

| Domestic banks' loans                       | Nominal amounts, SIT billion |               | Real loan growth, %             |                                 |                               |
|---|------------------------------|---------------|---------------------------------|---------------------------------|-------------------------------|
|   | 31 December 2003             | 30 April 2004 | 30 April 2004/<br>31 March 2004 | 30 April 2004/<br>30 April 2003 | 30 April 2004/<br>31 Dec 2003 |
| <b>Total tolar loans</b>                    | 1,831.3                      | 1,880.5       | -0.1                            | 7.2                             | 1.1                           |
| <b>Tolar loans to comp. and OFO*</b>        | 1,063.1                      | 1,078.7       | 0.2                             | 5.8                             | -0.1                          |
| Short-term, overdrafts, advances            | 553.4                        | 573.6         | 1.2                             | 4.9                             | 2.0                           |
| Long-term                                   | 509.7                        | 505.2         | -0.9                            | 6.8                             | -2.5                          |
| <b>Foreign currency loans to comp., OFO</b> | 621.3                        | 720.1         | 2.4                             | 44.4                            | 14.7                          |
| <b>Household tolar loans</b>                | 637.6                        | 666.5         | 1.0                             | 9.7                             | 2.9                           |
| Short-term, overdrafts, advances            | 127.7                        | 127.3         | -0.7                            | 6.2                             | -1.9                          |
| Long-term                                   | 509.9                        | 539.2         | 1.4                             | 10.5                            | 4.1                           |
| <b>Government tolar loans</b>               | 130.6                        | 135.4         | -7.3                            | 6.3                             | 2.0                           |
| Short-term, overdrafts, advances            | 23.2                         | 21.0          | -31.2                           | -24.3                           | -10.8                         |
| Long-term                                   | 107.4                        | 114.3         | -1.0                            | 14.8                            | 4.8                           |

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

After rising for seven months in a row, the **volume of domestic banks' tolar lending to enterprises and other financial organisations, households, and the government** fell in real terms in **April**; the government repaid loans, while lending to enterprises and OFO, and households increased. Despite April's fall, the volume of tolar lending rose by 1.1% in real terms in the first four months, compared to the fall of 1.3% seen in the same period last year.

After recording a relatively strong fall in March, lending to **enterprises and OFO** edged up in real terms in April. Unlike in the preceding months, growth was mainly fuelled by short-term loans (representing about half of all tolar lending to enterprises and OFO), which climbed by 1.6% in real terms and added 0.8 of a percentage point to overall growth. As a result of March's fall, the real value of loans edged down by 0.1% in the first four months (down 1.9% in the same period last year). Net flows of tolar loans amounted to SIT 15.6 billion in the first four months, recording over two-fold increase from the same period last year in real terms. **Foreign currency loans**, which are cheaper than tolar loans and are the most important source of corporate financing, continued to rise strongly. They increased by 14.7% in real terms in the first four months and represented as much as 40% of all domestic banks' lending to enterprises and OFO. According to figures from the Bank of Slovenia, corporate borrowing **abroad** amounted to SIT 17.5 billion in the first quarter, a good one-third less than a year ago in real terms.

Growth in **household loans** was maintained in April mainly due to the rise in long-term loans, which represented over 80% of total tolar lending to households. In the first four months, long-term loans recorded the biggest growth after 1999, while net flows amounted to SIT 29.3 billion, 71.7% more than in the same period last year. Household indebtedness measured as the ratio of loans to deposits climbed to 0.31 in April.

April's fall in tolar lending to the **government** reduced monthly growth in domestic banks' tolar lending by 0.5 of a percentage point. This fall was chiefly due to the net repayment of short-term loans, which dropped by 34.1% in real terms.

In **May**, **short-term lending interest rates** fell by 0.1 of a percentage point to 8.9% on corporate loans and by 0.2 of a percentage point to 8.8% on household loans. **Long-term interest rates** fell by 0.2 of a percentage point to 8.8% on corporate loans and 7.5% on household loans as a result of the fall in both the tolar indexation clause (TOM), down by 0.1 of a percentage point to 3.6%, and interest rates on top of the TOM.

Graph: Net flows of tolar and foreign currency loans to enterprises and OFO & interest rates

