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18.10.2019

Developments in loan and deposit markets in September 2019

In September 2019, new loans[1] extended by banks totalled MDL 2,869.0 million, an increase of 8.5%, compared to September 2018.

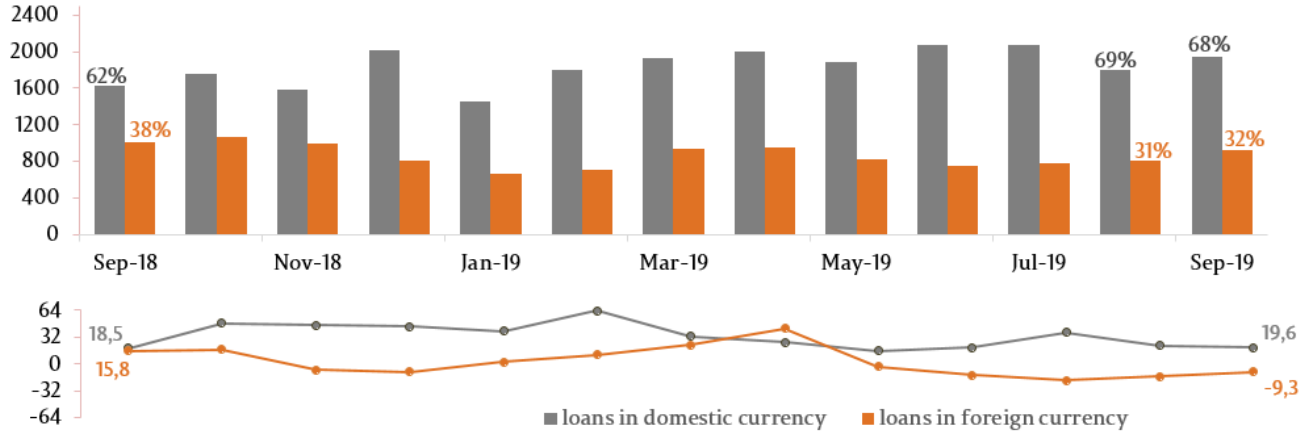
The share of loans issued in domestic currency totalled 68.0%, while in foreign currency – 32.0% (Chart 1, upper chart).

The amount of loans issued in domestic currency constituted MDL 1,951.1 million (+8.2% compared to the previous month and +19.6% compared to September 2018 (Chart 1, lower chart)).

Foreign currency loans recalculated in MDL, totalled MDL 917.9 million (+13.9% compared to the previous month and -9.3% compared to September 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)

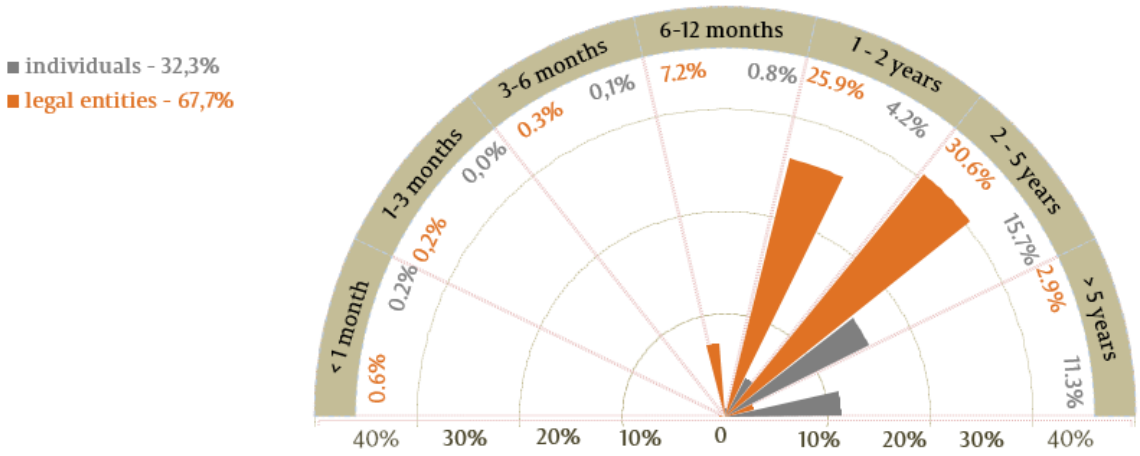


Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2019.

It should be mentioned that, in terms of maturity, loans with maturity ranging from 2 to 5 years recorded the highest demand (46.3% of total loans extended), out of which the largest share of 30.6% of the total loans was held by legal entities (Chart 2).

Chart 2

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



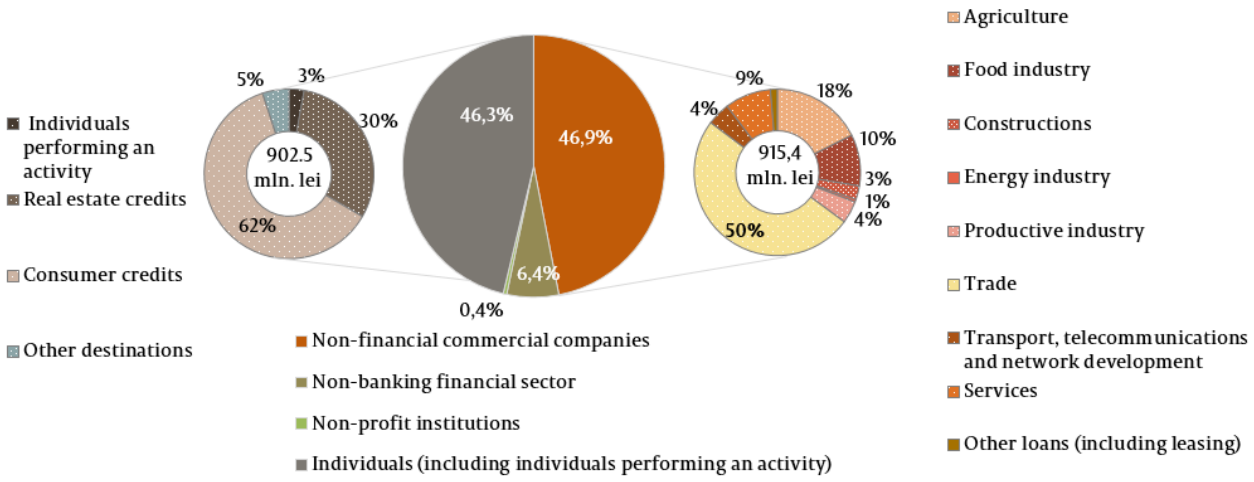
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2019.

Domestic currency loans were mainly represented by loans extended to legal entities[2] (53.7%), including loans extended to non-financial commercial companies holding a share of 46.9% (50.1% belong to trade) (Chart 3).

Foreign currency loans were mainly requested by non-financial commercial companies (93.3%), the largest share (70.4%) belongs to trade.

Chart 3

Domestic currency loans by business sectors, %

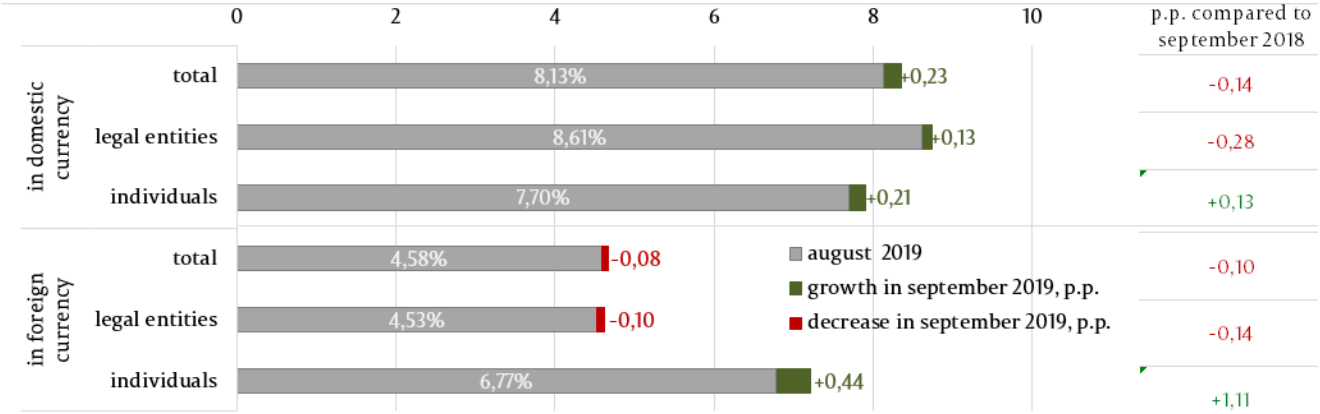


Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2019.

New loans in domestic currency were extended at an average interest rate of 8.36%, while the loans in foreign currency – 4.50%.

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 September 2019.

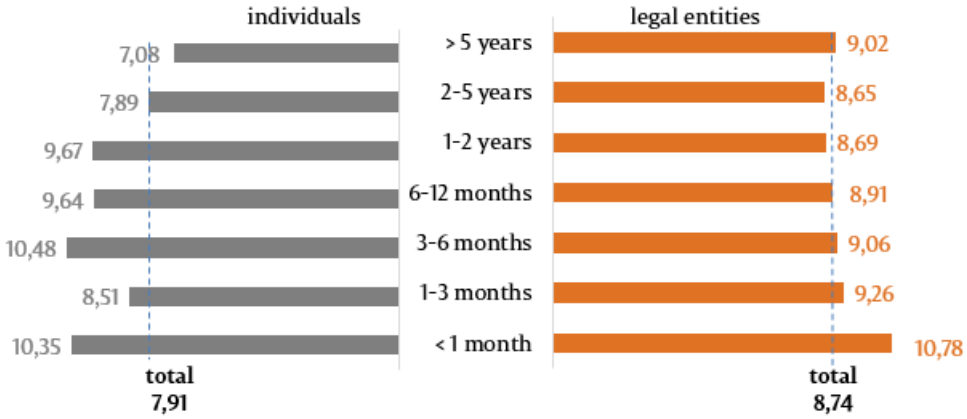
Average interest rate of domestic currency loans increased by 0.23 percentage points compared to the previous month. Individuals received loans at an average interest rate of 7.91%, while legal entities – at a rate of 8.74% (Chart 4).

Average interest rate of foreign currency loans decreased by 0.08 percentage points compared to August 2019. Individuals received loans at an average interest rate of 7.21%, while legal entities – at a rate of 4.42%.

Compared to the similar period of the previous year, the interest rates of domestic currency loans diminished by 0.14 percentage points, while of foreign currency loans – increased by 0.10 percentage points.

Chart 5

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



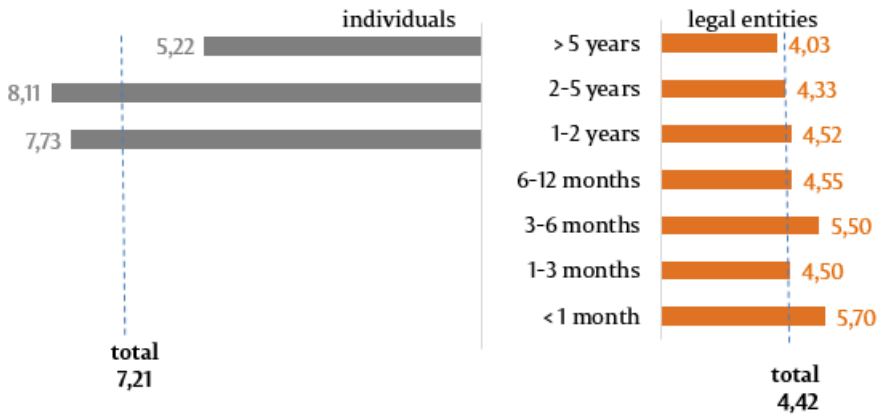
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2019.

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 8.29% (8.65% for legal entities and 7.89% - for individuals) (Chart 5).

It should be mentioned that the highest average interest rate of extended domestic currency loans was registered for loans with maturity for up to 1 month (10.65%), where individuals received loans at an interest rate of 10.35%, while legal entities – 10.78% (Chart 5).

Chart 6

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



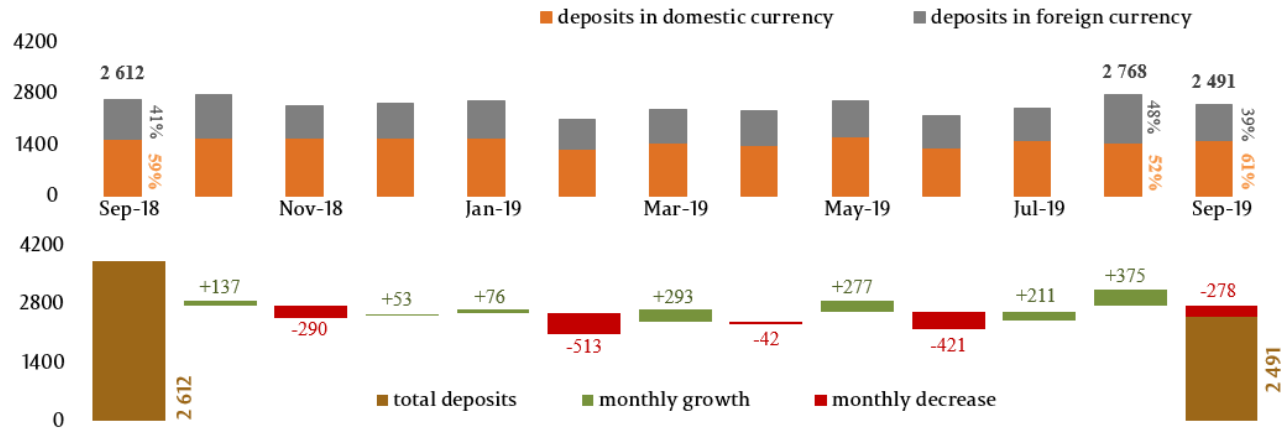
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2019.

The most attractive foreign currency loans with maturity from 2 to 5 years were extended at an average interest rate of 4.49%, where individuals were granted loans with an average interest rate of 8.11%, and legal entities - 4.33% (Chart 6).

In September 2019, the new term deposits totalled MDL 2,490.5 million, decreasing by 4.6% compared to September 2018 (Chart 7).

Chart 7

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

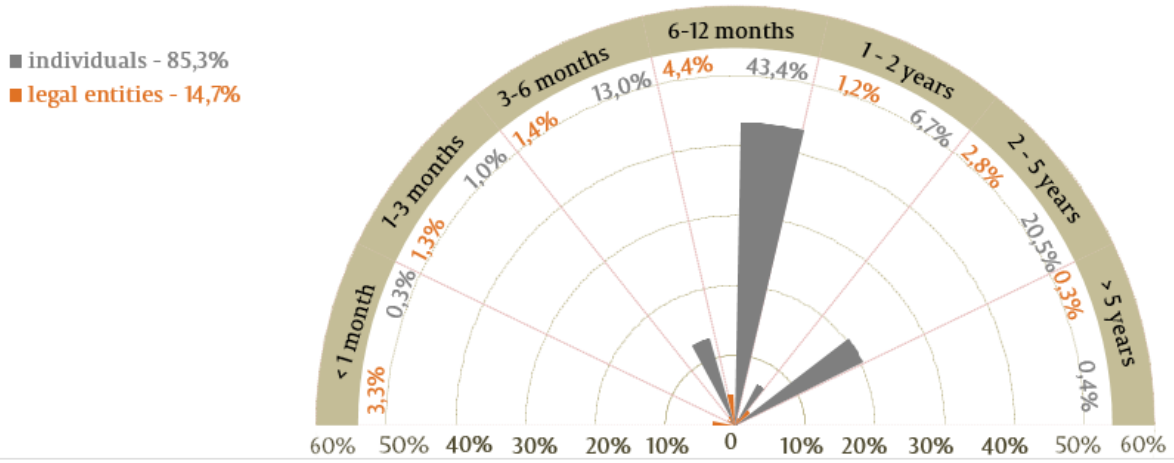


Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2019.

Domestic currency deposits totalled MDL 1,514.6 million (+5.5% compared to the previous month and -1.8% compared to September 2018).
Foreign currency deposits recalculated in MDL totalled MDL 975.9 million (-26.8% compared to the previous month and -8.7% compared to September 2018).
Domestic currency deposits accounted for a share of 60.8%, while foreign currency deposits -39.2%.

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 in September 2019.

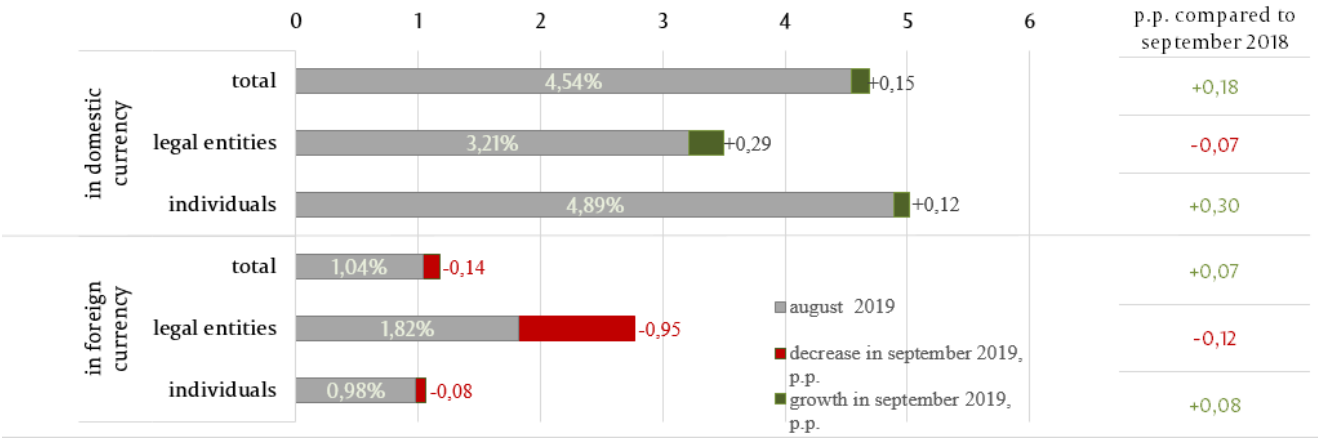
In August 2019, the largest share of deposits was represented by deposits of individuals – 85.3% (of which 48.1% represent domestic currency deposits, and 37.2% - foreign currency deposits).

In terms of maturity, the highest demand was recorded for deposits with terms from 6 to 12 months (47.8% of total term deposits). It is worth mentioning that by categories of clients, a significant share of deposits was held by individuals (43.4% of total deposits placed).

The average interest rate for domestic currency term deposits constituted 4.69%, and for foreign currency – 0.90%.

Chart 9

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 September 2019.

The average interest rate of new domestic currency term deposits increased by 0.15 percentage points compared to the rates of the previous month. Individuals placed deposits at an average interest rate of 5.01%, while legal entities – at 3.50%.

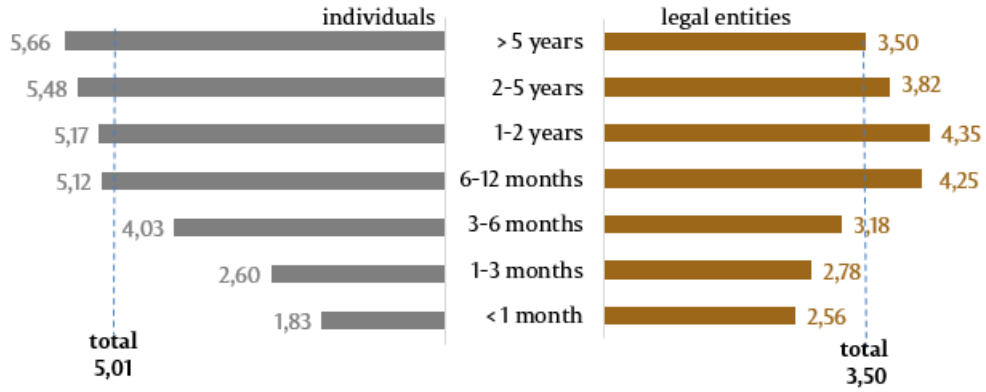
The average interest rate of new foreign currency term deposits decreased by 0.14 percentage points

compared to August 2019. Individuals placed deposits with an average interest rate of 0.90%, while legal entities – at 0.87%.

Compared to the similar period of the previous year, the average interest rates of domestic currency deposits increased by 0.18 percentage points (deposits of individuals increased by 0.30 percentage points, while those of legal entities decreased by 0.07 percentage points). The average interest rate of foreign currency deposits increased by 0.07 percentage points (deposits of individuals increased by 0.08 percentage points, while of legal entities – decreased by 0.12 percentage points).

Chart 10

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



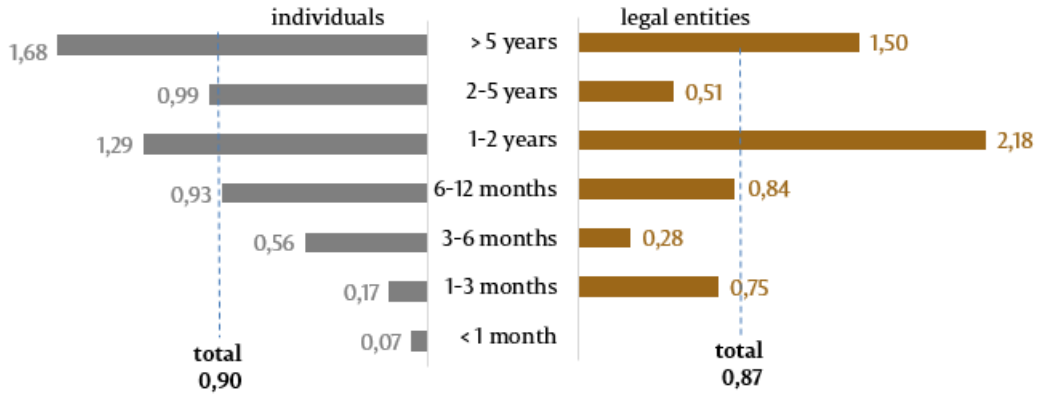
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2019.

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 5.01% (deposits for individuals – at a rate of 5.12%, for legal entities – at 4.25%) (Chart 10), whereas the foreign currency deposits – at 0.93% (deposits for individuals – at 0.93%, for legal entities – at 0.84%) (Chart 11).

The highest average interest rate of domestic currency deposits was recorded for the term deposits of individuals with maturity over 5 years (5.66%) and from 2 to 5 years (5.48%), and for legal entities – for the deposits with maturity from 1 to 2 years (4.35%) (Chart 10)

Chart 11

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



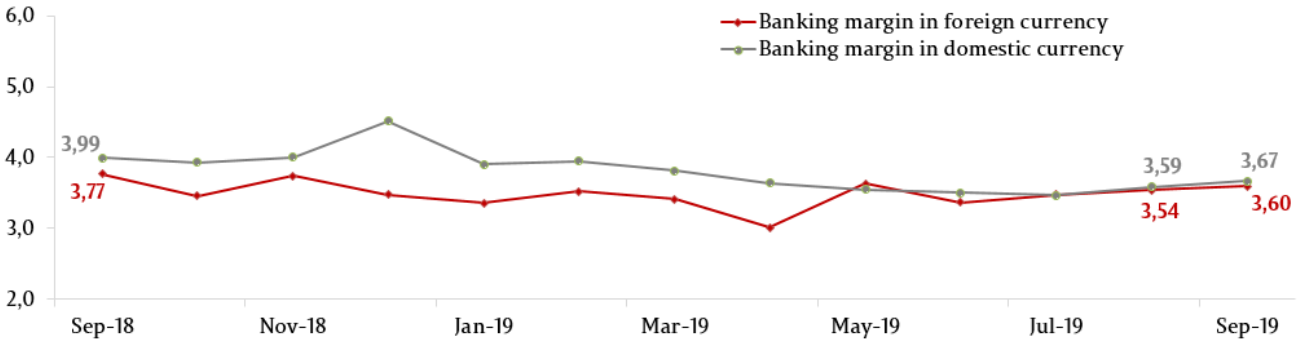
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2019.

The highest average interest rate of foreign currency deposits was recorded for the deposits of individuals with maturity of over 5 years (1.68%), and for the deposits of legal entities - with maturity from 1 to 2 years (2.18%).

Interest rate margin for domestic currency transactions constituted 3.67 percentage points, while of foreign currency – 3.60 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 September 2019.

Interest rate margin of domestic currency transactions increased by 0.08 percentage points compared to the previous month and by 0.32 percentage points compared to September 2018.

Interest rate margin of foreign currency transactions increased by 0.06 percentage points compared to the previous month and decreased by 0.17 percentage points compared to September 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 the 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. Including economically active individuals.

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