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Developments in loan and deposit markets in January 2021

Loans market

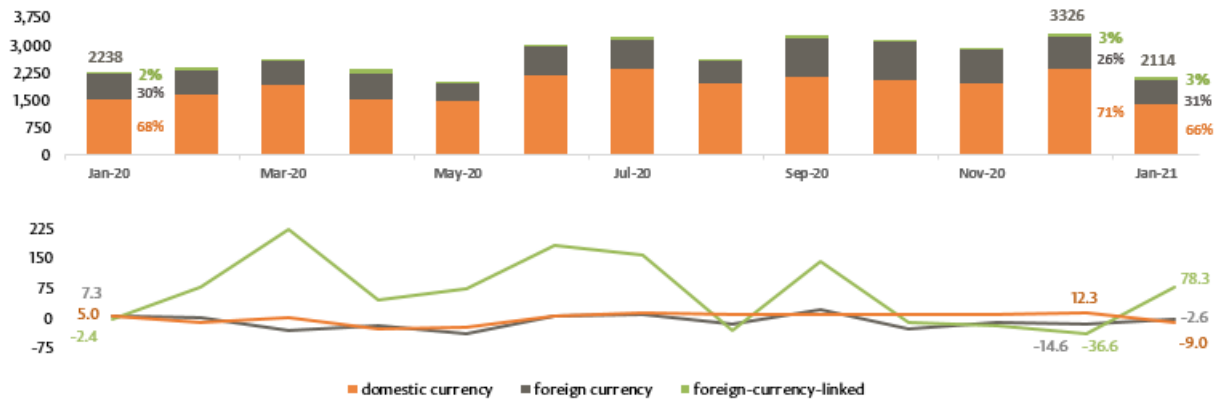
In January 2021, new loans extended[1] by banks totaled MDL 2,113.6 million, recording a decrease of 5.5% compared to January 2020.

The structure of loans granted (Chart 1) in the reporting month evolved as follows:

- 65.9% represent loans extended in domestic currency, which totaled MDL 1,392.8 million (-40.9% compared to the previous month and -9.0% compared to January 2020);
- 30.8% represent loans extended in foreign currency, which, recalculated in MDL, totaled MDL 650.3 million (-25.5% compared to the previous month and -2.6% compared to January 2020);
- and 3.3% represent foreign-currency-linked[2] loans, which amounted MDL 70.5 million (-25.8% compared to previous month and +78.3% compared to January 2020).

Chart 1

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

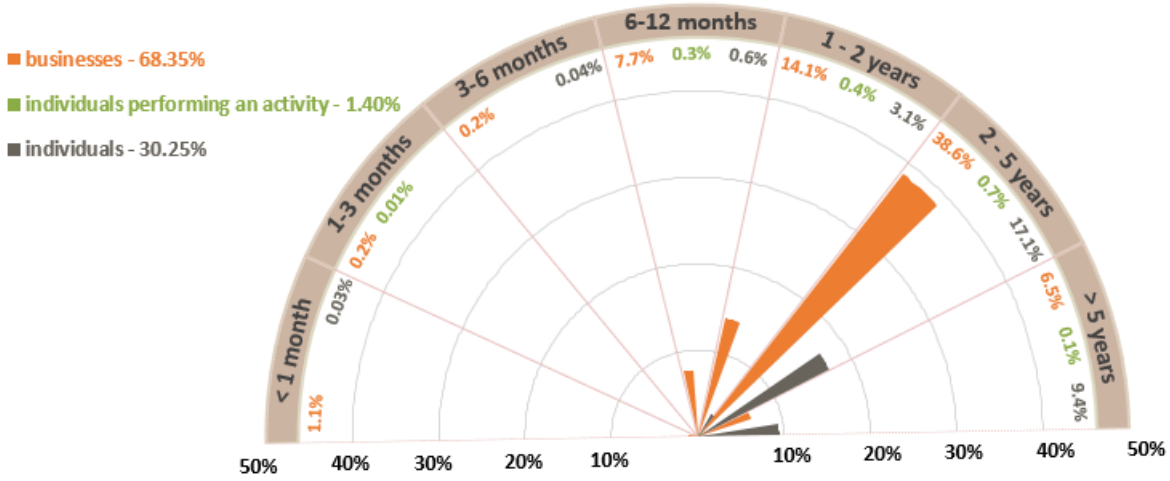


Source: NBM report on average rates and volumes of new loans and new deposits attracted for January 2021.

In terms of maturity (Chart 2), loans with maturity ranging from 2 to 5 years recorded the highest demand of 56.4% of total extended loans. Businesses hold 38.6% of these loans.

Chart 2

New loans extended by maturity and their structure, %



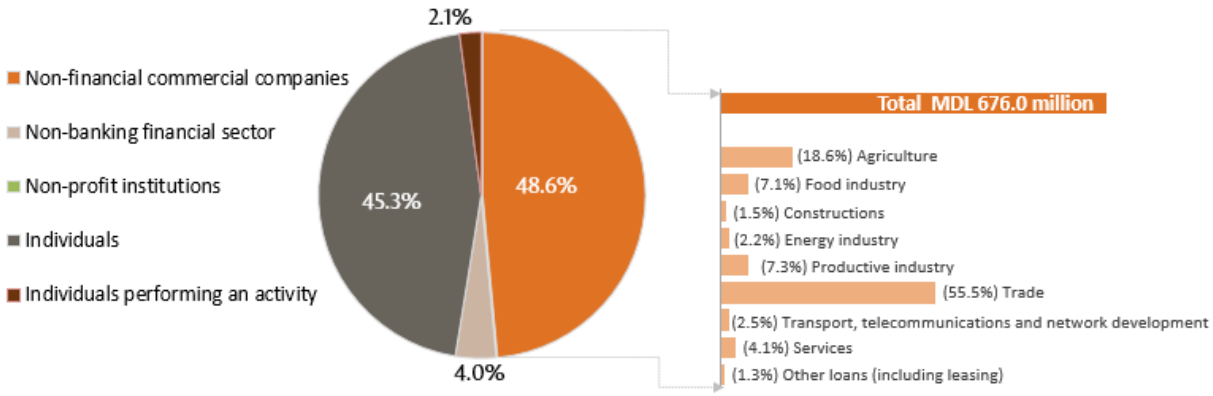
Source: NBM report on average rates and volumes of new loans and new deposits attracted for January 2021.

Domestic currency loans (Chart 3) were mainly represented by loans extended to businesses (52.6%). Non-financial commercial companies held a share of 48.6% of total extended loans in domestic currency (55.5% of which belong to trade).

Foreign currency loans were mainly requested by non-financial commercial companies (98.5%), and the largest share (60.2%) belongs to trade.

Chart 3

Domestic currency loans by business sectors, %



Source: NBM report on average rates and volumes of new loans and new deposits attracted for January 2021.

The average interest rate on new loans extended in domestic currency constituted 7.68%, on loans in foreign currency - 4.10%, and on foreign-currency-linked loans - 4.11%.

Compared to the previous month, the average rate evolved as follows:

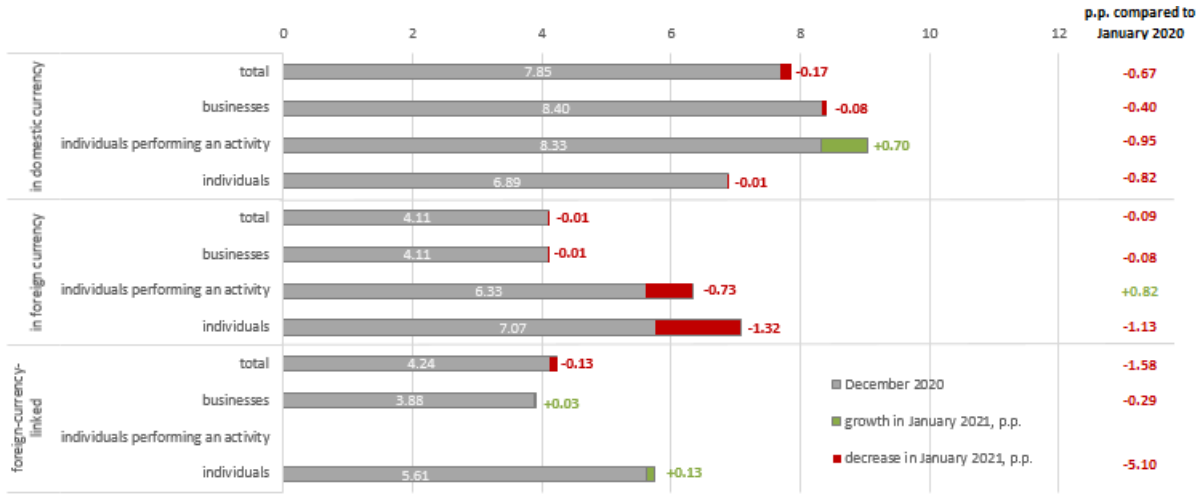
— on domestic currency loans it decreased by 0.17 percentage points (p.p.). Businesses received loans at an average rate of 8.32%, individuals performing an activity[3] – at a rate of 9.03%, while individuals – at a rate of 6.88% (Chart 4);

- on foreign currency loans it decreased by 0.01 p.p. Businesses received loans at an average rate of 4.10%, individuals performing an activity – at a rate of 5.60%, while individuals – at a rate of 5.75%;
- on foreign-currency-linked loans it decreased by 0.13 p.p. Businesses received loans at an average rate of 3.91%, individuals – at a rate of 5.74%, while individuals performing an activity did not apply for foreign-currency-linked loans in the reporting month.

Compared to the similar period of the previous year, the interest rate on domestic currency loans decreased by 0.67 p.p., on those in foreign currency - by 0.09 p.p., and on foreign-currency-linked loans - by 1.58 p.p.

Chart 4

Weighted average interest rates on new loans, %

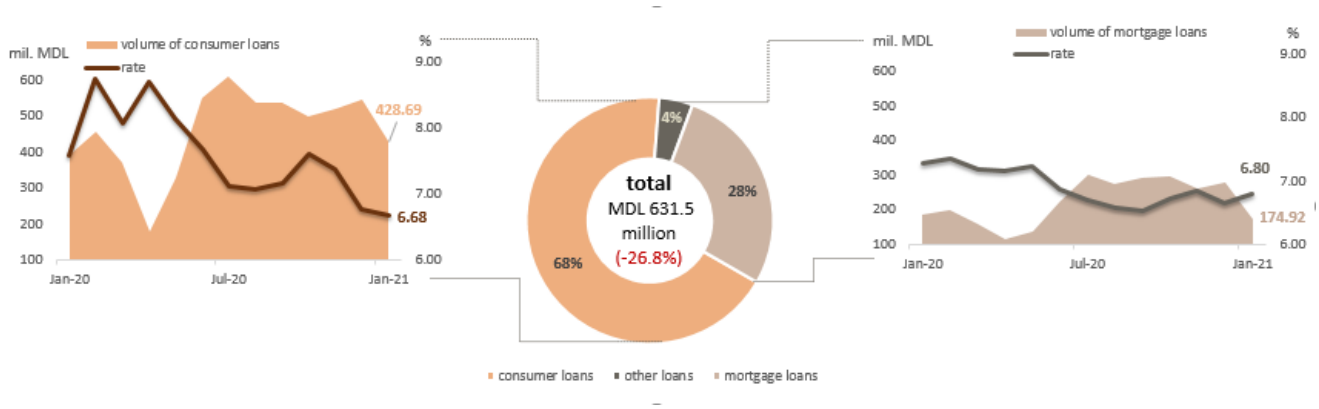


Source: NBM report on average rates and volumes of new loans and new deposits attracted for January 2021.

The volume of domestic currency loans extended to individuals, decreased in January 2021 by 26.8% as compared to the previous month and totaled MDL 631.5 million (Chart 5). The average rate on these loans decreased by 0.01 p.p. and constituted 6.88%.

Chart 5

Domestic currency loans extended to individuals



Source: NBM report on average rates and volumes of new loans and new deposits attracted for January 2021.

From the perspective of the purpose of newly extended loans, consumer loans held the largest share (67.9%),

and were extended with an average rate of 6.68% (-0.09 p.p. compared to the previous month and -0.90 p.p. compared to January 2020).

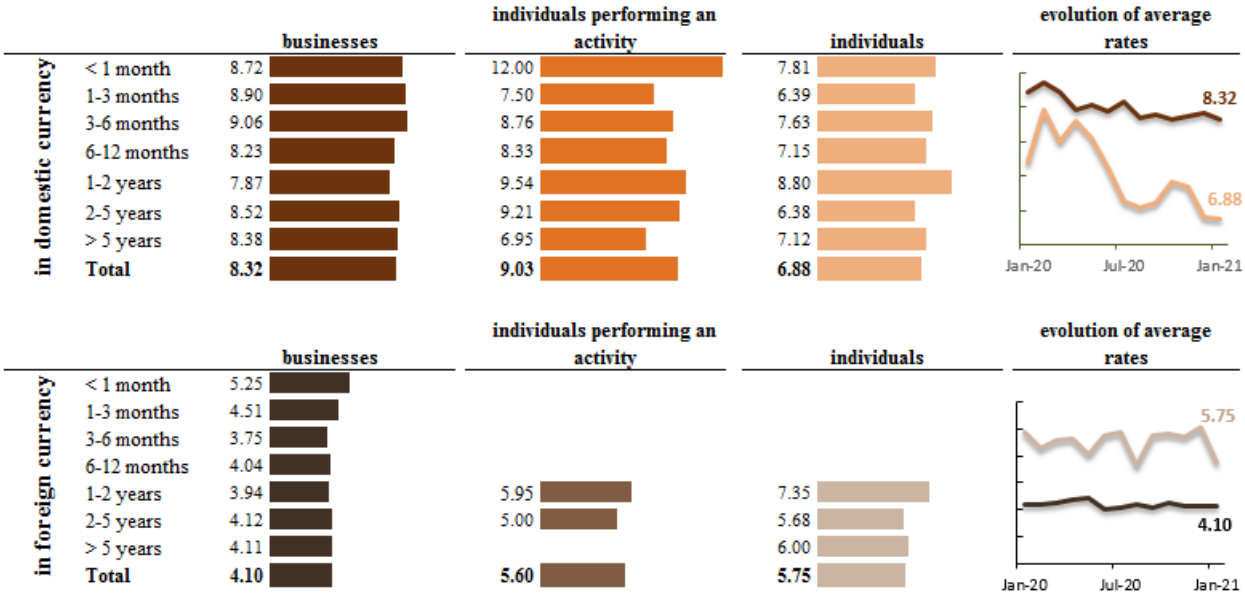
The average rate on mortgage loans increased by 0.14 p.p. compared to the previous month and decreased by 0.48 p.p. compared to January 2020.

It should be noted, that 98.0% of total mortgage loans were extended in domestic currency. Consumer loans, also, were mainly extended in national currency (99.2% of total consumer loans).

In the reporting month domestic currency loans (Chart 6) with maturity from 2 to 5 years, recording the highest demand, were extended at an average interest rate of 7.54% (8.52% on businesses loans, 9.21% on individuals performing an activity loans, 6.38% on individuals' loans).

Chart 6

Average rates on extended loans, by maturity, %



Source: NBM report on average rates and volumes of new loans and new deposits attracted for January 2021.

The highest average rate on domestic currency loans was registered on loans with maturity from 1 to 3 months, and amounted 8.77% (businesses loans - 8.90%, individuals performing an activity loans - 7.50%, individuals' loans - 6.39%).

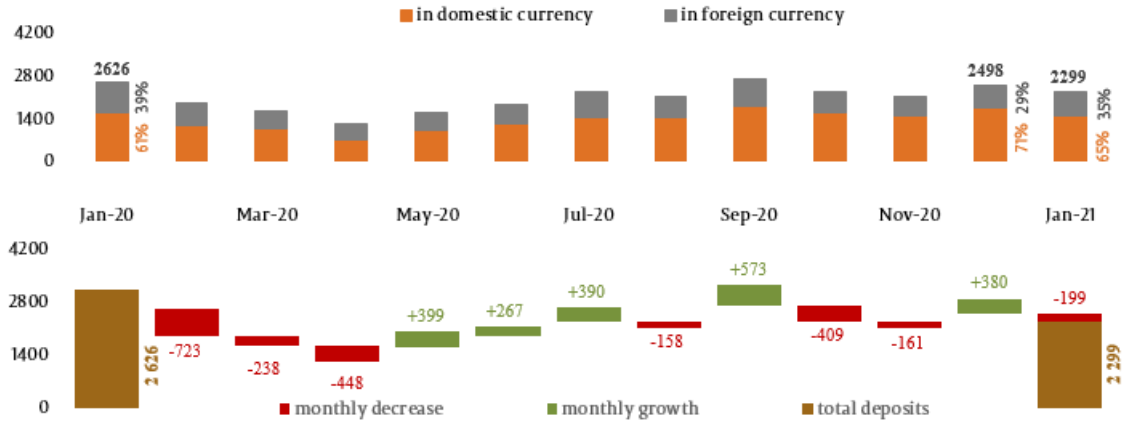
The most attractive loans in foreign currency, with terms from 2 to 5 years, were extended with an average rate of 4.13% (businesses loans - 4.12%, individuals performing an activity loans - 5.00%, individuals' loans – 5.68% (Chart 6)).

Deposits market

In January 2021, the new term deposits totaled MDL 2,298.8 million, decreasing by 12.5% compared to January 2020 (Chart 7).

Chart 7

Dynamics of term deposits (upper chart) and change from the previous month (lower chart), million lei



Source: NBM report on average rates and volumes of new loans and new deposits attracted for January 2021.

The volume of new term deposits constituted:

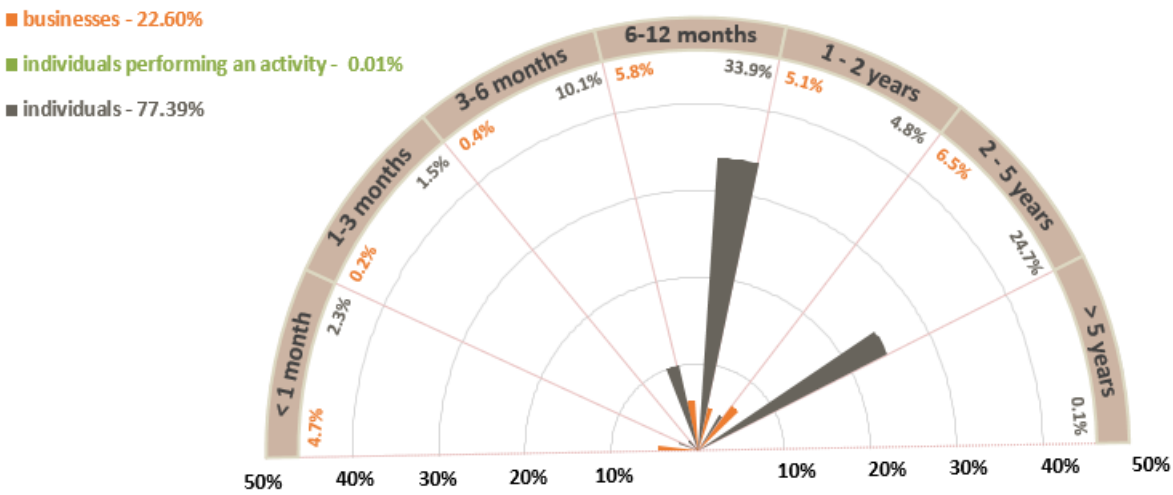
- in domestic currency – MDL 1,501.4 million (-14.8% compared to the previous month and -6.5% compared to January 2020);
- in foreign currency, recalculated in MDL – MDL 797.4 million (+8.4% compared to the previous month and -21.8% compared to January 2020).

The share of deposits attracted in the domestic currency constituted 65.3%, of those in foreign currency - 34.7%.

Individuals' deposits (Chart 8) represented the largest share of total deposits - 77.4% (where 47.7% represent domestic currency deposits and 29.7% - foreign currency deposits).

Chart 8

New term deposits placed by maturity and their structure, %



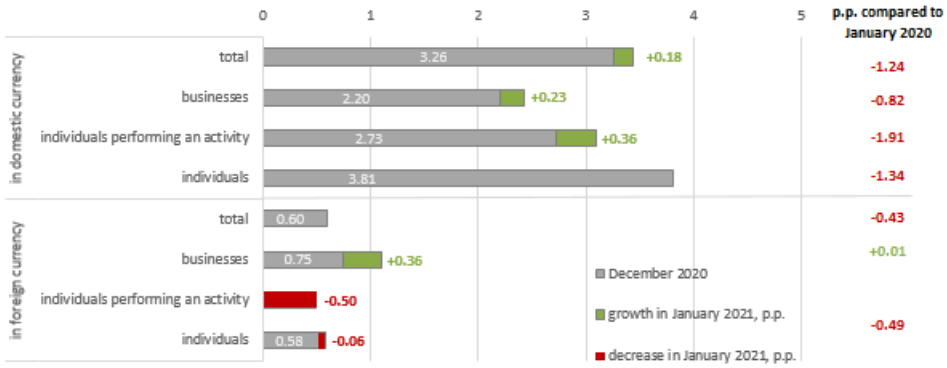
Source: NBM report on average rates and volumes of new loans and new deposits attracted for January 2021.

In terms of maturity, the highest demand was recorded for deposits with terms from 6 to 12 months, which held 39.7% of total term deposits (33.9% - individuals' deposits).

The average interest rate on domestic currency term deposits constituted 3.44%, and on those in foreign currency - 0.60%.

Chart 9

Weighted average rates on new term deposits, %



Source: NBM report on average rates and volumes of new loans and new deposits attracted for January 2021.

Compared to the previous month, the average rate evolved as follows:

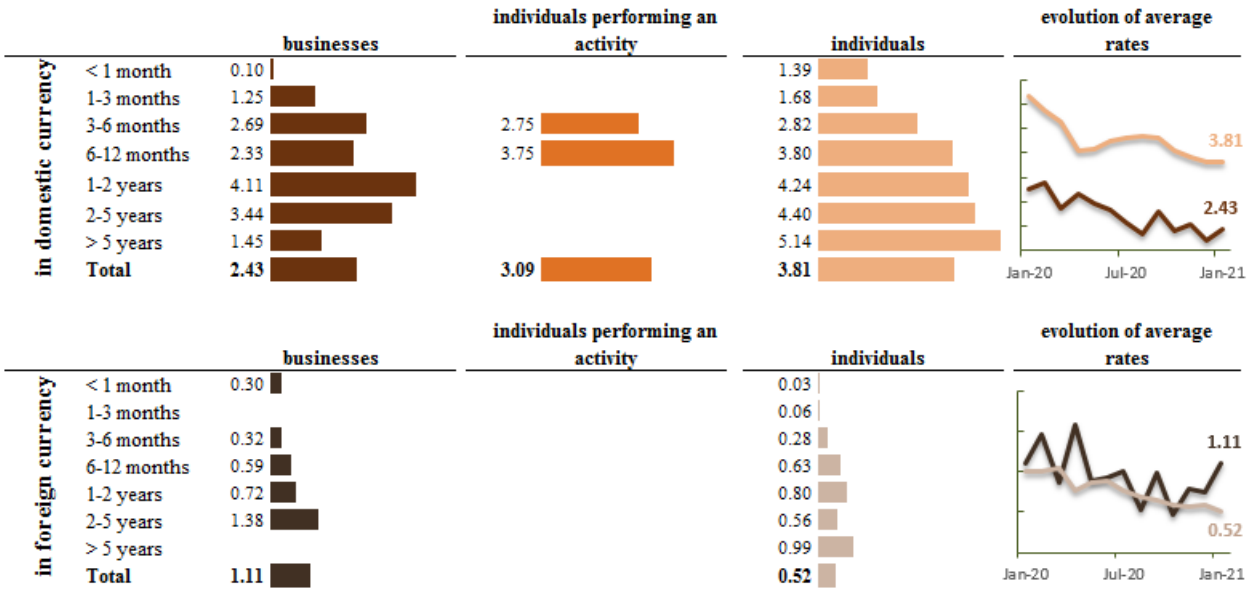
- on domestic currency deposits it increased by 0.18 p.p. Businesses placed their deposits at an average rate of 2.43%, individuals performing an activity – at a rate of 3.09%, while individuals – at a rate of 3.81%;
- on foreign currency deposits it did not changed. Businesses placed their deposits at an average rate of 1.11%, individuals – at a rate of 0.52%, while individuals performing an activity did not placed any foreign currency deposits.

Compared to January 2020, the average interest rate on domestic currency deposits decreased as well as that on foreign currency deposits (Chart 9).

Domestic currency deposits with maturity from 6 to 12 months, which recorded the highest demand in the reporting period, were attracted at an average interest rate of 3.56% (businesses deposits – at a rate of 2.33%, individuals performing an activity deposits – at a rate of 3.75% and individuals' deposits – at a rate of 3.80% (Chart 10).

Chart 10

Average interest rates on new term deposits, by maturity, %



Source: NBM report on average rates and volumes of new loans and new deposits attracted for January 2021.

In the case of foreign currency deposits, the most attractive are being those with terms from 2 to 5 years, which were placed at an average interest rate of 0.75% (businesses placed their deposits at a rate of 1.38%, and individuals – at a rate of 0.56%).

The highest average rate on domestic currency deposits was recorded as follows:

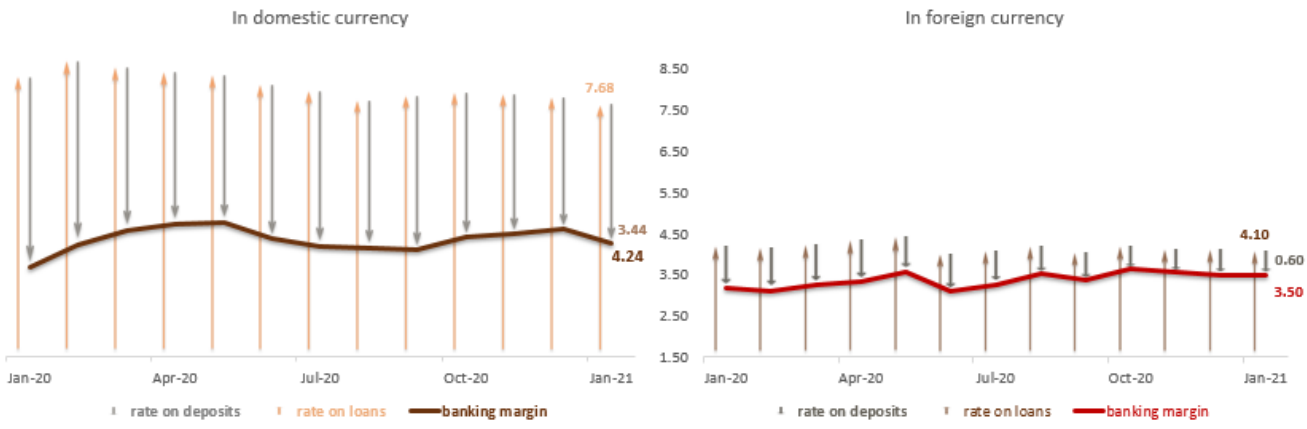
- on businesses deposits with terms from 1 to 2 years (4.11%);
- on individuals performing activity - from 6 to 12 months (3.75%);
- on individuals - over 5 years (5.14%).

The highest average interest rate on foreign currency deposits of businesses was recorded for deposits with maturity from 2 to 5 years (1.38%), and that of individuals - on deposits with maturity over 5 years (0.99%).

Interest rate margin on domestic currency transactions constituted 4.24 p.p., while on those in foreign currency amounted – 3.50 p.p.

Chart 11

Bank interest margin, p.p.



Source: NBM report on average rates and volumes of new loans and new deposits attracted for January

2021.

The interest rate margin on domestic currency transactions decreased by 0.35 p.p. compared to the previous month and increased by 0.57 p.p. compared to January 2020 (Chart 11).

The interest margin on foreign currency transactions decreased by 0.01 p.p. compared to the previous month and increased by 0.34 p.p. compared to January 2020.

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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 foreign-currency-linked, 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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