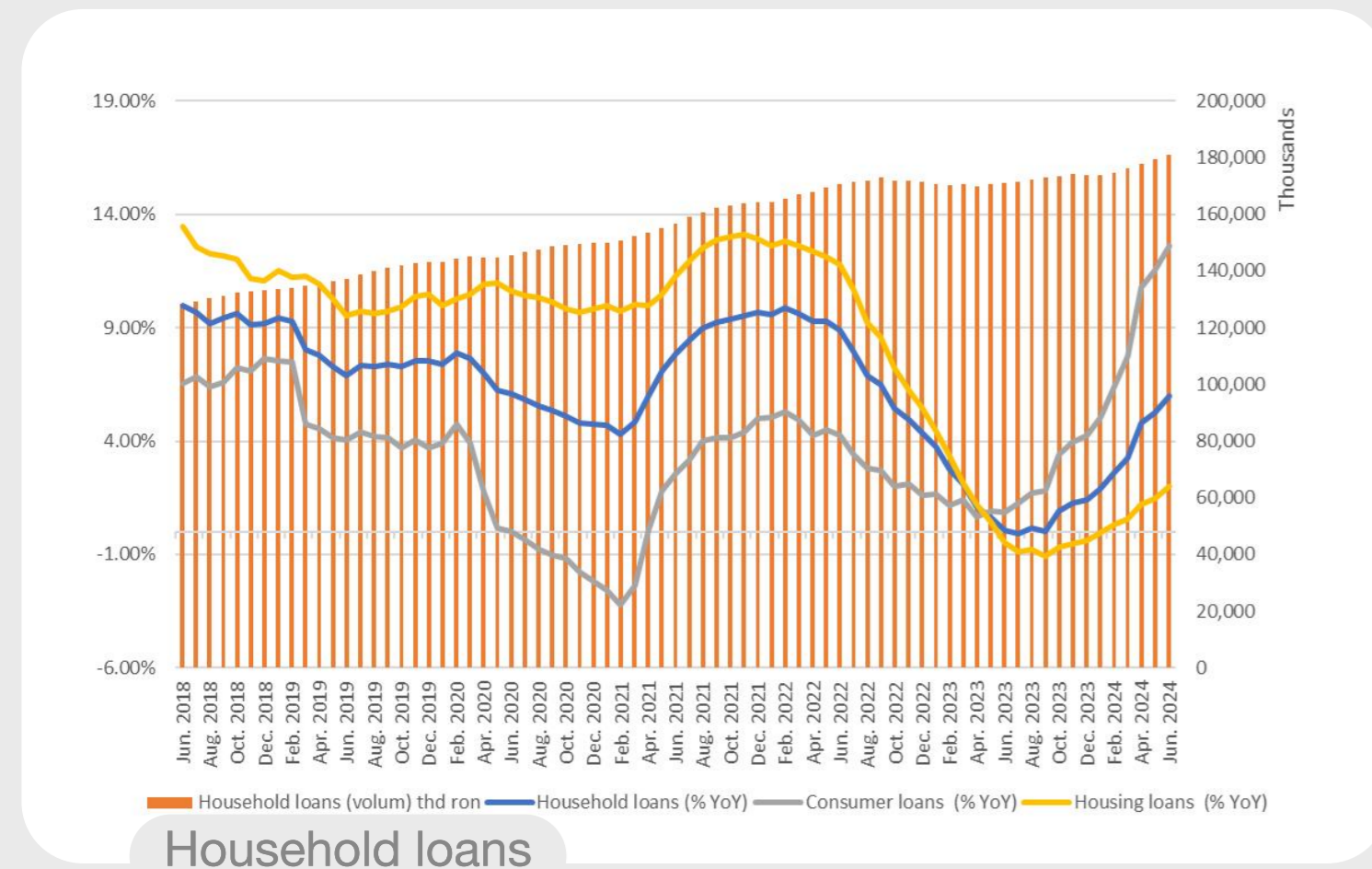


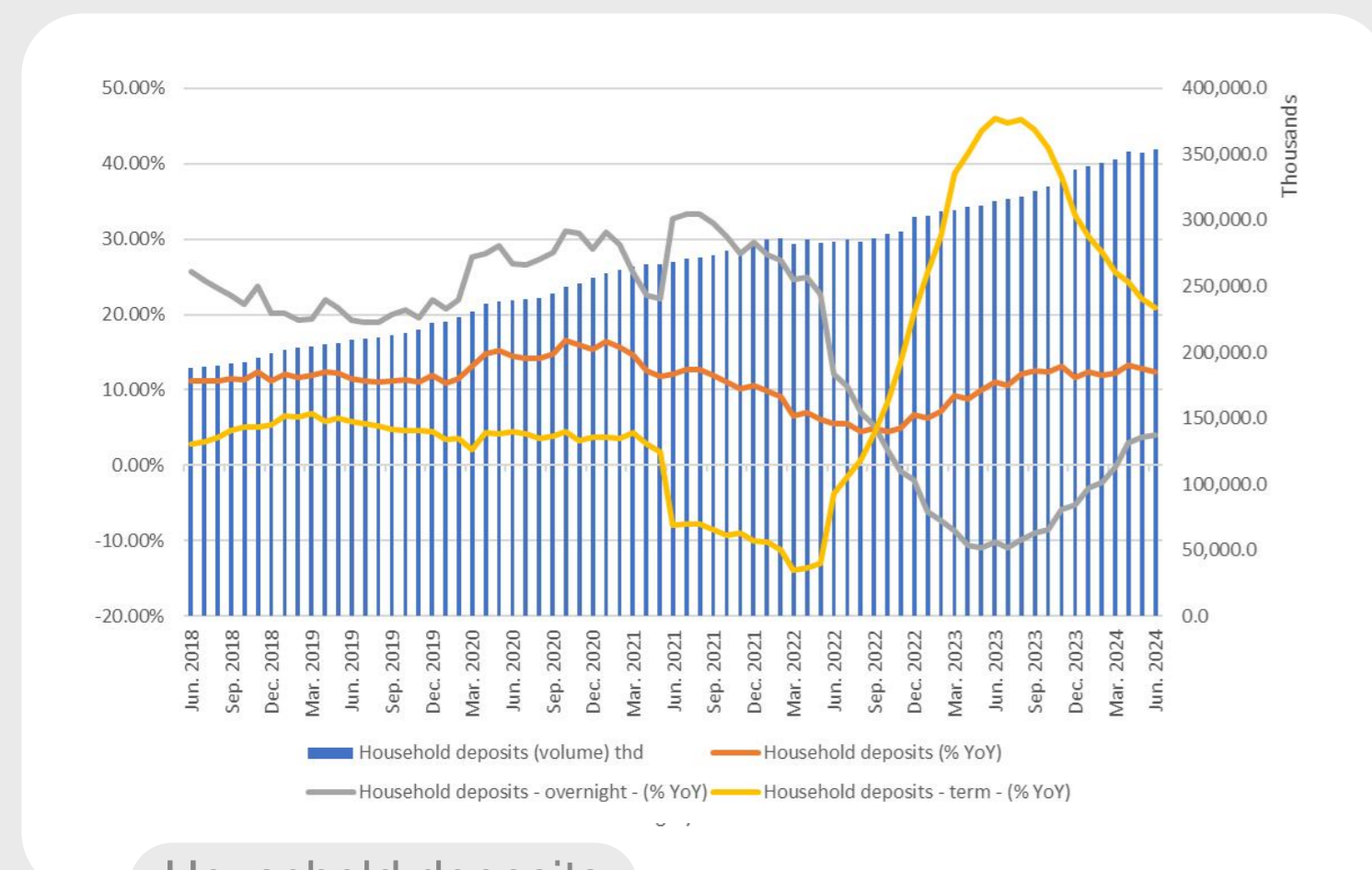
Corporate loans

Source: National Bank of Romania



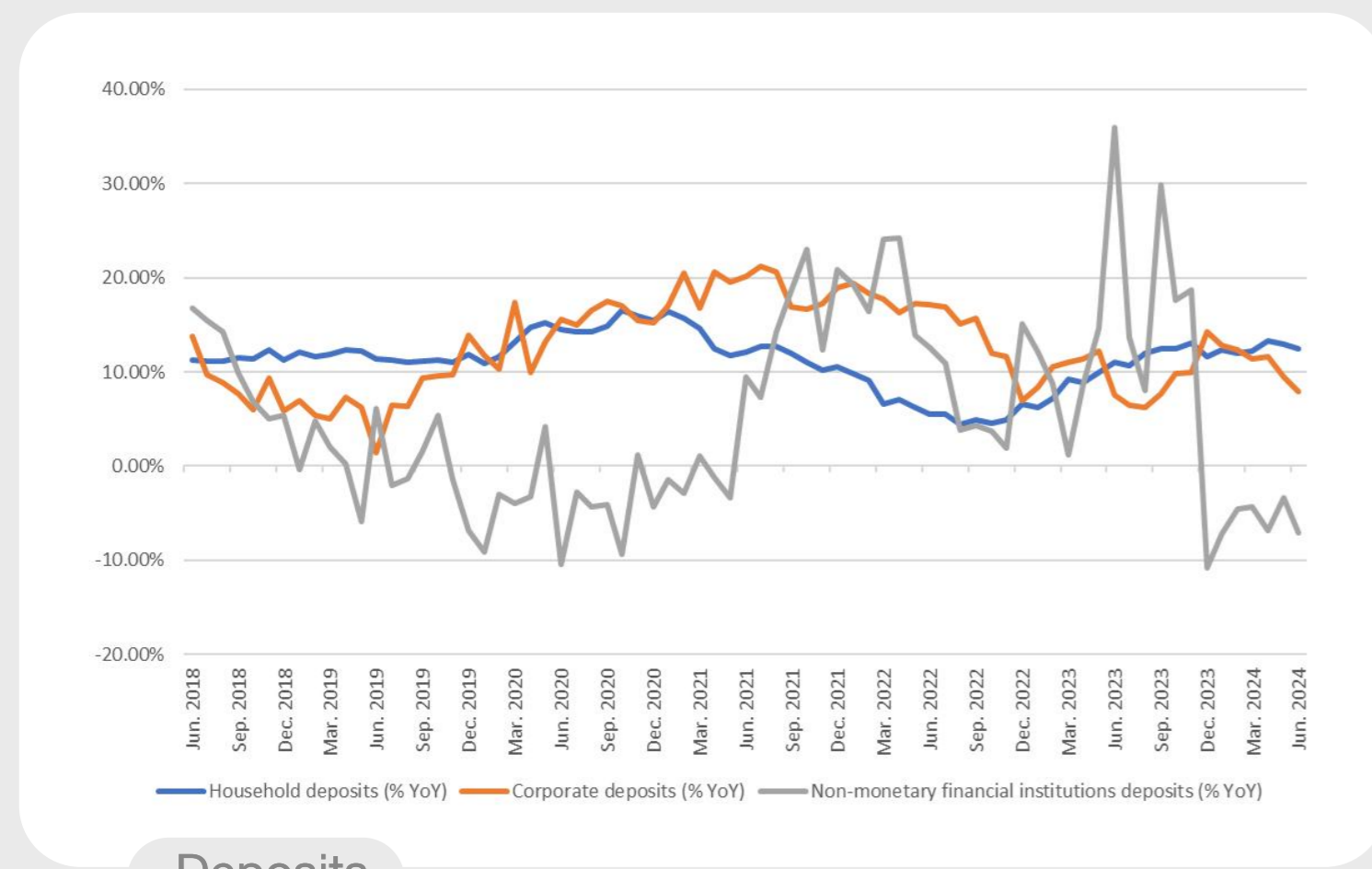
Household loans

Source: National Bank of Romania



Household deposits

Source: National Bank of Romania



Deposits

Source: National Bank of Romania

LOAN GROWTH AND DEPOSIT TRENDS AS OF H1 2024 IN ROMANIA

In June 2024, compared to the same month last year, the loans granted to households had an increase of 5.98%, an accelerated continuation of the trend started in the fall of last year. The overwhelming majority of these loans were in RON, and, if we look only at these loans, the increase is of 9.64% compared to June last year, bringing the average growth rate to 7.13% for this year. In contrast, the loans in euro continue their downward trend even stronger, at -17.35% compared to June 2023, halving their value compared to 6 years ago and 1/3 compared to 10 years ago. The preference for lending in national currency is evident, both due to the conditions and to the related banking products and services.

Within this category, consumer loans recorded the highest growth of 12.60% compared to the same period last year, continuing the growth trend that started and accelerating it to 9.01% average growth this year. It is, in fact, the highest pace of growth recorded in the last 10 years driven also by the growth in private consumption, a trend that we expect to continue in the coming period. Housing loans also grew in June by 2.01% (y/y), even at a faster pace than the previous month, and will most likely continue their growth momentum as the effects of the interest rate cuts are seen in the market. Within this category too, the overwhelming share is accounted for by loans in national currency, with those in euro continuing to fall.

The loans given to businesses accelerated their growth in June to 5.7% y/y bringing the average increase this year to 6%. What is interesting to note is the very high increase compared to the previous month of 2.31%, the highest monthly pace in the last 2 years. It is also the effect of the SME Invest program, whose results will be seen in the next months in the volume of lending as well. The largest share and increase came from loans in RON with 7.71% compared to the same month last year. Lending in euro also increased, but at a slower pace of 3.45% y/y. In contrast, the Loans to non-monetary financial institutions had the largest increase in the last year, up 25.35% y/y and 5.17% from last month. These are also the highest lending volumes recorded by this sector, volumes that we expect will continue to grow.

As for deposits, they too have seen interesting movements in recent months. Household deposits continue to fall as deposit rates fall. The opposite movement in overnight deposits compared to term deposits is also evident. While term deposits fall as interest rates fall, overnight deposits grow at a rate of 4.09% y/y. Corporate deposits also continue their downward trend, reaching 7.91% y/y, again following the pattern in which overnight deposits in RON grow and term deposits fall. The fall in the pace of growth and in volumes has been even more pronounced in recent months, being correlated with the increase in corporate lending. The deposits held by non-monetary financial institutions increased in volume compared to the previous months but are still below last year's values. They retain their volatility in year-on-year growth/decline rates and remain on a downward trend.

In summary, the trends in the lending and deposit markets have shown significant shifts over the past months, with a marked preference for loans in the national currency and a noticeable decline in euro-denominated loans. Household loans, particularly consumer loans, have experienced substantial growth, driven by increased private consumption and favorable market conditions. Corporate lending has also seen an uptick, bolstered by programs like SME Invest. On the deposit side, a decline in term deposits and an increase in overnight deposits highlight changing preferences among both households and businesses.

Looking ahead, these trends are likely to continue shaping the financial landscape. The preference for loans in the national currency is expected to persist, driven by favorable interest rates and supportive banking products. Consumer loans will likely maintain their robust growth, reflecting ongoing strength in private consumption. Housing loans are prone to grow further as the impact of recent interest rate cuts becomes more pronounced. For corporate lending, the momentum gained from programs like SME Invest is anticipated to carry forward, potentially driving higher growth rates in the coming months.

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Consumer loans recorded the highest growth rate. Preference for lending in national currency. Corporate loans accelerated their growth. Household and corporate deposits continue to fall as interest rates fall.