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Developments in loan and deposit markets in April 2019

In April 2019, new loans[1] extended by banks totalled MDL 2,958.0 million, recording an increase of 30.4%, compared to April 2018.

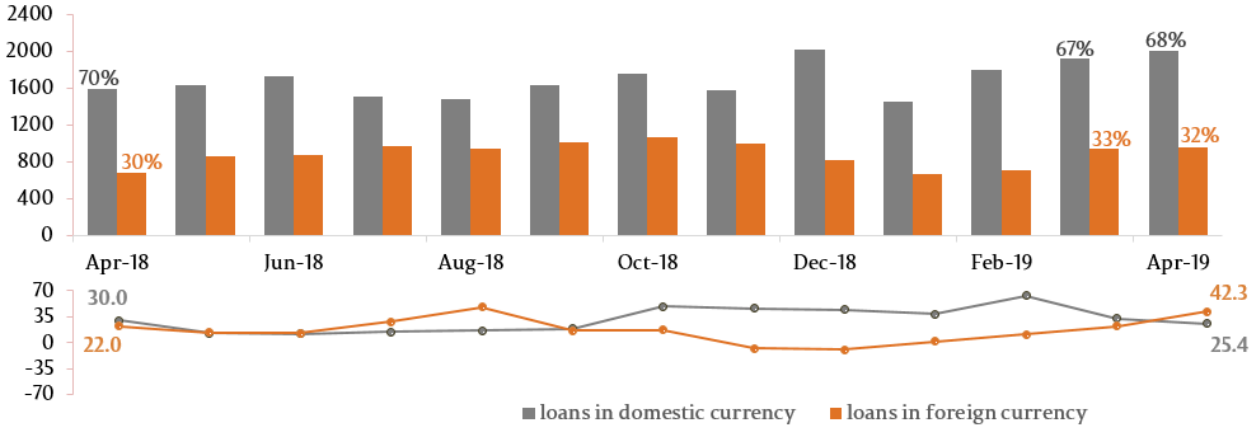
Domestic and foreign currency loans accounted for 67.7% and – 32.3%, respectively. (Chart 1, upper chart).

Domestic currency loans totalled MDL 2,001.6 million (+4.0% compared to the previous month and +25.4% compared to April 2018 (Chart 1 lower chart)).

Foreign currency loans recalculated in MDL, totalled MDL 956.6 million (+2.3% compared to the previous month and +42.3% compared to April 2018 (Chart 1 lower chart)).

Chart 1

Dynamics of new loans, million MDL (upper chart) and the annual growth rate of new loans extended by banks, % (lower chart)

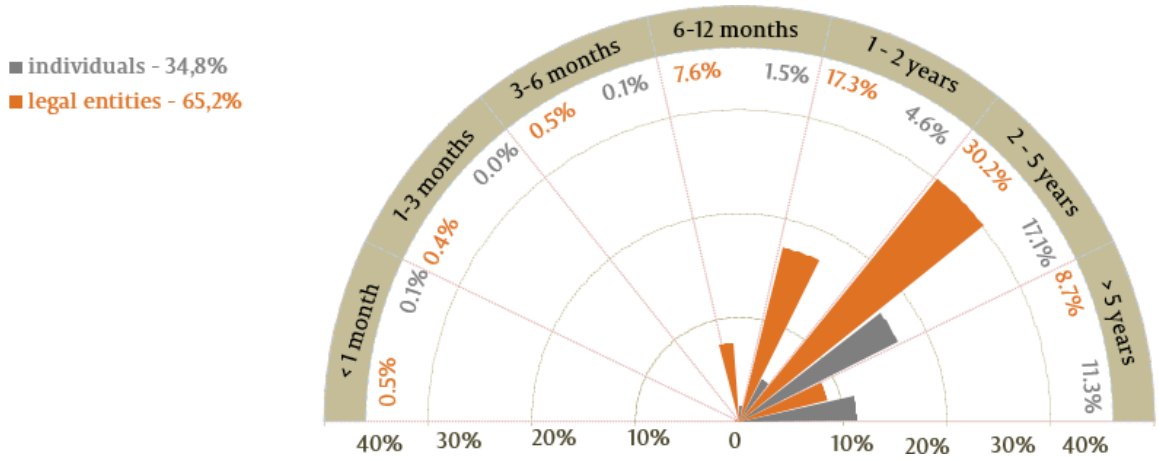


Source: Report of the NBM on average rates on new loans and deposits recorded in the banking system in April 2019.

It should be mentioned that, in terms of maturity, loans with maturity ranging from 2 to 5 years recorded the highest demand (47.3% of total loans extended), out of which the largest share of 30.2% was held by legal entities (Chart 2).

Chart 2

New loans extended, by maturity terms and shares held, %



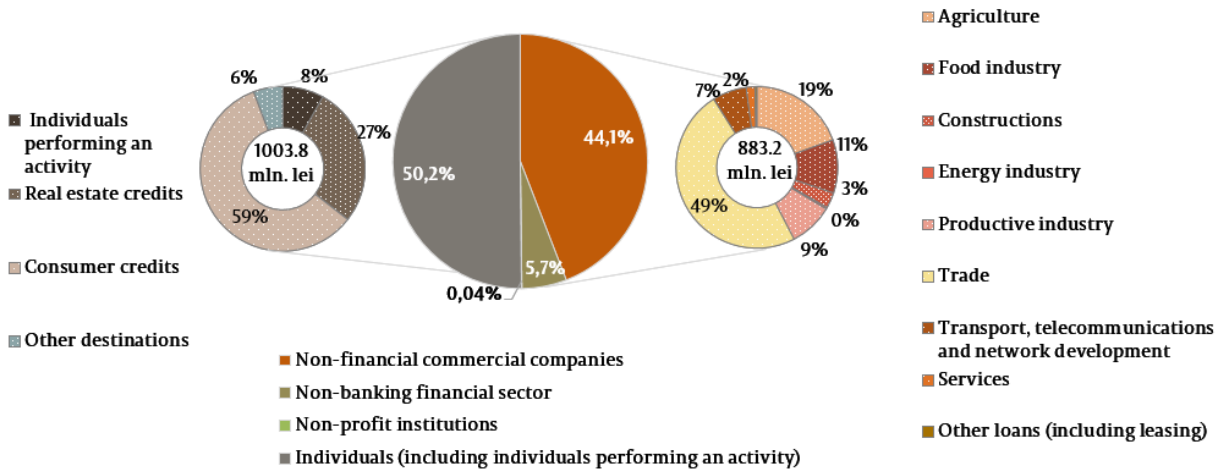
Source: Report of the NBM on average rates on new loans and deposits recorded in the banking system in April 2019.

Domestic currency loans were mainly represented by loans extended to individuals[2] (50.2%) as well as loans extended to non-financial commercial companies holding a share of 44.1% (48.6% belong to trade companies), (Chart 3).

Foreign currency loans were mainly requested by non-financial commercial companies (94.6%), trade companies having the biggest share (48.6%).

Chart 3

Domestic currency loans by business sectors, %

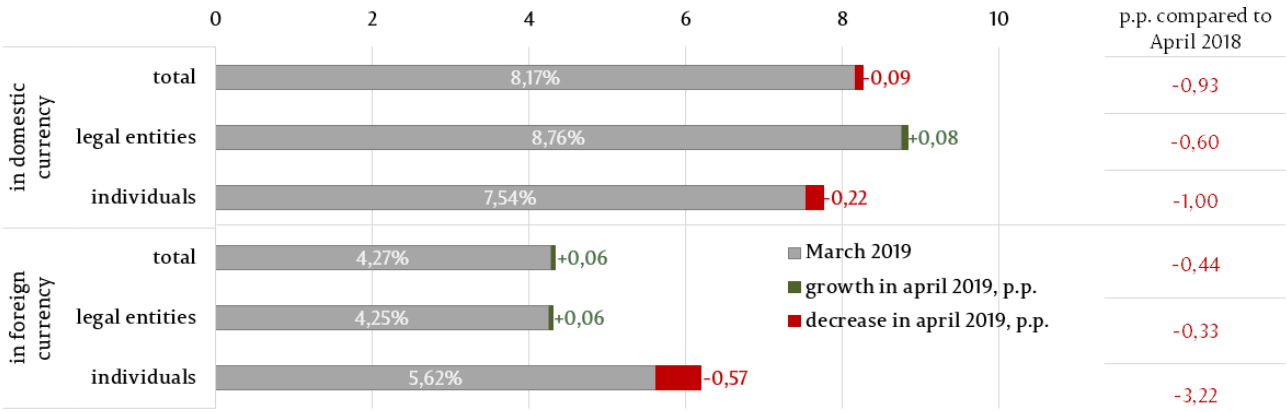


Source: Report of the NBM on average rates on new loans and deposits recorded in the banking system in April 2019.

New loans were extended at an average interest rate of 8.08% (domestic currency loans) and - 4.33% (foreign currency loans).

Chart 4

Weighted average interest rates on new loans, %



Source: Report of the NBM on average rates on new loans and deposits recorded in the banking system in April 2019.

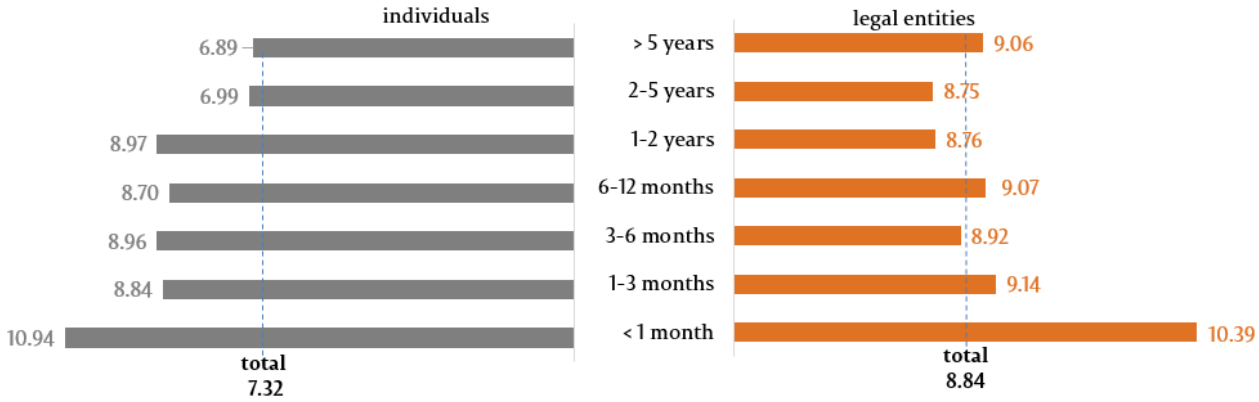
Average interest rate on domestic currency loans decreased by 0.09 percentage points compared to previous month. Individuals received loan at an average interest rate of 7.32%, while legal persons – at a rate of 8.84% (Chart 4).

Average interest rate on foreign currency loans decreased by 0.06 percentage points compared to March 2019. Individuals received loans at an average interest rate of 5.05%, while legal persons – at a rate of 4.31%.

Compared to the similar period of the previous year, the aforementioned interest rates diminished (domestic currency – by -0.44 percentage points, foreign currency – by 0.93 percentage points).

Chart 5

Average interest rates on domestic currency loans, by maturity term, %



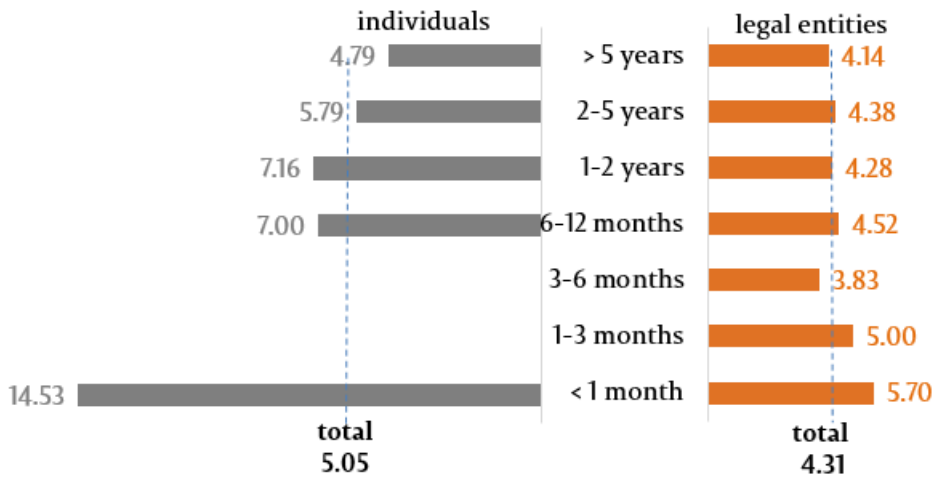
Source: Report of the NBM on average rates on new loans and deposits recorded in the banking system in April 2019.

Domestic currency loans with maturity from 2 to 5 years recorded the highest demand in the reporting month and were extended at an average interest rate of 7.88% (8.75% for legal persons and 6.99% - for individuals) (Chart 5).

It should be mentioned that the highest average interest rate on loans extended in domestic currency was registered on loans with maturity of up to 1 month (10.52%), where individuals received loans at an interest rate of 10.94%, while legal persons – 10.39%. (Chart 5)

Chart 6

Average interest rates on foreign currency loans, by maturity term, %



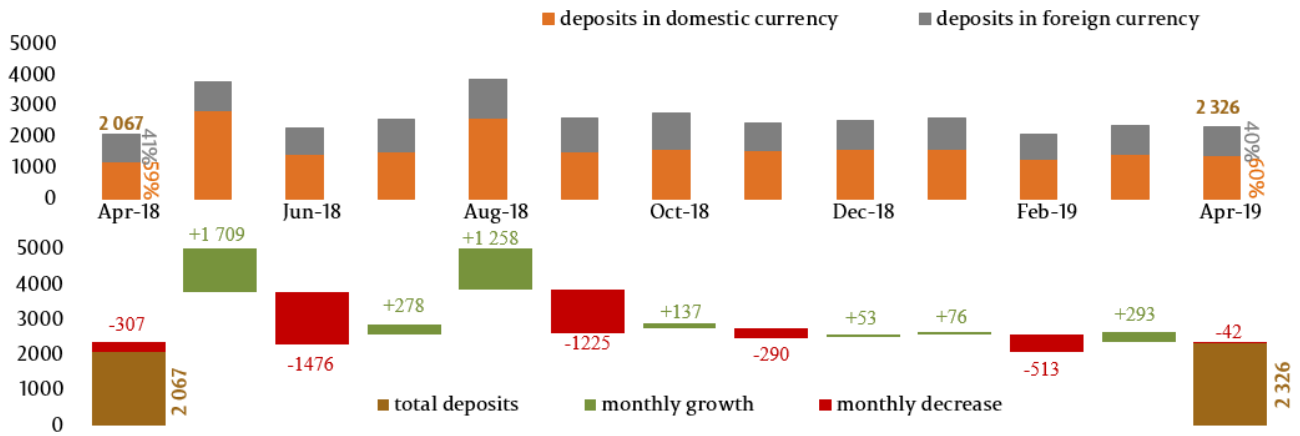
Source: Report of the NBM on average rates on new loans and deposits recorded in the banking system in April 2019.

Foreign currency loans with maturity from 2 to 5 years, recorded the highest demand and were extended at an average interest rate of 4.39% (for individuals – 5.79%, for legal persons –4.38%) (Chart 6).

In April 2019, new term deposits totalled MDL 2,326.4 million, which consists an increase of 12.5% compared to April 2018 (Chart 7).

Chart 7

Dynamics of new term deposits (upper chart) and their modification compared to the previous month (lower chart), million MDL



Source: Report of the NBM on average rates on new loans and deposits recorded in the banking system in April 2019.

Domestic currency deposits totalled MDL 1,391.5 million (-5.0% compared to the previous month and +14.4%compared to April 2018).

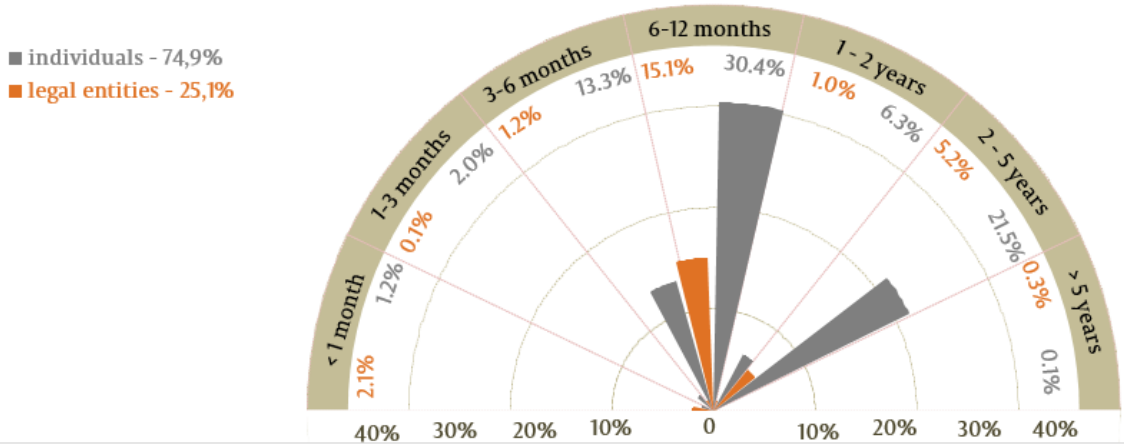
Foreign currency deposits, recalculated in MDL, totalled MDL 934.9 million (+3.4% compared to the previous

month and +9.8% compared to April 2018).

Domestic currency deposits accounted for a share of 59.8%, while foreign currency deposits -40.2% of total deposits.

Chart 8

Total deposits by maturity terms and shares held, %



Source: Report of the NBM on average rates on new loans and deposits recorded in the banking system for March 2019.

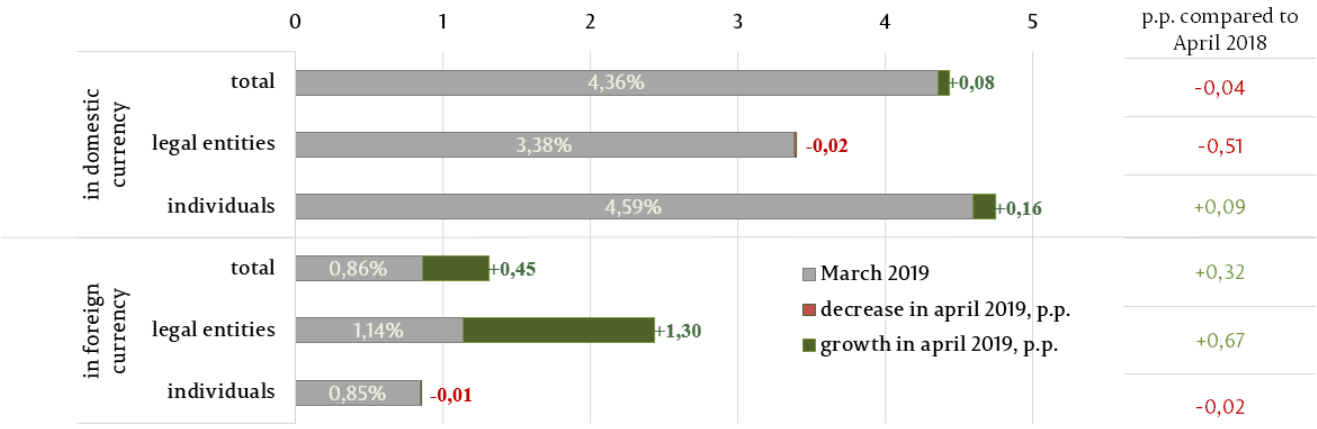
In April 2019, deposits were mainly represented by deposits of individuals – 74.9% (of which 46.5% represent domestic currency deposits, and 28.3% - foreign currency deposits).

In terms of maturity, the highest demand was recorded for deposits placed for a period from 6 to 12 months (45.5% of total term deposits). It is worth mentioning that by categories of clients, a significant share of deposits was held by individuals (30.4% of total deposits placed).

The average interest rate for deposits in domestic currency constituted 4.44%, and in foreign currency – 1.31%.

Chart 9

Weighted average interest rates on new deposits, %



Source: Report of the NBM on average rates on new loans and deposits recorded in the banking system in April 2019.

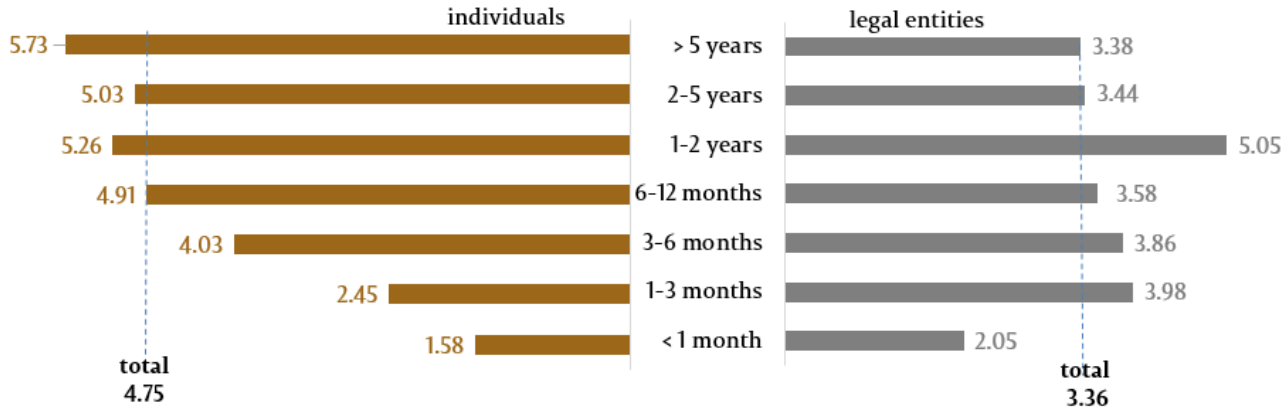
Average interest rate on new term deposits in domestic currency increased by 0.08 percentage points compared to the previous month. Individuals placed deposits at an average interest rate of 4.75%, while legal persons – at 3.36%.

Average interest rate on new term deposits in foreign currency increased by 0.45 percentage points compared to March 2019. Individuals placed deposits at an average interest rate of 0.84%, while legal persons – at 2.44%.

Compared to the similar period of the previous year, the average interest rate for deposits in domestic currency decreased by 0.04 percentage points (the average interest rate of deposits for individuals increased by 0.09, while for legal persons – decreased by 0.51 percentage points). The average interest rate on foreign currency deposits increased by 0.32 percentage points (deposits for legal persons increased by 0.67 percentage points and for individuals - decreased by 0.02 percentage points).

Chart 10

Average interest rates on domestic currency deposits, by maturity terms, %



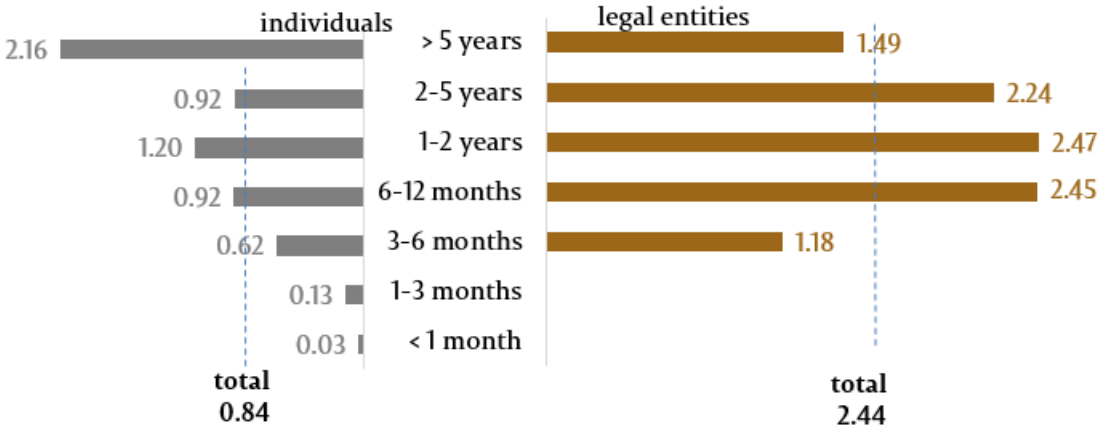
Source: Report of the NBM on average rates on new loans and deposits recorded in the banking system in April 2019.

Domestic currency deposits with maturity from 6 to 12 months, which recorded the highest demand in the reporting period, were placed at an average interest rate of 4.68% (deposits for individuals – 4.91%, deposits for legal persons – 3.58%) (Chart 10), whereas the foreign currency deposits were placed at an average interest rate of 1.69% (deposits for individuals – 0.92%, deposits for legal persons – 2.45%) (Chart 11).

The highest average interest rate on domestic currency deposits was recorded for the deposits for individuals with maturity from 1 to 2 years (5.26%) and over 5 years (5.73%), and for legal persons – for the deposits with maturity from 1 to 2 years (5.05%) (Chart 10)

Chart 11

Average interest rates on foreign currency deposits, by maturity terms, %



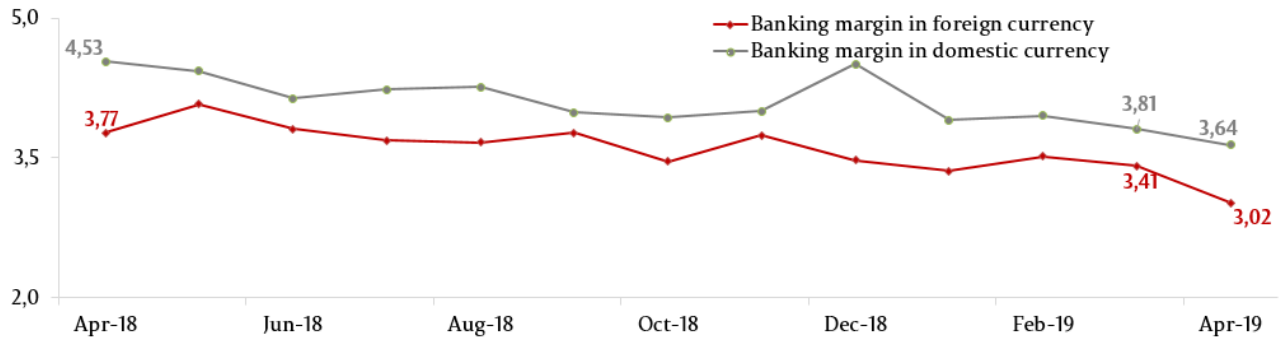
Source: Report of the NBM on average rates on new loans and deposits recorded in the banking system for March 2019.

The highest average interest rate on foreign currency deposits was recorded for the deposits of individuals with maturity over 5 years (2.16%), and for the deposits of legal persons with maturity from 1 to 2 years (2.47%).

Interest rate margin for the operations with domestic currency constituted 3.64 percentage points, while for foreign currency – 3.02 percentage points.

Chart 12

Bank interest margin, annual percentage points



Source: Report of the NBM on average rates on new loans and deposits recorded in the banking system in April 2019.

Interest rate margin of operations conducted in domestic currency decreased by 0.17 percentage points compared to the previous month and by 0.89 percentage points compared to April 2018.

Interest rate margin of operations conducted in foreign currency decreased by 0.40 percentage points compared to the previous month and by 0.75 percentage points compared to April 2018.

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1. The data is presented according to the Guidelines on Preparation and Presentation of Reports on Interest Rates applied by banks in the Republic of Moldova, approved by the Decision of the Executive Board of the NBM no. 331 of 01 December 2016, Official Monitor of the Republic of Moldova no.441-451 of 16 December 2016, with amendments and completions.

2. Including economically active individuals.

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