



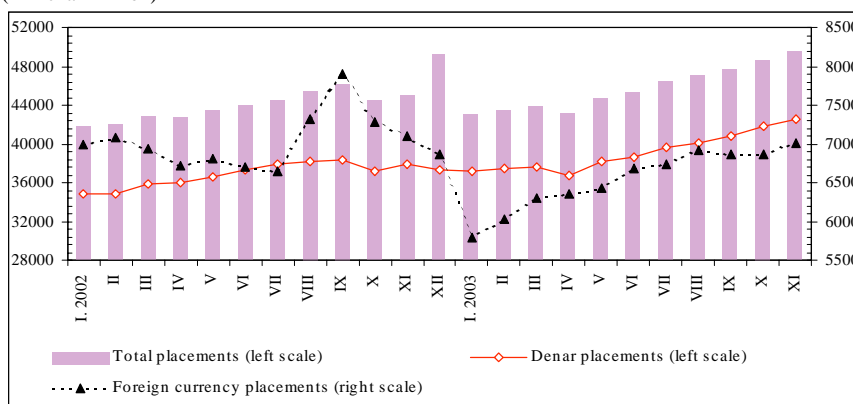
2.3.

Banks' placements and interest rates

Further increase in the bank's credits...

In November 2003, the total banks' placements registered a monthly growth of 1.8%, with simultaneous increment being registered in the domestic and foreign currency. The domestic currency lending was generated by the simultaneous increment in the volume of credits extended on both short and long run. On the other hand, the foreign exchange lending to the private sector was primarily a result of the lending on a long run. Thus the six-month trend of intensive lending by the banks, with favorable qualitative movements continued in November 2003, paying adequate contribution for accelerating the economic growth. The annual analysis indicates increase in the banks' total placements of 10.2%.

Chart 19
Banks' placements
(in Denar million)



...with increase being registered in the Denar placements...

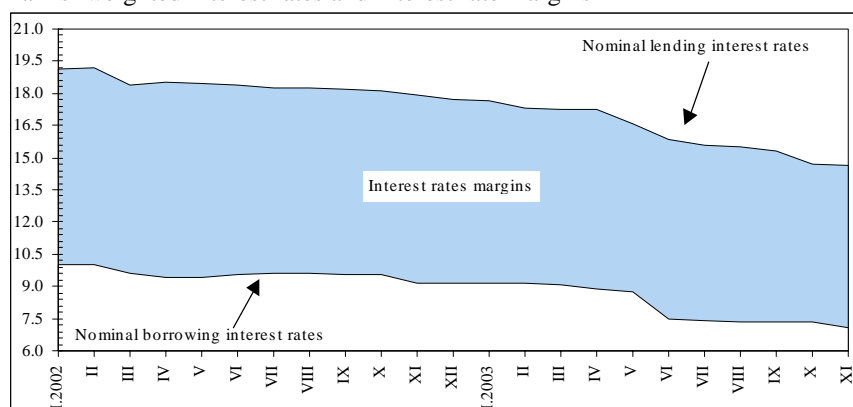
In November 2003, the banks' Denar placements registered monthly growth of 1.8%, with simultaneous increase being registered in the placements extended on both short and long run. Thus November registered more intensive lending to enterprises for short-term financing. Also, the trend of supplementing the long-term sources of funds of the households for financing housing construction and other purposes continues. From the aspect of the maturity structure of Denar placements, the share of short-term placements equals 63.8%, the level of which remains almost unchanged. The sector structure registers movements directed towards lowering the share of the enterprise sector by 0.4 percentage points (thus reducing to 75.9% at the end of the month), at the expense of the share of the households. Compared to the same month of the previous year, the Denar placements went up by 12.3%.

...and the foreign exchange placements, simultaneously

The monthly increase in the foreign exchange placements of 2.1% in November was solely generated by the higher level of long-term foreign exchange credits extended to the enterprises. A portion of these funds is intended for repayment of current liabilities and financing investment operations abroad. Thus the share of the long-term placements in the maturity structure of the foreign exchange placements registered monthly increase of 1.1 percentage point and reached 54.6%. The sector structure registered no substantial changes, with the share of the credits extended to the enterprises remaining dominant (97.2%). The annual change in the foreign exchange placements in November was negative and equaled 1.3% (supported by the considerable appreciation of the Denar relative to the US Dollar).



Chart 20
Banks' weighted interest rates and interest rate margins*



* Pertain to Denar credits and deposits.

*Inconsiderable changes in the
banks' interest rates*

In November 2003, the banks' interest rate policy registered no significant changes. Thus the average weighted lending interest rate on short-term Denar placements of the banks remained unchanged and equaled 14.7%. The average weighted deposit interest rate (three-month Denar deposit) registered monthly decline of 0.3 percentage points, thus reducing to 7.1%. The asymmetrical changes in both the lending and the deposit interest rates resulted in expansion of the interest rates margin by 0.2 percentage point (in November 2003 it equaled 7.6 percentage points). The average weighted interest rate on short-term foreign exchange placements registered a monthly growth of 0.2 percentage points (in November 2003 it equaled 7.8%). The interval of the foreign exchange lending interest rates of the households for the three-month deposits in Euro ranged from 1.4% to 4.4%, while the interest rates on the three-month US Dollar deposits ranged from 0.8% to 3.8% (p.a.).