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Developments in loan and deposit markets in November 2019

In November 2019, new loans[1] extended by banks totalled MDL 2,906.9 million, an increase of 12.8%, compared to November 2018.

The share of loans issued in domestic currency totalled 61.3%, in foreign currency – 36.5%, while those linked to the exchange rate2 – 2.2% (Chart 1, upper chart).

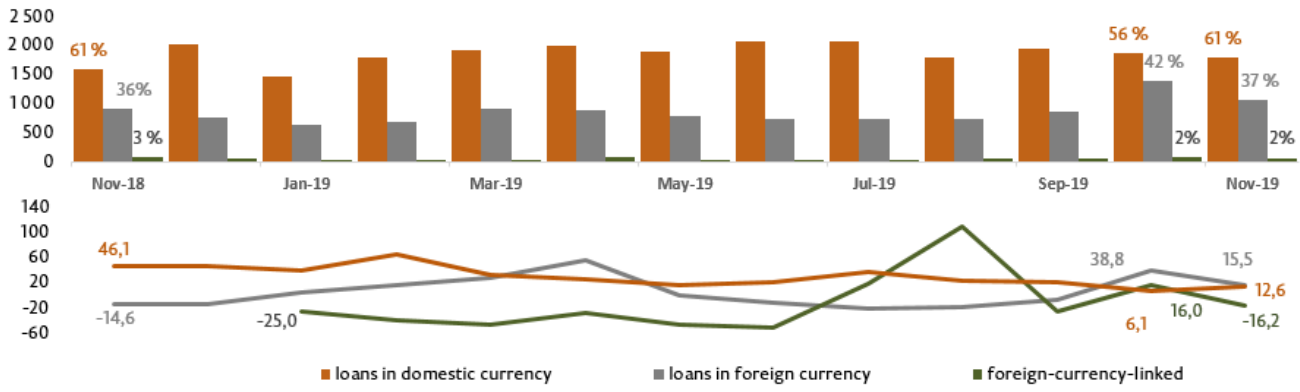
The amount of loans issued in domestic currency constituted MDL 1,781.7 million (-4.6% compared to the previous month and +12.6% compared to November 2018 (Chart 1, lower chart)).

The amount of loans issued in foreign currency recalculated in MDL, totalled MDL 1,061.5 million (-24.0% compared to the previous month and +15.5% compared to November 2018 (Chart 1, lower chart)).

The amount of foreign-currency-linked loans constituted MDL 63.7 million (-12.0% compared to the previous month and -16.2% compared to November 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)

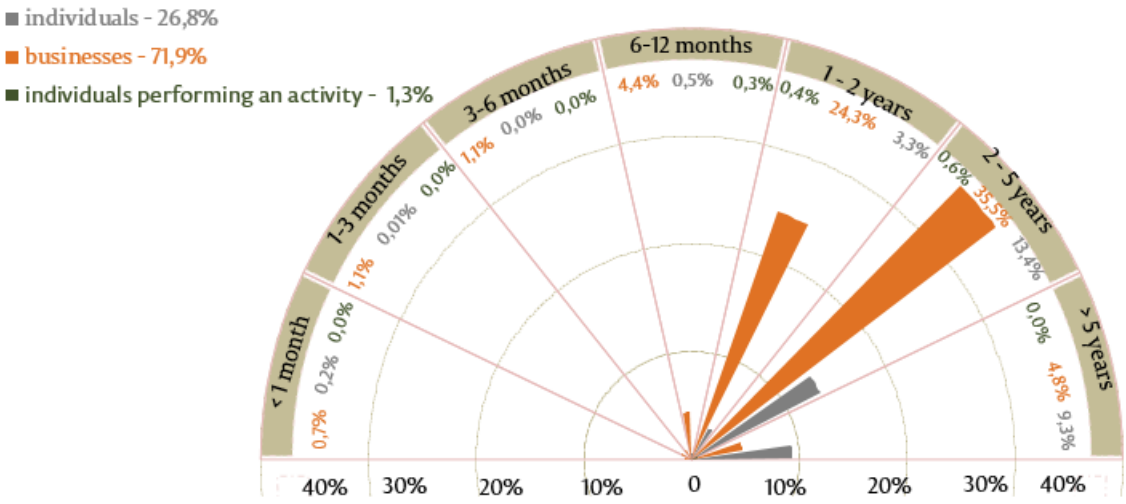


Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in November 2019.

It should be mentioned that, in terms of maturity, loans with maturity ranging from 2 to 5 years recorded the highest demand (49.5% of total loans extended), out of which the largest share of 35.5% of the total loans was held by businesses (Chart 2).

Chart 2

New loans extended by maturity and their shares, %



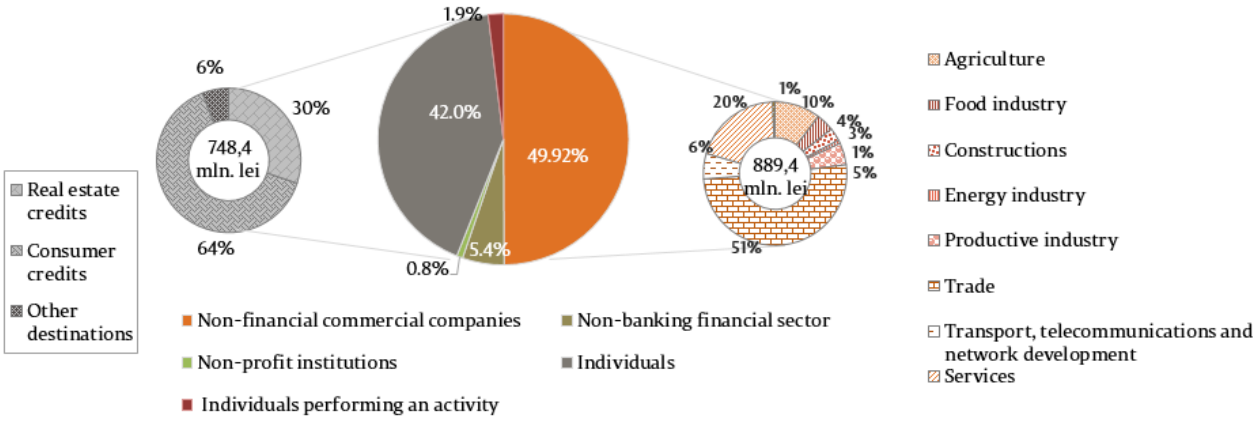
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in November 2019.

Domestic currency loans were mainly represented by loans extended to businesses[2] (56.1%), including loans extended to non-financial commercial companies holding a share of 49.9% (51.0% belong to trade) (Chart 3).

Foreign currency loans were mainly requested by non-financial commercial companies (94.4%), and the largest share (69.1%) belongs to trade.

Chart 3

Domestic currency loans by business sectors, %

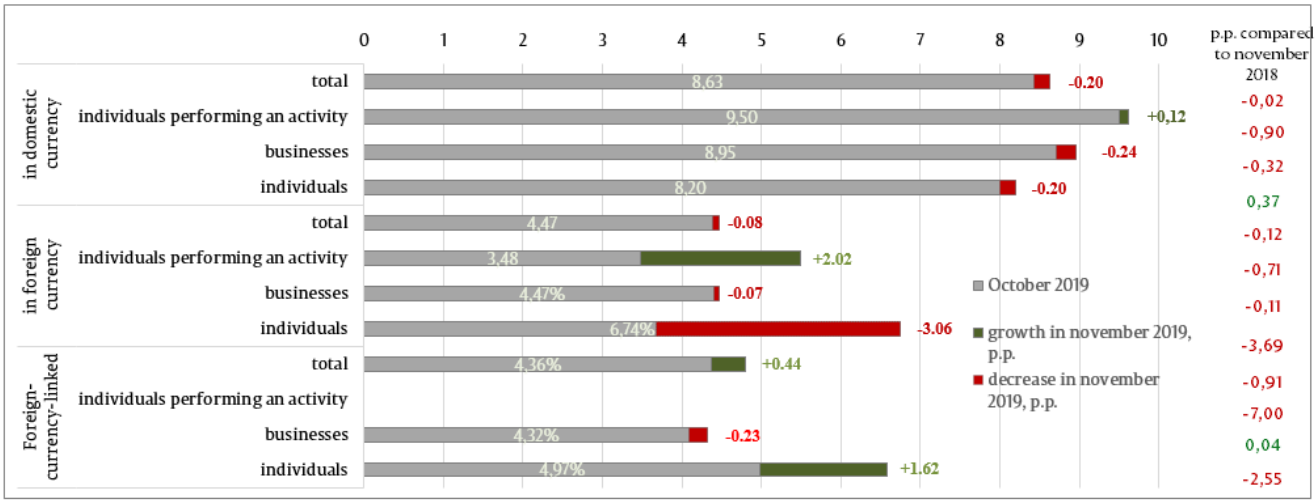


Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in November 2019.

New loans in domestic currency were extended at an average interest rate of 8.43%, the loans in foreign currency – 4.39%, and those attached to exchange rates – 4.80%.

Chart 4

Weighted average interest rates on new loans, %



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

Average interest rate of domestic currency loans increased by 0.20 percentage points compared to the previous month. Individuals received loans at an average interest rate of 8.00%, businesses – at a rate of 8.71%, while individuals performing an activity[3] – at a rate of 9.62%. (Chart 4).

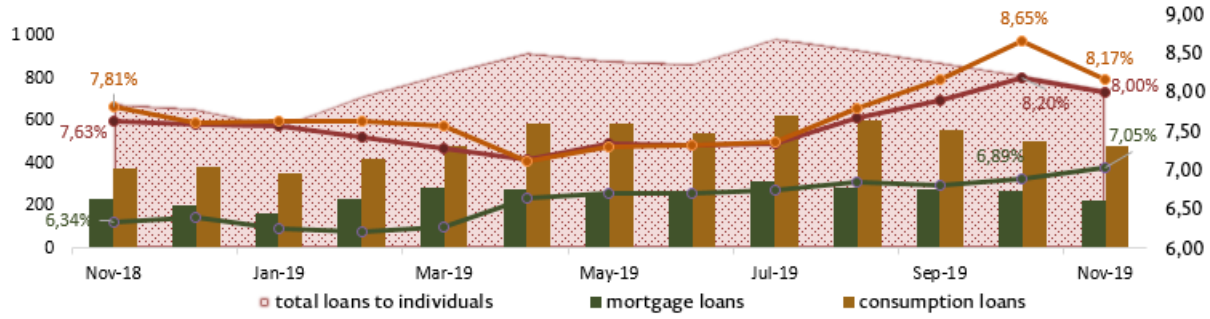
Average interest rate of foreign currency loans decreased by 0.08 percentage points compared to October 2019. Individuals received loans at an average interest rate of 3.68%, businesses – at a rate of 4.40%, while individuals performing an activity – at a rate of 5.50%.

Average interest rate of foreign-currency-linked loans increased by 0.44 percentage points, compared to October 2019. Individuals received loans at an average interest rate of 6.59%, businesses – at a rate of 4.09%, while individuals performing an activity did not apply for loans attached to the exchange rate in November.

Compared to the similar period of the previous year, the interest rates of domestic currency loans decreased by 0.02 percentage points, of foreign currency loans – by 0.12 percentage points, and of those attached to the exchange rate – by 0.91 percentage points.

Chart 5

The volume (million MDL) and the average interest rates of loans issued to individuals, in domestic currency (%)



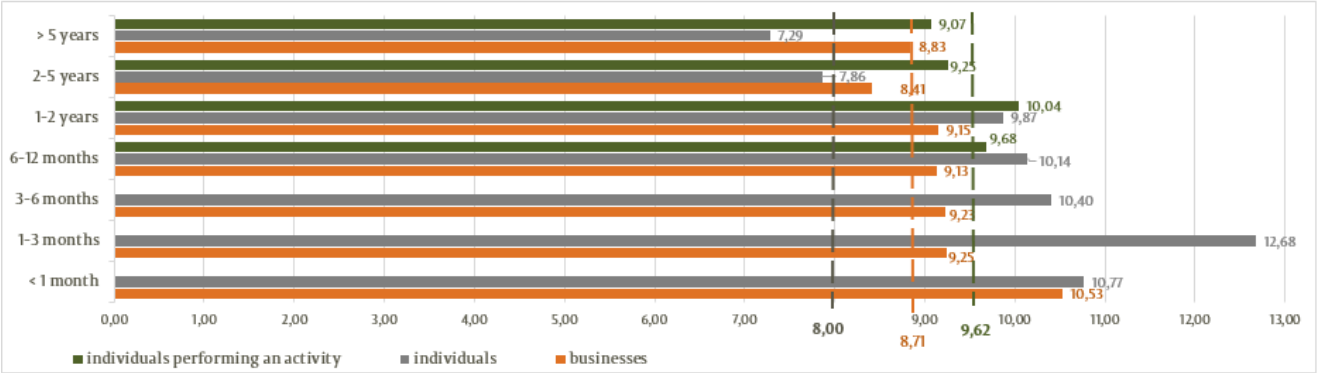
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in November 2019.

The volume of loans in domestic currency issued to individuals in November 2019 diminished in comparison with the previous month by 8.7% and totalled MDL 748.37 million (Chart 5). The average rate of

loans issued to individuals in the same period decreased by 0.2 percentage points and constituted 8.00%. From the perspective of scope of issued loans, the consumer loans had the highest share (63.9%), and the highest rate (8.17%). In comparison with the previous reference month, the rate of consumer loans decreased by 0.48 percentage points, while the rate of mortgage loans increased by 0.16 percentage points. Compared to the previous year, also on increase, the rate of consumer loans increased by 0.36 percentage points, while of mortgage loans – by 0.70 percentage points. It should be mentioned that the share of mortgage loans issued in domestic currency constituted 89.5% (5.7% refer to the loans attached to the exchange rate), while consumer loans – 99.0% (0.1% were issued as attached to the exchange rate).

Chart 6

Average interest rates of domestic currency loans, by maturity, %



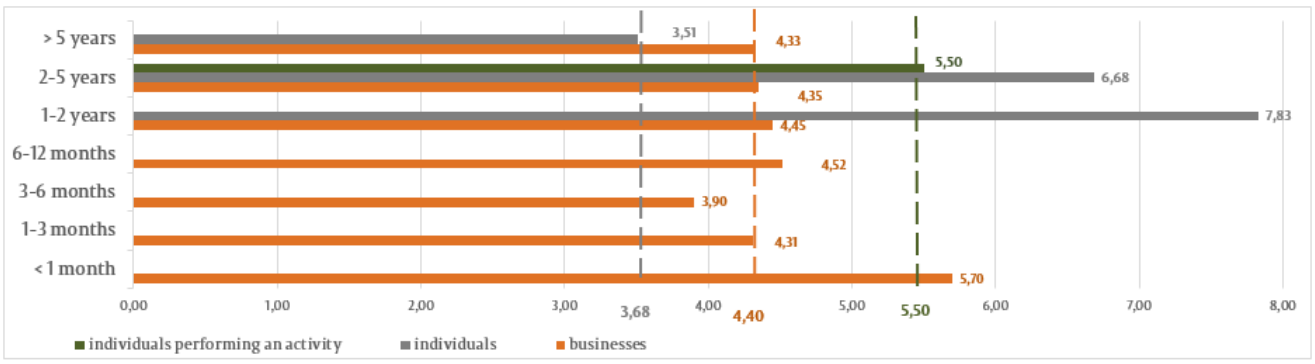
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in November 2019.

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 8.21% (8.41% for businesses, 7.86% - for individuals, and 9.25% for individuals performing an activity) (Chart 6).

It should be mentioned that the highest average interest rate of extended domestic currency loans to individuals was registered for loans with maturity from 1 to 3 months (12.68%), for businesses – with maturity up to one month and a rate of 10.53%, while for individuals performing an activity – with maturity from 1 to 2 years and a rate of 10.04% (Chart 6).

Chart 7

Average interest rates of foreign currency loans, by maturity, %



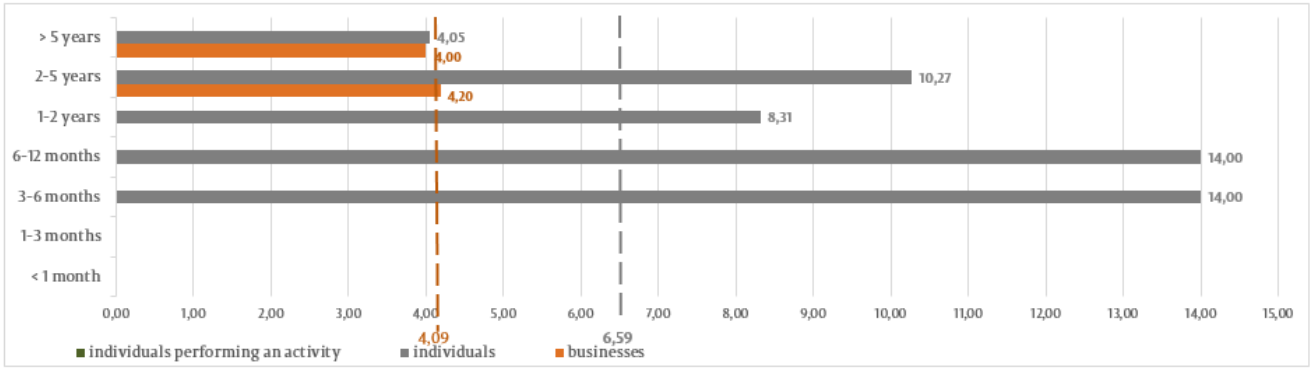
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in November 2019.

The most attractive foreign currency loans with maturity from 1 to 2 years were extended at an average

interest rate of 4.45%, where individuals were granted loans with an average interest rate of 7.83%, and businesses - 4.45% (the volume of loans extended to businesses was higher, compared to the volume of loans for individuals) (Chart 7).

Chart 8

Average interest rates of loans attached to the exchange rate by maturity, %



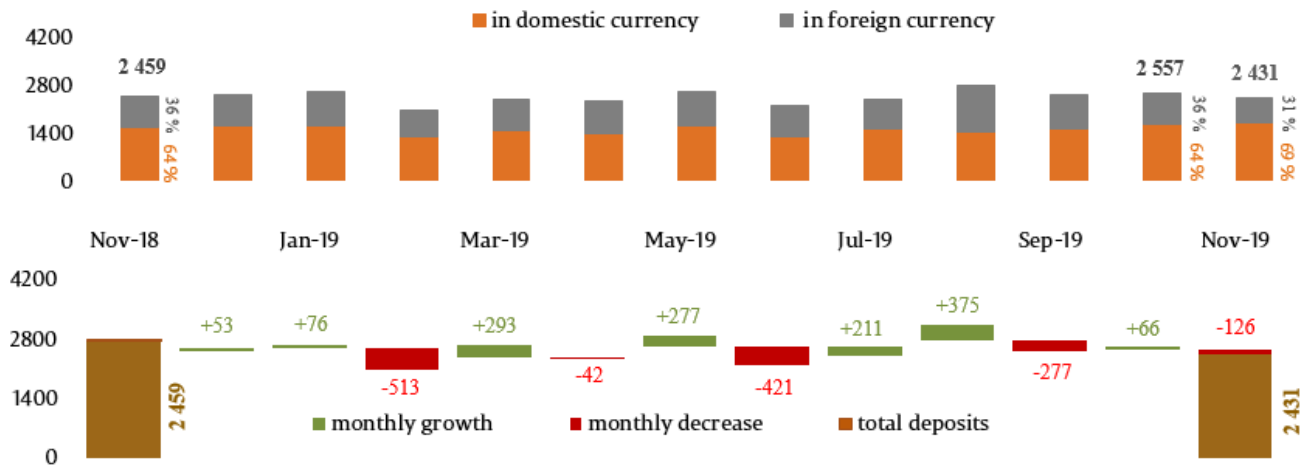
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in November 2019.

The most attractive loans attached to the exchange rate, with maturities over 5 years, have been issued at an average interest rate of 4.01%, individuals received loans at an average interest rate of 4.05%, while businesses – at a rate of 4.00% (Chart 8).

In November 2019, the new term deposits totalled MDL 2,431.2 million, decreasing by 1.1% compared to November 2018 (Chart 9).

Chart 9

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



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

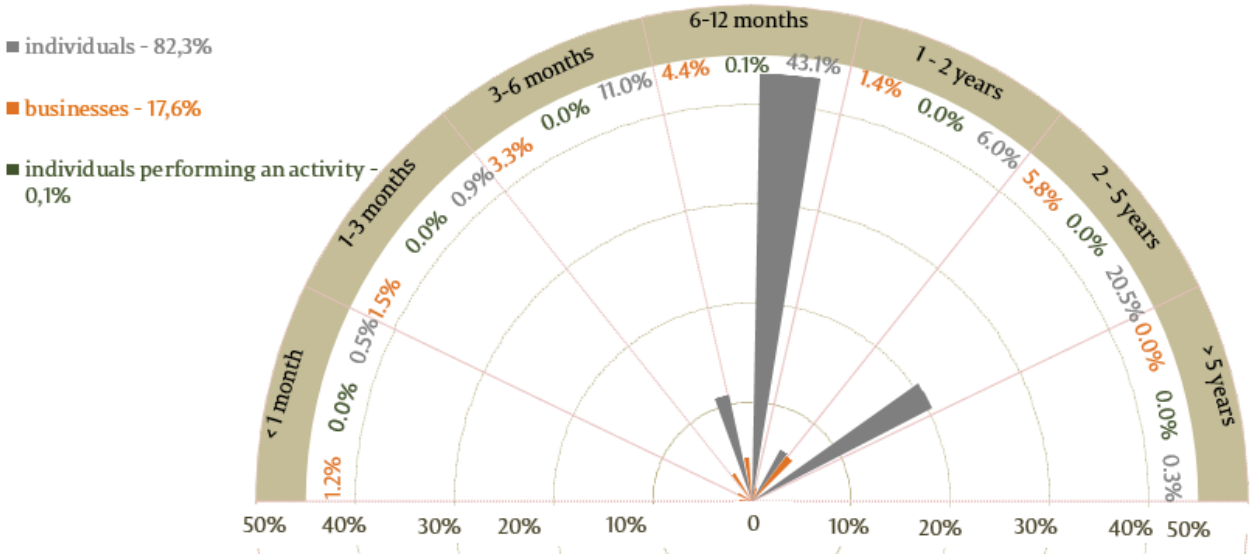
Domestic currency deposits totalled MDL 1,677.2 million (+2.7% compared to the previous month and +5.9% compared to November 2018).

Foreign currency deposits recalculated in MDL totalled MDL 754.0 million (-18.3% compared to the previous month and -13.8% compared to November 2018).

Domestic currency deposits accounted for a share of 69.0%, while foreign currency deposits -31.0%.

Chart 10

Total deposits by maturity and shares held, %



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

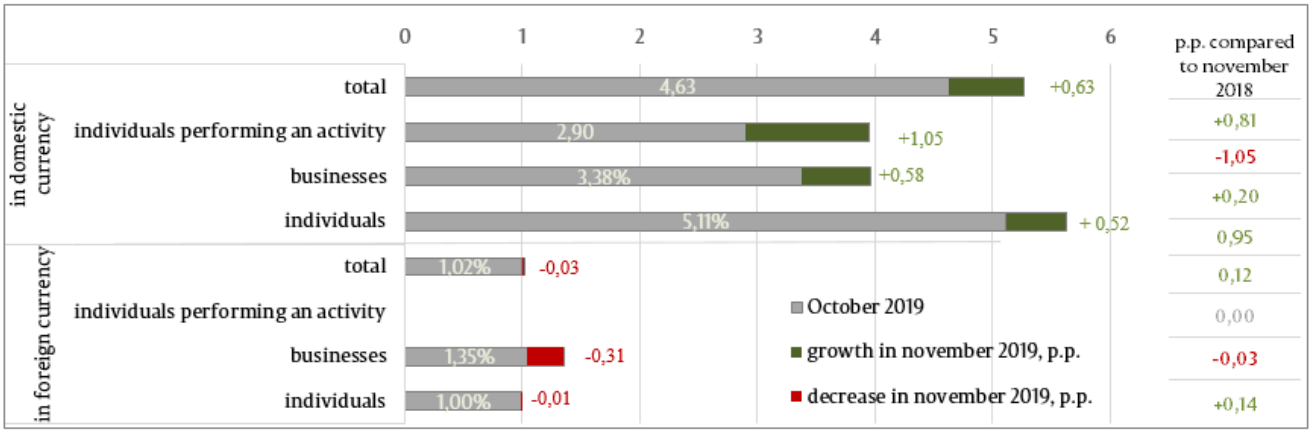
In November 2019, the largest share of deposits was represented by deposits of individuals – 82.3% (of which 53.9% represent domestic currency deposits, and 28.4% - foreign currency deposits).

In terms of maturity, the highest demand was recorded for deposits with terms from 6 to 12 months (47.6% of total term deposits). It is worth mentioning that by categories of clients, a significant share of deposits was held by individuals (43.1% of total deposits).

The average interest rate of domestic currency term deposits constituted 5.26%, and of foreign currency – 0.99%.

Chart 11

Weighted average interest rates of new deposits, %



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

November 2019.

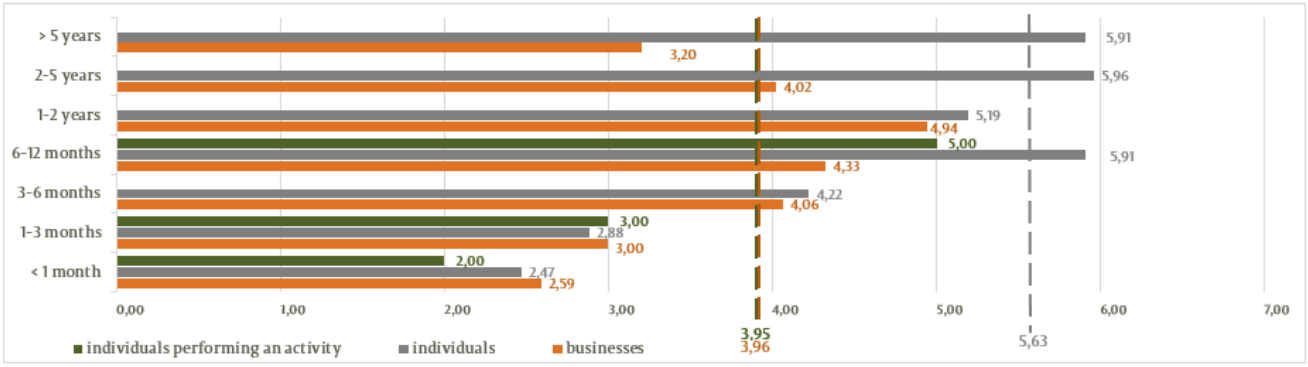
The average interest rate of new domestic currency term deposits increased by 0.63 percentage points compared to the rates of the previous month. Individuals placed deposits at an average interest rate of 5.63%, businesses – at 3.96%, while individuals performing an activity – at an average interest rae of 3.95%.

The average interest rate of new foreign currency term deposits decreased by 0.03 percentage points compared to October 2019. Individuals placed deposits at an average interest rate of 0.99%, while businesses – at 1.04%.

Compared to the similar period of the previous year, the average interest rates of domestic currency deposits increased by 0.81 percentage points (deposits of individuals increased by 0.95 percentage points, while for businesses - by 0.20 percentage points, for individuals performing an activity – diminished by 1.05 percentage points). Compared to the same period, the average interest rate of foreign currency deposits increased by 0.12 percentage points (deposits of individuals increased by 0.14 percentage points, while of businesses – decreased by 0.03 percentage points).

Chart 12

Average interest rates of domestic currency deposits, by maturity, %



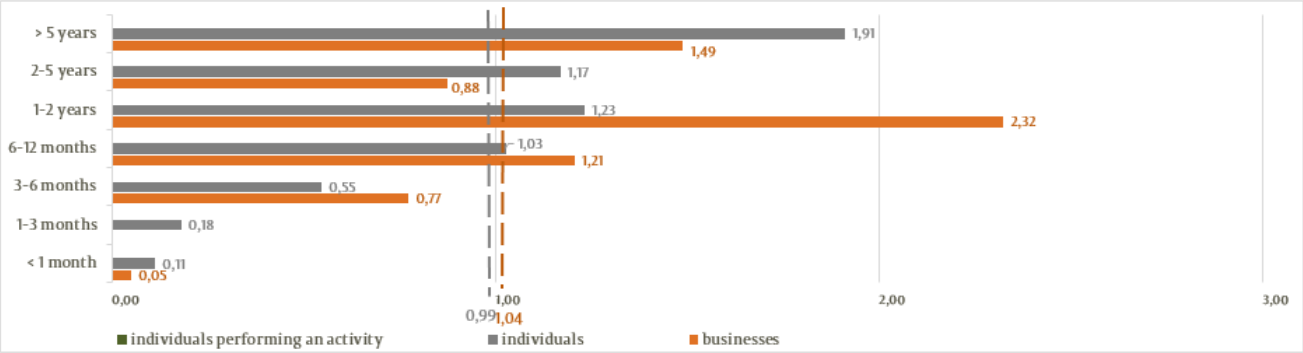
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in November 2019.

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 5.75% (deposits for individuals – at a rate of 5.91%, for businesses – at 4.33%, for individuals performing an activity – 5.00%) (Chart 12), whereas the foreign currency deposits – at 1.04% (deposits for individuals – at 1.03%, for businesses – at 1.21%) (Chart 13).

The highest average interest rate of domestic currency deposits was recorded for the term deposits of individuals with maturity from 2 to 5 years (5.96%), for businesses – for the deposits with maturity from 1 to 2 years (4.94%), while for individuals performing an activity - for deposits with maturity from 6 to 12 months (5.00%) (Chart 12)

Chart 13

Average interest rates of foreign currency deposits, by maturity, %

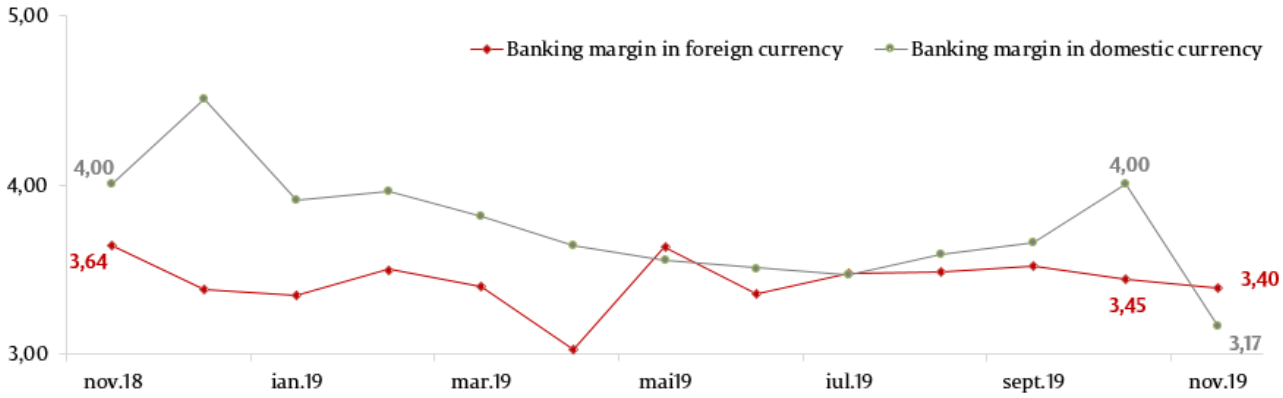


Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in November 2019.

The highest average interest rate of foreign currency deposits was recorded for the deposits of individuals with maturity of over 5 years (1.91%), and for the deposits of businesses - with maturity from 1 to 2 years (2.32%).

Interest rate margin of domestic currency transactions constituted 3.40 percentage points, while of foreign currency – 3.17 percentage points.

Chart 14
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 November 2019.

Interest rate margin of domestic currency transactions decreased by 0.83 percentage points compared to the values of the previous month and November 2018. (Chart 14)

Interest rate margin of foreign currency transactions decreased by 0.05 percentage points compared to the previous month and by 0.24 percentage points compared to November 2018.

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1. The data of this report 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 Decision No 331 of 1

December 2016 of the Executive Board of the NBM, Official Monitor of the Republic of Moldova, No 441-451 of 16 December 2016, with further amendments and completions.

2. Loans attached to the exchange rate, according to the Regulation on the open currency position of the bank, approved by Decision of the Executive Board of the National Bank of Moldova No 126 of 28.11.1997, Official Monitor of the Republic of Moldova no. 112-114/198 of 14.10.1999, with further modifications and completions, refer to the assets which balance, according to the conditions established in the relevant contracts concluded by the bank, shall be modified depending on the evolution of the exchange rate of Moldovan currency against the attached exchange rate.

3. Individuals performing an activity, according to the Guidelines on the drafting by the licensed banks of the Report on monetary statistics, approved by Decision of the Executive Board of the NBM no. 255 of 17.11.2011, Official Monitor of the Republic of Moldova no. 206-215 of 02.12.2011, with further modifications and completions, work in associations without legal personality and are producers of goods and/or services for market, and namely, individual enterprises, farms, patent holders, notaries, lawyers, bailiffs, etc."

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