

The Money Market – Loans

Slovenian Economic Mirror

IMAD

No. 6/2004

p. 8

Domestic banks' loans	Nominal amounts, SIT billion		Real loan growth, %		
	31 December 2003	31 May 2004	31 May 2004/ 30 April 2004	31 May 2004/ 31 May 2003	31 May 2004/ 31 Dec 2003
Total tolar loans	1,831.0	1,895.8	-0.1	6.3	1.0
Tolar loans to comp. and OFO*	1,062.9	1,081.4	-0.6	4.5	-0.8
Short-term, overdrafts, advances	553.3	579.9	0.2	4.9	2.2
Long-term	509.6	501.5	-1.6	4.1	-4.0
Foreign currency loans to comp., OFO	621.3	745.8	3.4	44.3	18.6
Household tolar loans	637.5	676.7	0.6	9.1	3.5
Short-term, overdrafts, advances	127.6	127.1	-1.0	2.4	-2.9
Long-term	509.8	549.6	1.0	10.8	5.1
Government tolar loans	130.6	137.7	0.8	6.8	2.8
Short-term, overdrafts, advances	23.2	26.6	25.2	-8.7	11.7
Long-term	107.4	111.1	-3.7	11.3	0.9

Source of data: the BS, calculations by the IMAD. Notes: *OFO – other financial organisations.

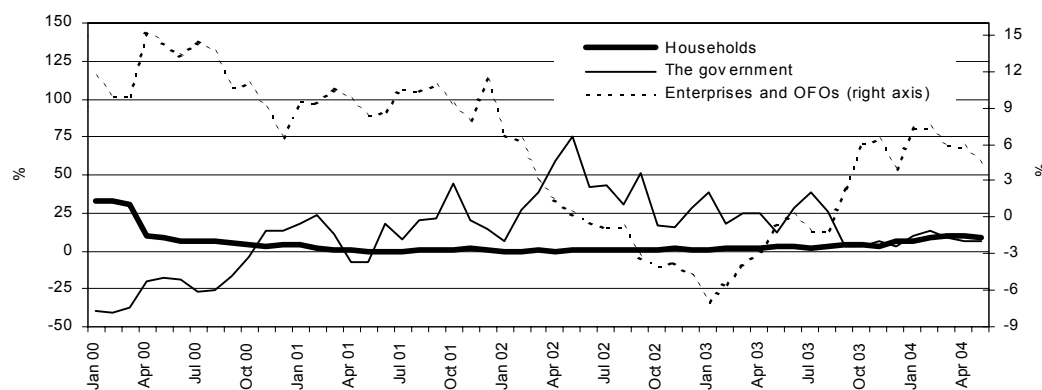
In May, the real volume of domestic banks' tolar lending to enterprises and other financial organisations, households, and the government fell by 0.1% for the second month in a row. This time, the main reason was the net repayment of long-term loans by enterprises and OFOs, which reduced total loan growth by 0.4 of a percentage point. Nevertheless, the volume of tolar loans rose by 1% in real terms in the first five months, while they fell by 0.6% in the same period last year. Net flows of all tolar loans amounted to SIT 64.8 billion and were 42.8% higher than in the same period last year in real terms.

The real volume of loans to **enterprises and OFOs** has fallen twice month on month since March after rising from mid-2003 onwards. At the end of May, the volume of these loans was 0.8% lower than at the end of 2003 owing to falls in long-term tolar loans, which were probably replaced by foreign currency loans. They, in turn, were still the most important source of finance for enterprises and OFOs and climbed by 18.6% in real terms in the first five months, 4.4 percentage points more than a year ago. Excluding loans to OFOs, the volume of domestic banks' foreign currency lending to enterprises climbed by 18.1%. About two-thirds of this growth was underpinned by a 16% real rise in long-term loans, which represented close to 70% of all corporate foreign currency loans. Net flows of foreign currency loans to enterprises and OFOs totalled SIT 124.5 billion in the first five months, more than double the amount seen in the same period last year in real terms. According to figures from the Bank of Slovenia, corporate borrowing **abroad** amounted to SIT 28.2 billion in the first four months, 21.6% less than a year ago in real terms.

The real **volume of household loans** rose for the fourth month running and climbed by 3.5% in the first five months (up 0.8% in the same period last year). This was due to the rise in long-term loans, whose share increased by 1.2 percentage points from the end of 2003 to 81.2%. Households took out long-term loans in a net amount of SIT 39.7 billion, as much as 69.8% more than in the same period last year in real terms. Household indebtedness measured as a ratio of loans to deposits remained at the level of 0.31.

Similar to deposit interest rates, the only fall among lending interest rates was seen in short-term interest rates in June, which dropped by 0.2 of a percentage point to 8.6% on household loans and by 0.4 of a percentage point to 8.5% on corporate loans. While the tolar indexation clause (TOM) rose to 3.7%, long-term interest rates on household loans climbed by 0.1 of a percentage point to 7.6%, and interest rates on corporate loans remained at the previous month's level (8.8%).

Graph: Year-on-year real growth in the volume of tolar loans



Source of data: BS, calculations by the IMAD.