

**Credits and deposits market development in March 2013**

The volume of *new granted credits in national currency* decreased by MDL 236.7 million or by 14.1 percent in March 2013 as compared to the same period of the last year, constituting MDL 1447.8 million. The average weighted interest rate on credits granted during the reporting period was 12.77 percent, decreasing by 1.28 percentage points (Table no.1).

Table no. 1. Volume and average rate on credits granted by banks in national currency

	March 2012		February 2013		March 2013	
	Amount (million, lei)	Average rate (%)	Amount (million, lei)	Average rate (%)	Amount (million, lei)	Average rate (%)
<i>Up to 1 month</i>	298.31	15.28	59.16	12.43	19.83	15.05
<i>From 1 month to 3 months</i>	186.94	13.26	21.19	15.46	76.28	13.11
<i>From 3 months to 6 months</i>	191.39	14.51	16.52	12.15	77.27	13.11
<i>From 6 months to 12 months</i>	211.27	14.19	120.04	13.36	192.42	12.94
<i>Over 12 months</i>	796.59	13.62	766.72	13.23	1081.99	12.65
Total amount	1684.49		983.63		1447.79	
<i>Average rate on banking system</i>		14.05		13.23		12.77

The downward trend in the volume of lending in March 2013 was conditioned by methodological changes at the determination and calculation of interest rates applied by Moldovan banks, operated since July 2012. ¹

As compared to February 2013, the volume of new granted credits in national currency increased by MDL 464.2 million or by 47.2 percent while the average weighted interest rate on granted credits decreased by 0.46 percentage points.

The credits granted with terms over 12 months continued to be the most attractive, their share being of 74.7 percent of the total volume of credits in national currency in March 2013, being extended at an average interest rate of 12.65 percent (decreasing by 0.58 percentage points as compared to the previous month).

The credits granted to legal entities held the largest share in the new granted credits in national currency, which represent 75.4 percent of total credits in MDL and were granted at an average rate of 12.24 percent, while the average rate on credits granted to individuals amounted to 14.39 percent.

In March 2013, the volume of *new granted credits in foreign currency* (expressed in MDL) decreased by MDL 118.4 million or by 13.9 percent as compared to the same period of the previous

¹ Including the new credits granted to the banking sector with an interest rate higher than "0", according to the *Instruction on interest rates applied by banks in the Republic of Moldova*, approved by the Decision of the Council of Administration of the National Bank of Moldova no.304 of December 22, 2011, including further amendments and completions



year, accounting for MDL 734.9 million. The average weighted interest rate on credits granted during the reporting period was 8.03 percent, decreasing by 1.33 percentage points (Table no.2).

Table no. 2. Volume and average interest rate on credits granted by banks in foreign currency

	March 2012		February 2013		March 2013	
	Amount (million, lei)	Average rate (%)	Amount (million, lei)	Average rate (%)	Amount (million, lei)	Average rate (%)
<i>Up to 1 month</i>	253.81	11.98	0.40	15.20	0.57	15.00
<i>From 1 month to 3 months</i>	9.48	9.25	41.03	11.43	1.13	9.52
<i>From 3 months to 6 months</i>	13.29	8.27	3.38	8.05	10.87	7.64
<i>From 6 months to 12 months</i>	72.55	8.57	95.44	7.58	134.77	7.65
<i>Over 12 months</i>	504.15	8.19	577.19	7.98	587.56	8.12
Total amount	853.28		717.44		734.90	
Average rate on banking system		9.36		8.13		8.03

The volume of credits granted in foreign currency increased by MDL 17.5 million or by 2.4 percent as compared to the previous month, being mainly represented by the credits granted to legal entities with an average rate of 8.03 percent, holding a share of 97.0 percent of total credits in foreign currency.

The evolution of the average rates on new granted credits in foreign currency recorded a slight downward tendency, decreasing by 0.10 percentage points as compared to February 2013, up to the level of 8.03 percent in March 2013. The credits in foreign currency with the maturity of over 12 months were the most attractive, being granted at an average rate of 8.12 percent.

In March 2013, the volume of **term deposits in national currency** decreased by MDL 564.6 million or by 29.1 percent as compared to the same period of the previous year, amounting to MDL 1376.7 million (Table no.3).

Table no. 3. Volume and average rate on term deposits in national currency

	March 2012		February 2013		March 2013	
	Amount (million, lei)	Average rate (%)	Amount (million, lei)	Average rate (%)	Amount (million, lei)	Average rate (%)
<i>Up to 1 month</i>	183.79	2.06	68.35	5.86	15.71	4.98
<i>From 1 month to 3 months</i>	145.41	5.75	40.88	2.30	111.13	4.46
<i>From 3 months to 6 months</i>	914.92	6.48	370.53	8.11	305.14	7.93
<i>From 6 months to 12 months</i>	476.83	9.81	840.94	8.29	703.80	7.97
<i>Over 12 months</i>	220.37	10.88	406.38	10.60	240.96	10.35
Total amount	1941.32		1727.08		1376.74	
Average rate on banking system		7.32		8.56		8.06



The downward trend in March 2013 in the volume of term deposits attracted in national currency has been also conditioned by methodological changes at the determination and calculation of interest rates applied by Moldovan banks, operated since July 2012.²

As compared to February 2013, the volume of term deposits attracted in national currency decreased by MDL 350.4 million (20.3 percent). The average interest rate of term deposits in national currency attracted during the reporting period was 8.06 percent, decreased by 0.50 percentage points as compared to the previous month.

The deposits with the terms from 6 to 12 months held the largest share (51.1 percent) of total term deposits attracted in national currency, which were attracted at an average interest rate of 7.97 percent.

The share of term deposits in national currency attracted from individuals during the reporting period was 68.3 percent of total term deposits attracted in national currency, decreasing by 6.3 percentage points as compared to the previous month. The average weighted interest rate of term deposits in national currency attracted from individuals was 9.35 percent.

The *volume of term deposits in foreign currency* (expressed in MDL) was MDL 984.7 million in March 2013, decreasing by MDL 286.1 million or by 22.5 percent as compared to the same period of the previous year.

The average weighted rate of term deposits in foreign currency (expressed in MDL) was 4.40 percent during the reporting period (Table no.4).

Table no. 4. Volume and average rate of term deposits in foreign currency

	March 2012		February 2013		March 2013	
	Amount (million, lei)	Average rate (%)	Amount (million, lei)	Average rate (%)	Amount (million, lei)	Average rate (%)
<i>Up to 1 month</i>	55.71	1.39	49.73	1.45	69.39	1.45
<i>From 1 month to 3 months</i>	198.19	3.32	42.45	0.95	30.94	1.42
<i>From 3 months to 6 months</i>	424.74	4.14	344.04	4.17	271.85	4.23
<i>From 6 months to 12 months</i>	465.18	4.64	560.56	4.74	466.49	4.76
<i>Over 12 months</i>	127.01	5.33	184.97	5.45	146.02	5.61
Total amount	1270.82		1181.75		984.68	
Average rate on banking system		4.20		4.41		4.40

² Including the new term deposits attracted to the banking sector with an interest rate higher than "0", according to the *Instruction on interest rates applied by banks in the Republic of Moldova*, approved by the Decision of the Council of Administration of the National Bank of Moldova no.304 of December 22, 2011, including further amendments and completions



As compared to February 2013, the volume of term deposits in foreign currency decreased by MDL 197.1 million lei (16.7 percent) and the average interest rate of term deposits remained at the previous month level.

Term deposits with terms from 6 to 12 months held the largest share (47.4 percent) of total term deposits in foreign currency, which were attracted at an average interest rate of 4.76 percent, increasing by 0.02 percentage points as compared to the previous month.

Banking margin on operations in national currency was 4.71 percentage points in March 2013, increasing by 0.04 percentage points as compared to the previous month.

Banking margin on operations in foreign currency amounted to 3.63 percentage points in the analyzed month, decreasing by 0.09 percentage points as compared to February 2013.