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Credits and deposits market in November 2018

In November 2018, new loans[1] extended by banks totalled MDL 2,577.5 million recording an increase of 19.4%, compared to November 2017.

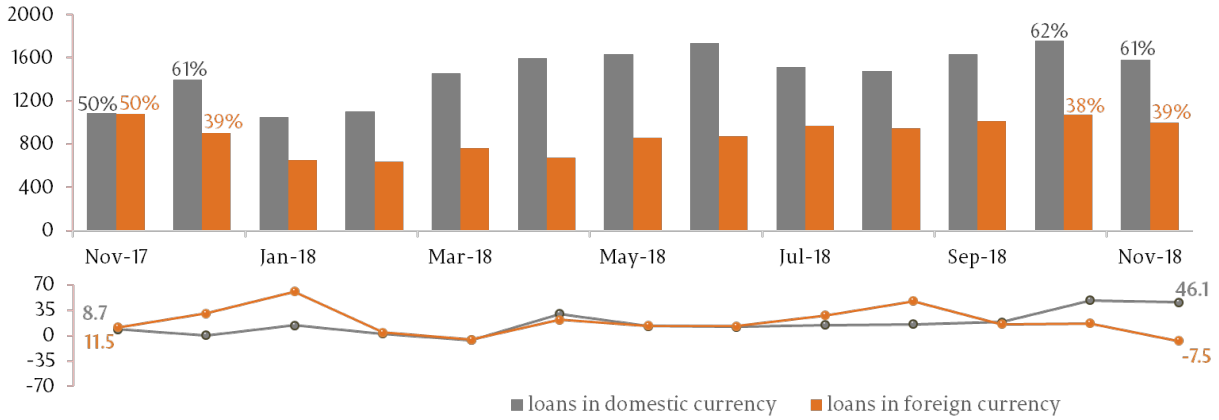
Domestic and foreign currency loans accounted for 61.4% and 38.6%, respectively, of total loans extended. (Diagram 1, upper graph).

Domestic currency loans totalled MDL 1,582.4 million (-10.1% compared to the previous month and +46.1% compared to November 2017) (Diagram 1, lower graph).

Foreign currency loans[2], recalculated in MDL, totalled MDL 995.0 million (-6.9% compared to the previous month and -7.5% compared to November 2017) (Diagram 1, lower graph).

Diagram 1

Evolution of new loans, mil. MDL (upper graph) and the annual growth rate of new loans (lower graph), %.

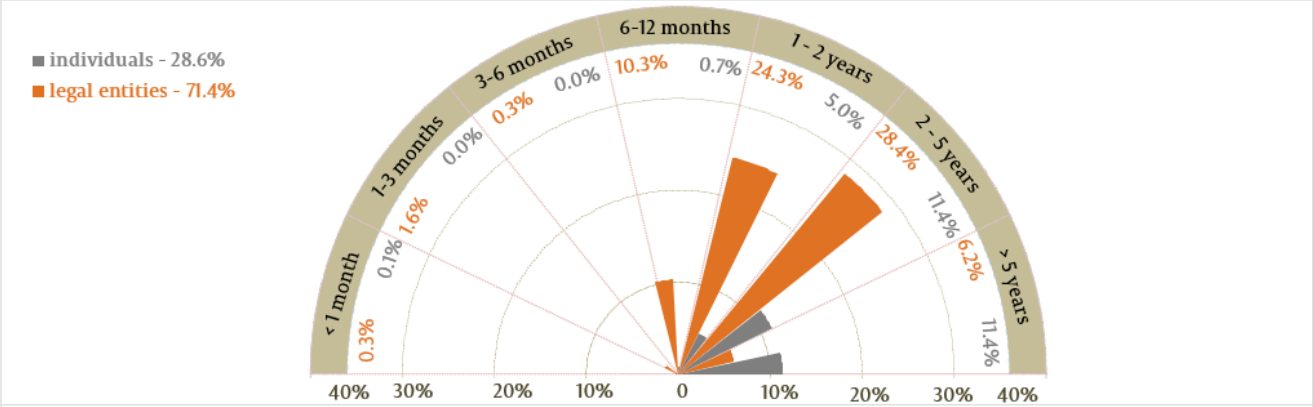


Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for November 2018.

In terms of maturity, loans with maturity ranging from 2 to 5 years recorded the highest demand (39.8% of total loans extended), out of which the largest share of 28.4% was held by legal entities loans (Diagram 2).

Diagram 2

Total new loans extended, by maturity terms and shares held, %.

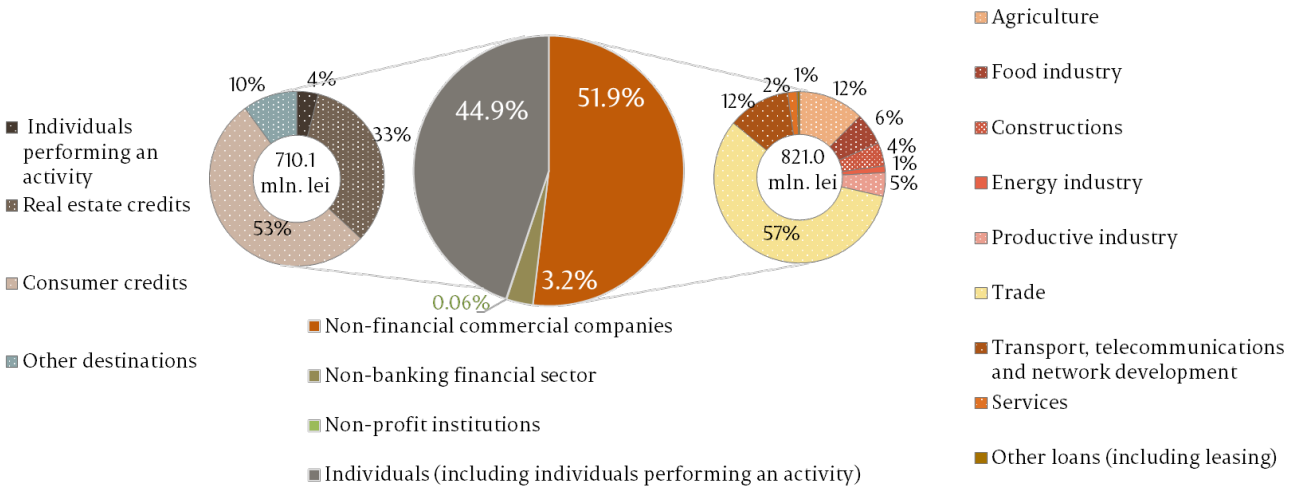


Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for November 2018.

Domestic currency loans were mainly represented by loans extended to non-financial corporations, holding a share of 51.9% (of which 57.0% accounted for trade companies) and individuals' loans[3] (44.9%) (Diagram 3).

Diagram 3

Domestic currency loans broken down by business sectors, %.



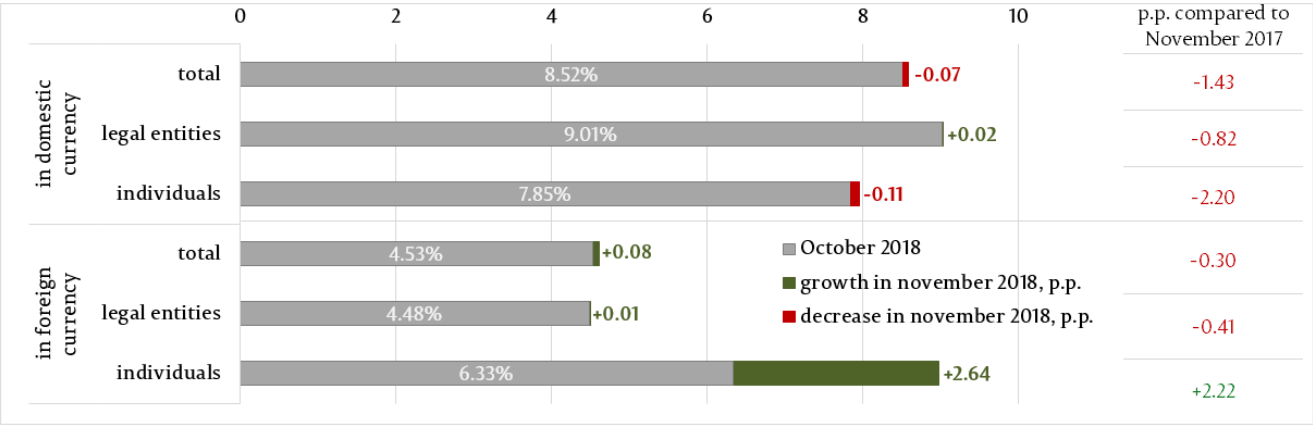
Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for November 2018.

Foreign currency loans were mainly extended to non-financial corporations (89.6%), of which loans extended to trade companies accounted for the largest share (65.0%).

New loans were extended at an average interest rate of 8.45% (domestic currency loans) and 4.61% (foreign currency loans).

Diagram 4

Weighted average interest rates on new loans, %.



Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for November 2018.

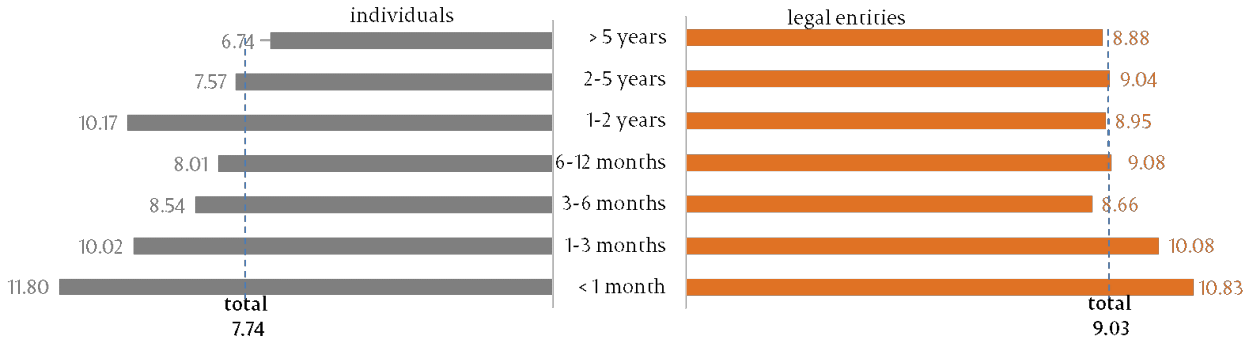
Average interest rate on domestic currency loans decreased by 0.07 p.p. compared to October 2018, recording levels of 7.74% (individuals' loans) and 9.03% (legal entities loans) (Diagram 4).

Average interest rate on foreign currency loans increased by 0.08 p.p. compared to October 2018, recording levels of 8.97% (individuals' loans) and 4.49% (legal entities loans).

Year-on-year, average interest rates on loans recorded a total decrease of -1.43 p.p. (domestic currency loans) and -0.30 p.p. (foreign currency loans).

Diagram 5

Average interest rates on new domestic currency loans, by maturity terms, %.



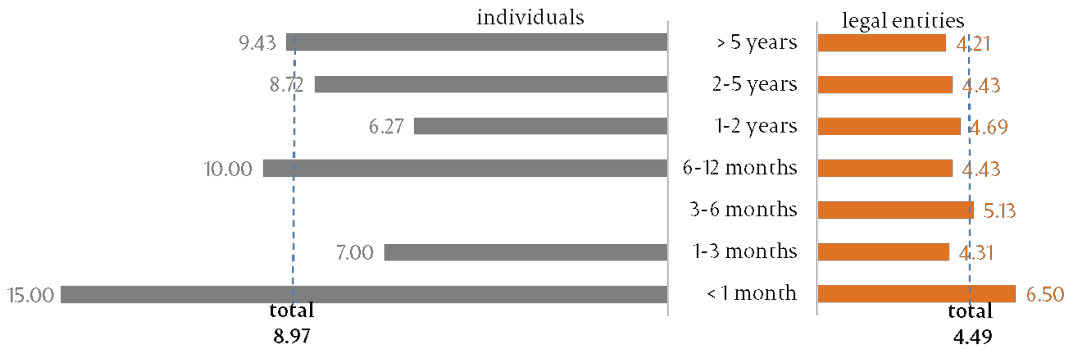
Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for November 2018.

Domestic currency loans with maturity ranging from 2 to 5 years recorded the highest demand in the reporting month and were extended at an average interest rate of 8.35% (9.04% on legal entities loans, 7.57% on individuals' loans).

The highest average interest rate was applied on individuals' loans with maturity of up to 1 month (11.07%) (individuals' loans – at 11.80%, legal entities loans – at 10.83%) (Diagram 5).

Diagram 6

Average interest rates on foreign currency loans, by maturity terms, %.



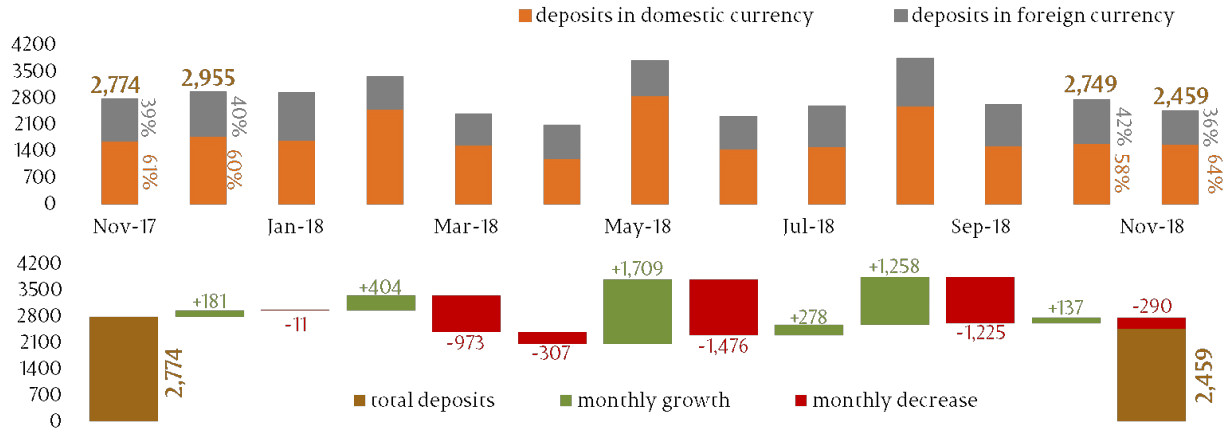
Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for November 2018.

Foreign currency loans with maturity ranging between 2 and 5 years recorded the highest demand and were extended at an average interest rate of 4.56% (individuals' loans – at 8.72%, legal entities loans – at 4.43%) (Diagram 6).

In November 2018, new term deposits totalled MDL 2,459.3 million, recording a decrease of 11.3% compared to November 2017 (Diagram 7).

Diagram 7

Evolution of new term deposits (upper graph) compared to statistics of the previous month (lower graph), mil. MDL.



Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for November 2018.

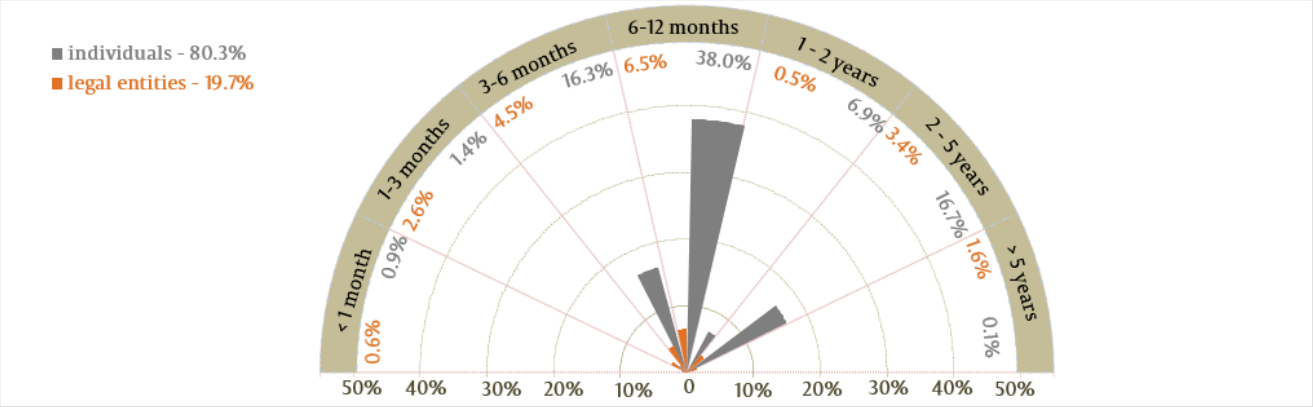
Domestic currency deposits totalled MDL 1,584.1 million (-0.9% compared to October 2018 and -5.6% compared to November 2017).

Foreign currency deposits recalculated in MDL, totalled MDL 875.2 million (-23.9% compared to October 2018 and -20.1% compared to November 2017).

Domestic currency deposits accounted for a share of 64.4%, while foreign currency deposits – 35.6% of total deposits.

Diagram 8

Total deposits, by maturity terms and shares held, %.



Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for November 2018.

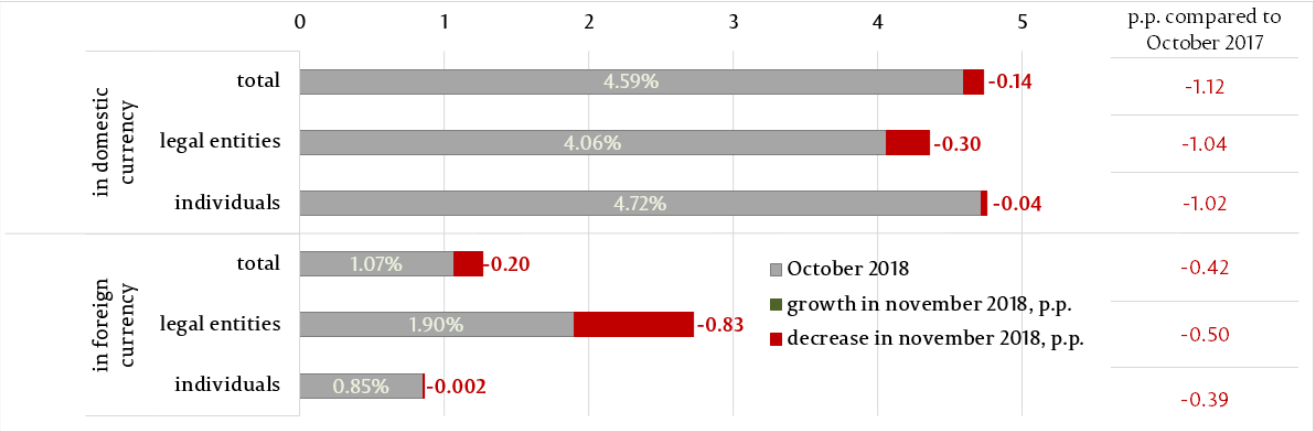
In November 2018, deposits were mainly represented by individuals' deposits – 80.3% (of which 48.3% - domestic currency deposits and 32.1% - foreign currency deposits).

In terms of maturity, the highest demand recorded for deposits placed for a period ranging from 6 to 12 months (44.5% of total term deposits). Individuals' held the largest share deposits (38.0% of total deposits placed).

New term deposits were placed at an average interest rate of 4.45% (domestic currency deposits) and 0.87% (foreign currency deposits).

Diagram 9

Weighted average rates on new deposits, %.



Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for November 2018.

Average interest rate on new term deposits in domestic currency decreased by 0.14 p.p. compared to the previous month. Individuals' deposits were placed at an average interest rate of 4.68%, while legal entities deposits – at 3.76%.

The average interest rate on new term deposits in foreign currency decreased by 0.20 p.p., compared to October 2018. Individuals' deposits were placed at an average interest rate of 0.85%, while legal entities

deposits – at 1.07%.

Year-on-year, average interest rates on deposits decreased. Thus, average interest rate on domestic currency deposits decreased by 1.12 p.p. (individuals' deposits - by 1.02 p.p., legal entities deposits - by 1.04 p.p.). Average interest rate on foreign currency deposits decreased by 0.42 p.p. (individuals' deposits - by 0.39 p.p. and legal entities deposits - by 0.50 p.p.).

Diagram 10

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



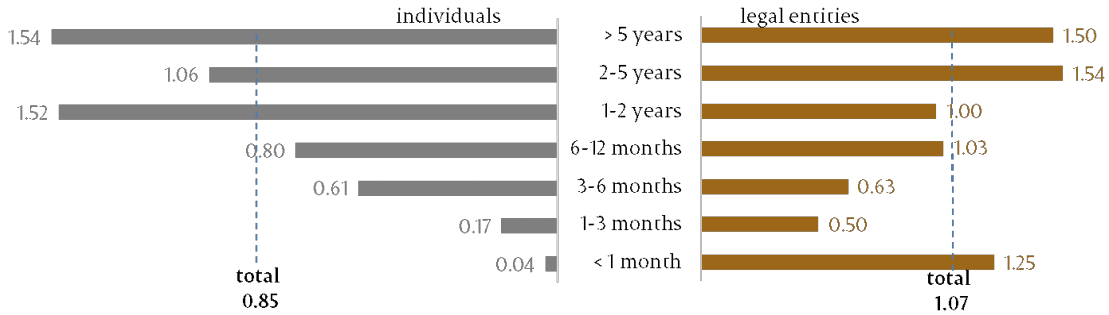
Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for November 2018.

Domestic currency deposits with maturity ranging from 6 to 12 months, which recorded the highest demand in the reporting period, were placed at an average interest rate of 4.55% (individuals' deposits – 4.77%, legal entities deposits – 3.54%) (Diagram 10), whereas in foreign currency segment deposits were place at an average interest rate of 0.82% (individuals' deposits – 0.80%, legal entities deposits – 1.03%) (Diagram 11).

The highest average interest rate on domestic currency deposits was recorded for individuals' deposits with maturity of over 5 years (5.40%) and legal entities deposits with maturity from 2 to 5 years (5.23%) (Diagram 10).

Diagram 11

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



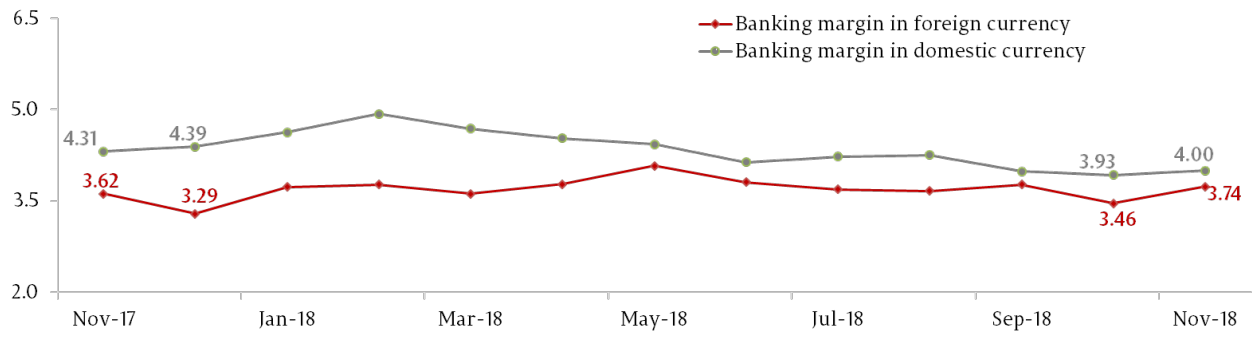
Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for November 2018.

The highest average interest rate on foreign currency deposits was recorded for individuals' deposits with maturity of over 5 years (1.54%) and legal entities deposits with maturity from 2 to 5 years (1.54%).

Bank interest margin recorded 4.00 p.p. (in domestic currency) and 3.74 p.p. (in foreign currency).

Diagram 12

Bank interest margin, p.p. annual.



Source: The NBM's report on average rates on new loans and deposits recorded in the banking system for November 2018.

Bank interest margin on domestic currency operations increased by 0.07 p.p. compared to the previous month and decreased by 0.31 p.p. compared to November 2017.

Bank interest margin on foreign currency operations increased by 0.28 p.p. compared to the previous month and by 0.12 p.p. compared to November 2017.

Statistical data [1]

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[1] The data are presented according to the Guidelines on the Compilation and Submission 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, which were published in the Official Monitor of the Republic of Moldova no.441-451 of 16 December 2016, with subsequent amendments and completions.

[2] As of January 1, 2018, the foreign currency-linked loans were moved from the class of domestic currency loans to foreign currency loans. According to November 2018 data as compared to November 2017: total in MDL – 8.33%; total in foreign currency - 4.51%.

[3] Including economically active individuals'.

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deposits [2]

credits [3]

average interest rate [4]

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