



CENTRALE BANK VAN ARUBA

Statistical News Release

Date: June 12, 2020

Monetary and financial developments during the first quarter of 2020: Loans to enterprises decreased

Money and credit

In the first quarter of 2020, the money supply expanded by Afl. 131.2 million to Afl. 4,700.6 million, compared to the fourth quarter of 2019 (Table 1 and Chart 1). This growth resulted from increases in net foreign assets (+Afl. 100.5 million) and in net domestic assets (+Afl. 30.7 million).

Table 1: Monetary survey (figures in Afl. million)	2019		2020	Changes	
	Q1	Q4	Q1	Q1-20 vs Q1-19	Q1-20 vs Q4-19
I. Net domestic assets	2,490.8	2,856.9	2,887.6	396.8	30.7
A. Domestic credit	3,632.5	3,964.1	4,010.6	378.1	46.5
◦ Net claims on the public sector	318.7	502.6	560.8	242.1	58.1
◦ Claims on the private sector	3,313.8	3,461.4	3,449.8	136.0	-11.6
▪ Loans to enterprises	1,418.6	1,533.8	1,511.4	92.8	-22.4
▪ Loans to individuals	1,883.7	1,915.0	1,925.6	41.9	10.7
- Consumer credit	529.3	505.9	507.4	-21.9	1.5
- Housing mortgages	1,354.4	1,409.1	1,418.2	63.8	9.1
▪ Other claims by the banking sector	11.6	12.6	12.8	1.2	0.1
B. Non-credit-related balance sheet items	-1,141.8	-1,107.2	-1,123.0	18.8	-15.8
II. Net foreign assets	1,916.5	1,712.5	1,813.0	-103.5	100.5
III. Broad money	4,407.3	4,569.4	4,700.6	293.3	131.2
Money	2,666.6	2,574.8	2,670.9	4.3	96.1
Quasi-money	1,740.6	1,994.6	2,029.7	289.1	35.1

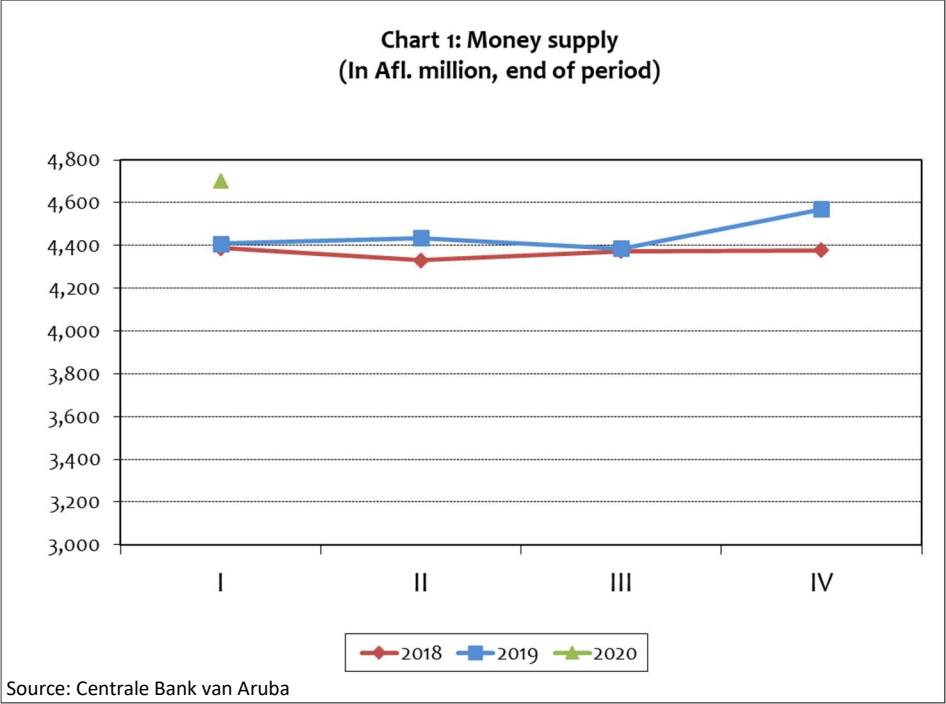
Source: Centrale Bank van Aruba

The expansion in the domestic component of the money supply was the result of an increase in domestic credit of Afl. 46.5 million and a decrease in non-credit related balance sheet items of Afl. 15.8 million. The decline in the non-credit related balance sheet items was mainly the result of increases in 'Accounts receivable and prepayments' and 'Other Liabilities', and a decrease in 'Borrowings', and clearing transactions.

The increase in domestic credit was caused by an expansion in the net claims of the banking sector on the public sector (+Afl. 58.1 million) and a decline in the claims of the banking sector on the private sector (-Afl. 11.6 million). The higher net claims of the banking sector on the public sector

resulted from lower government deposits (Afl. 49.8 million) and an increase in gross claims (+Afl. 8.3 million).

The lower claims of the banking sector on the private sector was caused by a contraction in loans to enterprises (-Afl. 22.4 million) and increases in housing mortgages (+Afl. 9.1 million) and consumer credit (+Afl. 1.5 million).

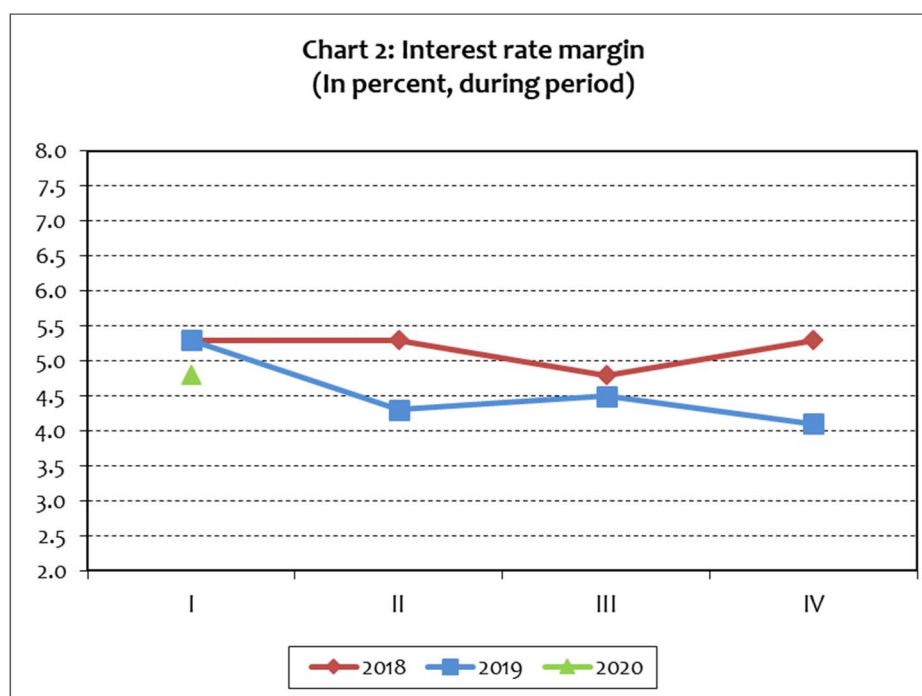


Interest rate margin

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 0.7 percentage point to 4.8 percent in the first quarter of 2020, when compared to the fourth quarter of 2019 (Table 2 and Chart 2). This resulted from an increase of 0.7 percentage point to 6.8 percent in the weighted average rate of interest charged on new loans, while the weighted average rate of interest offered on new deposits remained unchanged at 2.0 percent.

Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)	2019		2020
	Q1	Q4	Q1
Weighted average rate of interest on new deposits	1.6	2.0	2.0
Time deposits ≤ 12 months	1.0	1.6	1.6
Time deposits > 12 months	2.6	2.8	2.7
Savings deposits	1.3	1.9	1.5
Weighted average rate of interest on new loans	6.9	6.1	6.8
Individual			
Consumer credit	8.6	9.2	9.2
Housing mortgages	5.6	5.6	5.6
Commercial			
Commercial mortgages	6.6	6.4	6.5
Other loans - Including current accounts (overdraft) facilities	7.2	5.4	6.3
Interest rate margin	5.3	4.1	4.8

Source: Centrale Bank van Aruba



Source: Centrale Bank van Aruba

Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions decreased by Afl. 150.7 million or 3.3 percent to Afl. 4,432 million, compared to the fourth quarter of 2019 (Table 3). This decline was caused by a decrease in net foreign assets (-Afl. 155.7 million) and an increase in domestic

claims (+Afl. 5.0 million). On the liability side, the insurance reserve fund, the pension fund provisions, and 'borrowings and deposits' grew by Afl. 37.0 million, Afl. 16.7 million, and Afl. 1.3 million, respectively, when compared to the fourth quarter of 2019. A negative Afl. 89.9 million was recorded for other items (net), compared to Afl. 115.7 million in the previous quarter.

Table 3: Nonmonetary financial institutions End of period	2019		2020	Changes	
	Q1	Q4	Q1	Q1-20 vs Q1-19	Q1-20 vs Q4-19
1. Net foreign assets	1,491.1	1,634.2	1,478.5	-12.6	-155.7
2. Domestic claims	2,729.9	2,948.5	2,953.5	223.6	5.0
a. Government	1,545.5	1,499.4	1,456.0	-89.5	-43.4
b. Private sector	1,184.3	1,449.1	1,497.5	313.2	48.4
3. Total assets = total liabilities	4,221.0	4,582.7	4,432.0	211.0	-150.7
4. Borrowings and deposits	9.9	18.9	20.2	10.3	1.3
a. Government	2.0	2.0	2.0	0.0	0.0
b. Other residents	7.9	16.9	18.2	10.3	1.3
5. Pension fund provisions	3,072.1	3,126.1	3,142.8	70.7	16.7
6. Insurance reserve fund	1,280.9	1,321.9	1,358.9	78.0	37.0
7. Other items, net	-142.0	115.7	-89.9	52.1	-205.6

Source: Centrale Bank van Aruba

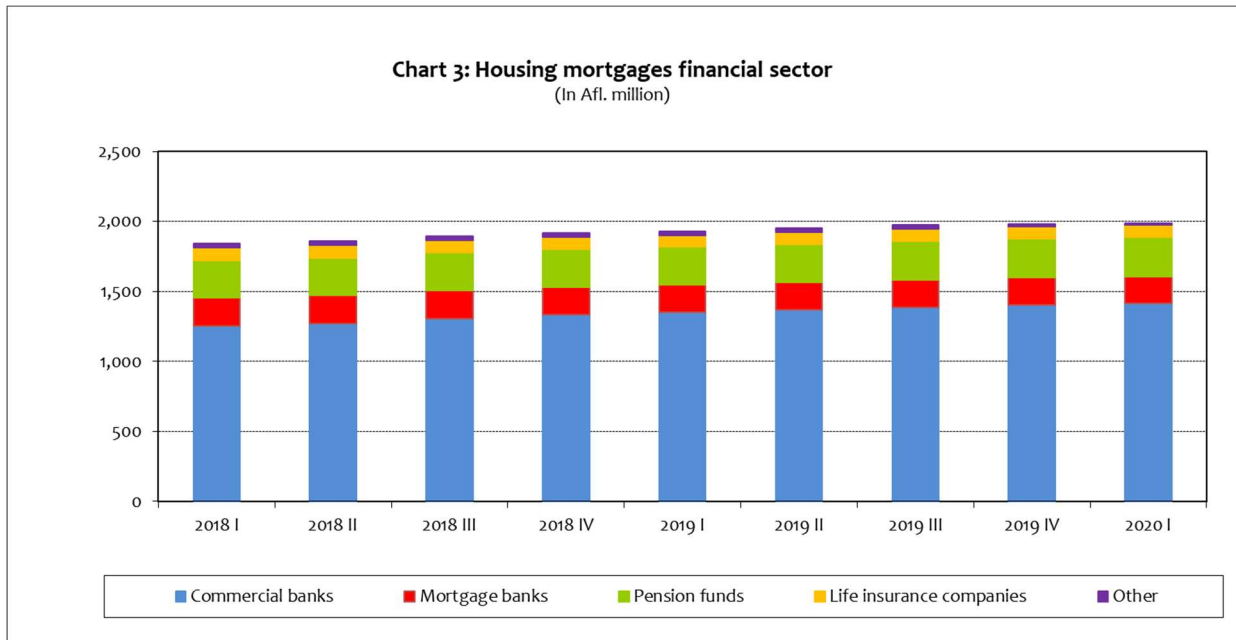
Mortgage market

Housing mortgage lending of the financial institutions expanded by Afl. 9.2 million to Afl. 1,988.5 million at the end of March 2020, compared to the end of December 2019 (Table 4 and Chart 3). This increase resulted from the growth in housing mortgage lending by the commercial banks (+Afl. 9.2 million), pension funds (+Afl. 0.5 million), and mortgage banks (+Afl. 0.6 million). In contrast, housing mortgage lending by life insurance companies and other financial institutions decreased by Afl. 0.7 million and Afl. 0.3 million, respectively.

Table 4: Housing mortgages	2019						2020		
	Q1			Q4			Q1		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
End of period									
Total	1,929.8	10.8	100.0%	1,979.3	18.7	100.0%	1,988.5	9.2	100.0%
Commercial banks	1,349.0	16.0	69.9%	1,402.8	18.3	70.9%	1,412.0	9.2	71.0%
Mortgage banks	196.7	-1.5	10.2%	194.8	-2.2	9.8%	195.4	0.6	9.8%
Pension funds	272.6	-0.3	14.1%	279.9	1.2	14.1%	280.4	0.5	14.1%
Life Insurance Companies	81.2	-3.9	4.2%	85.3	0.6	4.3%	84.6	-0.7	4.3%
Other	30.4	0.4	1.6%	16.5	0.9	0.8%	16.2	-0.3	0.8%

Source: Centrale Bank van Aruba

At the end of March 2020, there was an increase in the market share of the commercial banks of 1.1 percentage points and the life insurance companies of 0.1 percentage point, when compared to the first quarter of 2019. In contrast, the market share decreased for the other financial institutions (-0.8 percentage point) and mortgage banks (-0.4 percentage point). In addition, the market share of the pension funds remained unchanged.



Source: Centrale Bank van Aruba