2-21 vs Q2-20	Q2-21 vs Q1-21
I. Net domestic assets	2,793.8	2,760.6	2,651.5	-142.3	-109.1
A. Domestic credit	3,940.5	3,982.2	3,904.9	-35.6	-77.3
◦ Net claims on the public sector	447.4	536.2	481.0	33.6	-55.2
◦ Claims on the private sector	3,493.0	3,446.1	3,424.0	-69.0	-22.1
▪ Loans to enterprises	1,538.6	1,519.8	1,505.2	-33.4	-14.6
▪ Loans to individuals	1,941.7	1,913.7	1,906.2	-35.5	-7.5
- Consumer credit	505.1	455.6	444.3	-60.8	-11.2
- Housing mortgages	1,436.6	1,458.1	1,461.9	25.3	3.8
▪ Other claims by the banking sector	12.8	12.5	12.5	-0.3	0.0
B. Non-credit-related balance sheet items	-1,146.7	-1,221.6	-1,253.4	-106.7	-31.8
II. Net foreign assets	1,967.7	2,096.9	2,404.8	437.1	307.9
III. Broad money	4,761.5	4,857.5	5,056.3	294.8	198.8
Money	2,746.2	2,814.6	3,005.5	259.3	190.9
Quasi-money	2,015.2	2,042.9	2,050.8	35.6	7.9

Source: Centrale Bank van Aruba

The contraction in the domestic component of the money supply was the result of decreases in the domestic credit of Afl. 77.3 million and in non-credit related balance sheet items of Afl. 31.8 million. The decline in the non-credit related balance sheet items resulted from a drop in 'Other Liabilities', and increases in 'Provision for loan losses', 'Shareholders' Equity', 'premises and equipment', and 'Accounts receivable and prepayments'.

The narrowing domestic credit was due to decreases in the net claims of the banking sector on the public sector (-Afl. 55.2 million) and the claims of the banking sector on the private sector (-Afl. 22.1 million). The lower net claims of the banking sector on the public sector resulted from higher government deposits (+Afl. 39.0 million) and lower gross claims (-Afl. 16.2 million).

The lower claims of the banking sector on the private sector were caused by downturns in loans to enterprises (-Afl. 14.6 million), and consumer credit (-Afl. 11.2 million), and an increase in housing mortgages (+Afl. 3.8 million).



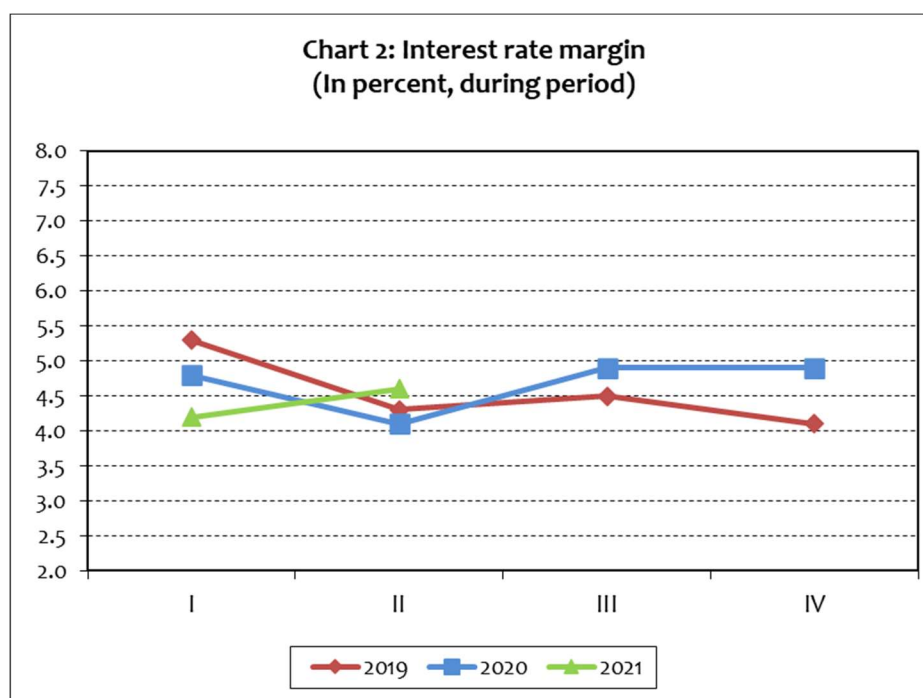
Source: Centrale Bank van Aruba

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 0.4 percentage point to 4.6 percent in the second quarter of 2021, when compared to the first quarter of 2021 (Table 2 and Chart 2). This resulted from an uptick of 0.2 percentage point to 6.5 percent in the weighted average rate of interest charged on new loans and a decrease of 0.1 percentage point to 2.0 percent in the weighted average rate of interest offered on new deposits.

Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)	2020	2021	
	Q2	Q1	Q2
Weighted average rate of interest on new deposits	2.0	2.1	2.0
Time deposits ≤ 12 months	1.8	1.6	1.7
Time deposits > 12 months	2.7	2.8	2.8
Savings deposits	1.6	1.4	1.5
Weighted average rate of interest on new loans	6.1	6.3	6.5
Individual			
Consumer credit	8.6	9.5	9.0
Housing mortgages	5.4	5.4	5.5
Commercial			
Commercial mortgages	6.0	6.2	6.3
Other loans - Including current accounts (overdraft) facilities	6.5	6.0	6.3
Interest rate margin	4.1	4.2	4.6

Source: Centrale Bank van Aruba



Source: Centrale Bank van Aruba

Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions increased by Afl. 75.9 million or 1.6 percent to Afl. 4,939.6 million, compared to the first quarter of 2021 (Table 3). This growth was caused by a surge in net foreign assets (+Afl. 76.5 million) and a decrease in domestic

claims (-Afl. 0.6 million). On the liability side, Afl. 259.9 million was recorded for other items (net), compared to Afl. 198.9 million in the previous quarter. The pension fund provisions and insurance reserve fund grew by Afl. 19.6 million and Afl. 10.1 million, respectively, when compared to the first quarter of 2021. The 'borrowings and deposits' decreased by Afl. 14.8 million.

Table 3: Nonmonetary financial institutions	2020	2021		Changes	
End of period	Q2	Q1	Q2	Q2-21 vs Q2-20	Q2-21 vs Q1-21
1. Net foreign assets	1,629.7	1,809.9	1,886.3	256.6	76.5
2. Domestic claims	2,952.7	3,053.9	3,053.3	100.6	-0.6
a. Government	1,447.9	1,566.3	1,565.7	117.8	-0.7
b. Private sector	1,504.8	1,487.6	1,487.6	-17.2	0.1
3. Total assets = total liabilities	4,582.4	4,863.8	4,939.6	357.2	75.9
4. Borrowings and deposits	18.5	19.3	4.5	-14.0	-14.8
a. Government	2.0	1.8	1.8	-0.2	0.0
b. Other residents	16.5	17.5	2.7	-13.8	-14.8
5. Pension fund provisions	3,162.1	3,222.1	3,241.7	79.6	19.6
6. Insurance reserve fund	1,359.8	1,423.4	1,433.6	73.8	10.1
7. Other items, net	42.0	198.9	259.9	217.9	60.9

Source: Centrale Bank van Aruba

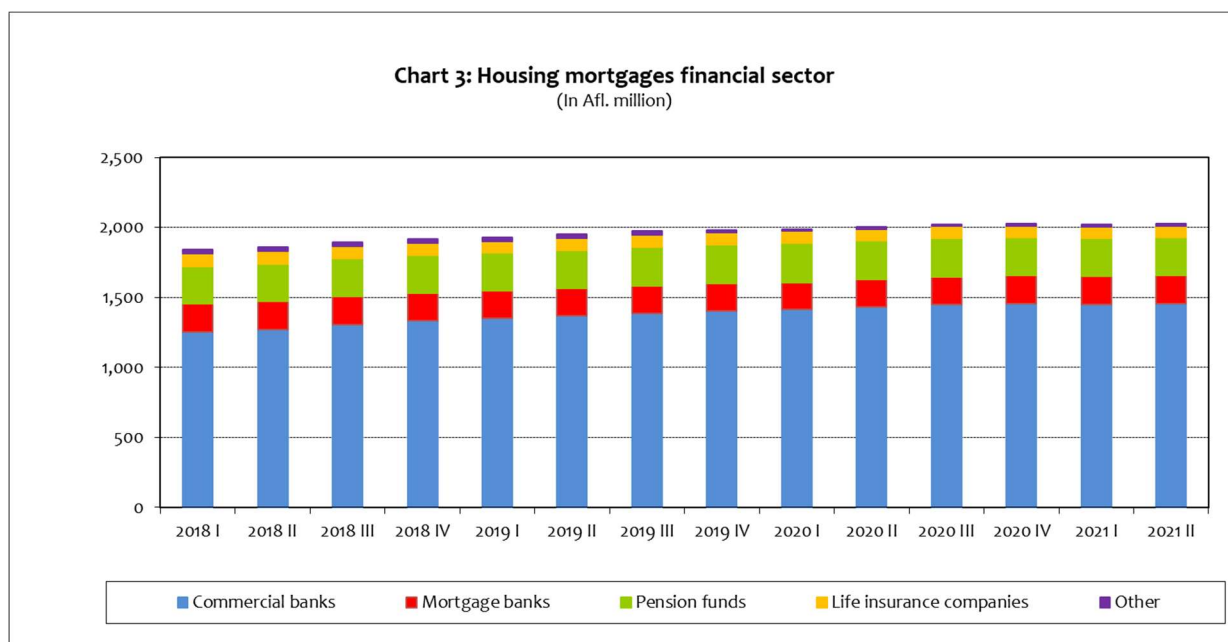
Mortgage market

Housing mortgage lending of the financial institutions expanded by Afl. 4.0 million to Afl. 2,026.8 million at the end of June 2021, compared to the end of March 2021 (Table 4 and Chart 3). This rise resulted from increases in housing mortgage lending by the commercial banks (+Afl. 3.7 million), pension funds (+Afl. 1.8 million), and mortgage banks (+Afl. 0.2 million). In contrast, housing mortgage lending by life insurance companies (-Afl. 1.2 million), and other financial institution (-Afl. 0.5 million) decreased.

Table 4: Housing mortgages	2020			2021					
	Q2			Q1			Q2		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
End of period									
Total	2,005.0	16.5	100.0%	2,022.8	-3.1	100.0%	2,026.8	4.0	100.0%
Commercial banks	1,430.4	18.4	71.3%	1,450.9	-1.4	71.7%	1,454.6	3.7	71.8%
Mortgage banks	195.3	-0.1	9.7%	199.5	-2.5	9.9%	199.7	0.2	9.9%
Pension funds	280.1	-0.3	14.0%	272.9	-1.0	13.5%	274.7	1.8	13.6%
Life Insurance Companies	82.3	-2.2	4.1%	82.5	0.8	4.1%	81.4	-1.2	4.0%
Other	16.9	0.7	0.8%	16.9	0.9	0.8%	16.4	-0.5	0.8%

Source: Centrale Bank van Aruba

At the end of June 2021, there were increases in the market share of the commercial banks (+0.5 percentage point) and mortgage banks (+0.2 percentage point), when compared to the second quarter of 2020. In contrast, the market share contracted for pension funds (-0.4 percentage point) and life insurance companies (-0.1 percentage point). The market share for the other financial institutions remained the same.



Source: Centrale Bank van Aruba