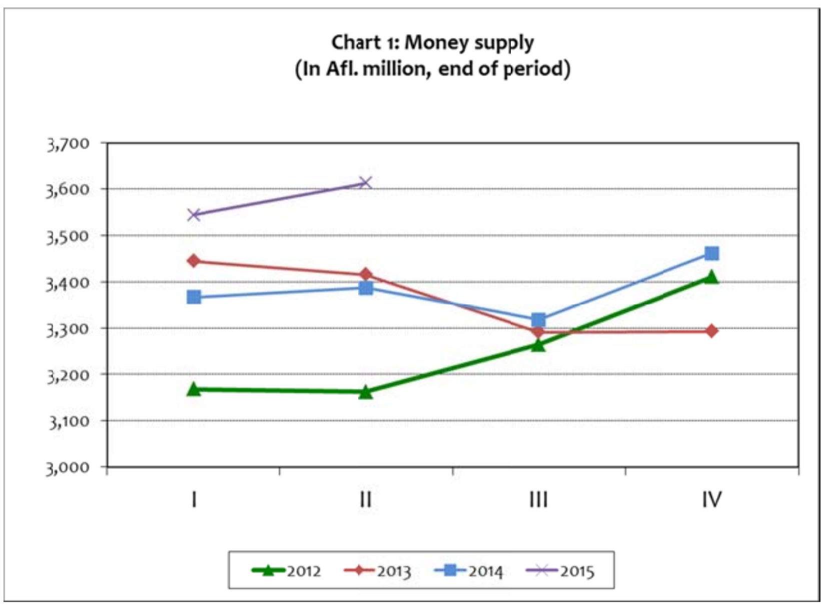
CENTRALE BANK VAN ARUBA

Statistical News Release
Date: January 19, 2016

Monetary and financial developments: Money supply increased in the second quarter of 2015

Money and credit

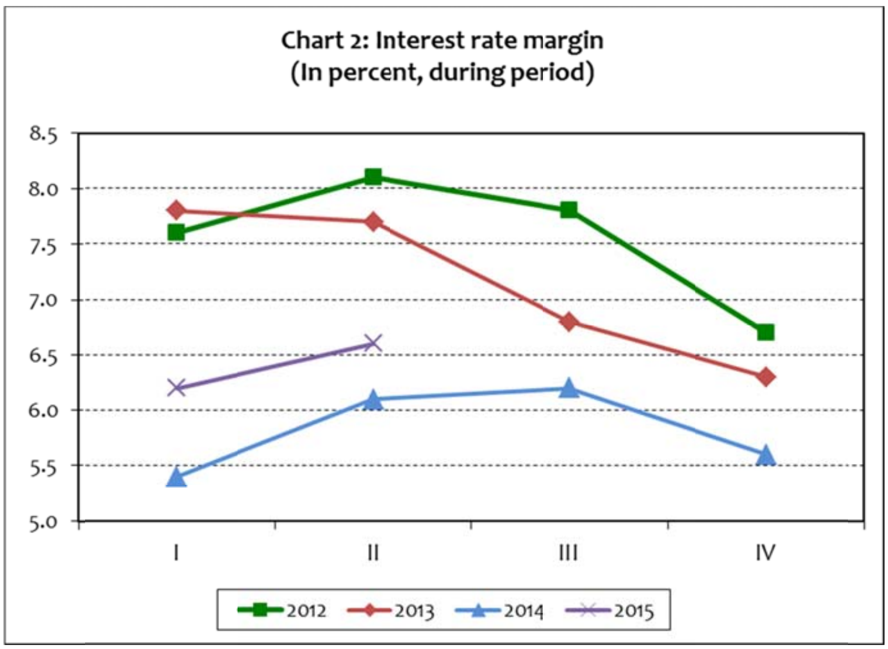
In the second quarter of 2015, the money supply increased by Afl. 68.8 million to Afl. 3,612.6 million, compared to the previous quarter (Chart 1). This growth was the result of an Afl. 116.7 million inflow of foreign funds and an Afl. 47.9 decrease in the domestic component of the money supply. The rise in the net foreign assets was associated with net purchases of foreign exchange by the commercial banks from the public, mainly related to higher receipts of foreign loans and decreases in currency and deposit balances of resident companies related to their notified foreign accounts, and to a lesser extent to an Afl. 23.1 million inflow of foreign funds related to government bonds issued in May 2015.



The decline in net domestic assets was mainly associated with an Afl. 52.6 million fall in non-credit related balance sheet items, which was slightly offset by an Afl. 4.7 million rise in the domestic credit. The contraction in non-credit related balance sheet items was caused largely by increases in balance sheet items "other liabilities", "shareholders' equity" and clearing transactions. The rise in domestic credit was due to a rise in the net claims of the banking sector on the public sector. This was related to decreases in government deposits of Afl. 28.0 million and development funds of Afl. 6.1 million, and a fall of Afl. 30.1 million in the claims of the banking sector on the private sector. The latter was due to a decrease of Afl. 34.8 million in loans to enterprises and a decrease of Afl. 3.3 million in consumer credit. In contrast, housing mortgages increased by Afl. 7.4 million to Afl. 1,065.6 million.

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 6.6 percent in the second quarter of 2015, when compared to the first quarter of 2015 (Chart 2). This resulted from a rise in the weighted average rate of interest paid on new loans of 0.3 percentage point to 8.6 percent, and a decline in the weighted average rate of interest offered on new deposits of 0.1 percentage point to 2.0 percent.

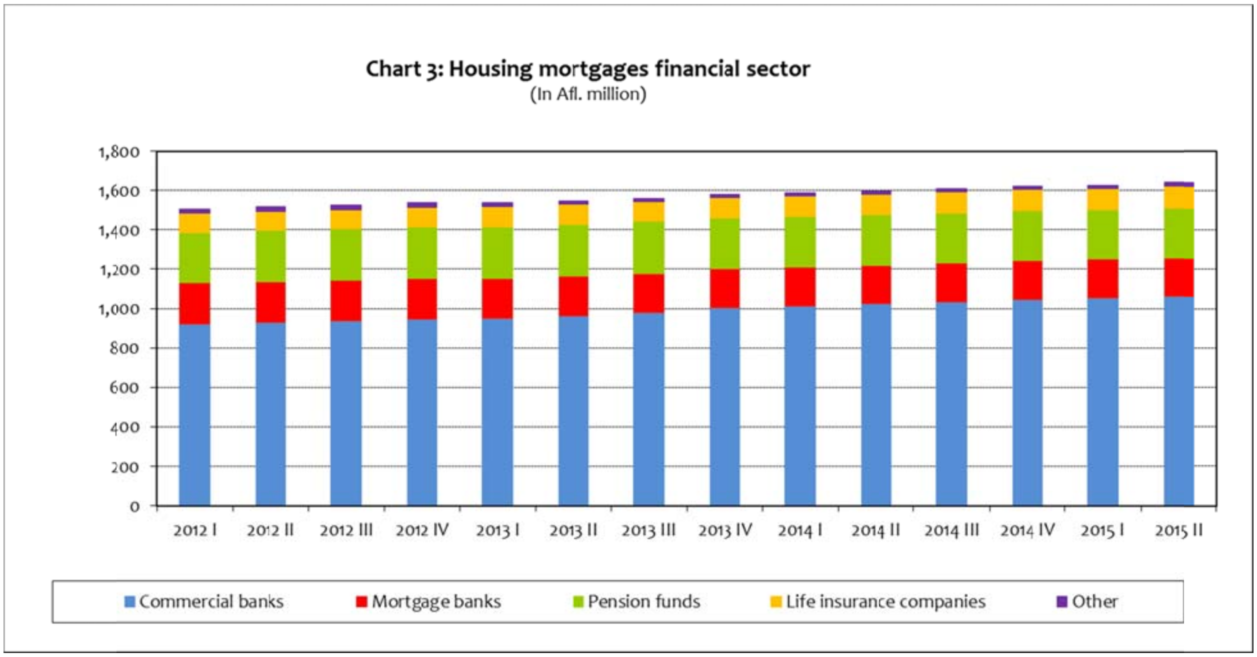


Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions increased by Afl. 8.3 million or 0.2 percent to Afl. 3,619.7 million, compared to end-of-March 2015. This rise was a result of an Afl. 25.2 million increase in domestic claims and an Afl. 16.9 million decline in the net foreign assets. On the liability side, both the pension fund provisions and insurance reserve fund went up by Afl. 16.4 million and Afl. 7.3 million, respectively. In contrast, other items net declined by Afl. 16.1 million, while borrowings and deposits increased slightly by Afl. 0.1 million to Afl. 38.9 million at the end of June 2015.

Mortgage market

Housing mortgage lending of the financial institutions rose by Afl. 14.5 million to Afl. 1,641.2 million at the end of June 2015, compared to end-March 2015. This growth resulted from increases in housing mortgage lending by the commercial banks of Afl. 7.5 million, pension funds of Afl. 3.6 million and life insurance companies of Afl. 3.2 million. In contrast, housing mortgage lending by the mortgage banks fell by Afl. 0.2 million (chart 3).



At the end of June 2015, there was a rise in the market share of the life insurance companies of 0.2 percentage point and pension funds of 0.1 percentage point, while the market share of the commercial banks declined by 0.2 percentage point and mortgage banks by 0.1 percentage point when compared to the first quarter of 2015 (table 1).

Table 1: Market share in %	2015 I	2015 II
Commercial banks	64.7	64.5
Mortgage banks	12.2	12.1
Pension funds	15.3	15.4
Life insurance companies	6.6	6.8
Other	1.1	1.2