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Developments in loan and deposit markets in September 2020

In September 2020, new loans[1] extended by banks totalled MDL 3,291.0 million, recording an increase of 14.7 %, compared to September 2019.

The share of loans extended in domestic currency totalled 64.5%, in foreign currency – 32.0%, while the share of foreing-currency-linked[2] loans amounted 3.5% (Chart 1, upper chart).

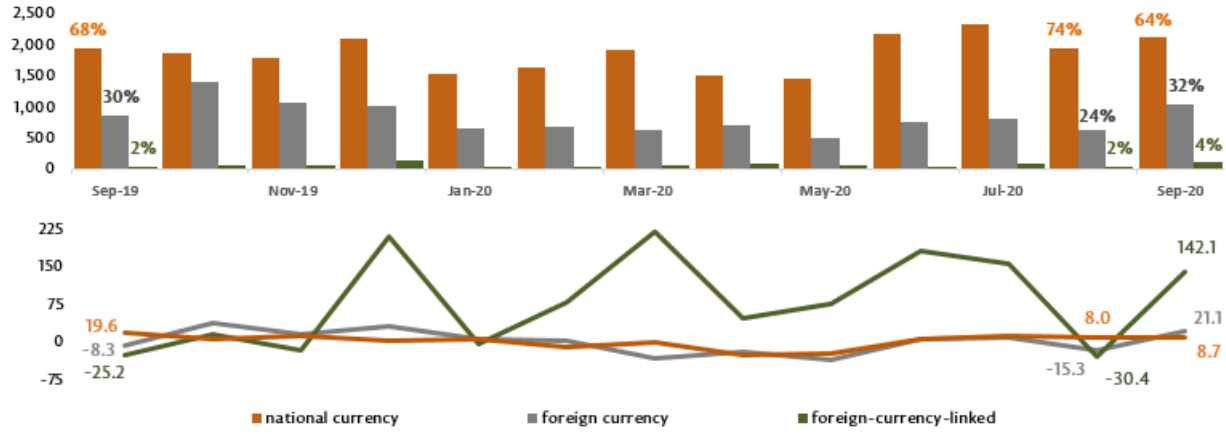
The amount of loans extended in domestic currency constituted MDL 2,121.6 million (+8.9% compared to the previous month and +8.7% compared to September 2019 (Chart 1, lower chart)).

The amount of loans extended in foreign currency recalculated in MDL, totalled MDL 1,053.9 million (+67.6% compared to the previous month and +21.1% compared to September 2019 (Chart 1, lower chart)).

The amount of foreign-currency-linked loans constituted MDL 115.5 million (2.5 times more than in the previous month and 2.4 times more than in September 2019) (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)

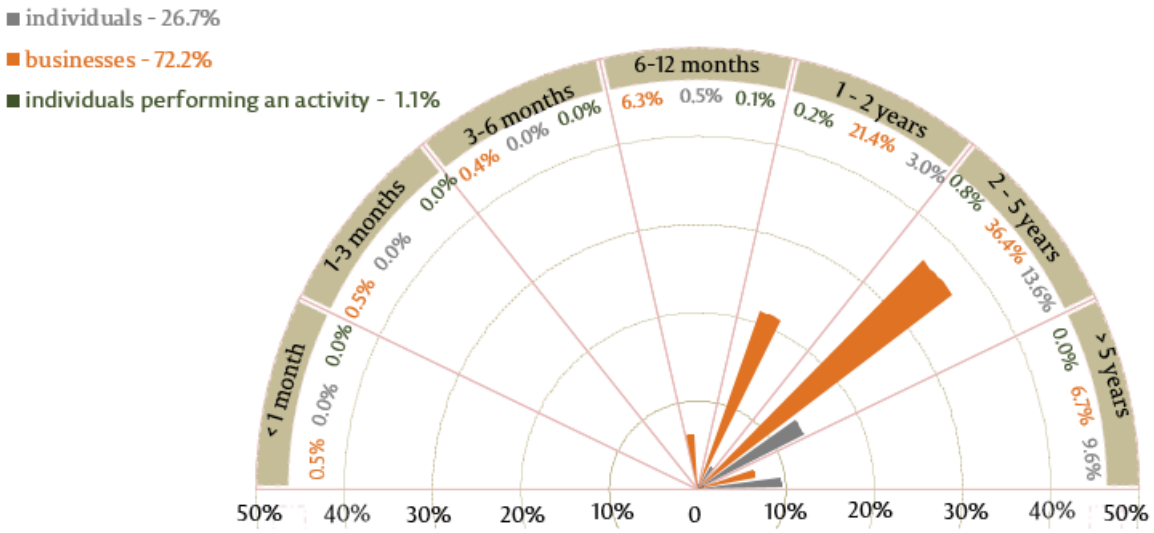


Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2020.

It should be mentioned that, in terms of maturity, loans with maturity ranging from 2 to 5 years recorded the highest demand (50.8% of total loans extended), out of which the largest share of 36.4% of the total loans was held by businesses (Chart 2).

Chart 2

New loans extended by maturity and their shares, %



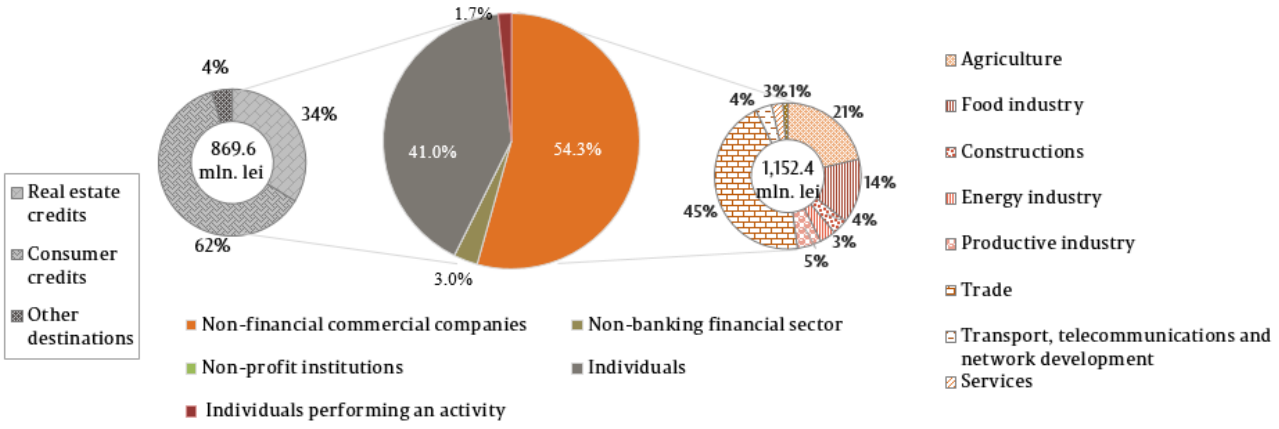
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2020.

Domestic currency loans were mainly represented by loans extended to businesses (57.3%), including loans extended to non-financial commercial companies holding a share of 54.3% (45.0% of which belong to trade) (Chart 3).

Foreign currency loans were mainly requested by non- financial commercial companies (96.6%), and the largest share (56.3%) belongs to trade.

Chart 3

Domestic currency loans by business sectors, %

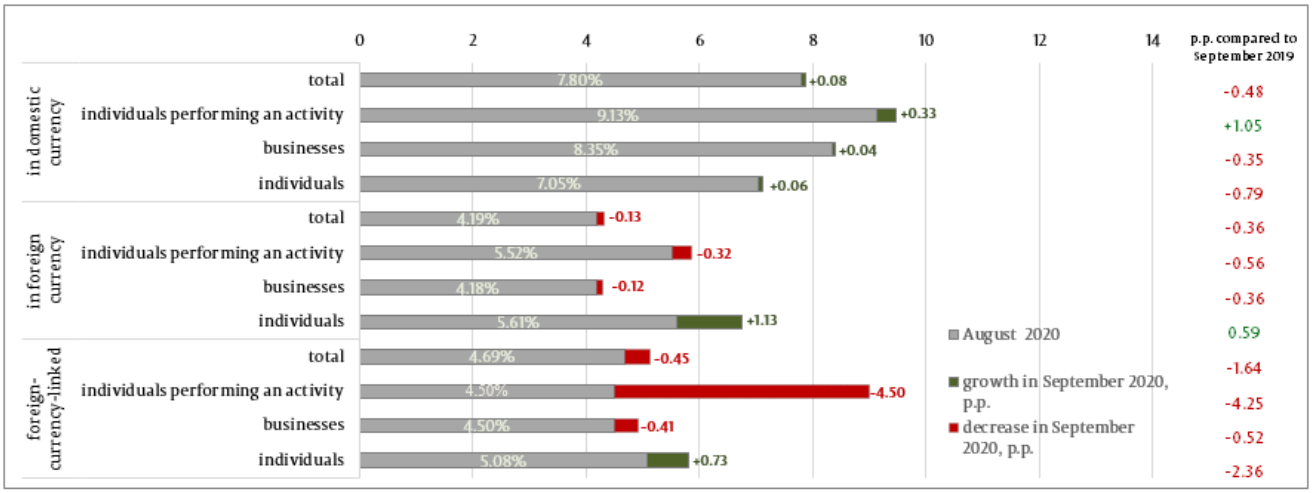


Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2020.

New loans in domestic currency were extended at an average interest rate of 7.88%, the loans in foreign currency – 4.06% and foreign-currency-linked loans– 4.24%.

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 2020.

Average interest rate on domestic currency loans increased by 0.08 percentage points compared to the previous month. Individuals received loans at an average interest rate of 7.11%, businesses – at a rate of 8.39%, while individuals performing an activity[3] – at a rate of 9.46% (Chart 4).

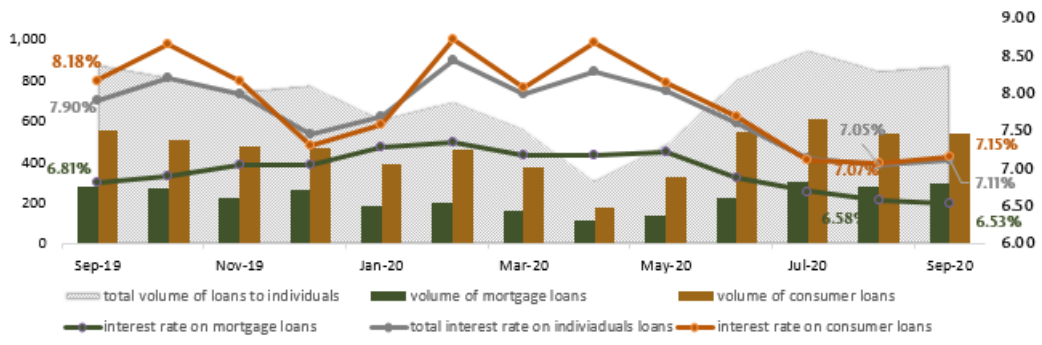
Average interest rate on foreign currency loans decreased by 0.13 percentage points compared to August 2020. Individuals received loans at an average interest rate of 6.74%, businesses – at a rate of 4.06%, while individuals performing an activity – at a rate of 5.20%.

Average interest rate on foreign-currency-linked loans declined by 0.45 percentage points, compared to August 2020. Individuals received loans at an average interest rate of 5.81%, businesses– at a rate of 4.09%, while individuals performing an activity did not resort to foreign-currency-linked loans.

Compared to the similar period of the previous year, the interest rate on domestic currency loans decreased by 0.48 percentage points, on foreign currency loans decreased by 0.36 percentage points and on foreign-currency-linked loans decreased by 1.64 percentage points.

Chart 5

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



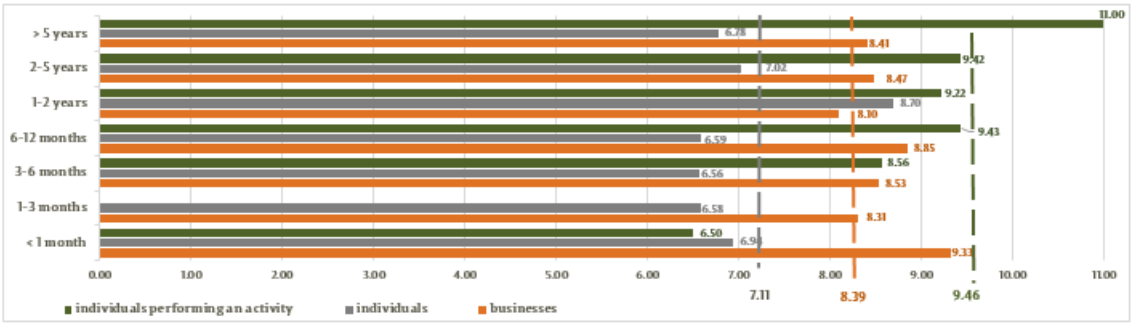
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2020.

The volume of loans in domestic currency extended to individuals in September 2020 increased in

comparison with the previous month by 2.6% and totalled MDL 869.6 million (Chart 5). The average rate of loans in domestic currency extended to individuals in the same period increased by 0.06 percentage points and constituted 7.11%. From the perspective of loan purpose, the consumer loans had the highest share (61.8%). As compared to the previous reference month, the rate of consumer loans increased by 0.08 percentage points, while the rate of mortgage loans decreased by 0.05 percentage points. Compared to the previous year, the rate of consumer loans decreased by 1.03 percentage points, while of mortgage loans - by 0.28 percentage points. It should be mentioned that the share of mortgage loans extended in domestic currency constituted 98.9% (1.1% refer to the foreign-currency-linked loans), while the share of consumer loans amounted 98.9% (1.0% were extended as foreign-currency-linked).

Chart 6

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



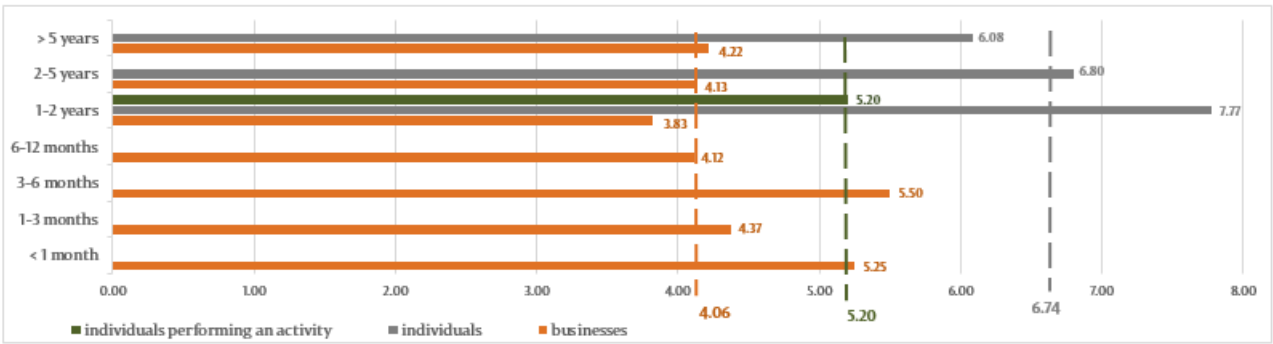
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2020.

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 7.93% (8.47% on businesses loans, 7.02% on individuals' loans, and 9.42% on loans of individuals performing an activity), (Chart 6).

It should be mentioned that the highest average interest rate on extended domestic currency loans was registered on loans with maturity up to 1 month, and amounted 9.17% (9.33% businesses loans, 6.94% - on individuals' loans, and 6.50% on loans of individuals performing an activity (Chart 6)).

Chart 7

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



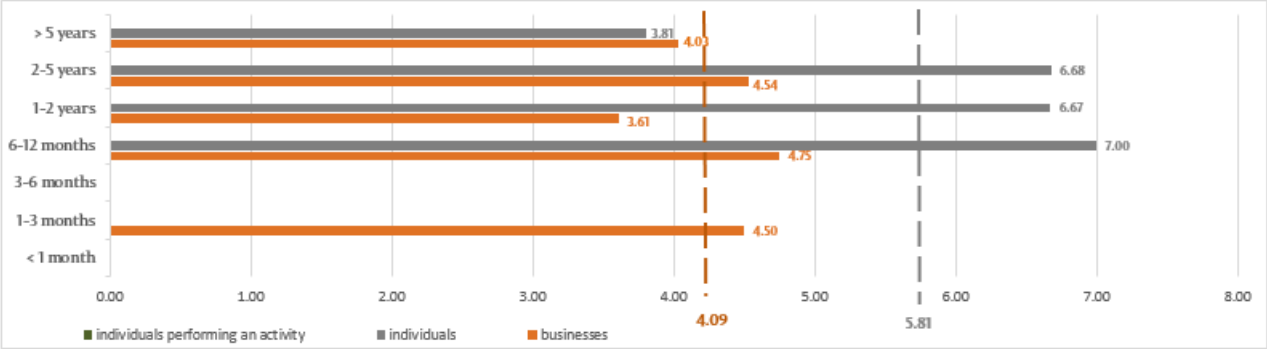
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2020.

The most attractive foreign currency loans with maturity from 2 to 5 years were extended at an average

interest rate of 4.14%, where loans to individuals were granted with an average interest rate of 6.80%, and loans to businesses – with an average rate of 4.13% (Chart 7).

Chart 8

Average interest rates on foreign -currency-linked loans, by maturity, %



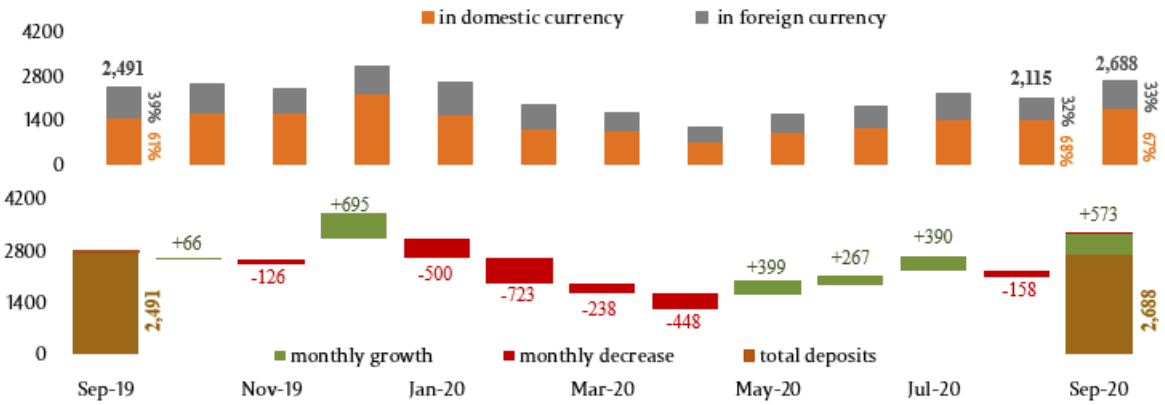
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2020.

The most attractive foreign-currency-linked loans, with maturity over 5 years, have been extended at an average interest rate of 4.02%; individuals received their loans at an average interest rate of 3.81%, while businesses – at an average rate of 4.03%, (Chart 8).

In September 2020, the new term deposits totalled MDL 2,668.4 million, increasing by 7.9% compared to September 2019 (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 September 2020.

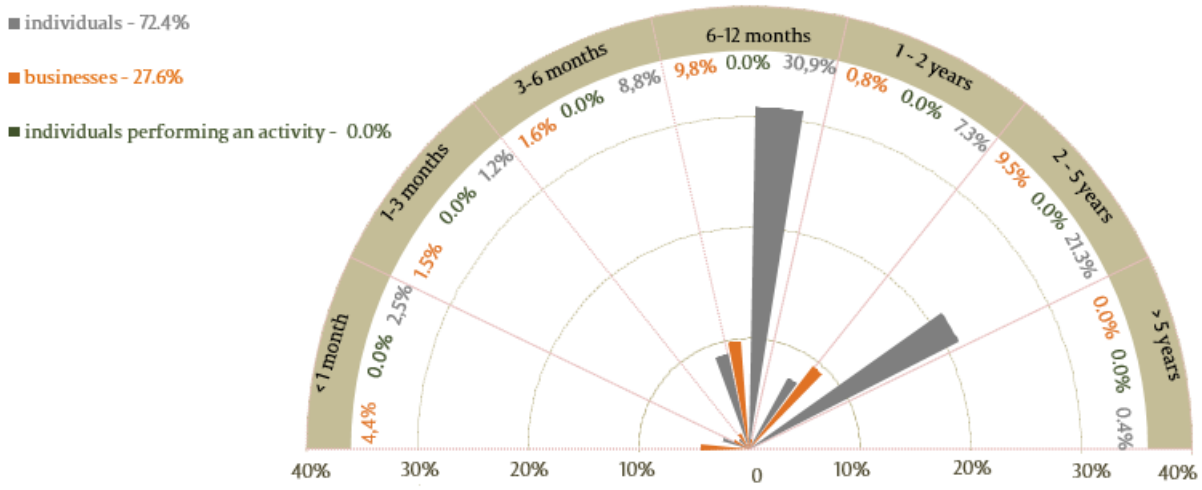
Domestic currency deposits totalled MDL 1,804.1 million (+26.0% compared to the previous month and +19.1% compared to September 2019).

Foreign currency deposits recalculated in MDL totalled MDL 884.3 million (+29.6% compared to the previous month and -9.4% compared to September 2019).

Domestic currency deposits accounted for a share of 67.1%, while foreign currency deposits -32.9%.

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 September 2020.

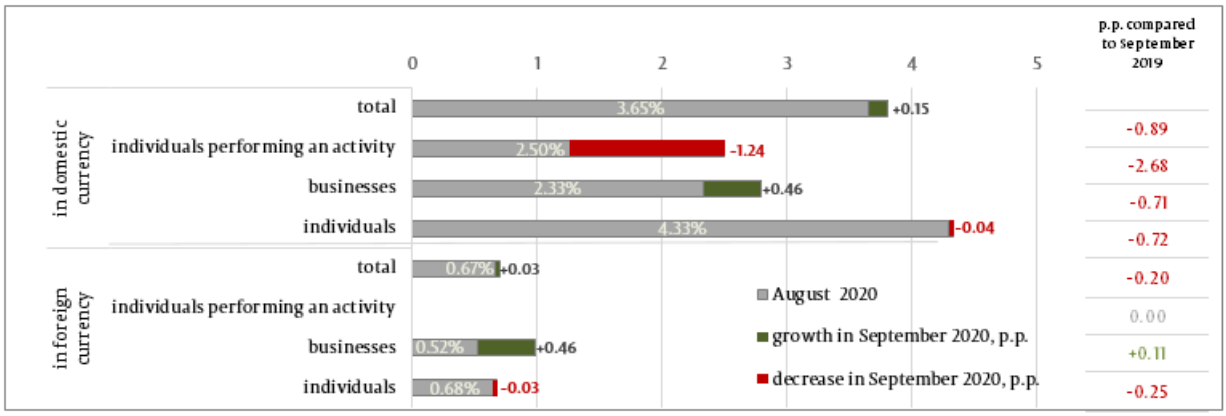
In September 2020, individuals' deposits represented the largest share of deposits – 72.4% (of which 45.1% represent domestic currency deposits, and 27.3% - foreign currency deposits).

In terms of maturity, the highest demand was recorded for deposits with terms from 6 to 12 months (40.7% of total term deposits). It is worth mentioning that by categories of clients, a significant share of deposits was held by individuals (30.9% of total deposits).

The average interest rate on domestic currency term deposits constituted 3.80%, and on foreign currency – 0.70%.

Chart 11

Weighted average interest rates on new deposits, %



Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2020.

The average interest rate on new domestic currency term deposits increased by 0.15 percentage points compared to the previous month. Individuals placed their deposits at an average interest rate of 4.29%,

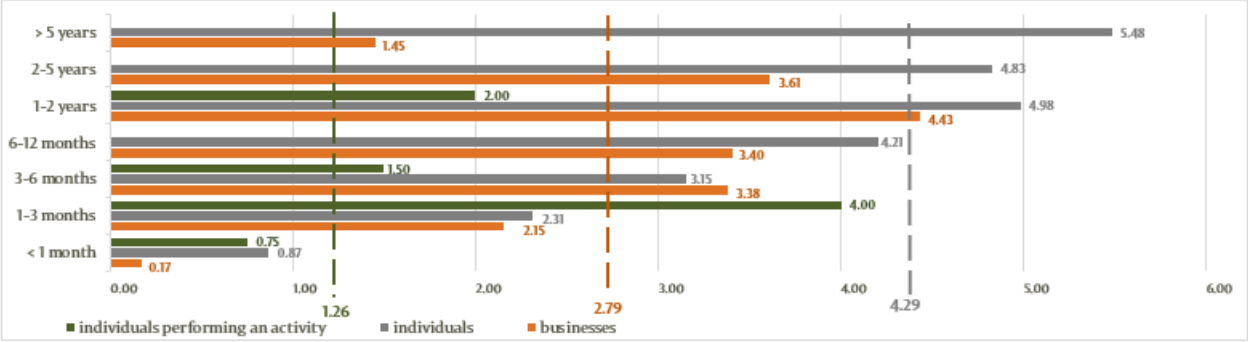
businesses – at an average rate of 2.79%, while individuals performing an activity – at an average interest rate of 1.26%.

The average interest rate on new foreign currency term deposits increased by 0.03 percentage points compared to August 2020. Individuals placed their deposits at an average interest rate of 0.65%, businesses – at an average rate of 0.98%, while individuals performing an activity did not place new deposits in foreign currency.

Compared to the similar period of the previous year, the average interest rate on domestic currency deposits decreased by 0.89 percentage points (the average rate on individuals' deposits decreased by 0.72 percentage points, on businesses deposits - by 0.71 percentage points, and on deposits of individuals performing an activity – by 2.68 percentage points). The average interest rate on foreign currency deposits decreased by 0.20 percentage points (the average rate on individuals' deposits decreased by 0.25 percentage points, on businesses deposits increased by 0.11 percentage points, while individuals performing an activity did not place foreign currency deposits during the reference period nor in September 2019.

Chart 12

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



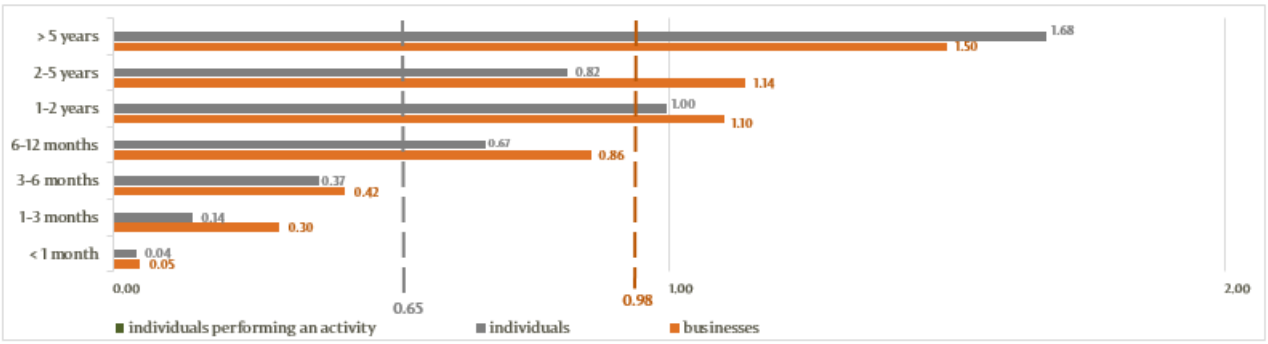
Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2020.

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 3.99% (individuals' deposits– at a rate of 4.21%, businesses deposits– at a rate of 3.40%) (Chart 12). In the case of foreign currency deposits, the most attractive being also those with terms from 6 to 12 months were placed at an average interest rate of 0.70% (individuals placed their deposits at a rate of 0.67%, and businesses – at a rate of 0.86%). (Chart 13)

It should be mentioned, that the highest average interest rate on domestic currency deposits was recorded for the term deposits of individuals with maturity over 5 years (5.48%), and those of businesses, with maturity from 1 to 2 years (4.43 %). Individuals, performing an activity benefited from the highest average rate on deposits with maturity from 1 to 3 months, and this was 4.00%. (Chart 12)

Chart 13

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

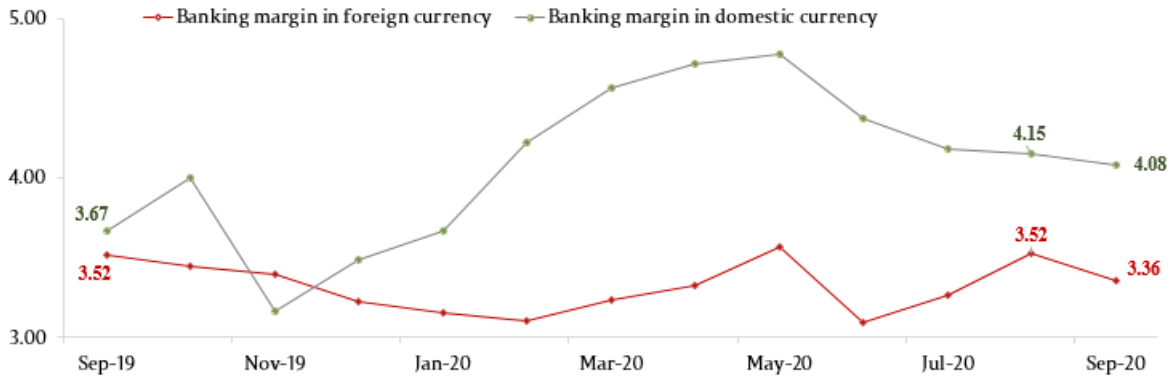


Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in September 2020.

The highest average interest rate on foreign currency deposits of individuals (1.68%) and of businesses (1.50%) was recorded for the deposits with maturity over 5 years businesses.

Interest rate margin on domestic currency transactions constituted 4.08 percentage points, while on foreign currency amounted 3.36 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 September 2020.

Interest rate margin on domestic currency transactions decreased by 0.07 percentage points compared to the previous month and increased by 0.41 percentage points compared to September 2019. (Chart 14)

Interest rate margin on foreign currency transactions decreased by 0.16 percentage points both compared to the previous month and compared to September 2019.

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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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