

<b>The Money Market – Loans</b>	Slovenian Economic Mirror	IMAD
	No. 2/2004	p. 10

Domestic banks' loans	Nominal amounts, SIT billion		Real loan growth, %	
	31 Dec 2002 <sup>1</sup>	31 Dec 2003	31 Dec 03/30 Nov 03	31 Dec 03/31 Dec 02
<b>Total tolar loans</b>	1,672.0	1,842.4	0.7	5.3
<b>Tolar loans to comp. and OFO*</b>	977.5	1,063.7	0.3	3.9
Short-term, overdrafts, advances	529.7	553.5	-1.0	-0.2
Long-term	447.8	510.2	1.6	8.8
<b>Foreign currency loans to comp., OFO</b>	448.7	621.8	3.5	39.0
<b>Household tolar loans</b>	573.1	633.6	0.8	5.6
Short-term, overdrafts, advances	118.5	124.9	1.4	0.7
Long-term	454.6	508.6	0.7	6.9
<b>Government tolar loans</b>	121.4	145.1	3.1	14.2
Short-term, overdrafts, advances	27.6	37.7	-7.8	30.6
Long-term	93.8	107.4	7.5	9.3

Source of data: the BS, calculations by the IMAD. Notes: \*OFO – other financial organisations, <sup>1</sup>data were corrected in April this year because of the transfer of DARS' loans from the government to the corporate sector.

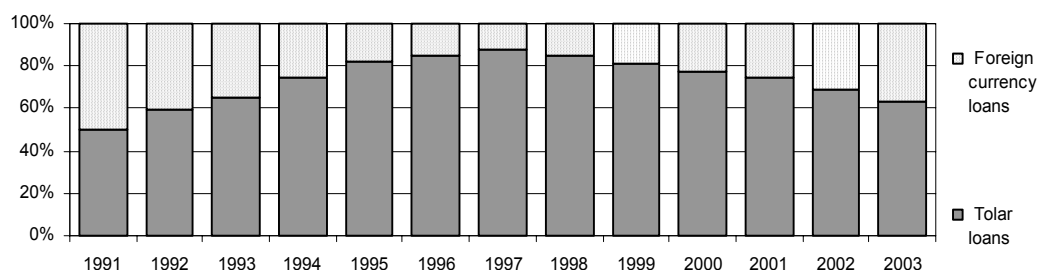
The volume of domestic banks' tolar lending to enterprises and other financial organisations, households, and the government rose in 2003 after declining by 1.2% in real terms in 2002. Tolar lending rose for the fourth month running in December and increased by 5.3% in real terms in 2003 as a whole. Long-term loans continued to underline most of December's loan growth, adding about one percentage point. They rose by 1.7% in December over November and by 8% in 2003 over the year before in real terms. **Net flows** of tolar loans amounted to SIT 166.6 billion in 2003, 79.5% more than in 2002 in real terms.

December's growth in tolar lending to **enterprises and OFO** was slightly lower than in the previous few months because of the net repayment of overdrafts and advances and short-term loans. Long-term loans, on the other hand, continued to rise steeply. After falling by 1.5% in real terms in 2002, they increased by 8.8% in 2003 mainly due to the strong borrowing seen in the last quarter. **Net flows** of tolar loans to enterprises and OFO amounted to SIT 85 billion in 2003 (73.4% of which were long-term loans) and exceeded the volume of 2002 by over 4 times in real terms. **Foreign currency loans** saw the second strongest monthly growth in December after rising by 4.4% in June. They rose at an average monthly rate of 2.8% in real terms, while December's year-on-year growth was 4.5 percentage points stronger than the year before. Net foreign currency borrowing of enterprises and OFO totalled SIT 204.8 billion in 2003, representing 70.7% of domestic banks' net lending to enterprises and OFO. Foreign currency loans climbed by 48.3% from 2002. **External loans** remained an important source of finance for enterprises, which borrowed a net amount of SIT 122.8 billion in the first eleven months of 2003, 11% more than in the same period of 2002 in real terms.

**Household borrowing** strengthened slightly in 2003 after rising modestly in the past three years. Despite the 5.6% real rise in household tolar loans, net flows were at the same level as in 1998 in nominal terms. Household borrowing mainly strengthened in the second half of the year, when loans climbed by 5.1% in real terms. At the end of 2003, year-on-year growth was mostly underpinned by long-term loans, adding 5.4 percentage points. Their share in total household loans (80.3%) increased by one percentage point compared to the end of 2002. **Net flows** of household tolar loans amounted to SIT 58.3 billion in 2003 and were 51.4% higher than in 2002 in real terms.

Short-term **lending interest rates** continued to fall in February. Interest rates on corporate loans were down 0.3 of a percentage point to 9.5% and those on household loans were down 0.1 of a percentage point to 9.4%. Interest rates on long-term loans moved in line with the tolar indexation clause (TOM); they rose by 0.3 of a percentage point to 10.5% on corporate loans and by 0.2 of a percentage point to 9.2% on household loans.

Graph: **Currency structure of domestic banks' loans to enterprises and OFO**



Source of data: BS.