



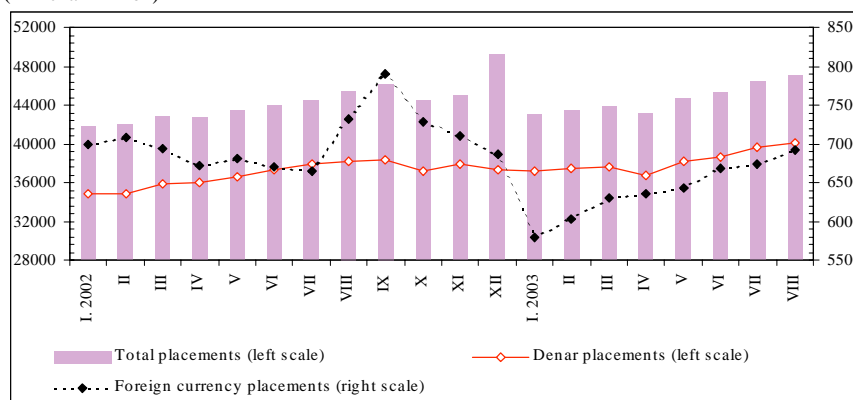
2.3.

Banks' placements and interest rates

Monthly increase in the banks' total placements

In August 2003, the banks' total placements were by 1.3% higher on monthly basis, with simultaneous increase being registered in both the Denar and the foreign exchange placements of 1.1% and 2.6%, respectively. Such dynamics was primarily due to the further acceleration of the long-term lending to the households and the higher amount of overdue claims. On annual basis (August 2003 / August 2002), the banks' total placements to the non-government sector are by 3.5% higher.

Chart 19
Banks' placements
(in Denar million)

*Monthly increase in the Denar placements of 2.8%...*

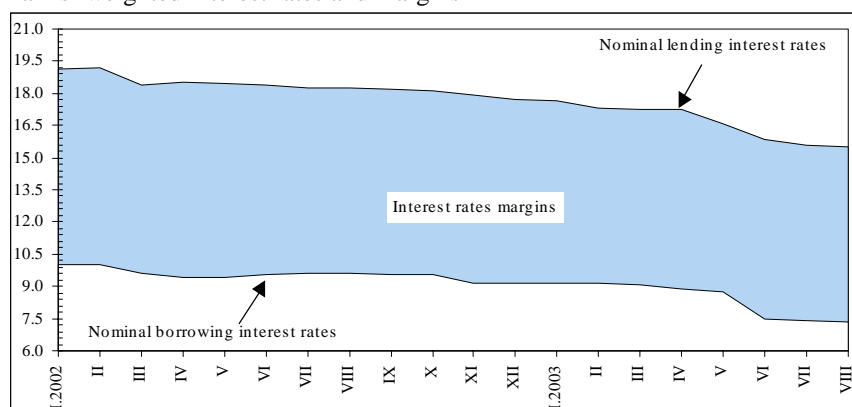
In August 2003, the total banks' Denar placements registered monthly growth of 1.1%. With respect to the maturity, the short-term Denar placements grew at moderate pace, with unfavorable movements being registered in their structure (more intensive increase in the overdue claims relative to the decrease in the short-term lending to enterprises in domestic currency). More intensive increase was registered in the long-term placements, particularly due to the further lending to the households for housing construction and other purposes. In line with such movements, in August 2003 the movements in the maturity structure of the Denar placements were directed towards higher share of the placements extended on a long run (by 0.4 percentage points) with the short-term placements still prevailing (65.4%). The sector-by-sector analysis indicates an increase of 1 percentage point in the placements extended to the households sector, which at the end of the month equaled 22.5%. On annual basis, the Denar placements went up by 5.3%.

...while the monthly increment in the foreign exchange placements equals 2.6%

The banks' foreign exchange placements increased by 2.6% on monthly basis in August 2003, with simultaneous increment being registered in the short-term and long-term placements. The higher overdue claims had dominant influence on the increase in the foreign exchange placements extended on a short run. Favorable movements were registered in the long-term foreign exchange placements, the increase of which was solely generated from the intensified lending to the enterprises. The maturity and the sector structure of the foreign exchange placements registered no changes. The long-term placements make up 54.1%, while almost the total amount of foreign exchange placements is concentrated in the enterprise sector (96.9%).



Chart 20
Banks' weighted interest rates and margins*



* Pertain to Denar credits and deposits.

*Almost unchanged layout of
the banks' interest rate policy*

After the relative flexibility of the interest rate policy of the banks in the preceding three months, (as a partial response to the monetary signals, the higher level of saving in the banking system and the intensified credit activity), in August 2003 the banks' interest rates remained almost unchanged. Thus the Denar short-term average weighted lending interest rate equaled 15.5%, while the average weighted deposit interest rate (on a three-month Denar deposit) equaled 7.4%. Consequently, the interest rate margin remained unchanged at a level of 8.1 percentage points. Also, the average weighted interest rate on the short-term foreign exchange placements remained almost unchanged, and in August 2003 equaled 7.5%. The interest rates on the three-months Euro deposits in August 2003 ranged from 1.4% to 5.5%, while the interest rates on the three-months Dollar deposits ranged from 0.7% to -3.9%.