



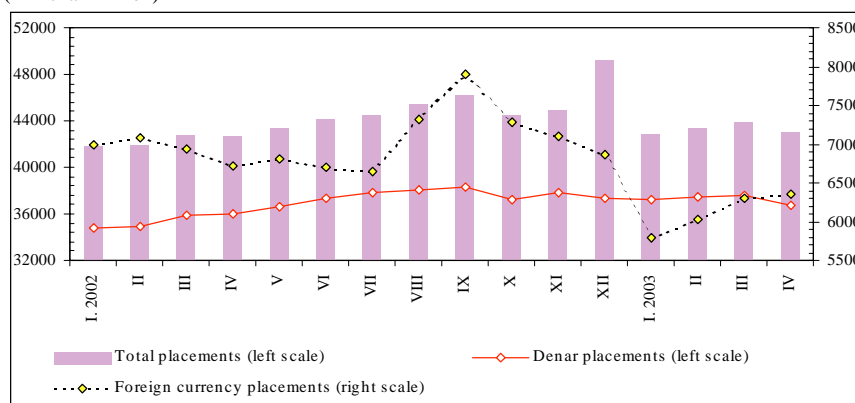
2.3.

Banks' placements and interest rates

Monthly decrease in the total banks' placements due to the lower amount of overdue claims

In April 2003, the banks' total placements to the non-government sector⁵ were by 1.8% lower on monthly basis, solely due to the lower level of Denar placements of 2.2%. The placements extended in foreign currency registered a monthly increase of 0.8%. Notwithstanding the negative monthly dynamics of the total placements, positive movements were registered from the qualitative point of view. The fall was primarily caused by the amount of the overdue claims. Compared to the same month of the preceding year, the banks' placements were by 0.9% higher.

Chart 20
Banks' placements
(in Denar million)



Decrease in the Denar placements...

In April 2003, the banks' Denar placements registered the following movements: a) considerable decrease in the amount of overdue claims, on the basis of short-term credits, as a major factor for the monthly fall in the Denar placements (2.2%); b) increase in the short-term credits extended to the enterprises and c) further growth in the long-term housing credits extended to the households. Such developments caused proportional movements in the sector structure of the Denar placements. Thus the share of the placements extended to households registered an increase of 0.9 percentage points and equaled 19.4%, while the share of the enterprise sector equaled 80.0% (plunge of 0.8 percentage points). The favorable movements in the maturity structure of the Denar placements continued in April 2003. Thus the share of the long-term placements registered an increase of 1.5 percentage points and equals 32.7%. In line with the more stable environment and the higher level of saving in the banking system, the Denar placements were by 2.1% higher on annual basis.

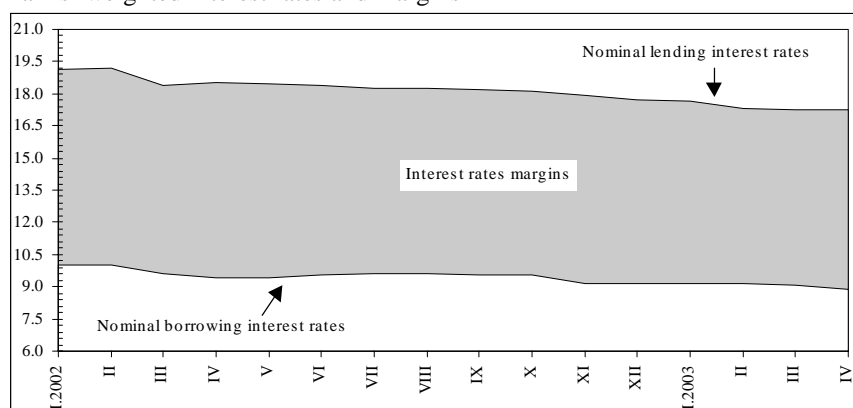
...and moderate increase in the foreign exchange placements

The moderate increase in the banks' foreign exchange placements in April 2003 (0.8%) was due to the moderate acceleration of the short-term credits the sources of which are foreign credits, as well as the increase in the credits extended for payment of current liabilities and financing investment operations abroad. Consequently, the maturity structure of the foreign exchange placements registered an increase in the share of the short-term placements (of 0.6 percentage points). From the aspect of the sector structure, the almost total amount of foreign exchange placements is further directed towards the enterprise sector. The annual analysis indicates lower credit activity in foreign currency (fall of 5.4% on annual basis).

⁵ Since April 2003, the banks' placements have been shown in accordance with their accounting balance and all comparisons pertains to the accounting balance (so far the actual balance was presented, which differs from the accounting balance by the corrections made in the written-off claims and the re-recordings with the banks).



Chart 21
Banks' weighted interest rates and margins*



* Pertain to Denar credits and deposits.

*Decrease in the average
weighted deposit interest rate
of the banks*

In April 2003, although certain reductions were made in the lending interest rates of some banks by around 1 to 2 percentage points, it did not influence the average weighted interest rate. The short-term average weighted lending interest rate of the banks equaled 17.3% and remained unchanged on monthly basis. On the other hand, in April 2003, the banks' deponents gained inconsiderably lower interest rate income from the deposited funds. Thus, the average weighted deposit interest rate (pertaining to three-month Denar deposit) was lower by 0.3 percentage points on monthly basis and equaled 8.9%. The asymmetrical movements in both the lending and the deposit interest rate resulted in extension of the interest rates margins (which in April 2003 equaled 8.4 percentage points). On annual basis (April 2003 / April 2002), the lending and the deposit interest rate were by 1.3 and 0.6 percentage points lower, respectively. The short-term average weighted interest rate of the foreign exchange placements remained unchanged in April 2003 (7.7%).