CENTRALE BANK VAN ARUBA

Statistical News Release
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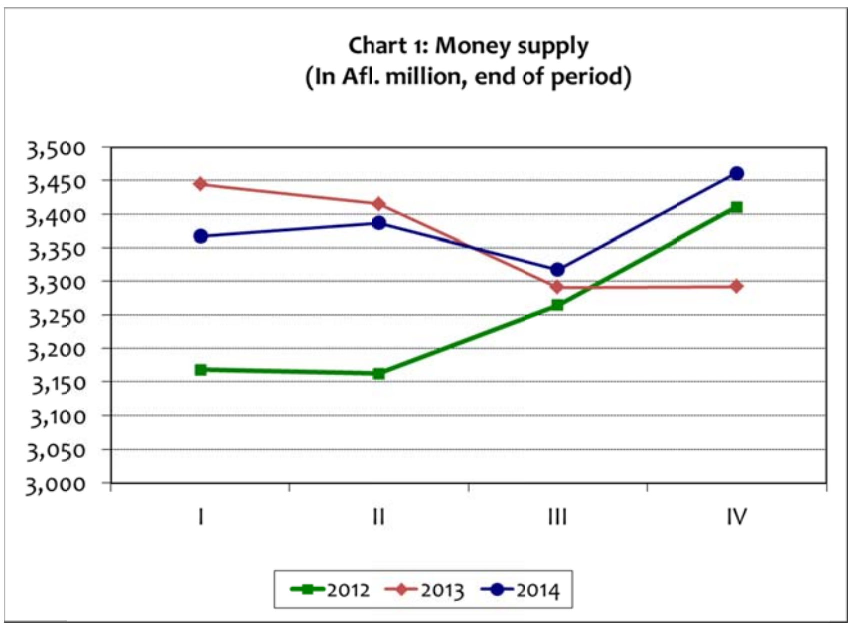
Monetary and financial developments: Money supply increased in the fourth quarter of 2014

Money and credit

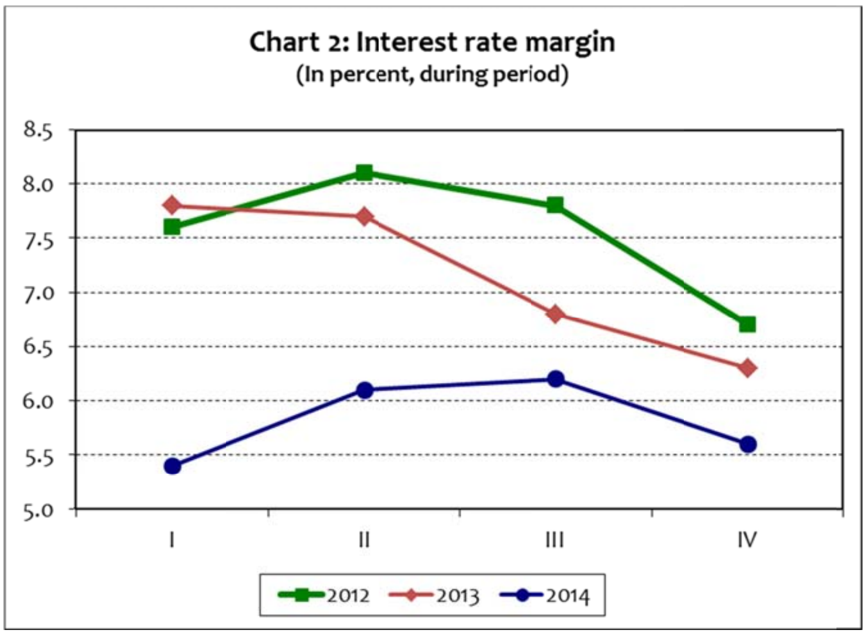
In the fourth quarter of 2014, the money supply increased by Afl. 143.7 million to Afl. 3,461.0 million, compared to the previous quarter (Chart 1). This growth resulted largely from an Afl. 135.9 million inflow of foreign funds. The expansion in net foreign assets was mainly associated with the issuances of government bonds on the international capital market of Afl. 93.1 million (USD 52.0 million) in October 2014 and Afl. 26.3 million (USD 14.7 million) in December 2014, and the proceeds of foreign loans received by the private sector in October 2014. In addition, the domestic component of the money supply increased by Afl. 7.8 million to Afl. 2,288.1 million.



The rise in net domestic assets was due to an Afl. 36.1 million growth in non-credit related balance sheet items, which was partly offset by an Afl. 28.3 million decrease in domestic credit. The decline in domestic credit was due to an Afl. 39.4 million decrease in the net claims of the banking sector on the public sector, stemming from an Afl. 45.9 million expansion in government deposits related to the government loans mentioned above and an Afl 9.6 million decline in development funds. In contrast, claims on the private sector grew by Afl. 11.0 million, owed to gains in housing mortgages of Afl. 10.6 million (to Afl. 1,049.4 million) and in loans to enterprises of Afl. 8.2 million (to Afl. 1,330.7 million). Consumer credit, on the other hand, declined by Afl. 4.0 million (to Afl. 586.1 million). The contraction in non-credit related balance sheet items was caused largely by increases in the balance sheet items "accounts receivable and prepayments" and "shareholders' equity".

Interest rate margin

In the fourth quarter of 2014, 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 0.6 percentage point to 5.6 percent, compared to the third quarter of 2014 (Chart 2). This resulted from an increase in the weighted average rate of interest offered on new deposits of 0.6 percentage point to 2.2 percent and a decline in the weighted average rate of interest paid on new loans of 0.2 percentage point to 7.7 percent.

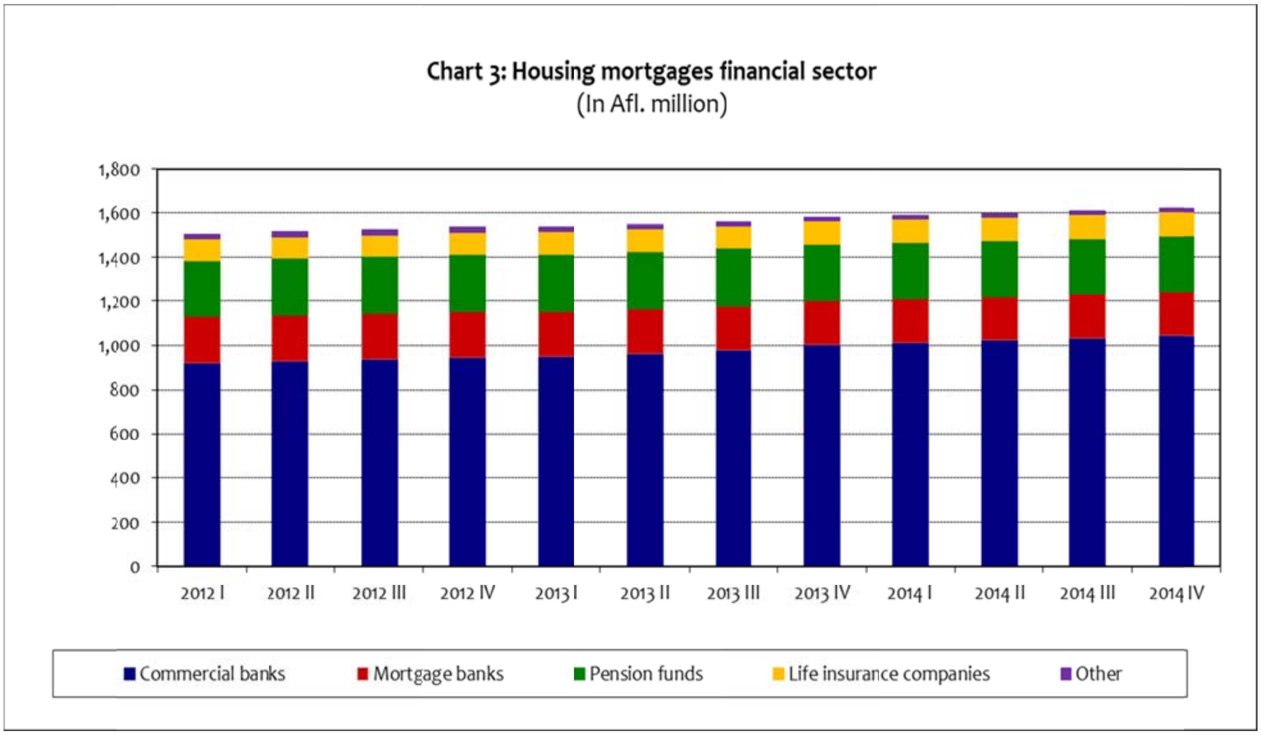


Nonmonetary financial institutions

At the end of December 2014, the aggregated balance sheet total of the nonmonetary financial institutions grew by Afl. 257.2 million or 7.6 percent to Afl. 3,630.3 million, compared to end-September 2014. This expansion was mainly caused by an Afl. 248.9 million increase in domestic claims due mainly to an Afl. 170.0 million rise in long-term claims of the civil service pension fund (APFA) and a rise of Afl. 95.6 million in the claims of the private sector. In addition, net foreign assets increased by Afl. 8.3 million. On the liability side, other items net went up by Afl. 554.3 million, mainly due to the implementation of the new pension agreement "NPR 2014" of the civil service pension fund (APFA). The insurance reserve fund also increased by Afl. 12.1 million. In contrast, pension fund provisions declined by Afl. 309.0 million, which was also related to the implementation of the new pension agreement "NPR 2014". Borrowings and deposits remained practically unchanged at Afl. 38.8 million at the end of December 2014.

Mortgage market

Housing mortgage lending of the financial institutions rose by Afl. 13.6 million to Afl. 1,621.6 million at the end of December 2014, compared to end-September 2014. This growth resulted from increases in housing mortgage lending by the commercial banks of Afl. 10.4 million, mortgage banks of Afl. 2.8 million and life insurance companies of Afl. 1.1 million. In contrast, housing mortgage lending by the pension funds fell by Afl. 0.7 million (chart 3).



At the end of December 2014, the market share of the commercial banks, pension funds, mortgage banks, life insurance companies and other financial institutions remained practically unchanged (table 1).

Table 1: Market share in %	2014 III	2014 IV
Commercial banks	64.2	64.3
Mortgage banks	12.4	12.4
Pension funds	15.8	15.6
Life insurance companies	6.6	6.6
Other	1.1	1.0