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Zagreb, June 2011

General information on Croatia

Economic indicators

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Area (square km)	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538
Population (million)	4.440	4.440	4.440	4.439	4.442	4.440	4.436	4.434	4.429	4.417
GDP (million HRK, current prices) ^a	192,289	208,796	228,932	247,428	266,652	291,044	318,308	345,015	335,189	334,564
GDP (million EUR, current prices)	25,738	28,189	30,265	33,009	36,034	39,745	43,390	47,765	45,669	45,917
GDP per capita (in EUR)	5,797	6,349	6,816	7,436	8,112	8,951	9,781	10,772	10,311	10,396
GDP – real year-on-year rate of growth (in %)	3.7	4.9	5.4	4.1	4.3	4.9	5.1	2.2	-6.0	-1.2
Average year-on-year inflation rate ^b	3.8	1.7	1.8	2.1	3.3	3.2	2.9	6.1	2.4	1.1
Current account balance (million EUR)	-776*	-2,030*	-1,818*	-1,357*	-1,895*	-2,636*	-3,119*	-4,217*	-2,368*	-503*
Current account balance (as % of GDP)	-3.2	-7.4	-6.2	-4.3	-5.5	-6.9	-7.5	-8.8*	-5.2*	-1.1*
Exports of goods and services (as % of GDP)	42.0	39.5	43.4	43.1	42.4	42.7	42.2	41.7	35.4	38.3*
Imports of goods and services (as % of GDP)	47.0	49.0	50.2	49.1	48.5	49.4	49.5	49.7	39.1	38.4*
External debt (million EUR, end of year) ^c	13,609*	15,144*	19,884*	22,933*	25,990*	29,725*	33,721*	40,590	45,244	46,412*
External debt (as % of GDP)	52.9	53.7	65.7	69.5	71.5	73.7	75.9	83.6	97.7	101.1*
External debt (as % of exports of goods and services)	125.9	136.1	151.3	161.0	168.7	172.3	179.9	200.7	276.1	263.9*
External debt service (as % of exports of goods and services) ^{c,d}	27.5	27.5	21.3	22.5	25.0	35.8	33.3	28.2	47.4*	42.4*
Gross international reserves (million EUR, end of year)	5,334	5,651	6,554	6,436	7,438	8,725	9,307	9,121	10,376	10,660
Gross international reserves (in terms of months of imports of goods and services, end of year)	5.3	4.9	5.2	4.8	5.1	5.3	5.2	4.6	7.0	7.2
National currency: Croatian kuna (HRK)										
Exchange rate on 31 December (HRK : 1 EUR)	7.3700	7.4423	7.6469	7.6712	7.3756	7.3451	7.3251	7.3244	7.3062	7.3852
Exchange rate on 31 December (HRK : 1 USD)	8.3560	7.1457	6.1185	5.6369	6.2336	5.5784	4.9855	5.1555	5.0893	5.5683
Average exchange rate (HRK : 1 EUR)	7.4710	7.4070	7.5642	7.4957	7.4000	7.3228	7.3360	7.2232	7.3396	7.2862
Average exchange rate (HRK : 1 USD)	8.3392	7.8725	6.7044	6.0312	5.9500	5.8392	5.3660	4.9344	5.2804	5.5000
Consolidated general government overall fiscal balance (as % of GDP) ^e	-5.9	-4.3	-5.4	-4.2	-3.5	-3.4	-3.0	-2.1	-4.5	-5.3
Public debt (as % of GDP) ^f	35.2	34.8	35.4	37.6	38.2	35.4	32.9	29.2	35.1	41.2*
Unemployment rate (ILO, persons above 15 years of age)	15.8	14.8	14.3	13.8	12.7	11.2	9.6	8.4	9.1	11.8
Employment rate (ILO, persons above 15 years of age)	41.8	43.3	43.1	43.5	43.3	43.6	44.2	44.5	43.3	41.1

^a Data for the 2008-2010 period are preliminary.

^b CPI inflation rate.

^c In accordance with the obligations assumed during the pre-accession negotiations with the European Commission, the new legislative provisions governing the monitoring of foreign borrowing entered into force early in 2008. The external debt balance at end-2007 is reported in accordance with the old system. In order to provide for the comparability of annual data, the external debt is also calculated in accordance with the new system which shows an upward adjustment in the end-2007 balance, increasing it by EUR 365m or to EUR 34,086m. The advanced data processing system is in use since early 2009. For comparability reasons, the external debt balance at end-2008 is also calculated in accordance with the advanced system which shows an upward adjustment in the end-2008 balance, increasing it by EUR 366m or to EUR 40,956m.

^d Includes principal payments on bonds, long-term trade credits and long-term loans (excluding liabilities to affiliated enterprises), as well as total interest payments net of interest payments on direct investment.

^e The overall fiscal balance (GFS 2001) in the 1999-2001 period is shown on a cash basis and from 2002 on a modified accrual basis. CM, CR, CPF and DAB are included from 2001, but CM has been excluded since 2008. Repayments of debt to pensioners are included in the calculation of the balance (for more details on the methodology of the balance calculation, see Box 4 in CNB Bulletin No. 165).

^f Public debt is the debt of the general government. From 2008 on, it excludes the debt of CM.

Sources: CBS, MoF and CNB.

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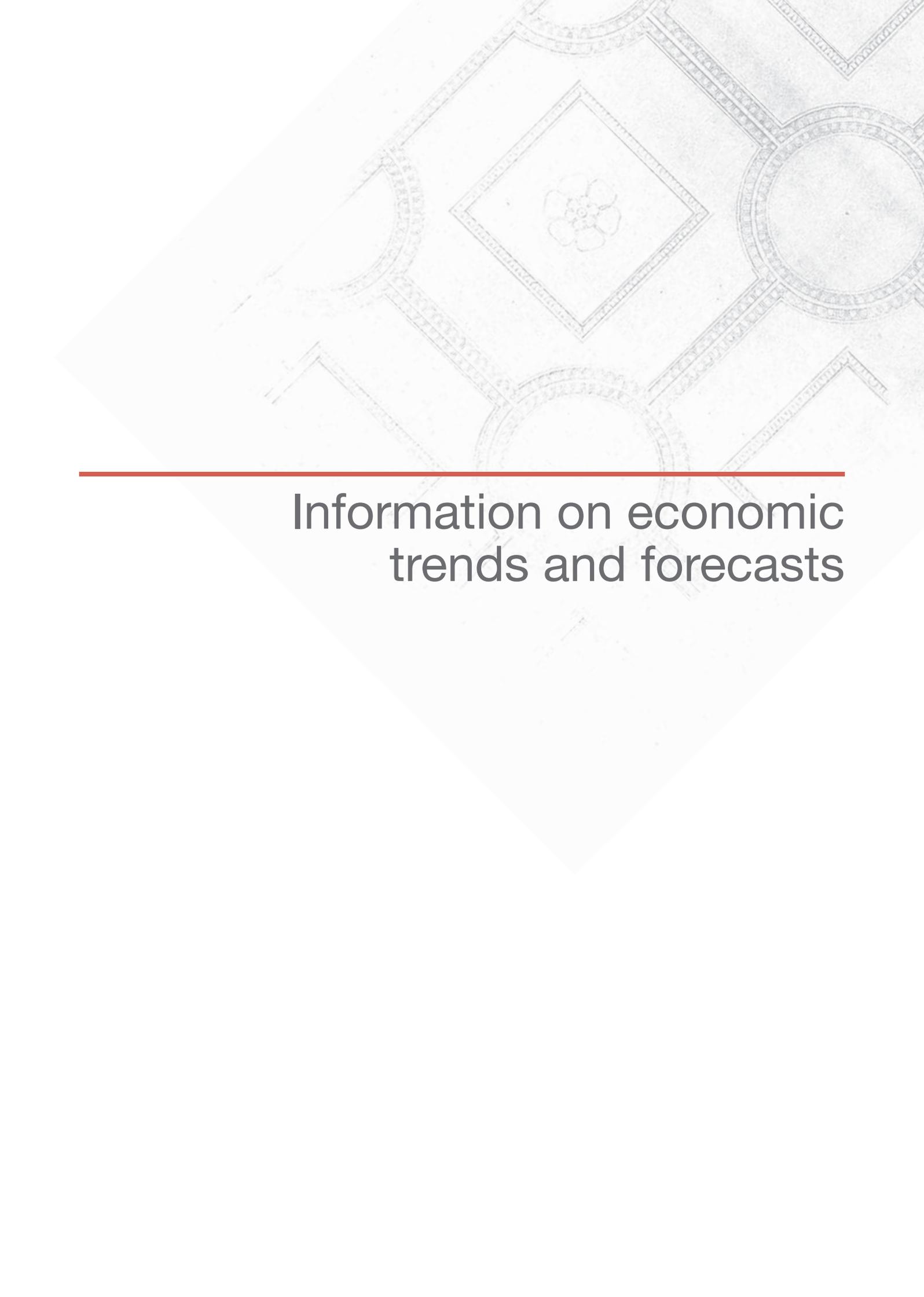
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Information on economic trends and forecasts

1 Summary

Despite the global economic recovery, the Croatian economy continued to decline at the end of 2010 and in the first quarter of the current year.

The global economy is likely to continue its rapid growth in 2011 and 2012, although at a slightly slower rate than in 2010.

The Croatian economy is expected to grow at a modest rate of 1.0% in 2011, which might accelerate to 2.2% in 2012.

Unfavourable labour market trends might endure until the end of the current year.

The expected spillover effects of higher raw material prices on the global market will lead to the growth of domestic consumer prices, which might result in an inflation rate of 2.8% in 2011 and 2012.

The current account deficit that decreased markedly over the last two years is expected to widen again gradually, as economic recovery sets in.

Financing conditions in the domestic market improved further, whereas those in the foreign markets stagnated at the

While the global economy, emerging markets and most of the Central and Eastern European economies recovered throughout 2010, the economic contraction in Croatia continued, with only a brief interruption in the third quarter of 2010. This was primarily due to a new drop in personal consumption and a continued sharp decline in capital investments. In line with economic recovery in most of the main export markets, total exports had a positive impact on domestic real economic activity in the last quarter and in the whole of 2010. However, this growth lagged markedly behind that in other Central and Eastern European countries. In early 2011, exports declined from the end of 2010. This was partly due to the base effect, but apparently also to the weakening foreign demand.

The global economic recovery is expected to continue in 2011, but at a slightly slower pace, given a slowdown in emerging market countries. A slight unfavourable impact on the growth will probably be made by monetary policy tightening. Specifically, in the face of growing inflationary pressures, the central banks of emerging market countries, but also the European Central Bank, have already increased their key benchmark interest rates, and expectations are that the Fed will follow this policy.

Economic movements in Croatia's main trading partners, particularly the neighbouring countries, are expected to be slightly more favourable in 2011. This should have a beneficial effect on goods and services exports in the current year. However, due to a negative base effect, the annual growth rate of exports will be markedly lower than last year. Domestic demand continued to decline in early 2011, but it is expected to recover gradually in the remainder of the year. The decline in the number of employed should come to a halt by the end of the year, which should lead to a rise in household spending, assuming a recovery of consumer optimism. Moreover, investments are expected to increase, mostly driven by the public sector. Private sector investments are expected to stagnate, with positive movements likely to be seen only in investments in the replacement of worn-out machinery and equipment, whereas investments in construction facilities are very likely to decline a little. Government consumption might continue to shrink. Overall, the domestic economy is expected to grow at a rate as low as 1.0%. The growth should accelerate in 2012, but the projected growth rate of 2.2% will continue to be considerably below its pre-crisis rates.

The first quarter saw a further decline in the number of employed persons, accompanied by a faster-than-expected increase in unemployment. Given the modest projections of economic growth for the current year, this growth will not be sufficient to reverse these trends. It is therefore expected that the decrease in employment will not be stopped before the end of 2011, with positive reactions of the labour market to economic recovery likely to be seen only in 2012. In line with all this, the high level of unemployment will be maintained during the current year. Wage growth could be slow in 2011, and limited to only some activities. Given a rather sharp increase in labour productivity, the decline in unit labour costs is likely to continue in 2011.

Regarding inflation, reduced unit labour costs and a low personal consumption level early in 2011 curbed the growth of prices that has been fuelled by a rise in world market prices of food raw materials and energy since mid-2010. This price increase has continued to spill over, with a certain time lag, to domestic producer and consumer prices. As a result, consumer price inflation is expected to accelerate in the remainder of 2011. The average annual inflation rate could therefore reach 2.8% or more in the current year. Imported price pressures are expected to ease in 2012, with average inflation standing at 2.8%.

A decrease in external imbalances measured by the current account deficit-to-GDP ratio, observed in 2009 and 2010, was due to cyclical economic movements, so that a mild economic recovery in 2011 is likely to be accompanied by a new widening of the current account imbalances. The deficit could thus rise to -1.9% of projected GDP in 2011, almost double the level recorded last year. These movements will probably be the result of an increase in the foreign trade deficit (following its sharp contraction for two years), the signs of which were seen as early as the first months of the current year. By contrast, revenue from tourism might grow this year, as a result of an increase in both average consumption and the number of tourist arrivals. Similar trends, i.e. steady growth of exports, but also a more perceptible increase in imports, are expected in 2012 as well, assuming stable economic growth in Croatia's trading partners. In line with such trends, the current account deficit might increase additionally during 2012 (to -2.5% of GDP).

Domestic sectors' financing conditions continued to improve in early 2011. This was due to exceptionally high liquidity on the domestic financial market and to a cut in banks' regulatory expenses, as a consequence of the central bank's monetary policy measures. The sharpest fall was seen in the costs of corporate borrowing on the domestic market,

levels reached in mid-2010.

Monetary policy will continue to support high liquidity, as long as it does not threaten exchange rate stability.

The general government deficit, which has increased for the third consecutive year, could reach 5.8% of GDP in 2011. Slightly more favourable movements are expected only in 2012.

particularly as concerns short-term interest rates, and the prices of long-term corporate loans have improved slightly. In the first half of 2011, foreign borrowing costs remained at the level reached in mid-2010, as the problems with budget deficit funding intensified in certain eurozone countries.

The improvement in financing terms continues to stimulate corporate borrowing, especially from domestic banks. By contrast, bank placements to households remained stagnant at the beginning of 2011. Similar movements are expected in the remainder of 2011, with a noticeable increase in household loans not likely before 2012. In an effort to encourage a perceptible recovery of credit and overall economic activity, monetary policy will continue to maintain high financial system liquidity, as long as this poses no risk to the stability of the kuna/euro exchange rate.

The public finance situation will continue to deteriorate in 2011, leading to a general government deficit as high as 5.8% of GDP. This is the result of an expected further decline in the government's revenues and a rise in its investment activity. These movements will lead to further growth of public debt, which will also experience a one-off increase, as the government intends to take over the financial liabilities of shipyards within the process of their privatisation. Given the acceleration of economic activity that will positively influence the revenue side of the budget, and assuming a slight increase in total expenditure (which involves a nominal decrease in most expenditure items, except interest and grants related to payments into the EU budget), overall fiscal deficit in 2012, as planned by the Government, should decline to 4.4%, but public debt will continue upwards.

Table 1 Summary table of projected values

	2006	2007	2008	2009	2010	2011	2012
National accounts (real rate of change, in %)							
GDP	4.9	5.1	2.2	-6.0	-1.2	1.0	2.2
Personal consumption	3.2	6.3	0.8	-8.5	-0.9	0.6	2.5
Government consumption	4.5	5.6	1.9	0.2	-0.8	-1.0	-0.8
Gross fixed capital formation	11.1	7.1	8.2	-11.8	-11.3	2.4	5.8
Exports of goods and services	5.8	3.7	2.2	-17.3	6.0	3.0	3.9
Imports of goods and services	8.3	6.2	3.3	-20.4	-1.3	3.6	5.0
Labour market							
Number of employed persons (average rate of change, in %)	3.3	3.3	2.5	-3.6	-4.4	-1.8	0.7
Registered unemployment rate	16.6	14.8	13.2	14.9	17.4	18.3	18.1
ILO unemployment rate	11.8	9.6	8.4	9.1	11.8	12.7	12.7
Prices							
Consumer price index (average rate of change, in %)	3.2	2.9	6.1	2.4	1.1	2.8	2.8
Public finance (as % of GDP)							
General government overall fiscal balance	-3.4	-3.0	-2.1	-4.5	-5.3	-5.8	-4.4
Public debt ^a	35.4	32.9	29.2	35.1	41.2	44.1	46.0
External sector							
Current account balance (as % of GDP)	-6.9	-7.2	-8.8	-5.2	-1.1	-1.9	-2.5
Goods	-21.0	-21.7	-22.6	-16.2	-12.9	-14.1	-14.8
Services	14.3	14.7	14.8	12.6	12.8	13.5	13.5
Income	-3.0	-2.5	-3.3	-3.9	-3.3	-3.6	-3.5
Current transfers	2.8	2.4	2.2	2.3	2.4	2.3	2.2
Gross external debt (as % of GDP)	74.8	77.7	85.0	99.1	101.1	100.5	100.5
Monetary developments (rate of change, in %)							
Total liquid assets – M4	18.0	18.3	4.3	-0.9	4.4	6.3	7.2
Total liquid assets – M4 ^b	18.8	19.0	3.9	-0.6	3.2	6.3	7.0
Bank placements to the private sector	22.9	15.0	10.5	-0.6	6.9	6.0	6.5
Bank placements to the private sector ^b	24.1	15.9	8.5	-0.3	3.6	6.5	6.9

^a Data for 2011 and 2012 exclude government-assumed debts of state-owned shipyards. If included, the public debt would rise by about 3% of GDP.

^b Excluding the exchange rate effect.

Note: Estimates for 2011 and projections for 2012 are based on data available until 20 May 2011.

Sources: CBS, MoF and CNB.

The summary table provides an overview of central projections, where the risks associated with the realisation of central projections of real GDP and with inflation growth are balanced.

While there were no major changes in the global economic growth projections, the economic growth projection for Croatia was lowered and the inflation projection was raised.

The slower recovery of the Croatian economy is mainly due to its long-term structural weaknesses.

The table below shows central projections for particular macroeconomic aggregates, time series and/or their changes.

The risk dispersion regarding the central projections of economic growth and inflation in the projection period is symmetric, i.e. the probability that the realised GDP growth and inflation in the projection period would be lower than the central projections is approximately equal to the probability of the outturns exceeding forecast values.

Specifically, there is a possibility that a recovery in trading partners would result in slightly stronger-than-projected exports of goods. Services exports could be stronger due to political disturbances in North Africa. A negative risk is that a recovery of business and consumer optimism and banks' willingness to provide more loans to the private sector might be below expectations. And exactly these are the main determinants of the private sector credit growth that will strongly influence the recovery dynamics of personal consumption and, to a somewhat lesser extent, of gross fixed capital formation.

Inflation could be lower than projected, if domestic demand recovery remains slow. The higher-inflation risk could materialise in a situation of a perceptible increase in food and energy prices, should the global economic recovery exceed expectations and the unrest in oil-exporting countries escalate. In 2012, this risk will include a potentially sharper-than-projected increase in administrative prices and a possibility of replacing the zero VAT rate on some products by a low VAT rate.

According to the previous projection for 2011, GDP growth was forecast at 1.4%, whereas in the current projection, this growth has been lowered to 1.0%. This is mainly the result of a sizeable correction in the expected personal consumption growth rate, which has been cut due to adverse movements on the labour market and continued low consumer optimism coupled with households' shying away from new borrowing. Higher projected inflation is exclusively determined by exogenous (foreign) factors, whereas domestic factors continue to have the opposite effect on inflation.

The crisis has underlined the structural problems of the Croatian economy. An analysis of potential growth and the prevailing consensus among analysts suggest that it will be impossible to reach the pre-crisis GDP growth rates during the next few years, and that growth will be very slow unless thorough structural reforms are carried out. There are no fiscal capacities to stir economic activity by launching a new cycle of public investment, and, even if they existed, the funds would again be channelled to those sectors that are minor contributors to foreign trade. Public sector downsizing is the key prerequisite for successful economic development in the coming years, whereas fiscal consolidation at the general government level is crucial for reducing external macroeconomic risks and improving the financing conditions for the overall economy. It is therefore necessary to renew and intensify the reforms proposed in the Economic Recovery Programme, including those related to the public administration functioning, state property management, judiciary system, social security system, as well as the labour legislation reforms that have been given up on too soon. This would improve the business climate and reduce the participation of the broadly defined government in the economy.

2 Developments in the environment

Global economic growth is expected to slow down a little in 2011, mostly due to somewhat lower growth rates in emerging markets and developing countries. However, the economy will remain strong and its current growth dynamics are likely to continue in 2012. A comparison between current projections made by most international institutions and market participants and those from end-2010 suggests a slight increase in the expected growth rate in 2011, mostly due to the acceleration of global economic activity over the second half of 2010 and fiscal incentives agreed in the USA at the end of that year, which are expected to have a positive effect on economic activity in 2011. On the other hand, risks suggesting a possibility of slower-than-expected growth seem to have heightened slightly, particularly as concerns the deepening geopolitical instability in North Africa and Middle East, mounting concerns over the sustainability of fiscal deficits in peripheral eurozone countries, upward pressures on raw materials and energy prices, and uncertainty about

the economic consequences of the natural disaster in Japan and its indirect effects.

Economic growth in the eurozone accelerated markedly in the first quarter of 2011, after having lagged behind that in other developed economies during the second half of 2010. The growth at the monetary union level continued to be driven by favourable movements in the strongest economy, Germany, which was still under the powerful positive influence of intense global economic activity and growing demand for exports. High-frequency economic activity indicators for Q1 suggest a minor positive quarterly contribution of personal consumption to real GDP growth, accompanied by a slight acceleration of investment activity, whereas the European Commission's surveys on corporate investment plans show that favourable trends in investment demand are likely to continue in the rest of the year. According to the ECB, economic growth estimates for the coming period seem to be equally exposed to the risk of stronger or

weaker outturns. The most prominent among positive risks is a perceptible increase in the volume of global trade, but there is also an additional stimulus to the domestic economic activity from growing business optimism in the eurozone. Negative risks include mounting tensions in financial markets, caused by a recurring increase in concerns over the success of fiscal consolidation in peripheral eurozone countries.

Real growth in the USA was 0.4% in the first quarter of 2011 relative to October-December period of 2010, when it was twice as high. This recovery slowdown was the result of weaker growth in personal consumption expenditure, a decline in non-residential construction investments and a cut in government consumption in the January-March period. Moreover, due to a rise in imports, coupled with slower growth of exports, the contribution of net foreign demand was negative in this period. By contrast, the statistical category 'change in inventories' made a large positive contribution. According to IMF projections, moderate growth rates of about 2.8% (similar to the 2010 outturn) are expected in 2011 and 2012, supported by expansive monetary policy, where a gradual increase in private consumption

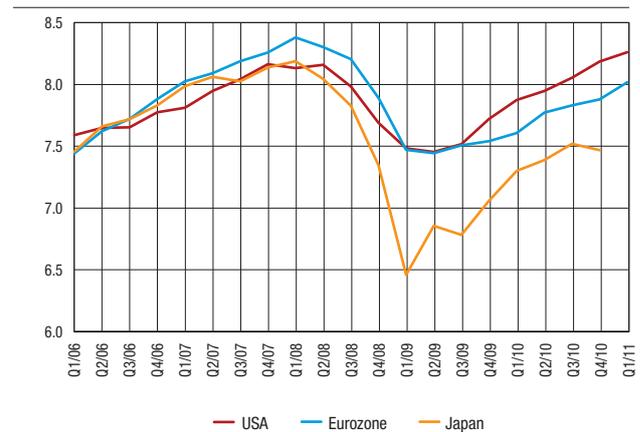
Table 2 Global economic developments

	2009	2010	2011		2012
			Current projection	Δ Previous projection	
GDP, real rate of change (in %)					
World	-0.5	5.0	4.4	0.2	4.5
Eurozone	-4.1	1.7	1.6	0.1	1.8
USA	-2.6	2.8	2.8	0.5	2.9
Developing and emerging market economies	2.7	7.3	6.5	0.1	6.5
Central and Eastern Europe	-3.6	4.2	3.7	0.6	4.0
China	9.2	10.3	9.6	0.0	9.5
Main trading partners of the Republic of Croatia					
Italy	-4.7	1.7	2.0	0.0	2.6
Italy	-5.2	1.3	1.1	0.1	1.3
Germany	-4.7	3.5	2.5	0.5	2.1
Slovenia	-8.1	1.2	2.0	-0.4	2.4
Austria	-3.9	2.0	2.4	0.8	2.3
Bosnia and Herzegovina	-3.1	0.8	2.2	-0.8	4.0
Serbia	-3.1	1.8	3.0	0.0	5.0
Prices					
Eurozone HICP (year-on-year rate of change)	0.3	1.6	2.5	1.0	1.9
Oil prices (USD/barrel)	62	79	113.6	23.6	115
Oil prices (year-on-year rate of change)	-36.4	27.9	43.8	29.9	1.5
Raw materials prices (excl. energy) (year-on-year rate of change)	-15.8	26.3	25.1	27.1	-4.3
LIBOR 3M EUR (end of year)	0.72	1.01	2.00	0.4	2.55 ^a
USD/EUR exchange rate	1.39	1.32	1.42	0.06	1.40
CHF/EUR exchange rate	1.51	1.38	1.30	-0.04	1.35

^a Data refers to the third quarter of 2012.

Sources: IMF, Consensus Forecasts and Bloomberg.

Figure 1 Gross domestic product
seasonally adjusted data, constant prices, 2006 = 100



Note: Data for the eurozone refer to EA17.
Source: Eurostat.

should mitigate the consequences of the expiry of fiscal policy incentives. The IMF also assesses that the risks of weaker-than-expected outturns are slightly more pronounced and include a negative impact of potential new instabilities on financial markets, arising from the eurozone situation and a possible further increase in raw material and energy prices on the global market. The most prominent among internal risks are a dip in real estate prices, likely to have a negative impact on household assets, and a pressing need for fiscal restructuring.

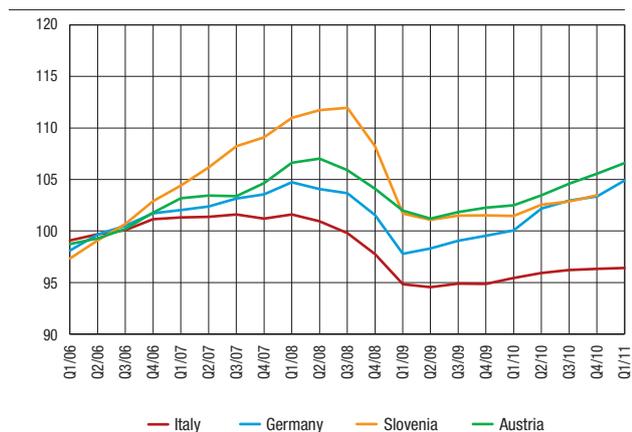
China's economic boom continued over the first quarter of 2011, supported by domestic demand, due in particular to favourable movements in investment activity, primarily in real estate. The rate of growth in real retail trade turnover decreased markedly in early 2011, as a result of the negative impact of growing inflation on the purchasing power and confidence of consumers and of the expiry of the aforementioned incentives. Relatively strong domestic demand was reflected in high rates of total imports growth, whereas the annual inflation rate also went up considerably in March, primarily due to the growing prices of food products. However, owing to a partial release of goods inventories and other measures introduced by the Chinese government (e.g. exemption from toll charges for vegetable-transporting vehicles, subsidies to farmers, etc.), inflationary pressures are expected to ease off in the coming period.

Croatia's main trading partners

In the first quarter of 2011, real GDP in Italy stagnated again relative to the previous quarter. As this was the second quarter of stagnation, Italy's economic recovery from the crisis has obviously been very slow. The absence of any significant recovery was partly due to the unfavourable geographical structure of Italian exports, i.e. the fact that a minor part of demand for Italian goods and services comes from fast-growing emerging markets. It is therefore expected that the economic growth rate in the current and the next year will not exceed the 2010 rate of 1.3%.

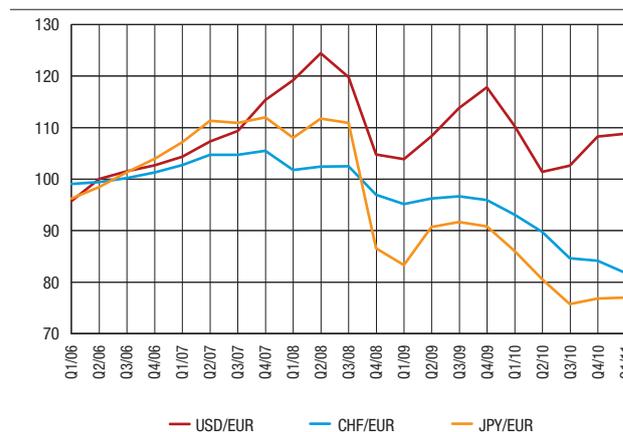
The growth of the German economy again surpassed expectations in the first quarter of 2011, but it should be noted that the quarterly growth rate of 2.1% partly involves the base period effects. The strong growth is expected to continue into the next period, driven by a favourable labour market situation and stable domestic macroeconomic conditions. As a result of growing domestic demand, the current account surplus is expected to decline over the projection period.

Figure 2 Gross domestic product
seasonally adjusted data, constant prices, 2006 = 100



Source: Eurostat.

Figure 3 Exchange rates of individual currencies
2006 = 100



Source: CNB.

Fuelled by strong economic growth in Germany and a favourable labour market situation, real GDP in Austria went up by 1% in the first quarter from the last quarter of the previous year. In the next period, economic growth is expected to be continuously driven by strong foreign demand, but also by accelerating investment activity. Concurrently, personal consumption growth will be hampered by a potential strengthening of inflationary pressures and the enforcement of fiscal consolidation measures, which are likely to reduce household disposable income.

The slight recovery of economic activity in Slovenia continued in early 2011, mostly supported by growing foreign demand. Consequently, industrial production movements were relatively favourable in the first quarter. According to the data on real retail trade turnover, personal consumption remained low, largely due to a continuation of unfavourable labour market conditions, whereas difficulties in the banking sector and high non-financial corporate debt hampered the recovery of investment activity.

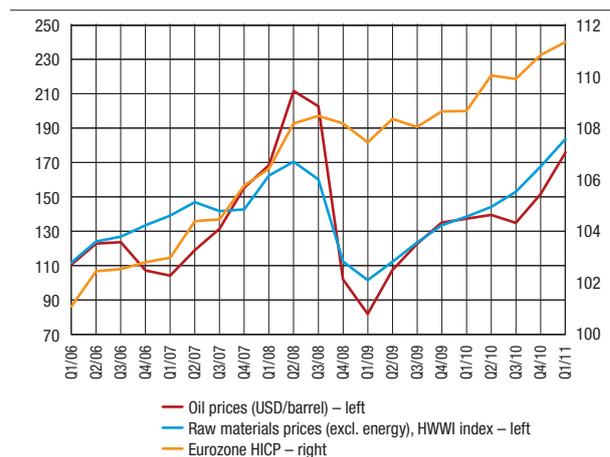
Thanks to the growing demand for export products from Bosnia and Herzegovina (aluminium, coal and furniture), this country's industrial production increased sharply in the first quarter of 2011. Goods imports also grew at rates higher than in the previous year, suggesting an acceleration of domestic demand as well.

After a fall in real economic activity over the last quarter of 2010, Serbia saw an economic upturn in the first quarter of 2011, its annual growth rate going up to 3% from the same period in 2010. This was apparently due to favourable foreign demand movements, but also due to a gradual revival in investment activity. It is noteworthy that investments are expected to make a considerable positive contribution to overall economic growth in 2011, particularly in the automobile and oil industries, energy production and retail trade. As in Bosnia and Herzegovina, the labour market situation is expected to improve gradually, thus increasing the positive contribution of personal consumption to GDP growth.

Exchange rates and price movements

During the first five months of 2011, the US dollar/euro exchange rate was mainly exposed to depreciation pressures; market participants expected that monetary policy tightening would start in the eurozone earlier than in the USA, due to inflationary pressures, particularly given the rising prices of food and energy. Because of these expectations, the ECB actually increased its key

Figure 4 Prices
2005 = 100



Sources: Eurostat, Bloomberg and HWWI.

interest rate early in April. The remainder of the year is expected to see further tightening of monetary policy in the eurozone. The US dollar depreciation was also fuelled by growing concerns over the economic slowdown and huge public debt of the USA, as well as by a rapid economic recovery in some eurozone countries. However, unfavourable fiscal situations in some eurozone countries led to a build-up of appreciation pressures on the US dollar in early May. Nevertheless, for the whole of 2011, the US dollar/euro exchange rate is expected to decrease on average, mainly due to its outturns for the first four months of 2011. Opposite trends are expected in the remainder of 2011 and in 2012, i.e. the US dollar is likely to appreciate, due, among other things, to insecurity about the fiscal problems haunting some eurozone countries.

As concerns the Swiss franc/euro exchange rate, appreciation pressures caused by difficulties in peripheral members of the eurozone and political problems in North Africa and the Middle East eased slightly, but still prevailed. Projections suggest that, for 2011, the average Swiss franc exchange rate might be higher than in the previous year, mainly due to its pronounced appreciation early in the year.

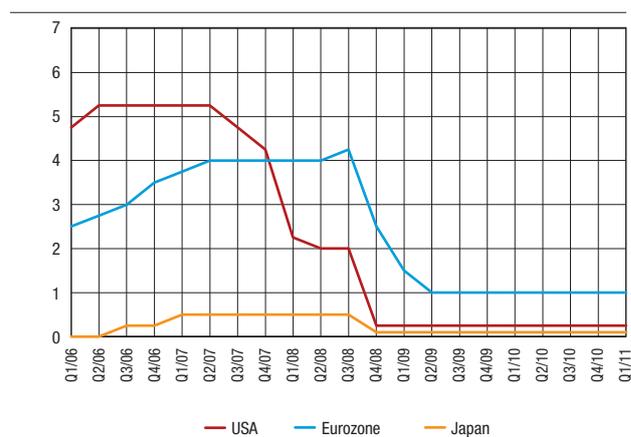
Raw material prices on the global market, particularly the prices of food and energy, continued upwards at the beginning of 2011. In April, the HWWI index of raw material prices (excluding energy, in USD) went up by 28.3% from the same period last year, mainly due to the global economic recovery. Other generators of this growth included adverse weather conditions, strong growth of demand, the use of some crops for biofuel production, an increase in energy prices and the protectionist policies applied in some countries. Not only the growth, but also the volatility of food prices was considerable and likely to continue into the coming period. Upward pressures on food and other raw material prices are expected throughout 2011, notably due to further growth of demand and restrictions on the supply side. However, given their already high level, the prices of raw materials are expected to slow down gradually.

The growth of crude oil prices in the first four months of 2011 was mostly the result of geopolitical instabilities in Middle East and North Africa, but also of favourable global economic trends. At the beginning of May, crude oil prices fell markedly, partly due to indications that the existing high prices were adversely affecting demand and economic recovery, and due to the strengthening of the US dollar. Moreover, the International Energy Agency has lowered expectations concerning the growth of demand for crude oil in the current year. Given the most recent market expectations incorporated in spot contracts, the average crude oil price per barrel in 2011 might stand at about USD 114, up 43.8% from 2010. An only slight further increase is expected during 2012.

Trends in benchmark interest rates

Following a long period of record low interest rates, inflationary pressures built up gradually, leading to a first increase in benchmark interest rates in developed economies. In April, after almost two years, the European Central Bank thus raised its key interest rate in the eurozone by 0.25%, to the level of 1.25%. While this decision was expected, after an increase in

Figure 5 Benchmark interest rates
end of period



Source: Bloomberg.

officially projected inflation in the eurozone for 2011 by over 2%, a complicating circumstance was the effect of the decision on the economies of peripheral eurozone countries facing debt repayment difficulties. However, by so acting, the ECB joined the central banks of most developing countries and emerging markets, which have, for some time now, increased their key interest rates in order to reduce growing inflationary pressures. In April and May, benchmark rates thus rose in the entire so-called BRIC group of countries (Brazil, Russia, India and China). Current market expectations suggest a rise in benchmark interest rates in the USA as well at the end of 2011, and their continued growth during 2012 in both the USA and eurozone. The market interest rate projections are in line with these trends.

3 Aggregate demand and supply

Real GDP, seasonally adjusted, decreased in the first quarter of 2011 from the last quarter of 2010, reflecting negative changes in almost all aggregate demand components.¹ In the remainder of the year, economic activity is expected to grow, due to the strengthening of both foreign and, if to a lesser extent, domestic demand. Expectations are that the real economic recovery is going to continue into 2012, but the annual rate of growth will remain significantly below its average outturns in the pre-crisis period.

Aggregate demand

After having boomed at the end of 2010, nominal goods exports slowed down markedly in the first quarter of 2011. Not only was there an unfavourable base effect (due to extremely strong ship exports at end-2010), but domestic exports were apparently influenced by dwindling foreign demand during the reference period. At the same time, preliminary balance of payments estimates suggested a decline in services exports. Given this and the assumed growth of export prices, total real exports

also went down markedly in this period from the end of 2010.

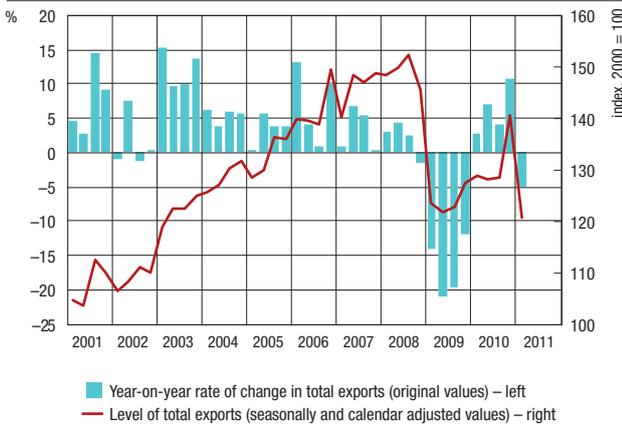
In the rest of the year, the movements of total exports could be favourably influenced by the strengthening of economic activity in Croatia's main export markets and by the effects of political instabilities in Tunisia and Egypt, likely to have a positive impact on non-resident demand for domestic tourist services. However, total export growth projections for 2011 are relatively low (3%), due to an unfavourable base effect and negative movements early in 2011. The expected further growth of demand for imports in Croatia's main trading partners should result in an acceleration of total exports during 2012.

According to available monthly data, domestic demand continued to slow down at the beginning of 2011. As shown primarily by the trend in retail trade turnover and continued negative movements in disposable income, coupled with a decrease in household loans that has been observed for as long as two years, household consumption decreased further at the beginning of 2011.

For the whole of 2011, an only slight increase in personal

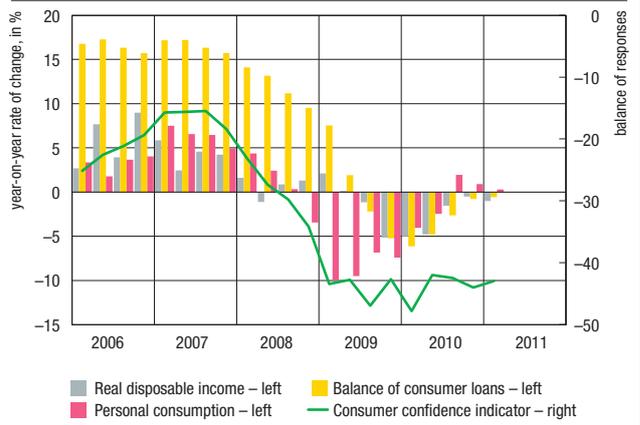
¹ According to the CBS first estimate, the annual rate of change in GDP was -0.9% in the first quarter of 2011. However, it should be emphasized that the GDP data for the period from the first quarter of 2008 to date are preliminary.

Figure 6 Exports of goods and services
real values



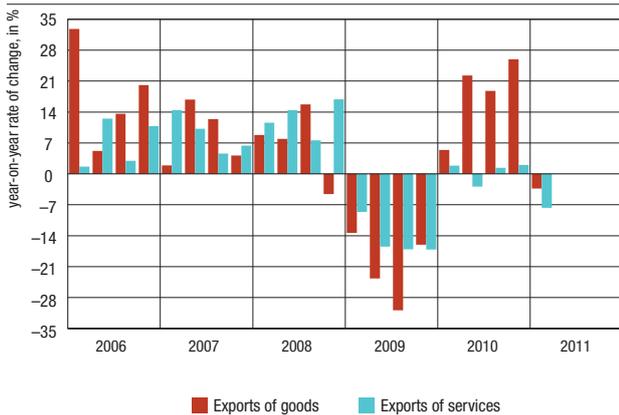
Note: Values for the first quarter of 2011 are CNB's estimates.
Source: CBS data adjusted by the CNB.

Figure 9 Determinants of personal consumption



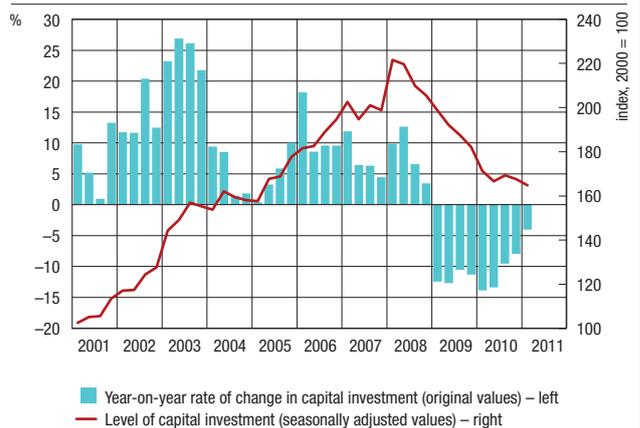
Note: The values of the consumer confidence indicator in a month are calculated as three-member moving averages of monthly data.
Sources: CBS, CNB and Ipsos Puls.

Figure 7 Exports of goods and services
in EUR, nominal values taken from the balance of payments



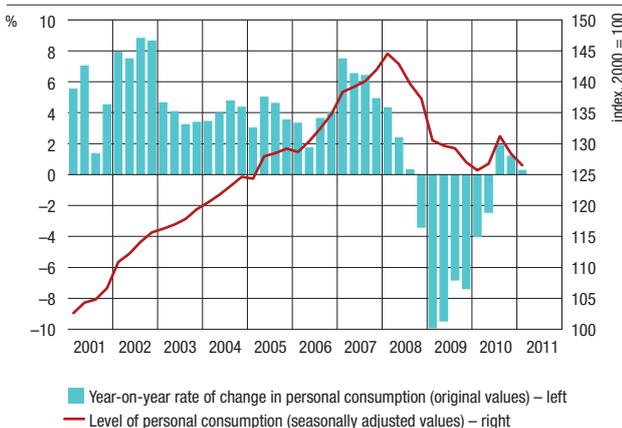
Source: CNB.

Figure 10 Gross fixed capital formation
real values



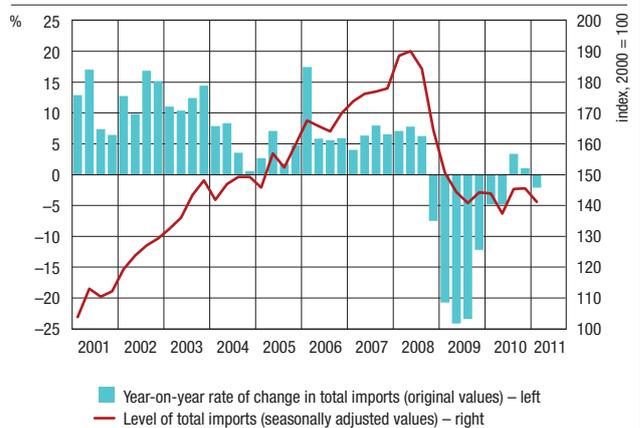
Note: Values for the first quarter of 2011 are CNB's estimates.
Source: CBS data adjusted by the CNB.

Figure 8 Personal consumption
real values



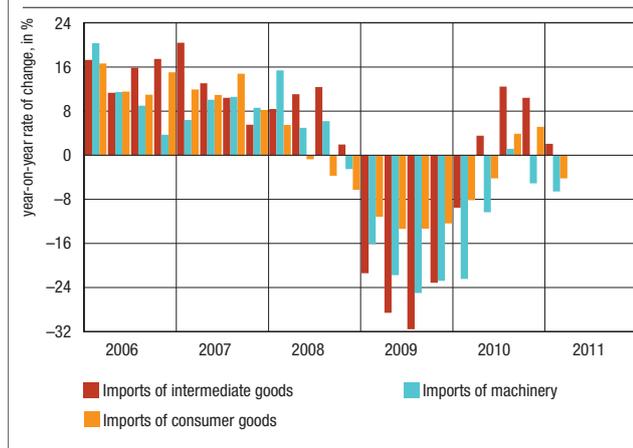
Note: Values for the first quarter of 2011 are CNB's estimates.
Source: CBS data adjusted by the CNB.

Figure 11 Imports of goods and services
real values



Note: Values for the first quarter of 2011 are CNB's estimates.
Source: CBS data adjusted by the CNB.

Figure 12 Goods imports by category
in EUR, nominal values



Source: CBS data adjusted by the CNB.

consumption is expected (0.6%). The remainder of the year is likely to see gradual weakening of negative employment trends and a negligible increase in gross wages. However, because of the repeal of the special tax and changes in the income tax system, net wages will rise noticeably in the current year. Moreover, in view of the forthcoming completion of Croatia's EU entry talks, consumer optimism is expected to recover gradually, which will boost the demand for loans. As a result of all this, household consumption is likely to increase. By contrast, a real decrease in transfers to households and other net income² will adversely affect disposable income and household consumption. Personal consumption could rise at a rate of approximately 2.5% in 2012, mostly due to the growth of the real net wage bill and a further increase in household demand for loans, coupled with strengthening consumer optimism.

As shown by monthly indicators, gross fixed capital formation continued downwards in the first quarter of 2011. Enterprises continued to reduce capital investment due to low demand and uncertainties about its developments in the near future. However, uncertainty about future movements of income continues to be the main reason for households' abstention from investment in real estate, despite the fall in dwelling prices and in home loan interest rates.

Gross fixed capital formation is expected to grow by some 2.4% for the entire 2011. The described changes in the remainder of the year should spur the investments of general government and majority state-owned enterprises, whereas private investments are likely to remain subdued. Specifically, as shown by the general government budget, the Government is committed to strengthening markedly its investment activity during 2011. Moreover, the available data suggest that the Croatian Motorways, which have been excluded from consolidated general government in the public finance statistics since 2008, will also increase its investment in road infrastructure by almost a half at the annual level. A number of other public enterprises (e.g. Croatian Railways and Croatian Electricity Company) have also embarked upon some major investments, which only confirms that it is the public sector that could be the generator of capital investment growth in the current year. Private sector investments are expected to stagnate or even drop a little, with

positive movements likely to be seen only in investments in the replacement of worn-out machinery and equipment, whereas a further slight decline is very likely in investment in construction facilities.

In 2012, total investment in capital assets is expected to continue its growth at a rate of 5.8%, entirely due the strengthening of private investments driven by a boost in aggregate demand and improvement in the business and general social climate on account of Croatia's forthcoming accession to the EU. The next year is also expected to see a recovery in the residential property market. The renewal of corporate inventories should also make a positive contribution to economic growth in the current year and, to a lesser extent, in 2012.

Government consumption is expected to decline in real terms in 2011 from the previous year. This will be primarily due to a cut in expenditures for transfers in kind. Concurrently, real employee compensation should remain at approximately the same level as in 2010, as no reductions are expected in the number of public and government sector employees, whereas real expenditures for the use of goods and services are likely to increase a little. This will be due to an increase in expenditure arising from the EU accession process. Government consumption is expected to decline additionally in 2012, because of expected savings in expenditures for the use of goods and services.

Given such movements in domestic demand and total exports and taking into account the nominal monthly data on goods imports, real imports of goods and services is assessed to be slightly lower in Q1 relative to the end of 2010.

An acceleration of aggregate demand during the rest of the year will probably have a strong impact on total imports. This will be particularly due to the growth in household spending on durable goods and the renewal of corporate inventories. Consequently, goods and services imports are expected to go up by 3.6% during 2011. Strong domestic demand in 2012 is expected to accelerate the growth of goods and services imports.

Aggregate supply

According to the data on movements in the total volume of industrial output, construction works, real retail trade turnover and tourist overnight stays in commercial accommodation facilities, real gross value added declined in the first quarter of 2011 from the end of 2010.

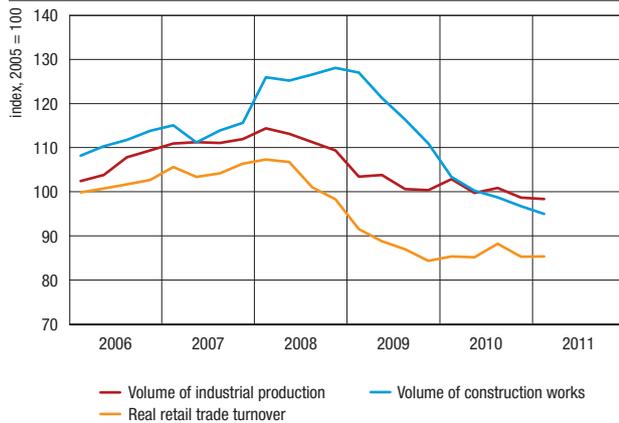
However, the latest business confidence surveys suggest an increase in business optimism in manufacturing and construction.

Construction activity is likely to have hit the bottom of the cycle in the first quarter of 2011, and it might be slightly stronger for the entire projection period, primarily due to public sector investments. Should projections regarding the movements in the aforementioned demand components in the remainder of the year and in 2012 hold true, activity could recover in other sectors, too, notably trade, transport, storage and communications, and hotels and restaurants.

In accordance with the projections regarding movements in aggregate demand components, total GDP growth in 2011 and 2012 is estimated at 1.0% and 2.2% respectively. This refers to the central projection, whereas Figure 16 shows a real growth projection and uncertainties surrounding it. It should be noted, however, that the options for growth are limited by a slowdown in the long-term production potential of the economy, and by a change in the potential GDP trend (see Box 1 Estimating potential GDP in the Republic of Croatia).

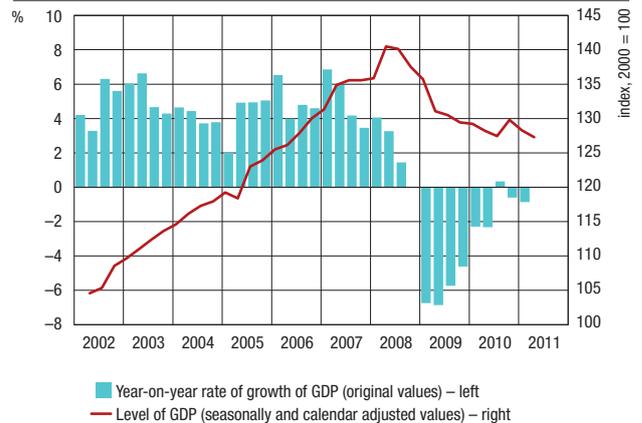
² It should be noted that, due to a lack of data, the CNB's disposable income estimate excludes income generated in the unofficial economy, some income from work (e.g. author's fees) and some income from property.

Figure 13 Short-term economic indicators
seasonally and calendar adjusted



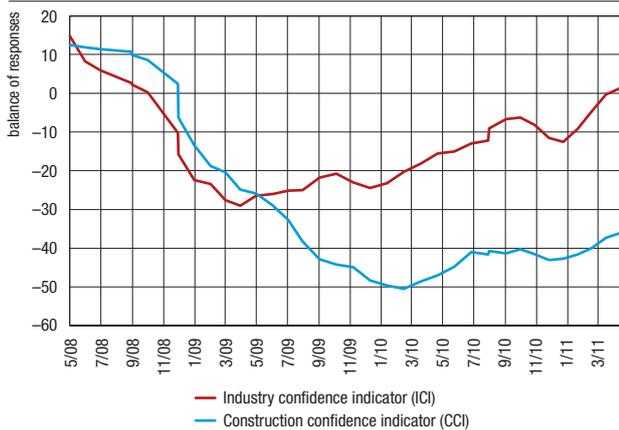
Note: Quarterly data are calculated as a simple average of monthly data.
Source: CBS data adjusted by the CNB.

Figure 15 Gross domestic product
real values



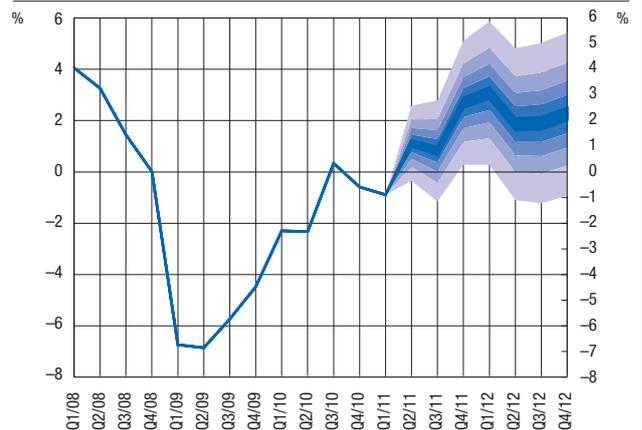
Source: CBS data adjusted by the CNB.

Figure 14 Business confidence indicators



Note: The presented values are three-member moving averages of monthly data. The Business Confidence Survey has been carried out since May 2008.
Sources: CNB and Ipsos Puls.

Figure 16 Projection of real GDP dynamics
year-on-year rate of growth



Sources: CBS and CNB.

It should be emphasized that, in making a 90% confidence interval, an assumption of a symmetric error distribution was used. In other words, according to the information available when closing these projections, an equal likelihood was assumed of both lower and higher³ realised GDP growth in the projection period relative to the central projection. In a positive scenario, total exports could be stronger due to favourable economic movements in the main export markets, where a similar

effect on tourist services could be produced by continued political disturbances in North Africa. By contrast, a negative risk is the possibility of a slower recovery of business and consumer optimism and of the willingness of banks to provide more loans to the private sector. The projection also assumes that the government will succeed in obtaining the entire amount of planned loans in the domestic and foreign markets.

³ The lower and upper limits of the aforementioned interval have been determined on the basis of historical variances of projection errors for a particular quarter. These variances have been additionally adjusted by a correction factor the value of which reflects the CNB's perception about the change in potential risks of the realisation of central projections.

Box 1 Estimating potential GDP in the Republic of Croatia

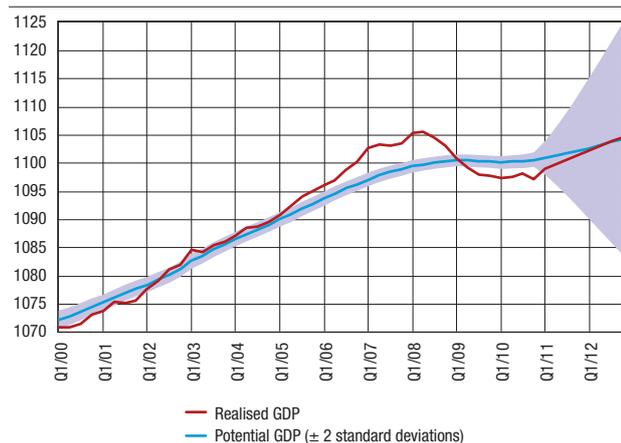
The current economic situation increases the importance of proper potential GDP estimation as a basis for economic and political decision-making. In the 2003-2008 period, Croatia saw relatively high economic growth rates, accompanied by a low inflation rate. However, due to the global financial crisis, the situation has changed sharply. A fall in exports and a halt in capital inflows led to consumption and investment slumps. While some of this fall was cyclic, the other part of it reflected a slowdown in growth and a decrease in the level of potential GDP. The potential GDP dynamics were particularly affected by reduced inflows of capital and its higher prices. This was the result of changes in the global risk appetite, and also of an increase in government borrowing on foreign markets. Moreover, the crisis has probably led to a fall in the level of capital, due to the failure of some enterprises and the suspension of investment projects, particularly in the non-tradable sectors.

This box presents the results of a method for estimating the potential growth rate and potential GDP path in the Croatian economy. The estimation is based on an adjusted dynamic macroeconomic model⁴ similar to that in Benes et al. (2010)⁵ and in El-Ganainy and Weber (2010).⁶ The model has been estimated by using a combination of the multivariate Kalman filter and regularised maximum likelihood method viewed as a special case of the Bayesian estimation method. The applied multivariate filter includes interactions between GDP and potential GDP, and inflation, unemployment, industrial output and current account, where unknown model parameters and unobserved time series (potential GDP and the equilibrium level of industrial output, unemployment and current account) are estimated simultaneously.

As highlighted in Benes et al. (2010), such an approach involves “flexibility that leaves room for estimated growth to vary in accordance with recent information, while at the same time it takes into account the stability of trends observed over longer time series”. It is worth noting that it would be wrong to interpret the obtained potential GDP amounts as maximum values capable of being realised in the economy through an optimal use of available resources without any restrictions; potential GDP as defined in the model is the level of output that can be sustained forever, without generating any pressures on core inflation, either to reduce or increase it.

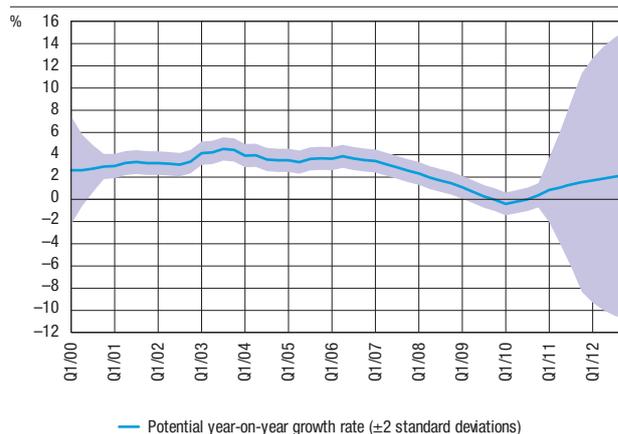
Figure 17 shows the central projection of potential GDP, together with a reliability interval of two standard deviations and the actual (realised) GDP for the period from the first quarter of 2000 to the fourth quarter of 2010, and forecasts according to the model for the period from the first quarter of 2011 to the fourth quarter of 2012. The results show that the potential output growth rate starts to fall from mid-2006, to become negative in the fourth quarter of 2009 (Figure 18). This reversal occurred nine months after the first negative annual rate of change in actual GDP. The annual rate of change in potential GDP was negative for one year, a mild upswing being recorded only in the last quarter of 2010. In the last quarter of 2010, potential GDP again reached the level observed in the first quarter of 2009. According to this model, potential output is expected to continue its growth by the end of the projection period. It should be mentioned that such forecasts are partly due to the assumed long-term steady-state growth.

Figure 17 Potential and realised GDP



Source: CNB calculations.

Figure 18 Potential GDP growth rate



Source: CNB calculations.

4 A detailed description of the model and methodology is given in Bokan, N., and R. Ravnik (2011): *Procjena potencijalnog dohotka u Republici Hrvatskoj primjenom multivarijantnog filtra*, in manuscript form.

5 Benes, J., K. Clinton, R. Garcia-Saltos, M. Johnson, D. Laxton, P. Manchev, and T. Matheson (2010): *Estimating Potential Output with a Multivariate Filter*, IMF EP/10/285.

6 El-Ganainy, A., and A. Weber (2010): *Estimates of the Output Gap in Armenia with Applications to Monetary and Fiscal Policy*, IMF WP/10/197.

4 Labour market

The unfavourable labour market trends continued into the first quarter, marked by an increase in the number of unemployed and a decrease in the number of employed relative to the end of 2010 and the same period in 2010. However, it should be mentioned that the growth in unemployment and the fall in employment are both gradually slowing down. As in previous periods, the annual decrease in employment in the first three months (3.4%) was for the most part the consequence of a drop in the number of employed in construction, industry and trade, while the number of civil servants and government employees increased.

As shown by the CES data, the most recent developments in March and April suggest a monthly decrease in the number of registered unemployed persons. Although this trend is primarily ascribed to stronger seasonal employment, the seasonally adjusted data also point to a halting of the registered unemployment trend. Owing to these developments, the average

registered unemployment rate stood at 19.5% in the January-March period of 2011 (relative to 18.1% in the same period in 2010).

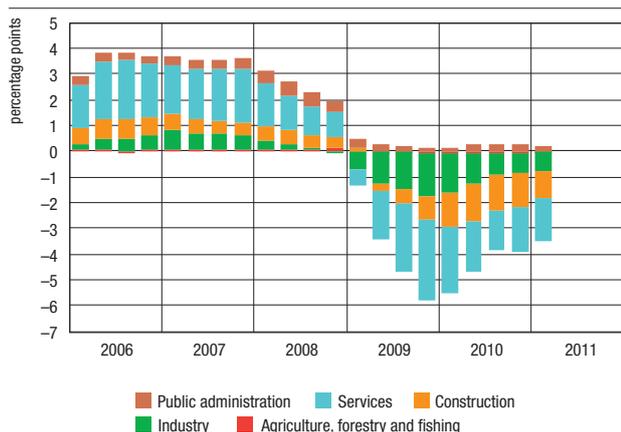
The total number of registered jobless persons continues to exceed 300,000, the level reached at the beginning of 2010 and corresponding to the high unemployment level in the Croatian labour market observed in 2006. Analysed by share in the labour force, short-term unemployment (up to 12 months) surged and exceeded the share of long-term unemployment (over 12 months). This is explained by a strong inflow of those who have lost their jobs due to decrease in production in the period of economic crisis. According to age structure, the largest share of the labour force is accounted for by unemployed women in the 30 to 54 age group. Although the crisis influenced the increase in the shares of all age groups, the largest sensitivity to the crisis was shown by young persons in the 15 to 24 age group, notably by male persons.

According to the Labour Force Survey results, the unemployment rate increased from 9.1% in 2009 to 11.8% in 2010, accounted for by a fall in employment (4%) and a strong growth in unemployment (29%) in that period. In addition to the increase in the Labour Force Survey unemployment rate and the decrease in the employment rate, an ever larger number of discouraged workers exiting the labour market and early retirements led to a fall in the activity rate. Considering that administrative data for the last two years point to a more significant decrease in employment than the Labour Force Survey data, it may be concluded that crisis has had a lower impact on employment in the informal than in the formal sector.

Employment is expected to continue decreasing in the rest of 2011, although at a slower pace, while the positive reactions of the labour market to the recovery in economic activity might start to materialise as late as in 2012. Unemployment will thus stay high throughout the whole of 2011, while the average registered unemployment rate could reach 18.3%.

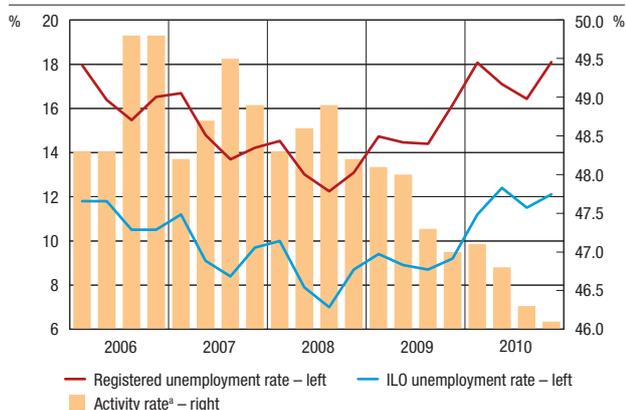
Nominal wages, following the mild negative annual changes that marked most of 2010, ended the year with an increase, which at somewhat reduced pace continued in the first two months of 2011 (0.3% and 4.6% on average in gross and net

Figure 19 Contributions to employment growth by sector



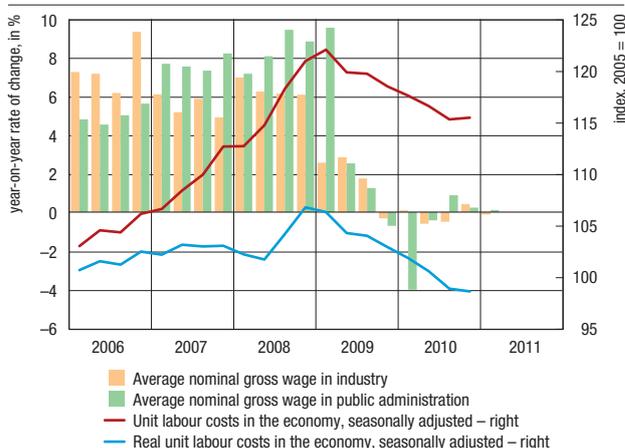
Sources: CBS and CNB calculations.

Figure 20 Unemployment and activity rates



^a The labour force as a percentage of working age population (15+). Note: The Labour Force Survey has been published quarterly since the beginning of 2007. Source: CBS.

Figure 21 Gross wages and unit labour costs



Note: Data for 2011 refer to January and February 2011. Sources: CBS and CNB calculations.

terms respectively). In contrast to the stagnant movement in gross wages, a feature since the end of 2009, a more significant increase in net wages is the consequence of changes in tax legislation, above all the abolishment of the special tax on salaries, pensions and other income in November and the introduction of changes in the income tax system. Broken down by activities, private sector wages grew at somewhat higher rate in January and February than public and government sector wages. The most significant positive contribution came from the financial and insurance activities, while wages in trade and construction activities made a negative contribution to the movement in the average wages in the economy.

In 2011, nominal gross wages are forecasted to increase mildly (by 1.3%) and net wages more strongly due to the repeal of the special tax. In addition to the above-mentioned growth in labour costs and the continued growth in labour productivity, the annual fall in unit labour costs is expected to continue at a somewhat less pronounced pace in 2011 than in 2010. Wages should grow in 2012, at a rate higher than the one observed in 2011. Nevertheless, this growth is expected to be smaller than that observed in the pre-crisis periods. Since labour costs are expected to increase more strongly than labour productivity, unit labour costs might increase on an annual basis.

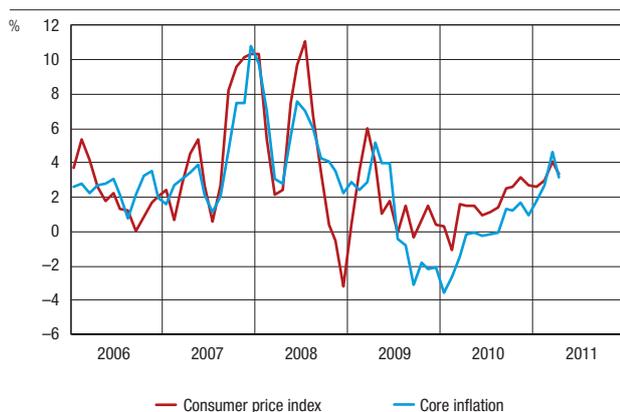
5 Inflation

The annual consumer price inflation rate continued to grow in 2011, reaching 2.4% in April. This was mainly the result of a considerable increase in the prices of food raw materials, energy products and other raw materials that had been present in the global market since mid-2010 but affected domestic producer and consumer prices with some delay. Inflationary pressures

from the external environment were also reflected in a pronounced annual growth of the implicit deflator of imports of goods and services in the fourth quarter of 2010.

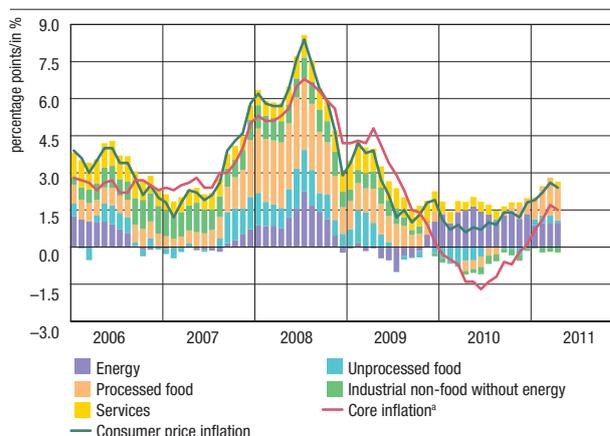
On the other hand, domestic factors, primarily low personal consumption and a drop in unit labour costs, had a dampening effect on inflationary trends. Producers and traders were in

Figure 22 Consumer price index and core inflation
annualised month-on-month rate of change^a



^a The month-on-month rate of change is calculated from the quarterly moving average of seasonally adjusted price indices.
Sources: CBS and CNB calculations.

Figure 23 Year-on-year inflation rates and contribution of components to consumer price inflation
percentage points



^a Core inflation does not include agricultural product prices and administrative prices.
Sources: CBS and CNB calculations.

Table 3 Price indicators

year-on-year rate of change

	2007	2008	2009	2010	6/2010	9/2010	12/2010	3/2011	4/2011
Consumer price index and its components									
Total index	2.9	6.1	2.4	1.1	0.7	1.4	1.8	2.6	2.4
Energy	0.6	7.8	-1.1	9.5	10.4	9.2	9.7	6.6	6.6
Unprocessed food	2.6	7.2	2.5	-2.2	-2.7	-0.6	-0.3	2.1	0.7
Processed food (incl. alcoholic drinks and tobacco)	4.0	10.5	3.8	-0.1	-1.8	0.7	2.5	6.4	5.9
Industrial non-food without energy	3.1	3.0	1.5	-0.7	-1.1	-0.5	-0.4	-0.7	-0.8
Services	2.9	3.8	4.3	1.5	1.9	1.0	0.3	0.2	0.9
Other price indicators									
Core inflation	3.0	5.7	2.8	-0.8	-1.7	-0.6	0.1	1.7	1.5
Producer price index	3.4	8.3	-0.4	4.3	4.4	4.4	5.7	7.1	7.5

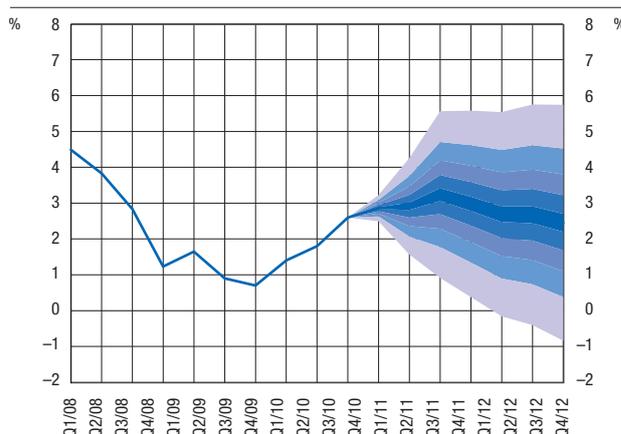
Source: CBS.

an unfavourable position to transfer heightened import costs to end consumers, which is evident in the segment of products with greater price flexibility. Prices of non-food industrial goods without food and energy thus decreased year-on-year during the first four months of 2011, while the annual growth in the prices of services dropped under 1.0%.

In the rest of 2011, a slight acceleration of consumer price inflation is expected, largely reflecting a further spillover of the existing increase in global prices of raw materials to domestic consumers. In line with price trends in the prompt market, a gradual decline in crude oil prices in relation to their very high current levels is expected during the rest of 2011, while some drop in the prices of food raw materials may occur as late as the last quarter, making its impact on domestic food prices visible only in 2012. A slight recovery of personal consumption and its possible effect on prices are expected not sooner than the end of the year. Consequently, the average annual consumer price inflation rate may rise from 1.1% in 2010 to 2.8% in 2011. That is assuming that administrative prices of energy products (gas, electricity, household heating) will not rise during the rest of 2011. As for food prices, it must be stressed that a rise in the average annual rate of change in food prices, due to all the mentioned causes, could be significant and exceed 4%.⁷ All food and energy items excluded, the annual consumer price inflation will on average rise around 1%, which is in line with the expected slim recovery of personal consumption.

A gradual slowdown of inflation is expected in 2012, keeping its average annual rate of change on the 2011 level, around 2.8%. However, the contribution of energy and food product prices in overall inflation is expected to fall in 2012, while the contribution of prices excluding food products and energy should rise. Imported inflationary pressures are expected to lose momentum, reflecting more favourable trends in the prices of crude oil and other raw materials in the global market. However, consumer prices will remain under a delayed influence of previous rises in the prices of raw materials. Bearing in mind the expected acceleration in the growth of personal consumption, inflationary pressures resulting from trends in domestic demand may slightly gain in strength, since producers and traders, given a revival of consumption, will be in a more favourable position to increase their margins. At the same time, a slight strengthening

Figure 24 Projection of consumer price inflation
year-on-year rate of change



Sources: CBS and CNB calculations.

of domestic pressures from the cost side is expected, given the projected acceleration of the annual rate of change of unit labour cost in the overall economy. Furthermore, a rise in administrative prices is expected after the election, especially the prices of energy.

The symmetrical shape of the fan (Figure 24) indicates that risks related to the projection of inflation are balanced. One of the main causes of a lower-than-projected inflation may be in a slower recovery of domestic demand. The main high inflation risk lies in a bigger transfer of the global rise in prices of food raw materials to domestic prices, and in a possible quicker growth of prices of oil and other raw materials, should the global economy recovery be more pronounced than expected. An upsurge of geopolitical tensions may also be reflected in oil prices. A more rapid growth of prices influenced by administrative decisions is not likely in the election year 2011, but may occur in 2012, when the zero VAT rate may also be revoked, which is not included in the current projection.⁸

Box 2 Projection of the food consumer price index in Croatia

In late 2010 and early 2011, global prices of food (more precisely, of food raw materials) reached a historical high (Figure 25). The overall FAO food price index exceeded the level achieved during the last period of pronounced growth of food prices in late 2007 and early 2008.⁹ In relation to mid-2010, the prices of food raw materials rose by around 37% in March 2011. The main reasons for this rise included unfavourable weather conditions, a strong growth of demand, repurposing some crops into biofuel production and an increase in energy prices. According to IMF forecasts,¹⁰ global prices of food are expected to fluctuate until the end of the year around the peak reached in the first quarter of 2011, after which they are expected to drop slightly by

mid-2012, followed by a stabilisation until the end of 2012.

Given the large share taken by food products – around 28% – in the basket of household products, trends in their prices play an important role in projecting domestic inflation, since global prices have direct and indirect effects on prices of domestic food products. To assess those effects, the VAR model was used including the following four variables: the global food price index, the EU food producer price index (PPI EU), the EU food consumer price index (CPI EU), and the Croatian food consumer price index (excluding non-alcoholic beverages). In the assessment, exogenous restrictions were used related to the assumption about the effects of price spillover in the distribution chain

⁷ See more about reasons for the growth of prices of food raw materials in the global market and its spillover to domestic food product prices in Box 2 Projection of the food product consumer price index in Croatia.

⁸ The application of the zero VAT rate to certain products is among the remaining tax incompleteness that Croatia has pledged to remove before EU accession. The estimated share of VAT-free products in the CPI basket is around 7.4%. If a lower VAT rate of 10% is applied to products with the current zero VAT rate, and this increase is entirely transferred to consumers, such a measure, it is estimated, will affect the monthly rise in the overall consumer price index by 0.74 percentage points. If the zero VAT rate is revoked in January 2012, the average annual inflation rate could rise to 3.6%.

⁹ FAO global food price index is a weighted average of prices of five groups of food products: meat, dairy products, cereals and rice, oil and sugar.

¹⁰ WEO, April 2011.

Figure 25 Global food prices and their projection until the end of 2012

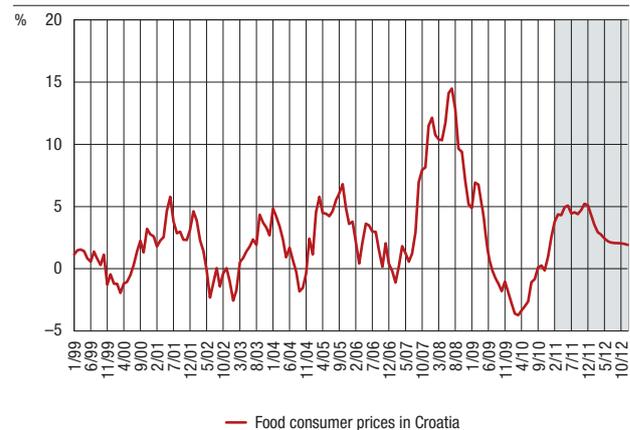
2002 to 2004 average = 100, trend-cycle



Sources: FAO, IMF and CNB calculations.

Figure 26 Food consumer prices in Croatia and their projection until the end of 2012

year-on-year rate of change



Sources: CBS and CNB calculations.

for the production and sale of food products. It is thus assumed that trends in global prices of food raw materials may influence trends in all food products in the distribution chain, while a change in food producer prices in the EU causes a change in food consumer prices in the EU and a change in domestic food consumer prices. The effects of trends in food consumer prices in the EU spill over only to domestic food consumer prices, while inverse effects are prevented by exogenous restrictions. The model based its assessment on January 1998 – March 2011 monthly data, using trend cycle variable components.

Results of the VAR model assessment confirm the assumption about the existence of a distribution chain. Directions of the variables' reactions to individual shocks are in line with the assumption about how effects of individual price changes spill over to all other prices. Also, assessed response functions show that changes in global food prices indirectly affect domestic food prices through changes in the prices of food products in the EU, while their direct influence remains modest. On the other hand, shocks in food consumer prices in the EU directly influence

changes in domestic food prices. However, since shocks in global prices directly affect only food producer prices in the EU, and shocks in food producer prices in the EU directly affect only food consumer prices in the EU, only indirect effects of global food price trends on domestic prices are present.

Another assessment deals with the delay of effects at individual levels of the distribution chain. It turns out that trends in global prices of food precede trends in food producer prices in the EU by three months, while food consumer prices in the EU lag behind producer prices in the EU by two months. As a result, the spillover effect of the change of consumer prices in the EU on domestic prices is simultaneous. Domestic prices of food products therefore lag behind global prices by about five months.

Assuming that global prices will fluctuate by the end of the year around the peak reached in the first quarter of 2011, after which a slight drop will ensue, this model suggests that domestic food prices will be 5% higher at the end of 2011 than at the end of 2010. This price rise should have slowed down by the end of 2012, reaching the forecast value of around 2%.

6 Foreign trade and competitiveness

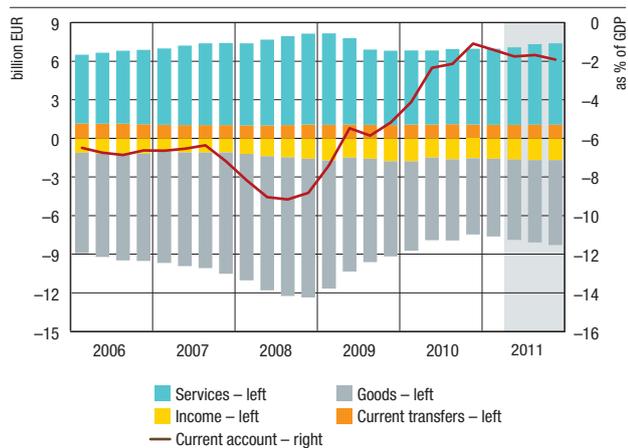
The current account deficit, after halving in 2009, again fell strongly in 2010. In nominal terms, it thus dropped to one fifth of the deficit in 2009. The narrowing imbalance in foreign trade in goods, primarily due to decreased imports, was the main determinant of such movements. After a large fall at the turn of 2008 and 2009, exports began to recover as early as in the second half of 2009. However, export movements were noticeably weaker than in comparable Central and Eastern European countries (Figure 28). The first signs of import recovery, though unstable, began to be observed only in the second half of 2010.

According to the latest available data in the first quarter of 2011, the assessed trends point to a halt in positive developments in both exports and imports. On the exports side, such a result is largely determined by ship exports and poor export dynamics of refined petroleum products. Movements on the imports side mainly reflected a fall in imports of capital goods and

raw materials for industrial production.

A reduction in the external imbalance in the previous two years was a consequence of partly cyclical movements in the economy, so that a certain widening of the current account imbalance can be expected along with a mild economic recovery in 2011. The deficit could thus amount to -1.9% of the projected GDP. A deepening of the foreign trade deficit, after two years of a sharp contraction, will probably be the key determinant of such movements, the indications of which were already becoming evident in the first months of the current year. It is expected that exports growth should be somewhat slower than in 2010, partly as a result of an unfavourable base effect related to exports of ships, which could be below the record level of 2010. Apart from a stable growth in demand from partner countries, the growth in exports of other goods (excluding ships and oil) is expected to be only slightly slower than in 2010. Croatian exports will thus

Figure 27 Current account deficit and its structure
moving average of four consecutive quarters



Source: CNB.

again not surpass the levels in the periods before the crisis and a modest growth in goods exports is also expected in 2012.

There are several factors that could restrict a stronger export growth in the forthcoming period. If the previous dynamics is analysed, the relatively weak growth of Croatian goods exports, which evidently lag behind that in comparable Central and Eastern European countries, can mainly be accounted for by a relatively poor specialisation of the Croatian exporters in low value added products. Furthermore, demand for these products was, in general, not especially dynamic, and as can be concluded from the results of the analysis of movements in the share of domestic exports in the EU market (see Box 3 Analysis of the share of Croatian exports in the EU market), domestic exports also show weaknesses in terms of price and non-price competitiveness. All these factors, unless substantial structural changes take place, will have an unfavourable effect on goods exports dynamics in the future.

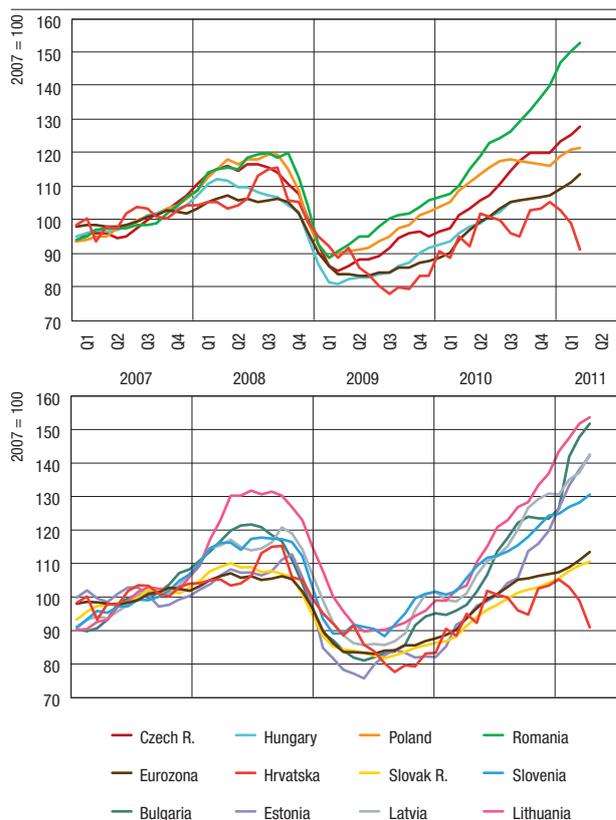
On the imports side, imports of oil, which are much influenced by the extremely volatile prices of that energy product and the exchange rate of the US dollar against the euro, and represent at the same time a considerable risk for the realisation of the projection, will play an important role in 2011. More specifically, taking into account the expectations that oil prices in the global market will increase by approximately 40% this year as against 2010, a negative balance in trade in oil and refined petroleum products could reach almost a fourth of the total foreign trade deficit, or about 4% of GDP, in 2011. Despite a possible rise in the growth rate of imports of other goods, its level will remain down by one fourth from the period before the crisis. Total imports are not expected to reach the level before the crisis in 2012, regardless of an additional mild acceleration relative to the current year.

Table 4 Current account and its components
as % of GDP

	2007	2008	2009	2010	2011	2012
Current account balance	-7.2	-8.8	-5.2	-1.1	-1.9	-2.5
Goods	-21.7	-22.6	-16.2	-12.9	-14.1	-14.8
Services	14.7	14.8	12.6	12.8	13.5	13.5
Income	-2.5	-3.3	-3.9	-3.3	-3.6	-3.5
Current transfers	2.4	2.2	2.3	2.4	2.3	2.2

Source: CNB.

Figure 28 Goods exports of selected countries
quarterly moving average, seasonally adjusted data

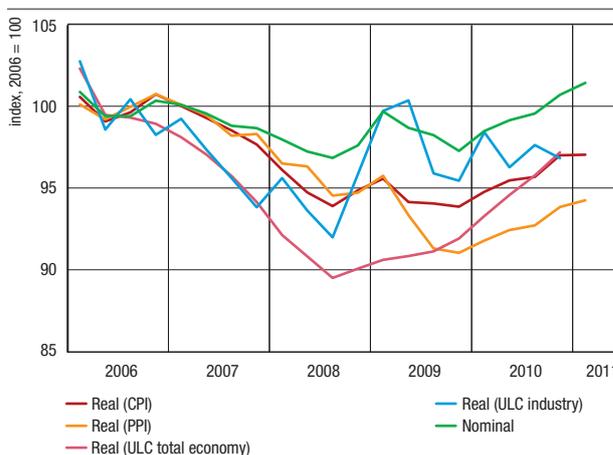


Sources: Eurostat and CBS data adjusted by the CNB.

After two years of a fall in revenues, in 2011 tourism could record a growth, spurred by recovered consumption and an expected slightly larger number of tourist arrivals. Optimistic announcements of bookings in the peak tourist season point to such results and similar favourable trends are expected to continue in 2012 as well. Other current account items are not expected to change considerably.

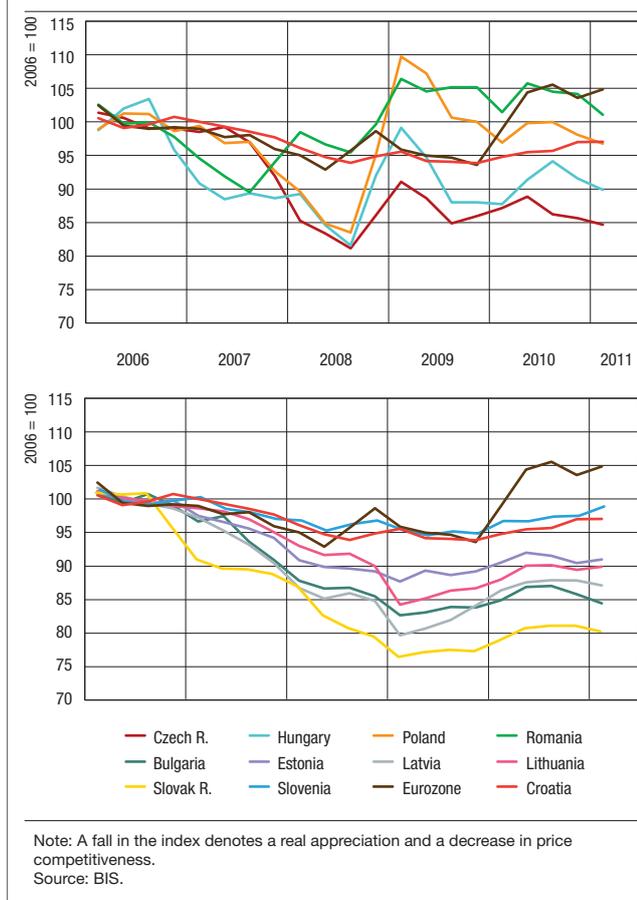
In 2010, the real effective exchange rate of the kuna

Figure 29 Nominal and real effective exchange rates of the kuna



Note: ULC stands for unit labour costs. A fall in the index denotes an appreciation.
Source: CNB.

Figure 30 Real effective exchange rate (deflated by consumer prices) in selected countries



depreciated, pointing to an improvement of the price and cost competitiveness of Croatian exports. This can be mainly accounted for by a nominal depreciation of the kuna against the basket of currencies of the major trading partners (Figure 29).

Only the index of the real effective kuna exchange rate deflated by unit labour costs in industry points to a deterioration of competitiveness, which is, in turn, a consequence of an uncommon variation of the gross value added in 2009. In contrast, data for the first quarter of 2011 show that the real effective kuna exchange rates deflated by consumer and producer prices remained at approximately the levels attained in the last quarter of 2010. More specifically, although in that period the kuna weakened against the basket of currencies of the major trading partner in nominal terms, domestic consumer and producer prices grew at a slightly faster rate than foreign prices.

If the movements of price competitiveness of the Croatian economy are compared in the long term with the movements in the new EU Member States from 2006 on, it is evident that the loss of price competitiveness was larger than in Croatia (Figure 30). Furthermore, it can also be observed that in countries with flexible exchange rate regimes, following a rather strong depreciation of their real effective exchange rates in the period from mid-2008 to the end of the first quarter of 2009, depreciation was partially mitigated, partly on account of the subsequent nominal appreciation and partly due to changes in prices. However, the real effective exchange rates in these countries are still weaker than before the crisis, especially in Poland and Romania. In the first quarter of 2011, in most of the new EU Member States, the real effective exchange rate deflated by consumer prices appreciated relative to the previous quarter, while it stagnated in Croatia. Real effective depreciation was recorded only in Slovenia, Estonia and Lithuania, where a trend of a mild improvement in price competitiveness, recorded in the previous year, continued.

Taking into account the latest projections of movements of the exchange rates and consumer prices in the major trading partners in 2011 (according to the publication *Consensus Forecasts*), a mild depreciation of the average real effective exchange rate of the kuna deflated by consumer prices can be expected on a whole year basis compared to 2010. In 2012, inflation in Croatia is also expected to be higher than in its trading partners, so that the real effective kuna exchange rate, assuming a relatively stable nominal exchange rate, could appreciate.

Box 3 Analysis of the share of Croatian exports in the EU market

In terms of the geographical distribution of total Croatian goods exports, the EU market stands out. However, in the last ten years the share of Croatia's exports that went to the EU market fell from 67% in the period from 1999 to 2004 to 62% in the period from 2005 to 2010. At the same time, the share of Croatian exports to developing countries, including the neighbouring countries, rose.

As regards the structure of Croatian exports to the EU-27, the dominant sectors were the textile industry, manufacture of electrical machinery, apparatus and appliances and manufacture of agricultural and industrial machinery. Combined, they accounted for approximately 40% of total Croatian exports. There were no major changes in the structure of Croatian exports during that time, except for a decline in the share of the textile industry. In terms of their share in the structure of Croatian exports to the EU, manufacture of food products, beverages, tobacco and chemical products accounted for the next largest share of the total, followed by manufacture of wood and wood products and manufacture of other transport equipment. Most Croatian

exports, or approximately 60% of total exports, are products which are either resource- or low-tech-based.

In terms of the geographical structure of Croatian exports to the EU-27, four countries (Germany, Italy, Austria and Slovenia) account for approximately 80% of the total exports.

By contrast, in terms of the structure of European Union imports, Croatia's goods exports are almost negligible and amount to only around 0.12%. During the entire observed period, from 1999 to 2010, there were no significant changes in Croatia's total market share which ranged between 0.11% and 0.13%. By contrast, the ten new EU member states, (hereinafter: NMS10)¹¹ doubled their market share during that period from 4.2% in 1999 to 8.3% in 2010.

The developments in the share of Croatian exports in the EU market in the past ten years can be analysed in more detail by means of the constant market shares method. Under this method, the total effect (hereinafter: TE), which explains the total change in the share of Republic of Croatia in the structure of EU imports between two periods, is defined (under ECB,

11 Malta and Cyprus excluded. Therefore, the NMS10 comprises Czechia, Hungary, Poland, Slovakia, Slovenia, Bulgaria, Romania, Estonia, Lithuania and Latvia.

2005¹²) as follows:

$$TE = g - g^* = \left[\sum_i \sum_j (\theta_{ij} - \theta_{ij}^*) g_{ij}^* \right] + \left[\sum_i \sum_j \theta_{ij} (g_{ij} - g_{ij}^*) \right] \quad (1)$$

where:

g is the percentage change in total Croatian exports (in euro) in the EU between two periods,

g^* is the percentage change in total EU imports between the two periods,

θ_{ij} is the share of product i in Croatian exports in EU country j , in period $t-1$,

θ_{ij}^* is the share of product i in total imports of EU country j , in period $t-1$,

g_{ij} is the percentage change in Croatian exports of product i in EU country j , in period t ,

g_{ij}^* is the percentage change in total imports of product i in EU country j , in period t .

As shown in the formula above, the total effect of a change in Croatia's market share in EU imports will be positive, which means that Croatia's market share will increase if the growth in Croatian exports to the EU is faster than the total growth in EU imports, and vice versa.

The total change in the market share may be broken down to two main components, the structural effect and the competitiveness effect. The first expression in the formula (1) represents the structural effect, which is positive if fast-growing products or geographical markets account for a greater share of Croatian exports than total EU imports. The structural effect shows what the change in the share of Croatian exports to EU markets will be, provided Croatia's exports structure by products and geographical markets has not changed relative to the previous period. This effect can further be broken down to the product effect (hereinafter: PE), the market effect (hereinafter: ME), and the mixed structure effect (hereinafter: MIX).

The product effect shows whether Croatian exports to the EU are geared towards dynamic products in demand in the EU. The market effect, on the other hand, shows whether Croatian exports to the EU are geared towards dynamic import markets of EU member states. The mixed structure effect is actually a residual between the total structural effect and product and market effects resulting from the fact that these two structures are not independent, which makes this effect difficult to interpret.

The second expression in the formula (1) represents the competitiveness effect (hereinafter: CE) or the effect of the "pure

Table 5 Total effect (TE) by countries in the 2000-2010 period

	Average 2000 – 2010	Cumulative				
		2000 – 2004	2005 – 2008	2009 – 2010	2005 – 2010	2000 – 2010
Croatia	0.5	8.7	0.7	-4.2	-3.5	5.1
Slovenia	2.4	7.7	18.8	0.2	18.9	26.6
Estonia	3.5	31.5	0.2	7.2	7.3	38.8
Latvia	4.0	15.7	24.8	3.6	28.4	44.1
Hungary	4.4	25.0	21.5	1.7	23.1	48.1
Lithuania	6.0	32.4	30.0	3.2	33.2	65.6
Bulgaria	6.2	37.9	21.7	8.2	29.9	67.8
Romania	7.5	57.1	2.2	22.7	24.9	82.0
Czech R.	8.1	38.4	44.3	6.2	50.5	88.9
Slovak R.	9.2	47.4	41.1	13.0	54.1	101.5
Poland	9.9	52.1	47.7	9.5	57.1	109.2
Baltic countries	5.5	32.0	22.4	6.0	28.4	60.4
NMS5	7.6	38.0	38.6	7.0	45.6	83.5
NMS10	7.5	39.7	34.7	8.3	43.0	82.7

Note: NMS5 are the Czech R., Hungary, Poland, Slovak R. and Slovenia.

Sources: Comext and CNB calculations.

Table 6 Distribution of total effect (TE) for Croatia in the 2000-2010 period

	Year-on-year rate of change		TE	Total effect (TE)				
	Croatia ^a	EU-27 ^b		SE	Structure effect (SE)			Competitiveness effect (CE)
					PE	ME	MIX	
Annual average	5.5	5.0	0.5	1.2	0.2	0.7	0.2	-0.7
2000 – 2004 cumulative	38.5	29.8	8.7	1.6	-0.5	2.2	-0.1	7.1
2005 – 2008 cumulative	27.9	27.2	0.7	6.6	3.5	5.6	-2.5	-5.9
2009 – 2010 cumulative	-5.8	-1.5	-4.2	4.5	-0.6	0.2	4.9	-8.7
2005 – 2010 cumulative	22.1	25.6	-3.5	11.1	2.9	5.7	2.4	-14.6
2000 – 2010 cumulative	60.6	55.4	5.1	12.7	2.4	8.0	2.3	-7.5

^a Rate of change of Croatian exports to EU-27. ^b Rate of change of total EU-27 imports.

Sources: Comext and CNB calculations.

12 ECB (2005): *Competitiveness and the export performance of the euro area*, Occasional Paper Series 30, Task force of the Monetary Policy Committee of the European System of Central Banks.

market share” and stands for the difference between the actual change in the market share and the previously explained structural effect. The calculation of individual effects of market share changes in accordance with the described constant market share methodology is based on Comext, a detailed Eurostat reference database on the structure of foreign trade.

The analysis of total effects (TE) by individual countries shows that Croatia lags considerably behind the ten new EU member states in the EU market. While these countries significantly improved their relative position on the common market in the past ten years, positive developments in the case of Croatia were very modest. This is due to the fact that total Croatian exports to the EU countries market in the period from 2000 to 2010 rose 6% on average annually, in contrast with the new EU member states whose annual increase in goods placements on the common market averaged 13%, greatly exceeding the average annual growth in this market's total import demand (5%). Poland improved its relative position the most. With this country's exports rising annually on average ten percentage points faster than EU demand, its share in the common market more than doubled in the past ten years. Looking at the countries of Central and Eastern Europe combined, the increase in the share of their exports to the common market was mainly the result of increased exports to the German market, particularly of high

value transport equipment (mainly from the automotive industry) and electrical machinery, apparatus and appliances (computers and telecommunications equipment).

As shown in total effect calculation (TE), Croatia accumulated positive effects in the first half of the last ten year period when its exports to the EU market grew faster than the average demand from that market. However, after 2004, Croatia witnessed a period of relative slowdown compared to the average demand, with the largest loss in market share taking place in 2010 as Croatian exports took longer to recover than demand growth.

A small positive total effect (TE), i.e. a slightly faster growth in Croatia's exports to the EU than the average demand from that market in the past ten year period (5.1) was mainly generated by positive effects attributable to the market effect (ME) of Croatian exports. This applies in particular to demand from Slovenia and to a lesser extent from Austria and Italy, while German imports grew more slowly than total EU imports. Product effects (PE) were almost neutral (2.4), indicating Croatia's weaknesses due to specialisation in not particularly propulsive industries. The overall competitiveness effect (CE) was negative (-7.5). The period in which it had positive values, the first half of the last ten years, was followed by a spell of sharp decline in relative competitiveness as seen in particular during the global recession and recovery.

7 Financing conditions and capital flows

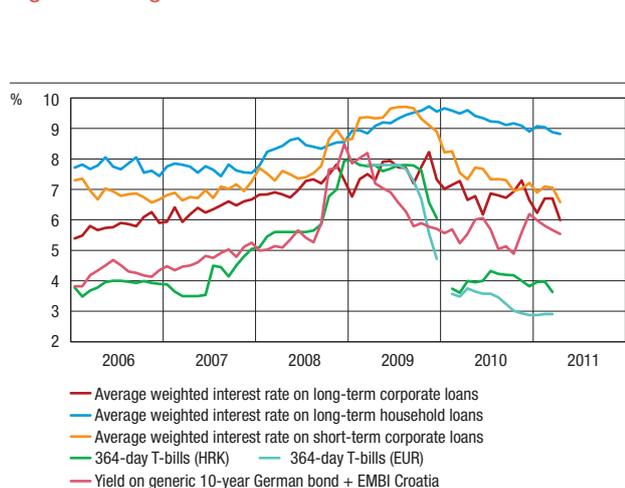
Financing conditions

Domestic sectors' financing conditions continued to improve steadily at the beginning of 2011. On the domestic financial market, this was mostly due to extremely favourable liquidity, coupled with reduced regulatory costs for banks as a result of monetary policy measures. This led to a further fall in domestic borrowing costs of the corporate sector, as seen in particular in the fall in short-term interest rates in the past two years and a concomitant fall in long-term interest rates. The interest rates on one-year MoF T-bills were also low and stable and ranged below 4% and 3%, respectively (365-day T-bills in HRK and

EUR, respectively). The costs of long-term household financing continued to decline steadily, though at a much lower rate than interest rates on corporate loans. This is due, inter alia, to further worsening of the credit portfolio quality of domestic banks, which prevents any bigger correction of the domestic lending interest rates.

However, in the first four months of 2011, the costs of foreign long-term government borrowing, shown as the sum of yields on the generic ten-year German bond and the EMBI index for Croatia, ranged at around the levels reached in mid-2010. Although no significant decline was seen in the past year

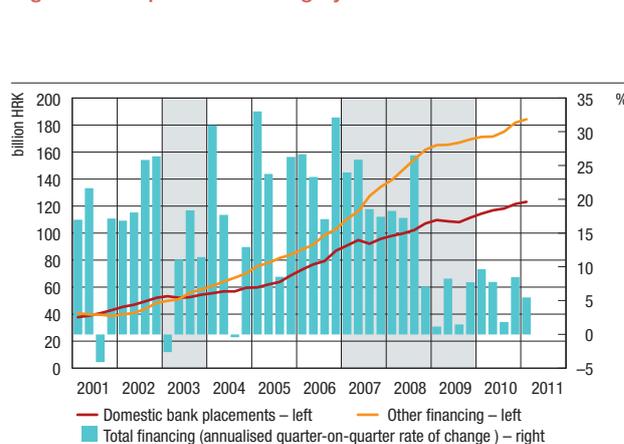
Figure 31 Long-term interest rates and EMBI^a Croatia



^a EMBI (Emerging Market Bond Index) is the spread between yields on government securities of emerging markets, including Croatia, and risk-free securities of developed countries.

Sources: CNB and Bloomberg.

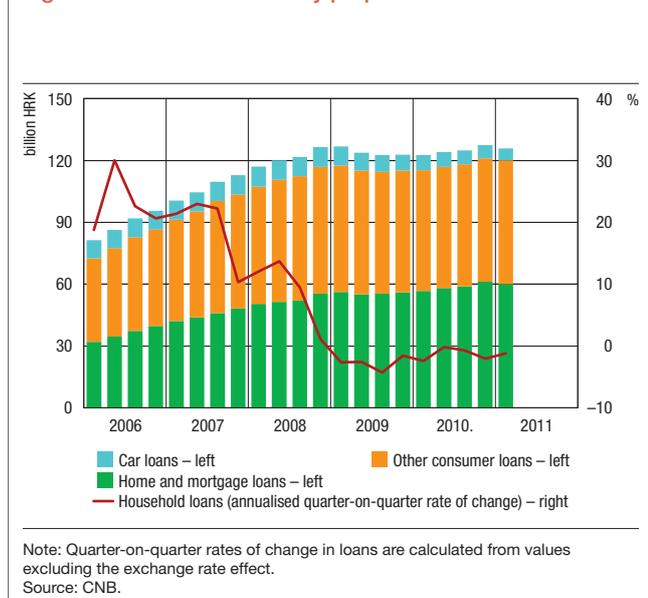
Figure 32 Corporate financing by sources



Note: Other financing includes corporate borrowing from domestic leasing companies and direct borrowing from the CBRD, as well as borrowing from foreign banks and affiliated enterprises abroad. Shaded areas denote periods when banks whose placement growth was in excess of the permissible limit were obliged to purchase compulsory CNB bills. The rate of change in total financing is calculated from seasonally adjusted values.

Sources: CNB, HANFA and CBRD.

Figure 33 Household loans by purpose

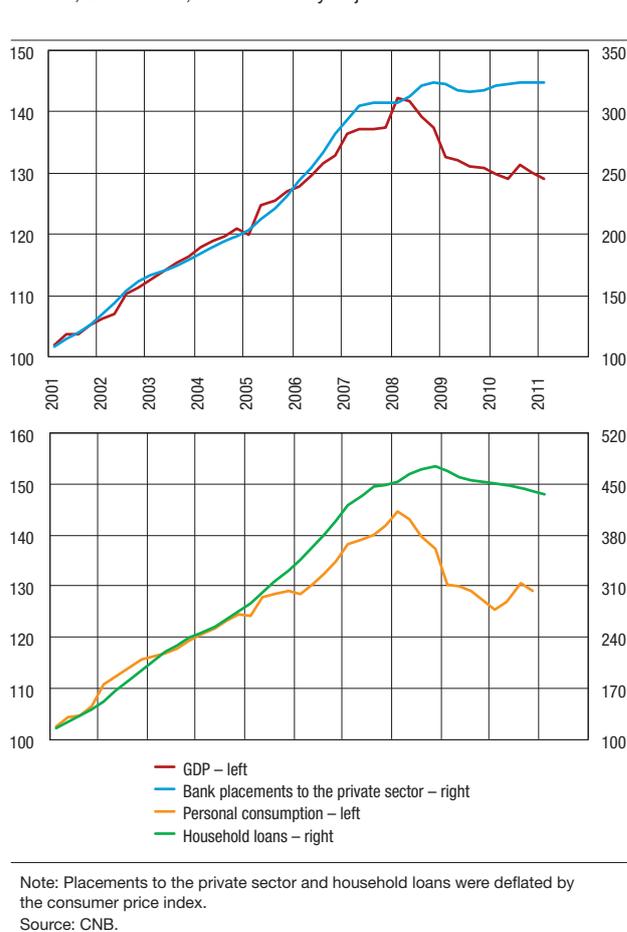


in the cost of foreign borrowing shown in such a manner, this cost was considerably lower than when the global financial crisis erupted, in contrast with long-term domestic financing costs that have only now returned to their 2008 level. It should be noted, however, that thus shown, the cost of long-term government borrowing is only an indication of trends in the costs of financing and does not show the real cost of government borrowing.¹³ The same applies to corporates that tend to borrow at even higher interest rates due to foreign creditors' risk aversion.

The gradual fall in interest rates led to a moderate increase in total corporate financing in early 2011. This relates in particular to the placements of domestic banks to corporates, which, in the first quarter of 2011, were about 6.5% higher than a year previously, as they had been at the end of 2010. Other forms of corporate financing, in both the private and the public sector, also continued to grow slightly, owing to increased corporate borrowing abroad at the beginning of this year. However, it is probable that in the remaining part of the year the corporate sector will not have much room for new foreign borrowing and will as a result turn increasingly to domestic banks' financing. A mild recovery in overall economic activity is thus expected additionally to increase the demand for corporate loans and drive domestic placements growth to this sector to 10% on an annual level. Such developments should receive an additional boost from the expected fall in interest rates and the realisation of the remaining part of the loan under the Government programme to stimulate corporate financing through the CBRD (based on the A model, i.e. the improved A+ model).

Household financing, unlike corporate financing, is still not showing signs of recovery. In addition to unfavourable financing conditions, the absence of revival in household lending has also been determined by unfavourable developments in the real sector, particularly those in the labour market. In the remaining part of the year, we expect to see a mild increase in home loans which account for almost one half of the total amount of household loans, as a result of the implementation of the two recently introduced Government models for home purchase incentives.¹⁴ However, as the total amount planned under this programme is only HRK 700m, not even its fully successful realisation could

Figure 34 Relation between bank lending and real sector developments index, 2000 = 100, real seasonally adjusted values



bring about a more significant recovery in the growth of total household loans. Therefore, we expect to see only a slight increase in household loans on an overall 2011 level, while a somewhat more considerable recovery might take place in 2012.

The risks to the realisation of the expected domestic sector financing lie mainly in a possible postponement of or lower real sector recovery intensity, most notably low domestic demand and the absence of new corporate investment projects. In addition, on the supply side, further credit quality portfolio worsening might jeopardise the realisation of the projected private sector placements growth. The pressure on bank profitability created by a potential increase in the share of bad loans in total loans will limit the room for a possible fall in lending interest rates. Finally, difficulties in government borrowing abroad might squeeze out the private sector from the domestic credit market in the remaining part of the year.

The key to kick-starting a bigger demand for loans, and in turn a recovery in overall economic activities lies again in more favourable financing. In an effort to contributing to private sector lending recovery, the monetary policy continued to support a very high kuna liquidity and the released foreign currency to prompt the banks to improve the financing terms for all the domestic sectors. Government efforts and its special financing models (see Box 4 Corporate lending incentives) were geared towards achieving the same objective.

13 For instance, yield to maturity on the last issue of government bonds in March 2011 on the primary market stood at 6.617%, exceeding the shown value of the sum of yields on the generic ten-year German bond and the EMBI index for Croatia by approximately 1 percentage point.

14 The first model involves subsidised home loans and the other government guarantees in case of loss of employment by the buyer.

Foreign capital flows

The first quarter of 2011 saw a recovery in capital inflows from abroad, most notably debt investments, in contrast with the still scarce equity investments. As a result, the capital and the financial accounts (operations in international reserves excluded) recorded EUR 2bn in net inflows of capital from abroad, which is a significant increase compared to the average value of net capital inflows from abroad of EUR 0.3bn in several previous quarters. This is mostly the result of inflows of funds through the banks (EUR 1.5bn), following banks' withdrawal of their foreign assets owing to the reduction in the rate of the minimum required foreign currency claims. In addition, the central government borrowed approximately EUR 0.4bn net, while other domestic sectors saw a similar increase in their foreign liabilities and their foreign assets.

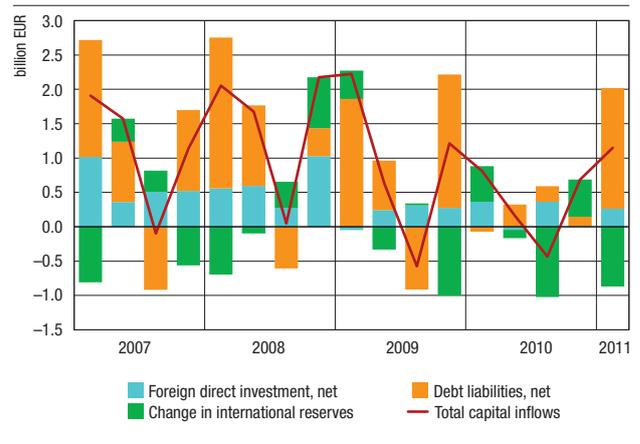
Foreign direct investment of only EUR 0.1bn in the first quarter of 2011 was still much below the amount expected and reflects investors' reluctance and lack of interest in bigger investment projects. Reinvested earnings accounted for the bulk of this amount and direct equity investment, most notably that in the trade sector, accounted for a smaller part of this investment. The debt stock to affiliated enterprises, which can also be ascribed to direct investments, continued to decline steadily into early 2011.

The intensity of capital inflows in the remaining part of the year will probably not be as high as in the first quarter, with more intensive borrowing being expected to take place only in the government and the public sectors. Given that no significant improvement in the investment climate or any major changes in Croatia's competitiveness in attracting foreign investment are envisaged, the indications are that recovery in foreign direct investment will be very slow. One also has to count on the risk of a possible withdrawal of a part of current or accumulated profit of foreign owners of domestic corporates or banks.

Croatia's overall external debt might reach EUR 47.1bn at the end of 2011. The expected relative indicator of external debt (external debt equals 100.5% of GDP, or 254.2% of goods and services exports) again places Croatia high on the list of highly indebted countries, with the country's credit rating at the lowest investment grade. The country's external debt is expected to stand at approximately EUR 49.4bn or 101% of GDP at the end of 2012, with the biggest contribution to debt stock growth coming from other domestic sector and the government.

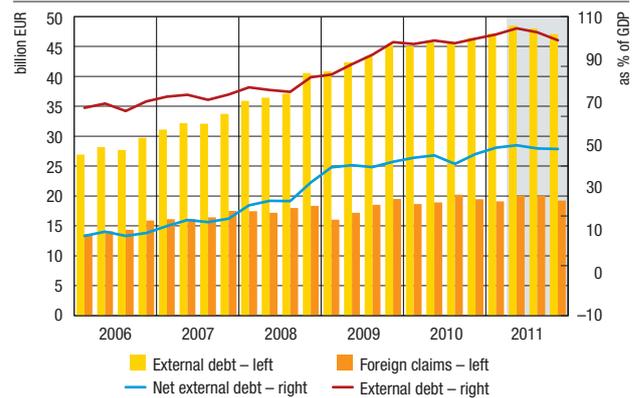
As regards the costs of foreign borrowing, after a period of high insecurity in the European and global financial markets in 2009 and throughout most of 2010, the beginning of this year saw a period of stabilisation and a small fall in risk perception as regards investments in the emerging markets, as indicated by a gradual fall in the EMBI indicator for individual new EU member states and Croatia. In addition to a fall in risk aversion globally, a reduction in borrowing costs might also result from somewhat more favourable macroeconomic and fiscal developments (for a more detailed account of the factors determining borrowing costs, see Box 5 Factors determining government borrowing costs). By contrast, continued recovery in economic activity in the eurozone during the first quarter of 2011 was followed by a small recovery in benchmark interest rates on the European market, which could in the forthcoming period, provided no significant reduction in risk premium takes place, drive the ultimate borrowing price of domestic entities abroad upwards, leading to additional growth in the current account deficit.

Figure 35 Foreign capital flows



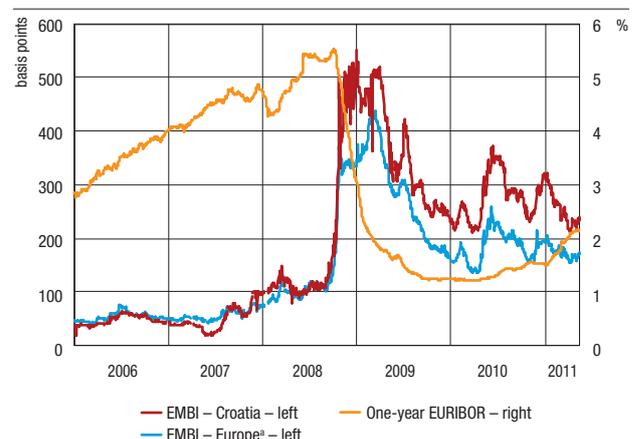
Note: A negative change in international reserves denotes their growth. Round tripping is excluded from capital inflows.
Source: CNB.

Figure 36 Gross and net external debt



Note: Foreign claims include international reserves and foreign assets of banks and other domestic sectors based on debt instruments. Net external debt is calculated as the difference between external debt and foreign claims. Shaded areas denote projected values.
Source: CNB.

Figure 37 Emerging Market Bond Index and EURIBOR



^a Poland, Hungary, Turkey, Lithuania, Romania, Croatia and Bulgaria.
Source: Bloomberg.

Box 4 Corporate lending incentives

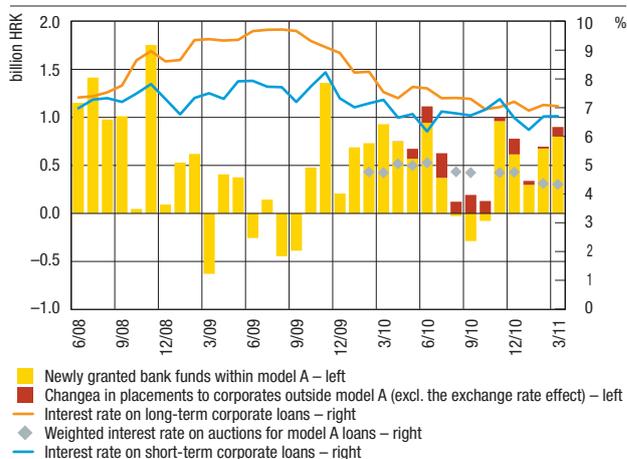
In early 2010, the Government of the Republic of Croatia formulated two corporate financing models: model A and model B, the realisation of which was entrusted to the CBRD while the CNB provided support to the programme by releasing liquidity.

Model A was intended for working capital financing and involved a credit potential of HRK 5bn. In 2010, within the framework of this model, nine auctions were held. Loan quotas worth HRK 2.8bn were granted, of which approximately HRK 2.0bn have been paid out to corporates so far. If we take into account the fact that of the total amount paid out, HRK 1.2bn involved funds of banks and that the increase in total bank loans to corporates amounted to HRK 7.0bn, it is evident that model A accounted for less than one fifth of the total increase in loans to that sector.

Despite its only partial utilisation, model A produced some beneficial effects for the financial position of corporates, given that its average interest rate was 4.9%, almost two percentage points below loan market interest rates, and that these loans were long-term. Furthermore, data indicate that those corporates that used model A loans decreased their other loan liabilities to the banks, and a detailed analysis of model A users showed that these loans were used by a large number of small and medium-sized as well as export-oriented companies.

Model B involved the issuing of guarantees by the CBRD in the name of the government and for the account of banks for investment loans granted to the corporates. Its total financial potential was HRK 4bn, though in the period from March to end-2010 just one auction was held, granting only HRK 36.9m in guarantees for a total amount of HRK 106.9m in bank loans.

Figure 38 Interest rates and bank placements to corporates



Sources: CBRD and CNB.

Poor model B performance indicates that both the corporates and the banks were more inclined to maintaining current liquidity and refinancing than to entering into new investment projects.

Prompted by the deficiencies of A and B models reflected in their underutilisation, the Government changed the models of special financing at the beginning of 2011, introducing A+ and B+ models in February and March 2011, respectively, with the

Table 7 Overview of model A and A+ auctions

in million HRK

Month	Auction model	CBRD quotas granted	Bank funds	Total loan quotas	Weighted interest rate (%)	CBRD funds paid out	Bank funds paid out	Total funds paid out
1	2	3	4	5 = 3 + 4	6	7	8	9 = 7 + 8
February 2010	Model A	200	300	500	4.77	-	-	-
March 2010	Model A	200	300	500	4.74	-	-	-
April 2010	Model A	200	300	500	5.05	2	3	5
	Model A ^a	10	14	24	5.10			
May 2010	Model A	200	300	500	4.98	68	103	171
June 2010	Model A	27	41	68	5.09	115	172	287
July 2010	-	-	-	-	-	171	256	427
August 2010	Model A	60	90	150	4.78	81	121	202
September 2010	Model A	37	55	92	4.75	128	192	320
-	-	-	-	-	-	86	129	215
November 2010	Model A	29	43	72	4.74	27	40	67
December 2010	Model A	170	254	424	4.76	109	164	273
Total 2010		1,132	1,698	2,830	4.86	787	1,180	1,966
January 2011	-	-	-	-	-	28	41	69
February 2011	Model A+	100	150	250	4.37	13	20	33
March 2011	Model A+	100	150	250	4.34	67	100	167
	Model A+	400	600	1,000	4.22			
April 2011	-	-	-	-	-	45	68	113
Total 2011		600	900	1,500	4.27	153	230	383
Total	Models A and A+	1,732	2,598	4,330	4.65	940	1,409	2,349

^a Loans maturing in 1 year; all other auctions refer to loans maturing in three years.

Sources: CBRD and CNB.

Table 8 Overview of model B and B+ auctions

in million HRK

Month	Auction model	Number of bids accepted	Amount of CBRD guarantees	Amount of bank loans	Percentage of risk taken by the CBRD	Bank margin on 3-month EURIBOR (percentage points)
April 2010	Model B	4	37	106.9	37.9	5.5
April 2011	Model B+	1	22	73.3	30.0	4.9
Total	Models B and B+	5	59	180.3	34.7	5.3

Source: CBRD.

intention of fully realising the initially planned funds. The changes introduced involved relaxation of corporate programme participation criteria, reduction in the price of capital and an increase in the amount of funds that may be used for refinancing. In the first four months of 2011, three model A+ and one model B+ CBRD auctions were held. The banks were again mainly interested in model A+ loans. The quotas granted have mostly not been utilised yet, as seen in the fact that only HRK 0.2bn in loans were paid out in the first four months of 2011 under model A and model A+.

The central bank also took additional measures to stimulate corporate lending in 2011. In March 2011, the central bank eased its regulation on minimum foreign currency liquidity, releasing to the banks HRK 6.3bn (approximately 2% of GDP) in foreign assets, which can be used for the financing of domestic economic entities. It is expected that the effects of these measures will only be seen in the forthcoming period, particularly in 2012, when the projected growth in corporate lending should have a favourable impact on investments and ultimately on overall economic activity.

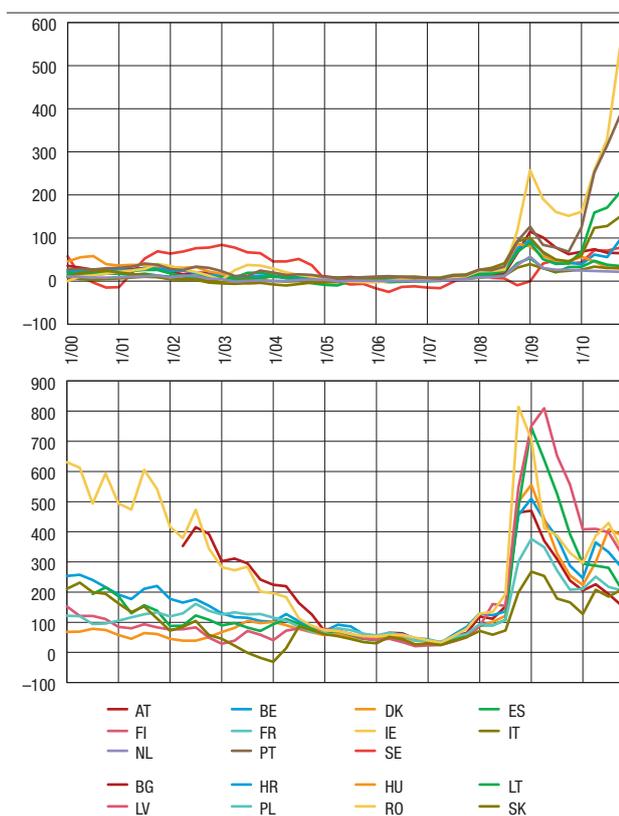
Box 5 Factors determining government borrowing costs

The factors that determine government borrowing costs on the capital markets have been much researched over the years. Researchers' interest in this topic has become even greater in the past few years, since a large number of countries, Croatia

included, have witnessed a sharp increase in the required risk premiums measured by the difference in the yield on selected countries' government bonds and the selected benchmark (least risky) government bond. Croatia's yield on government bonds between 2008 and 2010 was on average 300 basis points higher than that on the German government bond in contrast with the period from 2005 and 2007 when this difference stood at only approximately 60 basis points.

Figure 39 shows developments in yield spreads on selected European countries' government bonds and the benchmark German bond.¹⁵ It is evident that in the 10 year period leading up to the crisis, yield spreads largely moved along the same line, converging towards very low levels in 2006 and 2007. With the escalation of financial crisis in the last quarter of 2008, yield spreads on emerging market countries' bonds, including those of Croatia, rose very sharply, but started falling again several months later, though still maintaining higher levels compared to the pre-crisis period. Yield spreads on bonds of most developed European countries also rose, though on a much smaller scale, with the exception of several peripheral eurozone countries, such as Ireland, Spain and Portugal¹⁶ and partly, Belgium. The question is what stands behind such a pronounced increase in the required yields?

To obtain an answer to that question, panel data for 19 European countries in the period from the first quarter of 2004 to the third quarter of 2010 were analysed.¹⁷ Unit root tests have shown that some variables are not stationary in levels; therefore the model is specified in first differences, so as to obtain consistent estimates of parameters and avoid the illusion of regression.

Figure 39 Yield spreads on selected European countries' government bonds and the benchmark German bond

Sources: Merrill Lynch and CNB calculations.

15 Yield spreads for individual countries have been calculated as the difference between yield to maturity of mutually comparable generic euro bonds of the selected countries and yield to maturity of a comparable benchmark generic German government bond. Generic bonds, which are bonds grouped together based on certain characteristics which they share, such as currency, maturity, etc., are used to create artificially a time series of yield to maturity and enable government borrowing costs monitoring over time.

16 This group includes also Greece, though this country has not been included in this analysis due to lack of data.

17 The analysis is based on a paper by Bobetko, A., M. Dumičić, and J. Funda (2011): *Fiscal Determinants of Government Borrowing Costs – Do We Have Ourselves to Blame?*, in manuscript form.

The following basic model was estimated:¹⁸

$$\Delta Y_t = \alpha_i + \beta_1 \Delta X1_t + \beta_2 \Delta X2_t + \beta_3 \Delta X3_t + \beta_4 \Delta X4_t + \beta_5 \Delta X5_t + dum1 + dum1 \cdot dum2 + \varepsilon_t$$

where the dependent variable Y represents the difference between the yield on government bonds of selected countries and the German government bond and the independent variables represent the following: $X1$ the projected fiscal deficit (i.e. the projected public debt in another basic model specification), $X2$ international reserves in months of import, $X3$ global risk aversion, $X4$ current account moved backwards one period and $X5$ the measure of market liquidity. Included in the model is a binary variable $dum1$ which is intended to indicate the behaviour of yield spreads in the conditions of disturbances in the financial markets and whether they respond differently to financial disturbances in developed countries to those in emerging market economies ($dum1 \cdot dum2$).¹⁹ The basic model has next been expanded for real GDP growth, and an attempt was also made to establish whether the projected fiscal balance has a different impact on emerging market economies than on the economies of the developed countries and whether the markets respond more strongly to a change in the projected public debt in the conditions of disturbances in the financial markets. Table 9 gives an overview of the results of individual model specifications.

The results have confirmed the expected effect of individual variables. The expected fiscal developments as an indicator of public finance sustainability have a statistically significant and a relatively strong influence on the change in analysed countries' government bonds yield spreads. Most of the other variables included in the model have a statistically significant and expected influence on their developments. The increase in international reserves measured in months of imports, which act as a buffer against external shocks, leads to a decline in yield spread. Improvement in current account balance has a similar effect. The

importance of general risk aversion for government borrowing costs has also been confirmed.²⁰

Worth noting is that model estimation has not provided a confirmation of a statistically significant impact of big disturbances in the financial markets on the developments in yield spreads on developed countries' bonds. By contrast, this impact is statistically significant and very high in emerging market economies. This binary variable takes a value of 1 in two periods only; the last quarter of 2008 and the first quarter of 2009, i.e. at the peak of the financial crisis in Europe. At that time, the emerging markets temporarily lost access to foreign sources of financing as a result of shattered confidence that reigned on the foreign capital markets so it is not surprising that other variables included in the model during that period were not able to explain the dynamics in yield spreads.

As mentioned earlier, an attempt was made to establish whether fiscal variables have a different impact on the yield spreads of developed countries, bonds and those of emerging market economies' bonds, i.e. whether disturbances in the financial markets increase the impact of fiscal variables on yield spread developments and ultimately borrowing costs. Therefore, the basic model was expanded through added interaction between the independent variables. The results indicate that the impact of fiscal balance changes on emerging market economies is almost three times greater than that on the economies of the developed countries. Changes in public debt projection also have a greater impact at the time of disturbances in the financial markets.

During the last financial crisis, the markets started paying much closer attention to developments in those variables that are to an extent controlled by domestic authorities. The trend of yield spread narrowing is expected to continue in the future, but it is probable that the differences between individual countries' borrowing costs will be bigger than before the crisis, when they

Table 9 Impact of selected variables on the change in government bond yield spreads

	(1)	(2)	(3)	(4)
Projected fiscal balance	-10.99 ^a	-12.52 ^a		
Projected public debt			3.49 ^b	2.27 ^a
International reserves	-9.91 ^b	-19.42 ^c	-11.76 ^c	-8.95 ^c
Risk aversion	0.46 ^c	0.68 ^c	0.46 ^c	0.50 ^c
Current account balance	-6.47 ^c	-4.53	-7.02 ^c	-6.01 ^c
Financial markets liquidity	26.15 ^b	-20.45	28.28 ^b	47.78 ^c
GDP		-1.72		
Projected fiscal balance × Emerging markets		-18.51 ^b		
Projected public debt × Financial markets disturbances				10.17 ^c
Dummy ^d – Financial markets disturbances × Emerging markets	191.81 ^b		191.95 ^b	208.89 ^b
Dummy – Financial markets disturbances	4.71		5.93	-30.14
C	-3.87 ^a	0.21	-3.52 ^a	-3.66 ^a
Number of observations	491	491	491	491
R-squared	0.60	0.35	0.60	0.62
Adjusted R-squared	0.58	0.32	0.58	0.60
F-statistics	28.43	10.16	28.48	29.44

^a Statistically significant at 10%. ^b Statistically significant at 5%. ^c Statistically significant at 1%.

Source: CNB calculations.

¹⁸ Estimated equations (1) and (3) in Table 9.

¹⁹ Models using as independent variables the realised fiscal balance and the realised primary balance measured as a share of GDP moved one period backwards were also estimated. These data are issued with a certain time lag and can therefore not affect yield spreads on government bonds during the same quarter. As in these specifications fiscal variables have not proven statistically significant to account for the differences in the yields, they are not reported with the other results.

²⁰ There is no universal generally accepted indicator of general risk aversion in the literature. Nevertheless, most frequently used are spreads between corporate and government bond yields or differences between yields on bonds of countries with different credit ratings. The difference between yields on generic corporate eurozone countries bonds, financial corporates excluded, and yields on comparable German generic bonds was thus used in this analysis.

moved within a very narrow margin. The results of the analysis show that financial markets tend to reward positive fiscal developments as well as more favourable macroeconomic developments. This makes it possible for the competent authorities in charge of national economic policies to act towards reducing the cost

of government borrowing and thus make an additional contribution to long-term public finance sustainability. Such developments should also have a favourable effect on the rest of the economy, taking into account the spillover effect of government bond yield spreads on the borrowing costs of the domestic private sector.

8 Monetary policy

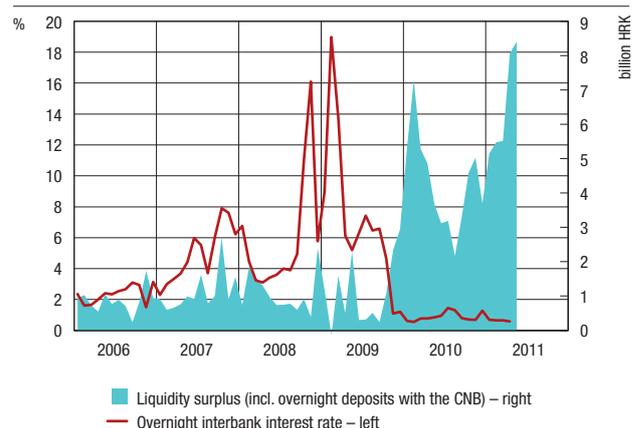
Capital movements were the key determinant of monetary developments in the first five months of 2011. Demand and supply in the foreign exchange market were relatively balanced until April, prompting no CNB interventions in the market. In contrast, in foreign exchange transactions with the government, the CNB purchased EUR 850m in April, thus converting most of the funds from the government's international bond issue. The purchase of foreign exchange from the government and the subsequent creation of significant kuna liquidity did not impact the stability of the exchange rate, with the nominal daily exchange rate standing at HRK 7.43/EUR at the end of May and being slightly (0.6%) higher than at the end of 2010. Concurrently, the kuna strengthened somewhat more strongly against the US dollar (6.6%) and weakened against the Swiss franc (3.3%) compared with the end of 2010.

Marked by the usual seasonal fluctuations, the kuna/euro exchange rate is expected to remain stable in the rest of 2011. Appreciation pressures in the second half of 2011 might be caused by the inflow of tourism revenues in the summer and the seasonal demand for kuna, as well as by the expected issuance of government bonds in the euro market. In contrast, since the government successfully refinanced eurobonds in March, there might be depreciation pressures on the kuna in the rest of the year fuelled by private sector demand for euro funds required for external debt repayment. Moreover, one should add to this the impact of the seasonal deficit in the balance of payments current account in the last quarter, which also contributes to a stronger demand for foreign exchange. A similar impact may be expected from the repayment of bank profits to foreign owners, which is predicted to be smaller than in 2010. When needed, the

stability of the exchange rate will be preserved by central bank interventions. It should also be mentioned that the central bank is prepared to use other monetary policy instruments in order to maintain the stability of the exchange rate.

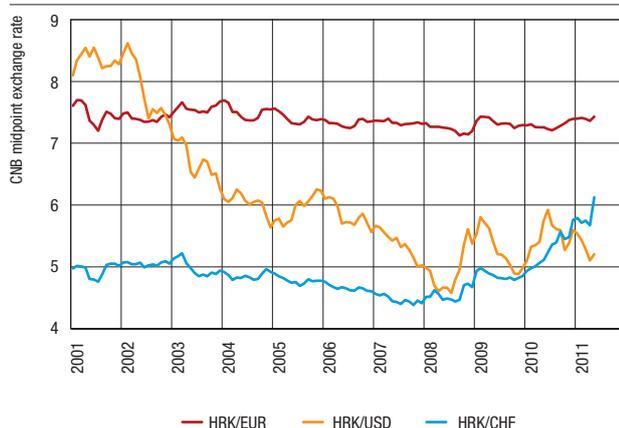
In addition to maintaining kuna stability, the CNB continued the policy of supporting high liquidity in the domestic banking system in 2011. Hence, the average liquidity surplus amounted to HRK 5.4bn in the first quarter, while it rose to HRK 8.2bn

Figure 41 Bank liquidity and overnight interbank interest rate



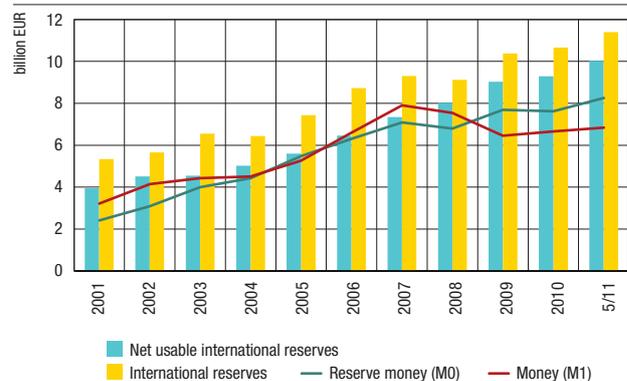
Source: CNB.

Figure 40 Nominal exchange rates HRK/EUR, HRK/USD and HRK/CHF



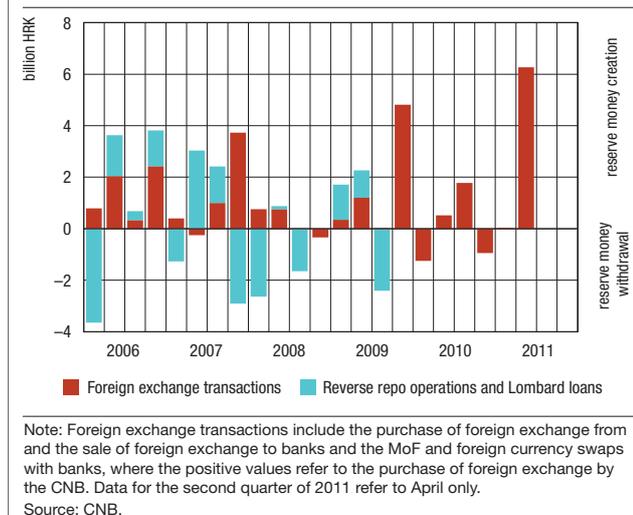
Source: CNB.

Figure 42 International reserves of the CNB and monetary aggregates



Note: The most recent data available for M1 refer to the end of April 2011. Net usable international reserves are defined as international reserves net of foreign liabilities, reserve requirements in f/c, general and special SDR allocations in 2009, government foreign currency deposits and off-balance sheet liabilities (swaps). Source: CNB.

Figure 43 Flows of reserve money (M0) creation



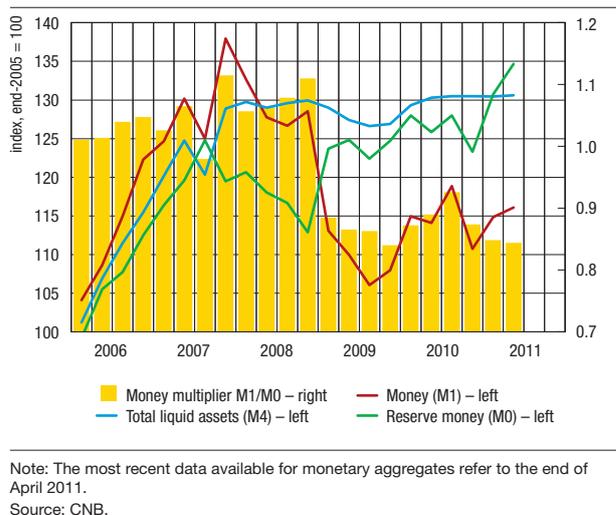
in April and May after the purchase of foreign exchange from the government. This level of liquidity contributes to the maintenance of low interest rates in the money and interbank markets and in the T-bills market, which in turn decreases the costs of government financing.

The main goal of supporting such a monetary environment is to influence the conditions in the market in order to stimulate stronger recovery of lending activities. As long as the liquidity surplus does not threaten the maintenance of exchange rate stability, the central bank will continue to support the recovery in overall economic activity. The decrease in the rate of the minimum required foreign currency claims from 20% to 17% in March and the resultant release of about EUR 850m (about HRK 6.3bn or almost 2% of GDP) also worked in this direction. This decision, in addition to the already high kuna liquidity, led to an additional improvement in the foreign currency liquidity of banks and to a reduction in banks' regulatory costs.

Gross international reserves of the CNB surged in the first five months of 2011 due to the above-mentioned purchase of foreign exchange from the government. As a result, they reached EUR 11.4bn at the end of May. In line with this movement, a rise in international reserves is expected in 2011 as whole. Notwithstanding the expected withdrawals from the government foreign currency deposit account in the rest of 2011, the level of international reserves will remain high until the end of 2011 and significantly exceed the level of reserve money (M0) and money (M1). The maintenance of the high level of international reserves is important especially in the light of the external imbalances of the domestic economy and the dependence on foreign capital inflows.

Net international reserves also rose significantly after the April purchase of foreign exchange from the government, standing at EUR 10.0bn at the end of May. At the same time, foreign exchange transactions of the central bank were the only channel

Figure 44 Monetary aggregates and money multiplier index of developments in seasonally adjusted real values, deflated by the consumer price index



of reserve money creation from the last quarter of 2009.

The spending of private sector financial assets, notably corporate foreign currency deposits, and the absence of any very strong bank lending activities are still postponing significant recovery of total liquid assets (M4). Hence, the real seasonally adjusted value of M4 in the first four months of 2011 stayed at a level similar to that observed in the previous year. Savings and time deposits decreased at the beginning of 2011 while M1 increased. On the other hand, the described leap in M0 was also confirmed by a strong growth in its real seasonally adjusted value. Stronger growth in M0 than in M1 and the resultant decrease in the money multiplier M1/M0 in the first four months of 2011 confirm that the high level of primary liquidity in the banking system has so far failed to translate into the growth of broader monetary aggregates.

The growth of M1 is expected to accelerate in the rest of 2011, based on the expected increase in bank lending activities and in savings and time deposits of households, which should increase the most in the summer months. In 2011, M4 is expected to grow by 6.3%. In line with risks to the foreseen bank credit activity, downside risks prevail as regards the increase in monetary aggregates.

The monetary policy projection for 2012 forecasts the continuation of 2011 trends, accompanied by a gradual strengthening of most monetary aggregates. The central bank will continue to maintain favourable liquidity in the system as long as it does not threaten the stability of the exchange rate. As for bank placements, demand for household loans is expected to recover quite significantly, while the growth in corporate placements should be only somewhat faster than that expected in 2011. The withdrawal of loans by the government is also expected to decline, which in turn may also contribute to the growth in private sector loans. With regards to the sources of funds, banks will probably mainly rely on domestic sources in 2012.

9 Public finance

Developments in the area of public finance will be mainly unfavourable in 2011. In contrast with fiscal consolidation achieved in almost all Central and Eastern Europe countries, the general government overall fiscal deficit could increase for the third consecutive year in Croatia. The expected deficit of 5.8% of GDP reflects the projected decline in revenues, largely fuelled by last year's legislative changes such as the repeal of the special tax on salaries, pensions and other income and income taxation changes and a concomitant stagnation in revenues. Public debt will continue to grow and will also see a one-off increase due to the fact that in the process of shipyard privatisation, the government will take over the financial liabilities of the shipyards. Since developments in this part of the year do not point to any significant departures from the plan, the Ministry of Finance having announced that it will not propose changes to the government budget, this year might turn out to be one of the few without budget revisions.

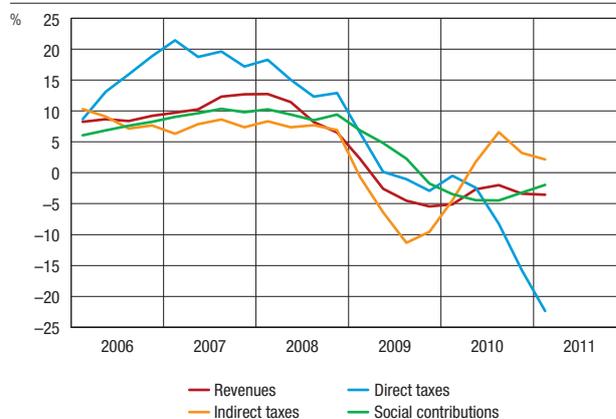
The expected heightening of economic activity in 2012 will have a favourable effect on the revenue side of the budget. On the expenditure side, the last three-year projection of the Ministry of Finance envisages a very small growth in expenditures which should contribute to a reduction in the overall fiscal deficit to 4.4% of GDP. However, the assumption behind this projection is that all expenditure items except interest and grants, associated with payments in the EU budget, will see a nominal decline. This would be in line with the commitments arising under a decision reached by Parliament to keep the expenditures in 2011 and 2012 at the 2010 plan level and would meet the requirements of the Fiscal Responsibility Act. However, some expenditure categories are not very likely to see a reduction without the adoption of additional measures.

Revenues, expenditures and transactions in the non-financial assets of consolidated general government

Consolidated general government revenues fell 4.1% in the January to March period compared to the same period the previous year,²¹ largely as a result of the absence of revenues from the special tax on salaries, pensions and other income. In addition, a large share of excise duties on refined petroleum products due in 2009 was collected in early 2010, which had a negative effect on the excise duty growth rate in 2011. Changes in the income tax system, implemented since July last year, led to a further fall in revenues. Profit tax revenues that were at the beginning of this year still being paid in advance based on the previous year's very poor business results, also contributed considerably to the fall in revenues. The fall in revenues was mitigated by VAT revenues which rose in the first three months of the year. A further decline in the nominal gross wage bill notwithstanding, social contributions held steady compared to the year before, partly attributable to improved collection and partly to the fact that a number of individuals continued to pay social contributions even though they terminated their employment.

On an overall annual level, however, the fall in revenues should be a little less pronounced. A boost in excise revenues is expected to come not only from the slight heightening of economic activity, but also from the last year's increase in excise duties on cigarettes. The removal of a large number of tax reliefs

Figure 45 Consolidated general government revenues
year-on-year rate of change of four-quarter moving sums



Note: Revenues include proceeds from the disposal of non-financial assets. From 2008 on, CM is excluded from consolidated general government.
Sources: MoF and CNB calculations.

from the system of income taxation in July 2010 will bring about a reduction in annual tax return refunds. Lower revenues from income taxes compared to the year before are expected as a result of the changes in income taxation mentioned above. The fall in profit tax revenues is expected to slow down until the end of the year, as a result of a much smaller fall in economic activities in 2010 than in 2009. With the end of 2011 approaching, the authorities expect to see an improvement in labour market developments and a slight increase in revenues from social contributions. The described developments indicate that on an overall annual level, total general government revenues might fall by approximately 1% compared to 2010, which is a slightly bigger fall than that envisaged by the Ministry of Finance (0.5%).

All major revenue categories might see an increase in 2012, in line with the expectations regarding economic growth recovery.

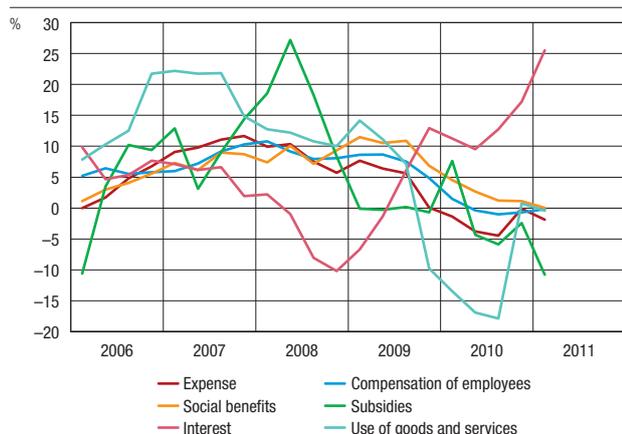
The current consolidated general government expenditures were down 3.5% in the first quarter of 2011, compared to the same period in the previous year. The grants to local government units not covered by consolidation²² contributed the most to the fall in expenditures. The majority of other main expenditure categories, such as subsidies, social benefits, expenditures for the use of goods and services and other expenditures also made a significant contribution to this fall. A detailed overview of the major state budget expenditure categories shows that the fall in subsidies can primarily be attributed to smaller outlays for agriculture and the Croatian Railways. Expenditures on social benefits witnessed a negative annual rate of change in the first quarter of the year, for the first time in the last six years. This is due to the absence of pension adjustments in 2011, cuts in individual pensions paid in line with special regulations on pension insurance and smaller CIHI expenditures. Due to heavy government borrowing, interest expenses moved in the opposite direction, increasing by a little over one fourth compared to the same period in the previous year. Employee compensations held steady in the first three months.

At the overall 2011 level, the budget plans stagnation of

21 Preliminary Ministry of Finance data.

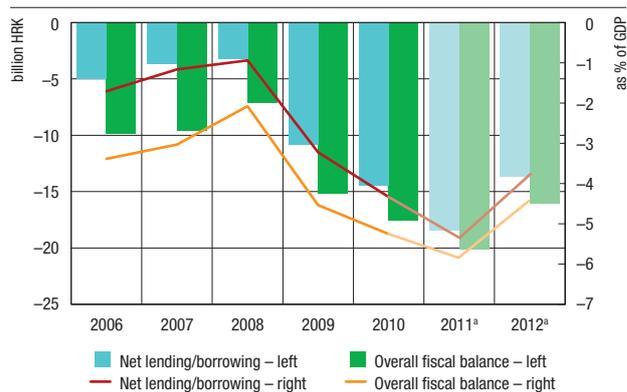
22 Consolidation includes only 53 of the total of over 570 local government units in Croatia.

Figure 46 Consolidated general government expense
year-on-year rate of change of four-quarter moving sums



Note: Expense includes expenditures for the acquisition of non-financial assets. From 2008 on, CM is excluded from consolidated general government. Sources: MoF and CNB calculations.

Figure 47 Consolidated general government deficit



^a CNB projections.

Note: From 2008 on, CM is excluded from consolidated general government. All data used in the balance calculation are shown on a cash basis, with the exception of CM and CR data. The overall fiscal balance includes repayments of debt to pensioners. Sources: MoF and CNB calculations.

current expenditures with respect to 2010. Expenditures for the use of goods and services might see an increase in the remaining part of the year, and it is probable that employee compensations will also see a mild increase due to a 0.5% wage increase based on years of service and a 2.2% wage increase in education and science negotiated with the trade unions back in 2006. Total subsidies should see only a small decrease in the remaining part of the year, in view of the fact that approximately three fourths of the planned subsidy reduction took place in the first quarter of the year. Social benefits are expected to continue falling slightly towards the end of the year, though this will largely depend on the number of pension beneficiaries and the realisation of the planned expenditure cuts in the health sector.

Investment expenditures might rise by almost one third in 2011. Although investments were a quarter lower in the first quarter than in the same period in the previous year, investment expenditures are expected to rise on all general government levels in the remaining part of the year.

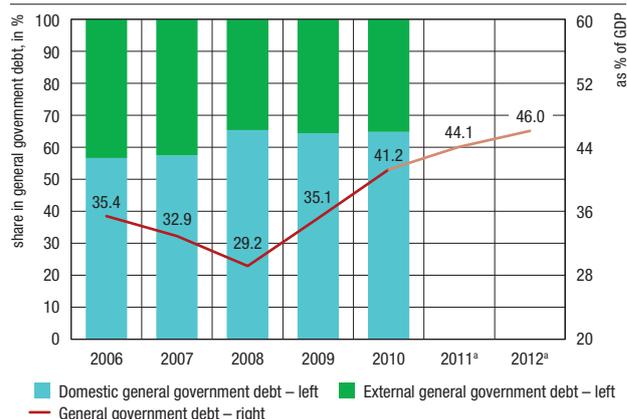
Total expenditures are expected to rise slightly in 2012, in line with the planned 2012 consolidated general government budget, the decision of the Parliament to keep total state budget and extrabudgetary funds at the level determined by amendments to the state budget and financial plans of extrabudgetary users in 2010²³ and the Fiscal Responsibility Act.²⁴ The increase in total expenditures would result from an increase in current expenditures, notably on interest and grants, while capital investments might see a decline.

Consolidated general government deficit and debt

General government net borrowing stood at HRK 5.0bn in the first quarter of 2011, and the overall fiscal deficit stood at HRK 5.6bn. An overall fiscal deficit greater than net borrowing is due primarily to outlays for net loans granted as a result of activated guarantees issued by the government. The repayment of loans of shipyards,²⁵ estimated to reach HRK 1.1bn in 2011, make up the bulk of this outlay category.

The government used deposits transferred from 2010, T-bills

Figure 48 Consolidated general government debt



^a CNB projections.

Note: From 2008 on, CM is excluded from consolidated general government. Source: CNB.

and short-term loans from domestic and foreign banks that were almost fully used for the repayment of the foreign bond to meet its deficit and refinancing obligation needs in the first three months of the year. In the first quarter of the year, the government issued a foreign bond nominally valued at USD 1.5bn.

In 2011, the consolidated general government overall fiscal deficit is expected to stand at HRK 20.2bn or 5.8% of the projected GDP, with HRK 0.8bn, or 0.2% of the GDP in annual debt repayment to pensioners included. Even though the Ministry of Finance does not report the overall fiscal balance and does not include debt repayment to pensioners in the budget, it should be noted that CNB deficit projection is only slightly higher than that envisaged by the general government budget.

Given significant borrowing that will be required until end-2011 to finance the deficit, the general government debt might

²³ A slight increase in total expenditures can be ascribed to the planned state budget fund payments into the EU budget. Although the decision of the Parliament does not state that the funds for EU budget financing are excluded from total expenditures, in the Economic and Fiscal Policy Guidelines 2011-2013 it is stated that these expenditures are not included in total expenditures because they did not exist in 2010.

²⁴ OG 159/2010.

²⁵ As activated guarantees may in some circumstances be recorded under loans granted, these transactions were not reflected in net borrowing but did affect the overall fiscal deficit.

reach 44.1% of the estimated GDP at the end of the year. This amount does not include government-assumed debts of the shipyards, which might drive the general government debt up by additional 3.3% of the estimated GDP.²⁶ A significant amount of funds will also be needed to repay some HRK 2.4bn in domestic bonds and some EUR 475m in short-term loans that fall due in the third quarter. The bulk of the funds needed will be ensured

through domestic and foreign bond issues.

The general government deficit is expected to fall to HRK 16.1bn or 4.4% of the projected GDP in 2012, a deficit that is 0.2 percentage points of GDP bigger than that expected by the Ministry of Finance. The forecast decline notwithstanding, public debt will continue to grow, and might reach 46% of the projected GDP at the end of 2012.

10 Deviation from previous projection

GDP decline in 2010 (−1.2%) was slightly smaller than estimated (−1.5%) in the previous Information on economic trends and forecasts (CNB Bulletin No. 165). Since new series of revised quarterly data on GDP and its components have been published by the CBS, the previous projection is not directly comparable with the outturns in 2010 or the current projection for 2011, which makes it difficult to interpret the deviations. With this proviso, the difference mainly resulted from a drop in household consumption smaller than previously estimated. Slightly more favourable outturns were recorded in gross capital formation, primarily due to a less pronounced fall in the stocks category (including statistical discrepancy). Such trends in domestic demand also explain why the year-on-year decrease in imports of goods and services was smaller than expected.

While the previous 2011 projection forecast a GDP growth of 1.4%, this time it has been revised downward to 1.0%. This correction mainly reflects trends in economic activity and bank lending to households in early 2011, which were noticeably worse than previously expected. Retail trade turnover thus remained repressed in the first quarter, while loans to households (exchange rate effects excluded) continued to plunge. In line with this, and the unfavourable base effect (unexpected increase of personal consumption in the third quarter of 2010), the projected personal consumption growth rate fell to 0.6%. Goods and services export performance in the first quarter was considerably lower than expected, bringing its annual dynamics down from 4.1% to 3.0%. Also, the expected growth rate in the imports of goods and services has been slightly revised downward.

The previous projection forecast a drop in average employment in the formal economy of 5.0% in 2010, while final CBS data point at a 4.4% decrease. This deviation is entirely due to an upward revision of preliminary employment data undertaken in April 2011. As for 2011, the projected drop in employment in the formal economy for the same period was increased from 0.8% to 1.8%, which is in line with the downward correction of the expected rate of change in economic activity and recent changes in the number of employed persons. Also, the projected average registered unemployment rate soared to 18.3%.

In the last two months of 2010, inflation trends were in line with the expectations. During 2011, it is expected to accelerate to 2.8%, which is 0.3 percentage points above the expectations in December 2010. This would be the result of a much more pronounced growth of global prices of crude oil and food raw materials during the year with the concomitant spillover onto domestic food and energy prices.

The realised current account deficit, expressed as percentage of GDP, was one percentage point lower than projected in December 2010. This deviation is partly explained by

methodological changes in the balance of payments calculation. Foreign household deposit interest was included on the revenue side, while the expenditure side included interest paid to non-residents for domestic securities acquired in the secondary market. These changes resulted in a decrease of the 2010 current account deficit, expressed as GDP percentage, by 0.2 percentage points. The remainder of the deviation is attributed to overestimating the projected expenditure created on the basis of direct equity investment. The 2010 goods account deficit was slightly smaller than expected as well, resulting from a slightly stronger growth of exports. In line with a lower realisation on last year's income account, its projection for 2011 has been revised downward, while the expectations related to revenue from tourism are also more optimistic. On the other hand, the trade in goods deficit projection has been corrected upward, which is in line with trends from the first quarter.

The gross external debt at the end of 2010, expressed as percentage of GDP, was 4.7 percentage points higher than forecast in December 2010. This deviation was mainly due to two methodological changes. The first is related to greater coverage, including liabilities on the basis of instruments issued by domestic sectors in the domestic market and purchased by non-residents. This change affected the external debt stock at the end of 2010 by EUR 0.6bn or 1.4% of GDP. The second change is related to the inclusion of liabilities that were previously defined as round-tripping transactions, which resulted in an increase of the external debt at the end of this period by EUR 1.3bn or 2.7% of GDP. If we only look at new borrowings, the realisation was mainly in line with the expectations, except for somewhat heavier bank borrowing in the last quarter of 2010. The end-of-2011 projection differed from the previous forecast only because of the above-mentioned methodological changes.

As for trends in major monetary and credit aggregates in 2011, a slightly quicker growth of bank placements to the private sector is projected than forecast in December 2010. Additional intensification of the credit activity of banks is based on the expected drop in interest rates due to a decrease in regulatory costs and a release of foreign currency liquidity from the CNB, and the assumption about full utilisation of funds for special lending to companies through an upgraded A model (model A+). The expected increase of M4 on the entire 2011 level has been slightly revised downward, taking into account a decline in corporate deposits in the first quarter.

The consolidated general government overall fiscal deficit was 5.3% of GDP in 2010, which is 0.7 percentage points less GDP than in the previous Information on Economic Trends and Forecasts (CNB Bulletin No. 165). This deviation mainly reflects a drop in the acquisition of government non-financial assets

²⁶ The assumption of debts of state-owned shipyards is governed by the Act on the Rights and Obligations of Shipyards in the Process of Restructuring (OG 61/2011).

Table 10 Deviation from previous projection

	2010			2011			2012
	Previous projection (12/2010)	Outturn	Deviation	Previous projection (12/2010)	Current projection	Deviation	
National accounts (real rate of change, in %)							
GDP							
Personal consumption	-1.5	-1.2	0.3	1.4	1.0	-0.5	2.2
Government consumption	-1.5	-0.9	0.7	1.6	0.6	-0.9	2.5
Gross fixed capital formation	-0.9	-0.8	0.1	-0.7	-1.0	-0.3	-0.8
Exports of goods and services	-11.6	-11.3	0.3	2.4	2.4	0.0	5.8
Imports of goods and services	6.3	6.0	-0.3	4.1	3.0	-1.2	3.9
Labour market	-1.9	-1.3	0.6	3.9	3.6	-0.3	5.0
Number of employed persons (average rate of change, in %)	-5.0	-4.4	0.6	-0.8	-1.8	-1.0	0.7
Registered unemployment rate	17.6	17.4	-0.1	18.1	18.3	0.2	18.1
ILO unemployment rate	11.8	11.8	0.0	12.3	12.7	0.4	12.7
Prices							
Consumer price index (average rate of change, in %)	1.1	1.1	0.0	2.5	2.8	0.3	2.8
Budget (as % of GDP)							
General government overall fiscal balance	-6.0	-5.3	0.7	-6.2	-5.8	0.4	-4.4
Public debt ^a	41.0	41.2	0.2	45.2	44.1	-1.1	46.0
External sector							
Current account balance (as % of GDP) ^b	-2.1	-1.1	1.0	-2.7	-1.9	0.7	-2.5
Goods	-13.1	-12.9	0.2	-13.9	-14.1	-0.2	-14.8
Services	12.7	12.8	0.1	13.0	13.5	0.5	13.5
Factor income	-4.0	-3.3	0.7	-4.2	-3.6	0.6	-3.5
Current transfers	2.4	2.4	-0.1	2.4	2.3	-0.1	2.2
Gross external debt (as % of GDP) ^b	96.4	101.1	4.7	98.9	100.5	1.6	100.5
Monetary developments (rate of change, in %)							
Total liquid assets – M4	4.8	4.4	-0.4	6.9	6.3	-0.6	7.2
Total liquid assets – M4 ^c	3.7	3.2	-0.5	6.6	6.3	-0.3	7.0
Bank placements to the private sector	6.0	6.9	0.9	5.0	6.0	1.0	6.5
Bank placements to the private sector ^c	3.5	3.6	0.1	5.0	6.5	1.5	6.9

^a Public debt excludes a possible effect of the assumption of debts of state-owned shipyards.

^b Deviation from external sector projected values also include differences that stem from the methodological changes.

^c Excluding the exchange rate effect.

Sources: CBS, MoF and CNB.

(0.4% of GDP), while the remaining difference, in roughly the same proportion, reflects slightly more revenue and less expenditure related to activated guarantees, as well as a decline in arrears. Due to a lack of information, the latter is not forecast by the central bank, yet it is included in the final deficit calculation.

An overall fiscal deficit of 6.2% of GDP was forecast for 2011, while currently it is expected to remain at 5.8% of GDP. This drop is partly the result of an increase in projected revenue (0.2% of GDP), mostly from social contributions. The fall of this revenue in 2010 was perceptibly small in comparison to the reduction of the nominal gross wage bill, which can partially be

explained by more effective collection, and partially by the fact that some individuals, even after they ceased to be employed, continued paying retirement insurance contributions individually. This type of revenue is therefore expected to grow at a slightly quicker rate in relation to wage bill increase dynamics in 2011. The rest of the difference results from somewhat lower projected activated guarantees and an upward correction of GDP. Due to deficit contraction, and a bigger-than-expected transfer of funds from 2010 to 2011, government borrowing needs have been reduced in the current year, resulting in a downward correction of the expected public debt.



Statistical survey

Classification and presentation of data on claims and liabilities

Data on financial institutions' claims and liabilities are classified according to institutional sectors and financial instruments. Institutional sectors are: financial institutions, central government and funds, other domestic sectors and foreign sector.

The financial institutions sector includes the following subsectors: monetary authorities (the central bank), banks, other banking institutions and non-banking financial institutions. The central bank is the Croatian National Bank (CNB). Banks are institutions to which the Croatian National Bank has issued a license to perform banking business services in accordance with the Banking Act, including savings banks during a transition period. Data on banks do not include claims and liabilities of banks undergoing bankruptcy proceedings, nor former branches of banks headquartered outside the Republic of Croatia. Other banking institutions comprise housing savings banks, savings and loan cooperatives and investment funds. Non-banking financial institutions are financial institutions not classified as banks or other banking institutions (e.g. insurance companies, pension funds).

The central government and funds consists of two subsectors, the Republic of Croatia and central government funds. Until December 2003, the subsector Republic of Croatia included government authorities, comprising the Croatian Roads, the Croatian Motorways and the State Agency for Deposit

Insurance and Bank Rehabilitation. The subsector central government funds includes the Croatian Institute for Health Insurance, the Croatian Pension Insurance Administration, the Croatian Employment Service, the Croatian Privatisation Fund, the Croatian Waters and the Croatian Bank for Reconstruction and Development.

Since January 2004, the Croatian Roads, the Croatian Motorways, and the State Agency for Deposit Insurance and Bank Rehabilitation have been reclassified, from the subsector Republic of Croatia to the subsector central government funds.

Other domestic sectors include local government authorities, public and other enterprises and households, including craftsmen and non-profit institutions providing services to households. The subsector other enterprises also comprises banks undergoing bankruptcy proceedings. In some tables other domestic sectors are divided into the following subsectors: local government (which comprises units of local and regional self-government), public and other enterprises, and households (including craftsmen and non-profit institutions).

Foreign sector includes foreign legal and natural persons.

All data on claims and liabilities refer to balances at the end of the reporting period. Foreign currency items are reported in their kuna equivalent at the CNB's midpoint exchange rate at the end of the reporting period.

A Monetary and credit aggregates

Table A1 Monetary and credit aggregates

end of period, in million HRK and %

Year	Month	Reserve money	Money M1	Money M1a	Broadest money M4	Net domestic assets	Domestic credit	Monthly rates of growth					
								Reserve money	Money M1	Money M1a	Broadest money M4	Net domestic assets	Domestic credit
1998	December	9,954.2	13,531.4	13,615.2	57,340.3	44,626.8	59,792.0	7.24	6.92	6.59	2.51	3.73	0.25
1999	December ^a	10,310.0	13,858.9	13,965.7	56,659.3	40,003.8	55,875.8	4.53	5.46	5.48	2.28	0.35	-4.58
2000	December	11,717.3	18,030.3	18,256.4	73,061.1	44,043.9	60,883.8	7.32	10.04	9.89	3.66	10.46	2.66
2001	December	17,803.2	23,703.5	23,936.5	106,071.4	57,410.0	74,964.5	8.01	13.00	11.96	11.65	3.40	1.16
2002	December	23,027.9	30,869.8	31,876.7	116,141.8	83,324.4	97,463.7	10.72	6.11	6.79	1.65	7.92	2.15
2003	December	30,586.2	33,888.7	34,630.9	128,893.1	96,121.7	111,661.4	8.90	1.78	1.93	0.14	3.11	0.66
2004	December	33,924.4	34,562.1	35,186.5	139,947.7	108,205.1	127,308.6	8.69	2.86	2.68	0.23	2.15	1.99
2005	December	40,390.8	38,817.1	39,855.4	154,647.0	131,343.2	149,168.3	9.38	4.34	3.87	-0.02	1.84	1.94
2006	December	46,331.2	48,521.0	49,141.7	182,458.6	154,844.1	183,379.5	3.17	4.75	4.07	1.57	3.38	2.99
2007	December	51,923.9	57,878.3	58,663.4	215,822.1	166,375.5	210,828.4	3.73	6.71	6.62	3.95	3.54	2.65
2008	December	49,743.0	55,222.3	56,044.6	225,018.5	183,279.1	232,982.1	-9.89	8.17	8.49	3.17	5.68	1.96
2009	December	56,141.9	47,181.7	47,760.5	223,094.6	178,083.2	231,661.9	4.55	3.13	3.25	-0.23	-0.91	0.10
2010	May	54,796.4	47,986.9	48,636.6	222,569.0	185,391.6	236,037.1	1.33	-2.03	-1.85	0.23	0.58	0.54
	June	55,858.3	49,715.7	50,349.9	224,581.4	187,596.3	238,070.7	1.94	3.60	3.52	0.90	1.19	0.86
	July	54,794.4	50,749.5	51,454.6	226,952.6	177,911.9	239,485.1	-1.90	2.08	2.19	1.06	-5.16	0.59
	August	54,707.7	51,234.6	51,991.4	231,585.1	177,141.4	240,991.2	-0.16	0.96	1.04	2.04	-0.43	0.63
	September	55,881.8	51,734.5	52,434.1	232,683.0	178,595.2	240,940.2	2.15	0.98	0.85	0.47	0.82	-0.02
	October	56,243.4	50,695.8	51,496.0	232,440.6	178,850.5	241,289.8	0.65	-2.01	-1.79	-0.10	0.14	0.15
	November	54,710.8	48,343.0	49,170.1	232,467.4	182,917.1	246,240.0	-2.73	-4.64	-4.52	0.01	2.27	2.05
	December	56,249.1	49,151.7	49,748.5	232,869.6	188,845.0	247,520.2	2.81	1.67	1.18	0.17	3.24	0.52
2011	January	56,847.0	49,467.6	50,086.6	231,800.0	190,919.0	246,211.2	1.06	0.64	0.68	-0.46	1.10	-0.53
	February	57,627.2	49,436.2	50,148.0	231,562.5	192,815.1	247,554.2	1.37	-0.06	0.12	-0.10	0.99	0.55
	March	57,569.9	49,093.2	49,815.0	229,344.9	192,764.2	248,103.2	-0.10	-0.69	-0.66	-0.96	-0.03	0.22
	April	59,632.7	50,362.2	51,258.1	228,898.1	195,543.3	250,233.1	3.58	2.58	2.90	-0.19	1.44	0.86

^a Domestic credit decreased by a one-off HRK 2,759.4m.

Table A1 Monetary and credit aggregates • The table shows data on some basic monetary and credit aggregates, including their monthly growth rates. In September 1999, all the monetary aggregates were revised. In previous publications of the CNB, data on claims and obligations of savings banks were not included in the compilation of the monetary aggregates.

Reserve money is taken over in its entirety from the Monetary authorities accounts (Table C1).

Money (M1) is defined in the same way as the corresponding item in the Monetary survey (Table B1). It comprises currency outside banks, deposits with the CNB by other banking institutions and other domestic sectors as well as banks' demand deposits. Money (M1a) comprises currency outside banks and banks' demand deposits, increased by the demand deposits of the central government and funds with banks.

Broadest money (M4) comprises Money (M1), savings and

time deposits, foreign currency deposits as well as bonds and money market instruments (all components are taken over from the Monetary survey, Table B1).

Net domestic assets are defined as a difference between total liquid assets and foreign assets (net).

Domestic credit comprises banks' claims on other domestic sectors, other banking institutions and non-banking financial institutions.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' share in monetary aggregate M1 amounted to HRK 259.3m and in monetary aggregate M4 amounted to HRK 4,035.8m. Data for June 1999 are comparable with data for July 1999 if Domestic credit is increased by HRK 3,513.5m.

B Monetary institutions

Table B1 Monetary survey
end of period, in million HRK

	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010 Dec.	2011			
							Jan.	Feb.	Mar.	Apr.
ASSETS										
1 Foreign assets (net)	23,303.8	27,614.5	49,446.5	41,739.4	45,011.4	44,024.6	40,880.9	38,747.4	36,580.7	33,354.8
2 Domestic credit	168,427.7	200,328.9	226,076.1	254,569.8	253,523.6	272,601.4	273,798.4	277,104.9	276,900.7	280,003.2
2.1 Claims on central government and funds (net)	19,259.4	16,949.4	15,247.7	21,587.7	21,861.7	25,081.2	27,587.2	29,550.7	28,797.5	29,770.1
2.2 Claims on other domestic sectors	147,414.3	181,031.9	207,398.7	231,472.7	229,870.2	244,039.2	242,852.4	244,126.5	244,100.6	246,065.2
2.3 Claims on other banking institutions	592.2	1,029.5	1,640.0	441.9	681.7	890.9	1,021.3	1,006.4	1,629.2	1,861.9
2.4 Claims on non-banking financial institutions	1,161.8	1,318.1	1,789.7	1,067.4	1,109.9	2,590.0	2,337.5	2,421.3	2,373.4	2,306.0
Total (1+2)	191,731.5	227,943.3	275,522.6	296,309.2	298,534.9	316,626.0	314,679.4	315,852.4	313,481.4	313,358.0
LIABILITIES										
1 Money	38,817.1	48,521.0	57,878.3	55,222.3	47,181.7	49,151.7	49,467.6	49,436.2	49,093.2	50,362.2
2 Savings and time deposits	27,992.1	44,836.8	53,644.9	50,070.3	39,139.4	34,823.4	35,521.7	35,748.1	36,530.2	36,802.8
3 Foreign currency deposits	86,760.8	88,256.7	103,090.1	117,194.8	135,410.6	147,557.1	145,494.5	145,244.9	142,502.6	140,505.8
4 Bonds and money market instruments	1,077.0	844.1	1,208.8	2,531.1	1,362.8	1,337.4	1,316.2	1,133.3	1,219.0	1,227.3
5 Restricted and blocked deposits	2,092.3	2,504.5	2,280.9	3,094.2	2,598.3	2,389.0	2,331.5	2,626.6	2,749.4	2,649.1
6 Other items (net)	34,992.2	42,980.2	57,419.6	68,196.5	72,842.0	81,367.5	80,547.9	81,663.3	81,387.0	81,810.8
Total (1+2+3+4+5+6)	191,731.5	227,943.3	275,522.6	296,309.2	298,534.9	316,626.0	314,679.4	315,852.4	313,481.4	313,358.0

Table B1 Monetary survey • The monetary survey shows consolidated data from the Monetary authorities accounts (Table C1) and Banks' accounts (Table D1).

Foreign assets (net) are the difference between total foreign assets and total foreign liabilities of the CNB and banks.

Domestic credit is the sum of corresponding items from Monetary authorities accounts and Banks' accounts. Claims on central government and funds are reported on a net basis, i.e. decreased by central government and funds' deposits with the CNB and banks.

Money is the sum of currency outside banks, deposits by

other banking institutions with the CNB, deposits by other domestic sectors with the CNB and banks' demand deposits (item Demand deposits in Banks' accounts, Table D1).

Items Savings and time deposits, Foreign currency deposits as well as Bonds and money market instruments are entirely taken over from the Banks' accounts, while item Restricted and blocked deposits represents the sum of corresponding items from the Monetary authorities accounts (excluding banks' blocked deposits with the CNB) and Banks' accounts. Other items (net) are unclassified liabilities decreased by unclassified assets.

Table B2 Number of reporting banks and savings banks and their classification by total assets

Year	Month	Total number of reporting banks	Reporting banks classified according to their total assets						Total number of reporting savings banks	Savings banks classified according to their total assets		
			Less than 100 million kuna	100 million kuna to less than 500 million kuna	500 million kuna to less than 1 billion kuna	1 billion kuna to less than 2 billion kuna	2 billion kuna to less than 10 billion kuna	10 billion kuna and over		Less than 10 million kuna	10 million kuna to less than 100 million kuna	100 million kuna and over
1	2	3	4	5	6	7	8	9	10	11	12	13
1998	December	60	3	26	8	11	10	2	33	4	25	4
1999	December	53	4	23	7	7	10	2	30	5	21	4
2000	December	45	3	15	9	6	10	2	29	5	19	5
2001	December	44	3	13	7	7	10	4	21	4	12	5
2002	December	46	4	13	7	9	8	5	10	3	5	2
2003	December	42	2	13	8	5	8	6	7	3	2	2
2004	December	39	1	12	9	6	5	6	6	3	3	–
2005	December	36	1	10	6	8	5	6	3	2	1	–
2006	December	35	2	6	5	10	4	8	3	2	1	–
2007	December	35	2	5	2	12	5	9	2	1	1	–
2008	December	36	2	7	1	11	6	9	2	1	1	–
2009	December	36	3	5	3	10	7	8	2	1	1	–
2010	May	36	3	5	2	11	7	8	2	1	1	–
	June	36	3	5	2	11	7	8	2	1	1	–
	July	36	3	5	2	11	7	8	2	1	1	–
	August	36	3	5	2	11	7	8	2	1	1	–
	September	36	3	5	2	11	7	8	2	1	1	–
	October	36	3	5	2	11	7	8	2	1	1	–
	November	36	3	5	2	11	7	8	2	1	1	–
	December	36	3	5	2	9	9	8	2	1	1	–
2011	January	36	3	5	2	10	8	8	2	1	1	–
	February	36	3	5	2	10	8	8	2	1	1	–
	March	36	4	4	2	10	8	8	2	1	1	–
	April	36	4	4	2	10	8	8	2	1	1	–

Table B2 Number of reporting banks and savings banks and their classification by total assets • The table shows the total number of banks and savings banks during the transition period which report monthly to the CNB. Their operations are shown in the Banks' accounts. Monetary statistics includes reporting

institutions under winding-up and, until February 2005, institutions whose operating licences have been revoked, but which have not initiated winding-up proceedings.

The table also shows the classification of reporting banks and savings banks according to their total assets.

	2005	2006	2007	2008	2009	2010	2011				
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.	
5.2 CNB bills in f/c	-	-	-	-	-	-	-	-	-	-	-
6 Capital accounts	5,357.4	5,408.8	6,664.5	9,562.4	11,151.3	13,090.1	12,641.5	12,678.5	12,032.9	11,047.6	
7 Other items (net)	-498.2	-515.8	-665.6	-707.1	-735.9	-792.9	-799.6	-799.9	-803.1	-820.8	
Total (1+2+3+4+5+6+7)	59,153.0	68,064.6	72,425.1	66,885.8	75,828.3	78,745.2	77,467.6	77,607.7	84,358.8	83,389.3	

^a The CDA accounts with the CNB for the gross and net settlement of purchased securities are reclassified from the central government sector to other domestic sectors from December 2002 onwards. ^b From October 2001 to May 2003, Liabilities to foreign banks include also liabilities based on CNB bills subscribed by non-residents.

Table C1 Monetary authorities accounts • The table reports data on claims and liabilities by monetary authorities.

Foreign assets include the following forms of foreign currency and kuna claims on foreign legal and natural persons: monetary gold, holdings of special drawing rights, foreign cash in vault, reserve position in the International Monetary Fund, current account balances with foreign banks, time deposits with foreign banks and accrued interest, foreign currency security investments and other claims.

Claims on central government and funds are loans and overdue claims on the budget of the Republic of Croatia. In accordance with the Croatian National Bank Act that entered into force in April 2001, the Croatian National Bank may not extend credit to the Republic of Croatia. Hence, this item comprises only overdue claims on the budget of the Republic of Croatia based on the payment system operations and the liabilities to the IMF and foreign banks. Until April 2001, Claims in kuna were short-term loans granted for the purpose of overcoming timing differences between incoming revenues and execution of budgetary expenditures, long-term loans granted by special regulations by the government of the Republic of Croatia, and overdue claims on the budgetary central government, while Claims in foreign currency was a counter-entry to the liability to the IMF based on the succession of membership in that institution.

Claims on other domestic sectors are loans and overdue claims on other domestic sectors, including banks in bankruptcy proceedings.

Claims on banks are credits to banks and overdue claims on banks. Credits to banks comprise Lombard credits, short-term liquidity credits, other credits and reverse repo transactions. Item Lombard credits comprises credits to banks for regular maintaining of the day-to-day liquidity, which were replaced by Lombard credits in December 1994. Short-term liquidity credits, which have been granted since the beginning of 1999, also serve to bridge liquidity problems. Other credits include intervention credits, special credits for bridging liquidity problems granted in the past (initial credits, prerehabilitation credits), due but unpaid credits and deposits of the CNB with banks. From April 2005 on, reverse repo transactions are conducted on a weekly basis. Overdue claims on banks comprise settlement account overdrafts (until mid-1994) and banks' failure to correctly and promptly allocate and maintain statutory reserve requirements.

Since May 1999, Claims on other domestic sectors include overdue claims on banks against which bankruptcy proceedings have been initiated. Due to the reclassification of savings banks from the subsector other banking institutions to the subsector

banks, data for Claims on banks and Claims on other banking institutions have been revised.

Reserve money consists of currency outside banks, cash in banks' vaults, banks' deposits with the CNB, other banking institutions' deposits and other domestic sectors' deposits with the CNB. Banks' deposits are: settlement account balances, statutory reserves deposited on a special account with the CNB (including, from March 2006, special reserve requirement on liabilities arising from issued securities), CNB bills on an obligatory basis and overnight deposits. Deposits by other banking institutions included, until September 2003, settlement account balances of housing savings banks. Deposits by other domestic sectors are other domestic sectors' giro account balances which are deposited with the Croatian National Bank in accordance with law or other regulation.

Restricted and blocked deposits include required foreign currency reserves and accrued interest, restricted deposits and blocked foreign currency deposits. Banks are required to set aside the reserve requirements against certain foreign currency sources of funds and the marginal reserve requirements (from August 2004 to October 2008) in special accounts at the Croatian National Bank. Restricted deposits are kuna funds set aside on the basis of a court order or regulations, kuna funds set aside in the period between May 1999 and April 2002 and deposits of banks against which bankruptcy proceedings have been initiated. Blocked foreign currency deposits are funds that were set aside in special accounts at the Croatian National Bank for repaying unpaid amounts due to foreign creditors.

Foreign liabilities include use of IMF credits, liabilities to international financial institutions and foreign banks and accrued interest.

Central government and funds' deposits are demand deposits and foreign currency deposits of the Republic of Croatia and central government funds with the CNB, and CNB bills purchased by central government institutions.

CNB bills are kuna and f/c CNB bills on a voluntary basis, excluding CNB bills voluntarily purchased by central government institutions.

Capital accounts include reserves, provisions and the income and cost accounts.

Other items (net) are unclassified liabilities decreased by unclassified assets of the Monetary authorities accounts.

Due to the reclassification of savings banks from the subsector other banking institutions to the subsector banks, data for Currency outside banks, Banks' cash in vaults, Banks' deposits and Deposits of other banking institutions were revised.

D Banks

Table D1 Banks' accounts
end of period, in million HRK

	2005	2006	2007	2008	2009	2010	2011			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS										
1 Reserves with the CNB	41,775.2	48,384.7	50,178.9	40,705.6	45,902.1	45,759.6	46,648.7	47,483.1	47,358.7	48,972.8
1.1 In kuna	28,283.1	31,814.1	35,929.1	32,700.5	40,860.4	40,986.4	41,988.7	42,705.8	42,571.5	44,122.0
1.2 In f/c	13,492.1	16,570.6	14,249.8	8,005.1	5,041.7	4,773.2	4,660.0	4,777.3	4,787.1	4,850.8
2 Foreign assets	35,572.5	39,621.2	46,438.5	50,246.6	49,577.0	47,245.4	44,705.0	44,131.8	38,039.2	37,032.6
3 Claims on central government and funds	28,877.2	27,936.8	28,971.5	37,801.1	44,249.5	50,307.6	51,122.4	51,291.5	57,151.9	56,008.3
4 Claims on other domestic sectors	147,340.9	180,967.8	207,330.7	231,408.6	229,866.1	244,035.4	242,848.6	244,122.7	244,097.0	246,061.6
4.1 Claims on local government	1,767.2	1,892.0	2,140.8	2,077.4	2,074.2	2,412.8	2,526.1	2,520.9	2,547.0	2,428.3
4.2 Claims on enterprises	67,017.9	83,386.5	92,265.1	102,779.8	104,898.1	114,089.7	114,450.0	115,269.3	115,702.1	118,054.3
4.3 Claims on households	78,555.7	95,689.3	112,924.9	126,551.4	122,893.7	127,532.9	125,872.6	126,332.5	125,847.9	125,579.0
5 Claims on other banking institutions	592.2	1,029.5	1,640.0	441.9	681.7	890.9	1,021.3	1,006.4	1,629.2	1,861.9
6 Claims on non-banking financial institutions	1,161.8	1,318.1	1,789.7	1,067.4	1,109.9	2,590.0	2,337.5	2,421.3	2,373.4	2,306.0
Total (1+2+3+4+5+6)	255,319.8	299,258.1	336,349.4	361,671.2	371,386.3	390,829.0	388,683.5	390,456.8	390,649.4	392,243.1
LIABILITIES										
1 Demand deposits	26,653.3	33,911.7	41,870.8	38,171.2	31,899.6	33,888.9	34,604.4	34,505.9	34,095.0	34,850.8
2 Savings and time deposits	27,992.1	44,836.8	53,644.9	50,070.3	39,139.4	34,823.4	35,521.7	35,748.1	36,530.2	36,802.8
3 Foreign currency deposits	86,760.8	88,256.7	103,090.1	117,194.8	135,410.6	147,557.1	145,494.5	145,244.9	142,502.6	140,505.8
4 Bonds and money market instruments	1,077.0	844.1	1,208.8	2,531.1	1,362.8	1,337.4	1,316.2	1,133.3	1,219.0	1,227.3
5 Foreign liabilities	67,112.3	76,076.0	65,152.6	75,296.1	80,365.3	81,940.4	81,266.6	82,964.6	85,795.9	87,048.3
6 Central government and funds' deposits	9,287.0	10,800.4	13,525.8	16,007.5	18,219.3	19,870.3	19,483.2	18,481.0	17,651.8	17,610.1
7 Credit from central bank	4,215.6	3,911.4	4,178.3	14.0	13.5	12.9	12.9	12.9	12.8	12.7
8 Restricted and blocked deposits	2,036.4	2,447.6	2,252.3	3,038.4	2,548.4	2,328.3	2,273.2	2,572.5	2,685.0	2,600.6
9 Capital accounts	32,665.7	40,805.1	53,178.9	60,317.4	66,306.4	71,826.9	72,268.5	72,761.1	73,458.0	73,760.3
10 Other items (net)	-2,480.4	-2,631.7	-1,753.2	-969.7	-3,879.1	-2,756.6	-3,557.5	-2,967.6	-3,300.8	-2,175.5
Total (1+2+3+4+5+6+7+8+9+10)	255,319.8	299,258.1	336,349.4	361,671.2	371,386.3	390,829.0	388,683.5	390,456.8	390,649.4	392,243.1

Table D1 Banks' accounts • Banks' accounts include data on banks' claims and liabilities. Banks' mutual claims and liabilities are consolidated.

Required reserves held at the central bank include kuna and foreign currency reserves. Kuna reserves include vault cash and kuna funds held in accounts at the central bank. Foreign currency reserves include foreign currency held in the CNB's foreign currency accounts.

Foreign assets are the following forms of kuna and foreign currency claims on foreign legal and natural persons: foreign cash in vaults, current account balances with foreign banks and time deposits with foreign banks (including loro letters of credit and other forms of collateral), securities, loans, and equities.

Claims on central government and funds are the following forms of claims in kuna and foreign currency: securities and loans.

Claims on other domestic sectors include the following claims in kuna and foreign currency: money market instruments, bonds, loans (including acceptances), and equities.

The same forms of kuna and foreign currency claims are included in claims on other banking institutions and non-banking financial institutions, with one difference: Claims on other banking institutions also include deposits with those institutions.

Items Demand deposits, Savings and time deposits, Foreign currency deposits as well as Bonds and money market

instruments comprise banks' liabilities to other domestic sectors, other banking institutions and non-banking financial institutions.

Demand deposits include giro and current accounts balances and banks' obligations arising from kuna payment instruments issued, minus currency in the payment system, i.e. checks in banks' vaults and checks in collection.

Savings and time deposits are kuna sight deposits as well as kuna time and notice deposits.

Foreign currency deposits are foreign currency sight deposits as well as foreign currency time and notice deposits.

Bonds and money market instruments are banks' liabilities for securities issued (net) and loans received. Issued subordinated and hybrid instruments, purchased by foreign investors, are excluded from this item.

Foreign liabilities comprise the following forms of kuna and foreign currency liabilities to foreign legal and natural persons: giro and current accounts, savings deposits (including loro letters of credit and other forms of collateral), time deposits, loans received and liabilities due. Issued subordinate and hybrid instruments, purchased by foreign investors, are also included in loans received.

Central government and funds' deposits are all forms of banks' kuna and foreign currency liabilities (except restricted and blocked deposits) to the central government and funds.

Credit from central bank comprises loans received from the CNB and deposits by the CNB with banks. Repurchase of securities is also considered and treated as a loan.

Restricted and blocked deposits comprise the following banks' liabilities: kuna and foreign currency restricted deposits by other domestic sectors, other banking institutions, non-banking financial institutions, central government and funds as well as foreign legal and natural persons, and households' blocked foreign currency deposits, regulated by the Act on Converting Households' Foreign Currency Deposits into the Public Debt of the Republic of Croatia.

Capital accounts are share capital, profit or loss for the

previous and current year, retained earnings (loss), legal reserves, reserves provided for by the articles of association and other capital reserves, hedging reserves, unrealised gains (losses) from financial assets classified as available-for-sale assets, value adjustments and collectively assessed impairment provisions.

Other items (net) are unclassified liabilities decreased by unclassified assets, including the fair value of derivative financial instruments.

Tables D2 – D12 • This group of tables (with the exception of Table D5) provides a detailed analysis of the relevant asset and liability items from Table D1 (Banks' accounts).

Table D2 Banks' foreign assets

end of period, in million HRK

	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010 Dec.	2011			
							Jan.	Feb.	Mar.	Apr.
1 Foreign assets in f/c	35,457.9	39,454.5	45,837.2	49,705.1	49,230.3	46,920.2	44,331.2	43,836.1	37,739.7	36,729.6
1.1 Claims on foreign financial institutions	27,228.5	30,404.1	37,824.9	38,038.3	34,186.6	32,069.1	30,463.2	30,718.8	24,866.3	23,345.4
Foreign currencies	1,136.1	1,232.1	1,245.5	1,973.2	1,772.6	1,628.4	1,443.8	1,455.7	1,558.7	1,756.6
Demand deposits	860.2	870.1	1,305.2	2,109.8	1,338.7	1,584.7	1,357.7	1,476.5	1,317.2	1,553.9
Time and notice deposits	20,874.6	23,509.4	31,726.1	31,444.5	29,254.5	26,728.1	25,532.7	25,661.9	19,814.1	18,027.8
Securities	4,197.0	4,441.5	3,210.4	2,307.1	1,629.0	1,896.5	1,975.7	1,971.9	2,028.4	1,874.0
Loans and advances	152.9	339.2	195.9	166.3	117.6	170.1	92.4	91.9	87.6	73.6
Shares and participations	7.8	11.8	141.9	37.4	74.2	61.3	60.8	61.0	60.4	59.4
1.2 Claims on foreign non-banks	8,229.4	9,050.4	8,012.3	11,666.8	15,043.7	14,851.2	13,868.0	13,117.2	12,873.3	13,384.1
Claims on foreign governments	7,735.7	8,217.0	6,696.1	9,976.8	13,477.2	13,047.3	12,196.9	11,196.7	10,900.6	11,400.7
Claims on other non-residents	493.1	798.1	1,295.2	1,613.5	1,534.5	1,785.9	1,653.3	1,876.2	1,929.4	1,939.9
Securities	68.0	141.5	180.9	235.1	205.4	131.0	93.7	74.7	78.1	79.3
Loans and advances	425.2	656.6	1,114.3	1,378.4	1,329.1	1,654.9	1,559.7	1,801.5	1,851.3	1,860.6
Shares and participations	0.5	35.3	20.9	76.5	32.0	17.9	17.7	44.4	43.3	43.5
2 Foreign assets in kuna	114.6	166.7	601.3	541.5	346.7	325.2	373.8	295.7	299.6	303.0
2.1 Claims on foreign financial institutions	71.3	96.9	408.1	144.1	86.3	72.4	133.4	53.7	59.6	62.7
2.2 Claims on foreign non-banks	43.4	69.8	193.3	397.4	260.3	252.8	240.5	242.0	240.0	240.3
o/w: Loans and advances	42.6	69.2	192.7	396.8	260.0	252.5	240.2	241.7	239.7	240.0
Total (1+2)	35,572.5	39,621.2	46,438.5	50,246.6	49,577.0	47,245.4	44,705.0	44,131.8	38,039.2	37,032.6

Table D2 Banks' foreign assets • This table shows banks' claims on foreign legal and natural persons.

Foreign assets of banks comprise foreign assets in kuna and foreign currency.

Claims on foreign banks and Claims on foreign non-banks (total and by financial instruments) are shown separately within both foreign assets in kuna and in foreign currency.

Table D3 Banks' claims on the central government and funds
end of period, in million HRK

	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010 Dec.	2011			
							Jan.	Feb.	Mar.	Apr.
1 In kuna	20,532.7	22,703.0	24,081.8	24,901.6	24,461.9	28,491.6	29,245.3	29,053.3	30,471.0	29,387.9
1.1 Claims on central government	17,352.6	18,361.2	19,057.3	19,899.5	19,230.6	21,461.5	22,113.3	21,735.1	23,320.1	22,300.6
Securities	16,037.7	14,546.7	16,099.8	16,969.0	16,305.4	17,752.1	18,348.8	17,809.2	18,646.9	18,186.1
o/w: Bonds (c'part to f/c savings deposits)	20.6	8.3	6.4	6.1	5.2	6.7	6.6	6.4	6.2	5.9
Loans and advances	1,314.9	3,814.5	2,957.5	2,930.4	2,925.1	3,709.4	3,764.5	3,925.9	4,673.3	4,114.5
1.2 Claims on central government funds	3,180.1	4,341.9	5,024.5	5,002.1	5,231.3	7,030.2	7,132.0	7,318.3	7,150.8	7,087.3
Securities	–	–	–	6.1	–	–	–	–	–	–
Loans and advances	3,180.1	4,341.9	5,024.5	4,996.1	5,231.3	7,030.2	7,132.0	7,318.3	7,150.8	7,087.3
2 In f/c	8,344.5	5,233.8	4,889.7	12,899.5	19,787.7	21,815.9	21,877.2	22,238.1	26,680.9	26,620.4
2.1 Claims on central government	7,241.0	4,624.4	4,388.6	9,843.6	14,793.1	14,901.3	14,961.1	14,988.6	20,114.9	20,080.1
Securities	1,248.1	429.0	268.4	300.7	234.7	207.7	223.7	246.5	207.6	249.5
Loans and advances	5,992.8	4,195.4	4,120.1	9,542.9	14,558.4	14,693.5	14,737.4	14,742.1	19,907.3	19,830.6
2.2 Claims on central government funds	1,103.5	609.4	501.2	3,055.9	4,994.6	6,914.7	6,916.1	7,249.5	6,566.1	6,540.3
Securities	144.2	109.2	82.1	50.9	52.0	84.7	85.3	85.9	85.3	85.0
Loans and advances	959.3	500.2	419.1	3,005.1	4,942.6	6,830.0	6,830.8	7,163.6	6,480.8	6,455.3
Total (1+2)	28,877.2	27,936.8	28,971.5	37,801.1	44,249.5	50,307.6	51,122.4	51,291.5	57,151.9	56,008.3

Table D3 Banks' claims on the central government and funds • The table shows banks' kuna and foreign currency claims on the central government and funds. The item Securities, shown under Claims in kuna on the Republic of Croatia,

also comprises bonds arising from blocked foreign currency savings deposits issued in accordance with the Act on Converting Households' Foreign Currency Deposits into the Public Debt of the Republic of Croatia.

Table D4 Banks' claims on other domestic sectors
end of period, in million HRK

	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010 Dec.	2011			
							Jan.	Feb.	Mar.	Apr.
1 Claims in kuna	133,603.5	166,755.1	194,476.7	216,530.8	211,273.4	221,988.6	220,537.3	221,791.5	221,959.2	223,858.6
1.1 Money market instruments	2,329.9	1,980.7	2,147.4	2,674.5	2,040.2	1,873.2	1,846.0	1,878.4	1,934.5	1,969.8
1.2 Bonds	361.6	1,088.8	1,366.0	1,341.4	1,691.0	1,702.7	1,672.2	1,624.9	1,655.0	1,679.7
1.3 Loans and advances	128,882.3	161,694.2	188,462.5	210,424.0	205,279.3	215,923.2	214,522.4	215,812.7	215,898.3	216,661.5
1.4 Shares and participations	2,029.6	1,991.4	2,500.8	2,090.8	2,262.9	2,489.5	2,496.7	2,475.5	2,471.4	3,547.6
2 Claims in f/c	13,737.4	14,212.8	12,854.0	14,877.8	18,592.7	22,046.8	22,311.3	22,331.3	22,137.7	22,203.0
2.1 Securities	307.6	221.1	249.2	109.3	441.1	105.7	142.1	135.9	147.0	157.0
2.2 Loans and advances	13,429.8	13,991.6	12,604.9	14,768.5	18,151.7	21,941.1	22,169.2	22,195.3	21,990.7	22,046.0
Total (1+2)	147,340.9	180,967.8	207,330.7	231,408.6	229,866.1	244,035.4	242,848.6	244,122.7	244,097.0	246,061.6

Table D4 Banks' claims on other domestic sectors • The table shows banks' kuna and foreign currency claims on other domestic sectors, classified according to financial instruments:

money market instruments (including factoring and forfeiting since January 2004), loans and advances (including acceptances and purchased claims), and equities.

Table D5 Distribution of banks' loans by domestic institutional sectors
end of period, in million HRK

	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010 Dec.	2011			
							Jan.	Feb.	Mar.	Apr.
LOANS IN KUNA										
1 Loans to central government and funds	4,495.0	8,156.4	7,982.0	7,926.5	8,156.4	10,739.6	10,896.5	11,244.2	11,824.1	11,201.8
1.1 Loans to central government	1,314.9	3,814.5	2,957.5	2,930.4	2,925.1	3,709.4	3,764.5	3,925.9	4,673.3	4,114.5
1.2 Loans to central government funds	3,180.1	4,341.9	5,024.5	4,996.1	5,231.3	7,030.2	7,132.0	7,318.3	7,150.8	7,087.3
2 Loans to local government	1,613.9	1,720.3	1,867.5	1,786.9	1,795.4	2,168.1	2,288.7	2,296.8	2,305.1	2,159.9
3 Loans to enterprises	49,105.9	64,666.3	74,001.7	82,431.7	80,913.1	86,564.6	86,684.9	87,507.9	88,097.7	89,272.7
4 Loans to households	78,162.4	95,307.6	112,593.3	126,205.3	122,570.8	127,190.5	125,548.8	126,008.0	125,495.5	125,228.9
o/w: Housing loans	27,571.1	36,927.3	45,218.6	52,305.5	52,949.4	57,984.0	57,027.2	57,375.5	56,863.4	56,808.4
5 Loans to other banking institutions	46.5	304.4	213.6	36.1	236.5	293.2	246.7	272.1	735.2	860.7
6 Loans to non-banking financial institutions	591.8	854.4	947.6	741.4	689.0	2,063.0	1,884.2	1,966.3	1,938.4	1,834.8
A Total (1+2+3+4+5+6)	134,015.6	171,009.4	197,605.7	219,128.0	214,361.3	229,018.9	227,549.8	229,295.3	230,396.1	230,558.9
LOANS IN F/C										
1 Loans to central government and funds	6,952.1	4,695.6	4,539.2	12,548.0	19,501.0	21,523.5	21,568.2	21,905.8	26,388.1	26,285.9
1.1 Loans to central government	5,992.8	4,195.4	4,120.1	9,542.9	14,558.4	14,693.5	14,737.4	14,742.1	19,907.3	19,830.6
1.2 Loans to central government funds	959.3	500.2	419.1	3,005.1	4,942.6	6,830.0	6,830.8	7,163.6	6,480.8	6,455.3
2 Loans to local government	63.0	11.3	8.7	5.5	3.0	0.5	0.4	0.4	0.4	0.4
3 Loans to enterprises	12,973.5	13,598.5	12,264.5	14,416.8	17,825.7	21,598.3	21,845.0	21,870.5	21,637.9	21,695.5
4 Loans to households	393.3	381.8	331.6	346.1	323.0	342.4	323.8	324.5	352.4	350.1
5 Loans to other banking institutions	19.9	68.1	74.0	1.2	31.0	0.6	54.2	48.7	83.2	44.6
6 Loans to non-banking financial institutions	512.3	360.5	668.0	143.5	269.4	341.3	260.0	259.2	242.2	279.7
B Total (1+2+3+4+5+6)	20,914.1	19,115.9	17,886.0	27,461.1	37,953.0	43,806.5	44,051.6	44,409.0	48,704.2	48,656.1
TOTAL (A+B)	154,929.7	190,125.3	215,491.7	246,589.1	252,314.3	272,825.4	271,601.4	273,704.3	279,100.3	279,215.0

Table D5 Distribution of banks' loans by domestic institutional sectors • The table shows data on kuna and foreign currency loans granted by banks to domestic sectors, including

acceptances, financial leases, payments made on the basis of guarantees and similar instruments, purchased claims, and until December 2003 factoring and forfeiting.

Table D6 Demand deposits with banks
end of period, in million HRK

	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010 Dec.	2011			
							Jan.	Feb.	Mar.	Apr.
1 Local government	1,688.7	1,803.8	2,689.4	2,441.1	1,377.7	1,303.3	1,119.2	1,034.8	1,206.2	1,326.8
2 Enterprises	13,344.2	16,668.6	19,599.3	16,896.1	14,893.1	15,860.4	16,800.2	16,539.8	15,959.6	16,735.7
3 Households	10,728.3	14,257.8	17,896.7	17,620.1	14,218.6	15,581.9	15,320.9	15,311.8	15,220.4	15,237.7
4 Other banking institutions	322.1	485.1	481.1	293.6	517.1	347.5	591.2	812.4	633.0	639.6
5 Non-banking financial institutions	571.3	697.6	1,205.2	921.1	893.4	796.0	773.1	807.2	1,075.8	911.2
6 Less: Checks of other banks and checks in collection	-1.3	-1.2	-0.9	-0.7	-0.3	-0.2	-0.2	-0.2	-0.1	-0.2
Total (1+2+3+4+5+6)	26,653.3	33,911.7	41,870.8	38,171.2	31,899.6	33,888.9	34,604.4	34,505.9	34,095.0	34,850.8

Table D6 Demand deposits with banks • The table shows demand deposits with banks, classified by domestic institutional sectors.

Demand deposits are the sum of other domestic sectors', other banking institutions' and non-banking financial institutions'

giro and current accounts balances, minus currency in the payment system (i.e. checks in banks' vaults and checks in collection). Banks' obligations arising from kuna payment instruments issued are included in the household sector.

Table D7 Time and savings deposits with banks
end of period, in million HRK

	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010 Dec.	2011			
							Jan.	Feb.	Mar.	Apr.
1 Savings deposits	2,493.6	2,905.6	3,086.1	2,770.3	2,523.1	2,503.2	2,514.0	2,488.5	2,418.4	2,412.9
1.1 Local government	2.7	2.8	2.5	0.0	0.0	0.1	7.6	7.2	5.9	5.6
1.2 Enterprises	101.6	110.3	154.7	108.8	203.7	318.9	330.4	332.2	299.6	284.5
1.3 Households	2,388.3	2,792.4	2,929.0	2,657.7	2,268.9	2,167.4	2,164.4	2,134.5	2,101.6	2,106.1
1.4 Other banking institutions	–	–	–	–	5.0	–	–	–	–	–
1.5 Non-banking financial institutions	1.0	0.0	–	3.7	45.5	16.9	11.6	14.5	11.3	16.6
2 Time and notice deposits	25,498.4	41,931.3	50,558.8	47,300.1	36,616.3	32,320.2	33,007.7	33,259.6	34,111.8	34,389.9
2.1 Local government	508.7	491.8	549.5	726.0	498.8	355.2	604.9	677.8	691.5	679.1
2.2 Enterprises	8,222.5	14,715.4	18,414.8	16,268.0	11,559.0	8,933.3	9,111.8	8,787.6	9,153.9	9,131.8
2.3 Households	13,254.9	20,755.0	20,479.1	22,721.6	16,910.7	17,188.1	17,537.9	17,730.1	17,840.3	17,752.8
2.4 Other banking institutions	931.9	2,697.9	6,386.5	2,563.4	3,039.8	2,448.8	2,607.5	2,730.8	3,166.0	3,722.8
2.5 Non-banking financial institutions	2,580.4	3,271.3	4,728.9	5,021.1	4,608.1	3,394.8	3,145.6	3,333.4	3,260.1	3,103.4
Total (1+2)	27,992.1	44,836.8	53,644.9	50,070.3	39,139.4	34,823.4	35,521.7	35,748.1	36,530.2	36,802.8

Table D7 Time and savings deposits with banks • The table shows kuna savings and time deposits by other domestic sectors, other banking institutions and non-banking financial institutions with banks.

Table D8 Foreign currency deposits with banks
end of period, in million HRK

	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010 Dec.	2011			
							Jan.	Feb.	Mar.	Apr.
1 Savings deposits	22,641.0	22,698.6	22,845.0	21,262.2	20,781.0	22,906.1	22,319.5	22,474.0	21,589.9	21,443.3
1.1 Local government	11.9	30.8	27.5	22.1	25.5	15.8	14.8	13.6	16.3	14.6
1.2 Enterprises	4,408.3	4,589.7	5,543.6	5,132.0	5,053.6	5,738.5	5,442.5	5,719.1	5,445.5	5,283.7
1.3 Households	17,933.6	17,609.9	16,720.8	15,682.8	15,148.7	16,313.0	16,152.3	16,021.4	15,712.9	15,706.9
1.4 Other banking institutions	116.0	276.7	251.7	121.4	150.4	268.5	182.5	149.3	196.7	189.8
1.5 Non-banking financial institutions	171.3	191.4	301.5	303.9	402.9	570.2	527.5	570.7	218.5	248.3
2 Time deposits	64,119.7	65,558.1	80,245.1	95,932.6	114,629.6	124,651.0	123,175.0	122,770.9	120,912.7	119,062.4
2.1 Local government	3.2	1.9	2.1	2.3	2.5	2.3	2.3	2.2	2.2	2.1
2.2 Enterprises	8,154.2	7,086.2	10,391.9	11,215.5	13,516.9	15,097.8	12,750.5	12,479.5	11,854.3	11,512.2
2.3 Households	55,036.1	57,210.8	66,465.7	80,419.6	95,598.0	104,621.4	105,360.5	105,710.3	105,146.9	104,291.4
2.4 Other banking institutions	242.0	366.2	1,038.6	808.2	663.0	1,384.1	1,337.9	1,131.8	952.6	940.6
2.5 Non-banking financial institutions	684.2	892.9	2,346.8	3,487.0	4,849.1	3,545.4	3,723.9	3,447.1	2,956.7	2,316.2
Total (1+2)	86,760.8	88,256.7	103,090.1	117,194.8	135,410.6	147,557.1	145,494.5	145,244.9	142,502.6	140,505.8

Table D8 Foreign currency deposits with banks • The table shows foreign currency savings and time deposits by other domestic sectors, other banking institutions and non-banking financial institutions with banks. Foreign currency savings deposits are all foreign currency sight deposits and foreign currency payment instruments issued, while foreign currency time deposits also include foreign currency notice deposits.

Table D9 Bonds and money market instruments

end of period, in million HRK

	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010 Dec.	2011			
							Jan.	Feb.	Mar.	Apr.
1 Money market instruments (net)	–	0.8	0.8	0.8	0.8	–	–	–	–	–
2 Bonds (net)	164.9	340.9	632.0	609.5	765.3	1,016.7	1,027.0	911.8	921.8	920.6
3 Other domestic borrowing	912.1	502.5	576.0	1,920.8	596.7	320.7	289.2	221.5	297.1	306.7
3.1 Local government	–	–	–	–	–	–	–	–	–	–
3.2 Enterprises	40.8	0.0	152.9	3.5	4.6	2.4	2.4	1.9	1.8	1.7
3.3 Other banking institutions	828.1	492.8	266.4	1,719.2	551.8	318.1	286.7	219.4	295.3	305.0
3.4 Non-banking financial institutions	43.2	9.6	156.6	198.0	40.4	0.1	0.1	0.1	–	–
Total (1+2+3)	1,077.0	844.1	1,208.8	2,531.1	1,362.8	1,337.4	1,316.2	1,133.3	1,219.0	1,227.3

Table D9 Bonds and money market instruments • The table shows banks' liabilities for securities issued (net) and loans received from other domestic sectors, other banking institutions and non-banking financial institutions.

Money market instruments (net) comprise banks' net liabilities for CNB bills, bills of exchange (issued and accepted) and other securities issued.

Bonds (net) comprise banks' net liabilities for kuna and foreign currency bonds issued, as well as issued subordinated and hybrid instruments, excluding those purchased by foreign investors.

Other domestic borrowing comprises loans received, which are reported in the total amount and classified by institutional sectors.

Table D10 Banks' foreign liabilities

end of period, in million HRK

	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010 Dec.	2011			
							Jan.	Feb.	Mar.	Apr.
1 Foreign liabilities in f/c	52,073.3	55,114.3	48,461.3	54,726.8	60,046.7	58,715.8	57,198.5	59,083.8	63,439.7	64,004.4
1.1 Liabilities to foreign financial institutions	45,747.7	48,561.3	41,483.1	47,878.5	51,702.3	48,789.0	47,251.8	49,148.2	53,551.7	54,226.9
Demand deposits	156.3	195.0	258.8	176.6	221.0	208.3	222.6	214.3	197.0	183.4
Time and notice deposits	12,523.1	12,174.1	10,562.9	14,016.4	21,945.8	20,188.9	21,177.5	22,778.4	24,198.9	23,991.9
Loans and advances	29,775.6	32,903.9	27,373.0	30,408.3	29,535.4	28,391.9	25,851.6	26,155.5	29,155.8	30,051.6
o/w: Subordinated and hybrid instruments	1,167.4	820.7	405.9	1,585.1	2,000.7	2,079.8	2,069.4	2,076.5	2,013.7	2,008.7
Bonds	3,292.6	3,288.3	3,288.4	3,277.1	–	–	–	–	–	–
1.2 Liabilities to foreign non-banks	6,325.6	6,553.0	6,978.2	6,848.4	8,344.4	9,926.7	9,946.6	9,935.5	9,887.9	9,777.5
Savings and time deposits	5,846.3	6,192.4	6,729.9	6,719.0	8,336.3	9,909.3	9,929.2	9,918.1	9,871.1	9,761.2
Sight deposits	1,172.9	1,635.8	1,537.2	1,374.5	1,267.8	1,434.3	1,417.1	1,406.5	1,357.9	1,409.3
Time and notice deposits	4,673.4	4,556.7	5,192.7	5,344.6	7,068.6	8,475.0	8,512.1	8,511.6	8,513.2	8,351.9
Loans and advances	479.3	360.5	248.3	129.3	8.0	17.5	17.4	17.5	16.8	16.3
o/w: Subordinated and hybrid instruments	–	–	–	–	–	11.1	11.1	11.1	11.1	11.0
2 Foreign liabilities in kuna	15,039.1	20,961.8	16,691.3	20,569.2	20,318.6	23,224.6	24,068.2	23,880.8	22,356.2	23,043.9
2.1 Liabilities to foreign financial institutions	14,099.6	20,087.0	16,093.8	20,061.0	19,943.0	22,817.7	23,658.5	23,455.3	21,887.3	22,565.2
Demand deposits	179.6	1,438.1	519.0	898.1	359.1	696.3	831.1	566.0	614.2	704.5
Time and notice deposits	6,979.5	11,198.8	11,423.7	15,014.2	14,654.3	15,963.5	16,702.9	16,743.0	15,344.9	16,389.9
Loans and advances	6,940.5	7,450.2	4,151.2	4,148.8	4,929.6	6,158.0	6,124.6	6,146.3	5,928.2	5,470.8
o/w: Subordinated and hybrid instruments	405.7	404.0	0.4	–	749.2	899.0	865.6	877.3	862.4	865.2
2.2 Liabilities to foreign non-banks	939.5	874.8	597.5	508.2	375.7	406.8	409.6	425.6	468.9	478.8
Demand deposits	180.3	170.1	253.2	257.0	222.8	250.3	258.4	258.3	304.4	317.8
Time and notice deposits	755.2	703.3	340.6	245.7	144.4	148.0	136.7	152.7	150.0	146.4
Loans and advances	4.0	1.4	3.7	5.5	8.5	8.5	14.5	14.5	14.5	14.5
o/w: Subordinated and hybrid instruments	4.0	1.4	3.7	5.5	8.5	8.5	14.5	14.5	14.5	14.5
Total (1+2)	67,112.3	76,076.0	65,152.6	75,296.1	80,365.3	81,940.4	81,266.6	82,964.6	85,795.9	87,048.3

Table D10 Banks' foreign liabilities • The table shows banks' total foreign currency and kuna liabilities to foreign legal and natural persons, with the exception of restricted kuna and foreign currency deposits by foreign legal and natural persons.

Banks' foreign liabilities comprise foreign currency liabilities and foreign kuna liabilities.

Within foreign kuna and foreign currency liabilities, liabilities to foreign banks are reported separately from liabilities to foreign non-banks (total and by financial instruments). Loans and advances also include issued subordinated and hybrid instruments purchased by foreign investors.

Table D11 Central government and funds' deposits with banks
end of period, in million HRK

	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010 Dec.	2011			
							Jan.	Feb.	Mar.	Apr.
1 In kuna	7,596.1	9,030.0	11,535.0	14,185.1	15,124.1	16,089.9	15,819.8	15,842.5	15,701.7	15,727.6
1.1 Central government deposits	605.0	497.5	666.4	429.5	356.6	806.8	791.8	821.4	734.9	728.3
Demand deposits	458.1	366.2	454.9	176.7	189.3	306.0	304.8	342.6	411.2	501.0
Savings deposits	1.8	2.1	1.2	1.1	0.6	0.5	0.5	0.6	0.6	0.6
Time and notice deposits	144.0	128.1	209.3	251.6	166.7	485.3	471.5	463.1	308.1	211.8
Loans and advances	1.0	1.0	1.0	–	–	15.0	15.0	15.0	15.0	15.0
1.2 Central government funds' deposits	6,991.1	8,532.6	10,868.6	13,755.5	14,767.5	15,283.1	15,028.0	15,021.1	14,966.8	14,999.2
Demand deposits	580.2	254.6	330.1	645.6	389.5	290.9	314.2	369.6	310.6	394.9
Savings deposits	1.9	14.6	2.4	0.0	0.3	0.0	0.0	0.0	0.0	–
Time and notice deposits	251.7	496.7	413.6	385.8	410.8	329.0	318.9	286.9	511.4	503.2
Loans and advances	6,157.3	7,766.7	10,122.4	12,724.1	13,966.9	14,663.3	14,394.9	14,364.6	14,144.7	14,101.2
2 In f/c	1,690.9	1,770.4	1,990.8	1,822.5	3,095.2	3,780.4	3,663.3	2,638.5	1,950.1	1,882.5
2.1 Central government deposits	906.2	811.7	759.4	1,122.5	1,088.3	1,656.1	1,646.7	1,644.9	1,631.6	1,636.0
Savings deposits	340.6	264.8	527.4	666.8	716.8	993.9	802.6	894.1	875.5	840.6
Time and notice deposits	38.7	275.0	49.7	330.0	309.4	662.0	844.0	750.5	755.9	795.2
Refinanced loans and advances	527.0	271.9	182.3	125.7	62.2	0.2	0.2	0.2	0.2	0.2
2.2 Central government funds' deposits	784.7	958.6	1,231.4	699.9	2,006.9	2,124.3	2,016.6	993.6	318.6	246.5
Savings deposits	139.4	93.4	85.7	107.1	106.6	90.2	114.4	746.0	183.5	165.6
Time and notice deposits	25.8	356.2	153.8	519.6	256.4	601.3	465.2	247.7	135.1	80.9
Loans and advances	619.6	509.0	991.8	73.2	1,643.9	1,432.7	1,437.0	–	–	–
Total (1+2)	9,287.0	10,800.4	13,525.8	16,007.5	18,219.3	19,870.3	19,483.2	18,481.0	17,651.8	17,610.1

Table D11 Central government and funds' deposits with banks • The table reports total banks' kuna and foreign currency liabilities to the central government and funds, with the exception of restricted (kuna and foreign currency) deposits by the central government and funds with banks.

Kuna and foreign currency deposits by the Republic of

Croatia and central government funds are shown separately. Kuna deposits comprise demand deposits, savings deposits, time and notice deposits, and loans received from the central government and funds. Foreign currency deposits comprise savings deposits, time and notice deposits, and refinanced loans and advances.

Table D12 Restricted and blocked deposits with banks
end of period, in million HRK

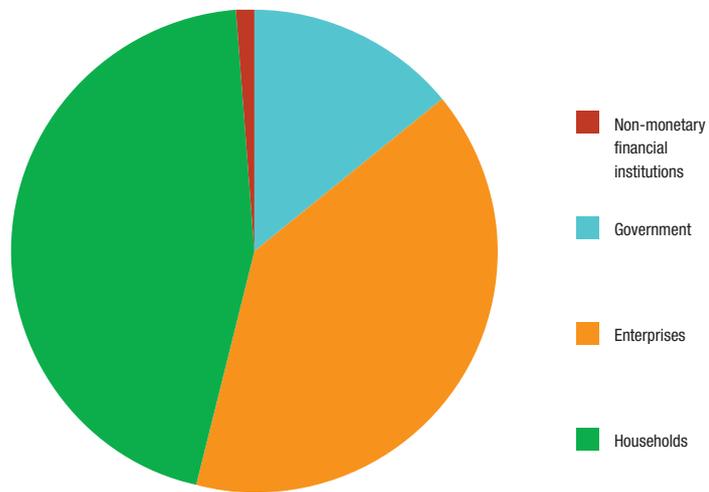
	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010 Dec.	2011			
							Jan.	Feb.	Mar.	Apr.
1 Restricted deposits	2,036.4	2,447.6	2,252.3	3,038.4	2,548.4	2,328.3	2,273.2	2,572.5	2,685.0	2,600.6
1.1 In kuna	1,277.1	1,427.0	1,322.8	1,478.8	1,366.0	1,428.9	1,407.1	1,432.5	1,448.6	1,453.6
1.2 In f/c	759.3	1,020.5	929.5	1,559.6	1,182.5	899.4	866.1	1,140.0	1,236.4	1,147.0
2 Blocked f/c deposits of households	–	–	–	–	–	–	–	–	–	–
Total (1+2)	2,036.4	2,447.6	2,252.3	3,038.4	2,548.4	2,328.3	2,273.2	2,572.5	2,685.0	2,600.6

Table D12 Restricted and blocked deposits with banks • The table shows households' restricted (kuna and foreign currency) deposits and blocked deposits.

Blocked foreign currency deposits include households'

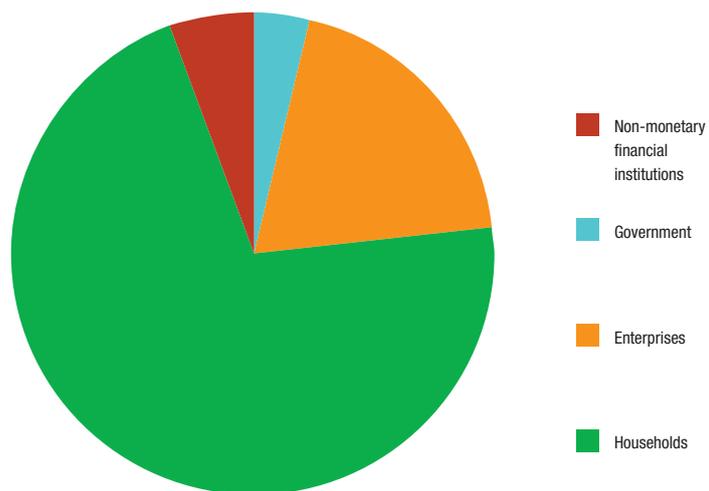
foreign currency deposits, regulated by the Act on Converting Households' Foreign Currency Deposits into the Public Debt of the Republic of Croatia.

Figure D1

Distribution of banks' loans by domestic institutional sectors

April 2011

Figure D2

Distribution of banks' deposits by domestic institutional sectors

April 2011

Note:

Sector "Non-monetary financial institutions" includes other banking institutions and non-banking financial institutions.
Sector "Government" includes the central government and funds and local government.

E Housing savings banks

Table E1 Housing savings banks' accounts
end of period, in million HRK

	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010 Dec.	2011			
							Jan.	Feb.	Mar.	Apr.
ASSETS										
1 Reserves with the CNB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 Claims on central government and funds	4,274.3	4,674.8	4,036.5	3,395.5	3,137.9	3,315.9	3,352.0	3,503.0	3,457.4	3,437.7
3 Claims on other domestic sectors	575.5	1,296.0	2,220.4	2,857.9	2,979.1	2,987.3	2,980.5	2,971.9	2,983.0	2,987.7
o/w: Claims on households	575.5	1,296.0	2,220.4	2,857.9	2,979.1	2,987.3	2,980.5	2,971.9	2,983.0	2,987.7
4 Claims on banks	994.4	181.4	133.6	533.7	294.8	258.5	209.7	212.5	621.4	607.8
5 Claims on other banking institutions	-	-	-	-	-	-	-	-	-	-
Total (1+2+3+4+5)	5,844.2	6,152.3	6,390.5	6,787.1	6,411.7	6,561.8	6,542.2	6,687.4	7,061.8	7,033.1
LIABILITIES										
1 Time deposits	5,514.7	5,803.6	6,037.9	6,297.6	5,711.8	5,791.5	5,761.1	5,881.1	5,814.4	5,772.6
2 Bonds and money market instruments	10.3	61.7	40.1	91.5	230.8	279.7	286.8	290.4	727.3	740.3
3 Capital accounts	258.0	244.7	303.0	390.6	478.1	512.1	514.9	530.0	533.8	538.1
4 Other items (net)	61.1	42.2	9.6	7.4	-8.9	-21.5	-20.6	-14.1	-13.6	-17.9
Total (1+2+3+4)	5,844.2	6,152.3	6,390.5	6,787.1	6,411.7	6,561.8	6,542.2	6,687.4	7,061.8	7,033.1

Table E1 Housing savings banks' accounts • Housing savings banks' accounts include data on claims and liabilities of the Croatian housing savings banks. All housing savings banks' claims and liabilities refer exclusively to domestic sectors.

Housing savings banks' required reserves held at the central bank include funds in vaults. Until September 2003, they also included kuna funds held in accounts at the central bank.

Claims on central government and funds are claims in kuna on the Republic of Croatia and central government funds.

Claims on other domestic sectors include kuna loans to local government and households.

Claims on banks include loans to banks, as well as deposits with banks, including, from October 2003 on, accounts for regular operations with banks.

Claims on other banking institutions include investments in investment funds.

Item Time deposits includes local government and households' time deposits.

Bonds and money market instruments are housing savings banks' liabilities for securities issued (net) and loans received.

Capital accounts are share capital, profit or loss for the previous and current year, retained earnings (loss), legal reserves, reserves provided for by the articles of association and other capital reserves, hedging reserves, unrealised gains (losses) from financial assets classified as available-for-sale assets, value adjustments and collectively assessed impairment provisions. Other items (net) are unclassified liabilities decreased by unclassified assets.

F Monetary policy instruments and liquidity

Table F1 Credit rates of the Croatian National Bank
in percentage, on annual basis

Year	Month	CNB discount rate	CNB repo rate ^a	Credit rates					
				On Lombard credits ^b	On intervention credits	On intra-day refinance facility ^b	On short-term liquidity credits	On inaccurately calculated statutory reserves ^b	On arrears
1	2	3	4	5	6	7	8	9	10
1998	December	5.90	–	12.00	19.00	7.00	14.00	19.00	18.00
1999	December	7.90	–	13.00	19.00	–	14.00	19.00	18.00
2000	December	5.90	–	12.00	18.00	–	13.00	18.00	18.00
2001	December	5.90	–	10.00	–	–	11.00	15.00	18.00
2002	December	4.50	–	9.50	–	–	10.50	15.00	15.00
2003	December	4.50	–	9.50	–	–	10.50	15.00	15.00
2004	December	4.50	–	9.50	–	–	10.50	15.00	15.00
2005	December	4.50	3.50	7.50 ^c	–	–	8.50 ^c	15.00	15.00
2006	December	4.50	3.50	7.50	–	–	8.50	15.00	15.00
2007	December	9.00 ^d	4.06	7.50	–	–	8.50	15.00	15.00
2008	December	9.00	6.00	9.00	–	–	10.00	15.00	15.00
2009	December	9.00	–	9.00	–	–	10.00	15.00	15.00
2010	May	9.00	–	9.00	–	–	10.00	15.00	15.00
	June	9.00	–	9.00	–	–	10.00	15.00	15.00
	July	9.00	–	9.00	–	–	10.00	15.00	15.00
	August	9.00	–	9.00	–	–	10.00	15.00	15.00
	September	9.00	–	9.00	–	–	10.00	15.00	15.00
	October	9.00	–	9.00	–	–	10.00	15.00	15.00
	November	9.00	–	9.00	–	–	10.00	15.00	15.00
	December	9.00	–	9.00	–	–	10.00	15.00	15.00
2011	January	9.00	–	9.00	–	–	10.00	15.00	15.00
	February	9.00	–	9.00	–	–	10.00	15.00	15.00
	March	9.00	–	9.00	–	–	10.00	15.00	15.00
	April	9.00	–	9.00	–	–	10.00	15.00	15.00

^a Weighted averages of weighted repo rates achieved at regular reverse repo auctions of the CNB in the reporting month. ^b Breaks in the series of data are explained in notes on methodology. ^c Since 14 December 2005. ^d Since 31 December 2007.

Table F1 Credit rates of the Croatian National Bank • The table shows interest rates used by the CNB to calculate and charge interest on credits from the primary issue and on all other claims.

Credit rates of the CNB are set by decisions of the Council of the Croatian National Bank, on a yearly basis. Exceptionally, from June 1995 interest rate charged by the CNB on Lombard credits was 1.5 percentage points higher than the weighted average interest rate on CNB bills on a voluntary basis (which serve as collateral for Lombard credits) in cases when the weighted average interest rate was higher than 16.5%. Congruently, from June 1995 to August 1996 the table reports the weighted average interest rate on Lombard credits.

Time series presented in the table contain certain breaks, due to changes in the CNB's monetary policy instruments.

Data shown in column 4 refer to the weighted averages of the weighted repo rates achieved at regular reverse repo auctions of the CNB in the reporting month.

Data shown in column 7 refer, until September 1994, to interest rates on special credits for savings deposits' payments

and for payments from households' current accounts, and from October 1994 until September 1997 to interest rates on daily credits for savings deposits and households' current accounts in kuna. Daily credits, as opposed to special credits, are paid back on the same day. In October 1997, this instrument was replaced by daily credits for overcoming short-term liquidity problems that are collateralised by CNB bills. From December 1998 to April 1999, this credit is incorporated in Lombard credit, applying different interest rate for its usage within one day.

Data shown in column 8 refer, until December 1994, to interest rate on initial credits, and since 18 March 1998, to credits for overcoming liquidity problems of banks under evaluation for entry into rehabilitation and restructuring procedures and since February 1999, to interest rates on short-term liquidity credits. From December 1999 on, data show interest rates on short-term liquidity credit with a maturity over 3 months which is 1 percentage point higher than interest rate on Lombard credits. Interest rate on short-term liquidity credit up to 3 months is 0.5 percentage point higher than interest rate on Lombard credits.

Table F2 Deposit rates of the Croatian National Bank
in percentage, on annual basis

Year	Month	Interest rates on statutory reserves dep. with the CNB	Interest rates on CNB bills on an obligatory basis	Interest rates on CNB bills on a voluntary basis ^a				Interest rates on f/c CNB bills on a voluntary basis					Interest rates on overnight deposits
				Due in 7 days	Due in 35 days	Due in 70 days	Due in 105 days	Due in 35 days	Due in 63 days	Due in 91 days	Due in 182 days	Due in 364 days	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1998	December	5.90	–	–	9.50	10.50	11.00	–	4.60	3.12	3.08	–	–
1999	December	5.90	–	–	10.50	11.55	12.50	–	4.83	3.56	–	–	–
2000	December	4.50	–	–	6.65	7.00	7.70	–	5.51	4.83	–	–	–
2001	December	2.00	–	–	3.36	4.26	4.85	–	2.62	3.06	–	–	–
2002	December	1.75	–	–	2.08	–	–	2.30	2.68	–	–	–	–
2003	December	1.25	0.50	–	–	–	–	1.75	1.48	–	–	–	–
2004	December	1.25	–	–	–	–	–	–	–	–	–	–	–
2005	December	0.75	–	–	–	–	–	–	–	–	–	–	0.50
2006	December	0.75	–	–	–	–	–	–	–	–	–	–	0.50
2007	December	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50
2008	December	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
2009	December	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
2010	May	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	June	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	July	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	August	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	September	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	October	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	November	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	December	0.75	–	–	–	–	–	–	–	–	–	–	0.50
2011	January	0.25 ^b	–	–	–	–	–	–	–	–	–	–	0.50
	February	0.25	–	–	–	–	–	–	–	–	–	–	0.50
	March	– ^c	–	–	–	–	–	–	–	–	–	–	0.25 ^c
	April	–	–	–	–	–	–	–	–	–	–	–	0.25

^a Breaks in the series of data are explained in notes on methodology. ^b Since 6 January 2011. ^c Since 19 March 2011.

Table F2 Deposit rates of the Croatian National Bank • The table shows interest rates used by the CNB to calculate and pay interest on funds deposited with the CNB and on issued securities.

Interest rates paid by the CNB for appropriated statutory reserve funds are set by a decision of the Council of the Croatian National Bank. Until April 2005, the appropriated statutory reserve funds included the calculated statutory reserve funds that were deposit in a special statutory reserve account with the CNB, or maintained (in average) in banks' settlement accounts, or deposited in a special account with the CNB for the settlement of net positions in the National Clearing System (NCS). From April 2005, they include the calculated statutory reserve funds allocated to a special statutory reserve account with the CNB. From March 2011 on, the CNB pays no remuneration on the reserve requirement funds (column 3).

Interest rates on CNB bills on an obligatory basis are set by a decision of the Council of the Croatian National Bank.

Interest rates on CNB bills on a voluntary basis are set at CNB bills' auction sales. Congruently, columns 5, 6 and 7 report the weighted average interest rates attained at auctions of CNB bills. From November 1994 through January 2001, columns 7 and 8 report interest rates on CNB bills on a voluntary basis due in 91 and 182 days respectively.

From April 1998 on, columns 9 through 13 report the weighted average interest rates on CNB bills on a voluntary basis in EUR and USD (until December 1998, in DEM and USD) attained at CNB bills' auctions as a weighted average of subscribed

amounts in those two currencies.

Column 14 reports the interest rate on overnight deposits with the CNB.

Table F3 Banks' reserve requirements • This table shows data on monthly averages of day-to-day balances of banks' kuna and foreign currency reserve requirements with the CNB. Savings banks are included beginning in July 1999.

Column 3 shows the weighted average reserve requirement ratio as a percentage of the kuna and foreign currency reserve requirements (column 4) in the reserve base.

Reserve requirement (column 4) represents the prescribed amount of funds banks are required to deposit in a special statutory reserve account with the CNB, or to maintain (in average) in their settlement accounts and in vaults, or in accounts of liquid foreign currency claims (which include foreign cash and checks in foreign currency, liquid foreign currency claims maintained in the accounts with the high-grade foreign banks and foreign currency CNB bills).

Column 5 shows the amount of kuna reserve requirements. Between January 1995 and December 2000, this amount corresponded with the statutory reserve requirement instrument, while until December 1994 it comprised two instruments: statutory reserves and liquid assets requirement – LAR (except for the part in which banks were conforming to this requirement by registering CNB bills on a voluntary basis). In December 2000, reserve requirements in kuna and in foreign currency were unified, i.e. reserve requirements rate, periods for calculating,

Table F3 Banks' reserve requirements

daily averages and percentages, in million HRK and %

Year	Month	Weighted average res. requirement in % on res. base	Reserve requirement (RR)			Other obligatory deposits with the CNB	Statutory reserves deposited with the CNB		Weighted avg. remuneration rate on immobilised funds in kuna	Weighted avg. remuneration rate on allocated funds in f/c
			Total	In kuna	In f/c		In kuna	In f/c		
1	2	3	4=5+6	5	6	7	8	9	10	11
1998	December	29.57	13,112.7	3,967.2	9,145.4	57.4	3,469.8	1,467.6	5.28	....
1999	December	30.50	13,579.0	4,210.1	9,368.9	37.3	3,695.1	4,606.5	5.62	....
2000	December	23.22	16,245.8	4,646.8	11,599.0	5.0	4,191.6	5,544.6	4.05	....
2001	December	19.67	21,187.1	8,691.5	12,495.5	-	6,287.8	5,950.0	1.97	2.73
2002	December	19.00	25,985.1	11,447.1	14,538.0	-	8,156.7	7,139.9	1.72	2.16
2003	December	19.00	31,009.4	18,023.8	12,985.6	109.4	12,459.8	6,850.2	1.17	1.47
2004	December	18.00	33,615.7	20,040.9	13,574.8	430.1	14,664.1	10,171.3	1.22	1.36
2005	December	18.00	37,424.5	24,997.9	12,426.6	3,940.2	17,497.7	9,271.4	0.52	0.92
2006	December	17.00	40,736.4	28,966.1	11,770.4	7,332.5	20,257.0	8,780.9	0.52	1.06
2007	December	17.00	44,465.9	31,809.1	12,656.8	6,641.1	22,266.4	9,203.5	0.53	1.29
2008	December	14.87	41,474.4	29,179.7	12,294.7	461.9	20,425.8	8,807.0	0.52	0.81
2009	December	14.00	40,423.5	33,693.7	6,729.8	30.9	23,585.6	4,898.0	0.52	-
2010	May	13.00	37,765.9	31,349.9	6,416.0	-	21,944.9	4,689.1	0.52	-
	June	13.00	37,970.3	31,515.2	6,455.1	-	22,060.6	4,712.6	0.52	-
	July	13.00	38,106.9	31,647.5	6,459.4	-	22,153.3	4,715.9	0.52	-
	August	13.00	38,335.3	31,863.5	6,471.9	-	22,304.4	4,724.1	0.52	-
	September	13.00	38,527.9	31,992.5	6,535.5	-	22,394.7	4,740.9	0.52	-
	October	13.00	38,700.5	32,137.0	6,563.5	-	22,495.9	4,737.4	0.52	-
	November	13.00	38,746.3	32,180.9	6,565.4	-	22,526.6	4,710.0	0.52	-
	December	13.00	38,990.6	32,374.8	6,615.8	-	22,662.4	4,736.7	0.52	-
2011	January	13.00	39,248.7	32,581.8	6,666.9	-	22,807.2	4,776.8	0.23	-
	February	13.00	39,528.1	32,839.2	6,688.9	-	22,987.4	4,798.1	0.17	-
	March	13.00	39,709.3	32,999.3	6,710.0	-	23,099.5	4,819.4	0.10	-
	April	13.00	39,924.9	33,156.8	6,768.1	-	23,209.8	4,887.7	-	-

allocating and maintaining reserve requirements were unified, as well as a minimum percentage of the total reserve requirements deposited with the Croatian National Bank. From September 2001 on, column 5 includes also the f/c component of reserve requirements that is set aside/maintained in kuna.

Column 6 shows the amount of foreign currency reserve requirements, i.e. the prescribed amount of funds banks are required to deposit in the CNB's foreign currency accounts, or to maintain (in average) in accounts of liquid claims. Until November 2000, the calculation base consisted of the average daily balances of household foreign currency savings deposits with a remaining maturity of up to 3 months, while starting from December 2000 the base consists of foreign currency sources of funds, including: ordinary foreign currency accounts, special foreign currency accounts, foreign currency accounts and foreign currency sight deposits, received foreign currency deposits and received foreign currency loans, as well as obligations arising from securities issued in foreign currency (excluding banks' equity securities). From November 2001 on, the base includes also hybrid and subordinated instruments.

Column 7 shows the total amount of other obligatory deposits with the CNB, including CNB bills on an obligatory basis, those CNB bills on a voluntary basis used by banks to maintain the prescribed minimal liquidity (LAR), special statutory reserves until July 1995, special reserve requirement on liabilities arising from issued securities from March 2006 to February 2009, statutory reserves on f/c deposits, f/c credits from foreign banks and guarantees for such credits and marginal reserve

requirement (from August 2004 to October 2008).

Column 8 shows the portion of the kuna reserve requirement which banks deposit in a statutory reserve account with the CNB (until December 1994, this amount corresponded with the statutory reserve instrument, while since January 1995 a minimum percentage of the total reserve requirement banks are required to deposit in a special statutory reserve account with the CNB has been prescribed). In April 2005, this percentage was set at 70%.

Column 9 shows the portion of the foreign currency reserve requirement which banks deposit in the CNB's foreign currency accounts. The percentage for allocating the foreign currency component of reserve requirements calculated on the basis of foreign currency funds of non-residents and foreign currency funds received from legal persons in a special relationship with a bank amounts to 100%, while the percentage for allocating the remaining portion of the foreign currency component of reserve requirements amounts to 60%.

Column 10 shows the weighted average remuneration rate on all forms of immobilised kuna funds which include reserve requirements and other obligatory deposits with the CNB. From March 2011 on, the CNB pays no remuneration on the reserve requirement funds.

Column 11 shows the weighted average remuneration rate on allocated funds in foreign currency, including the marginal reserve requirement funds (from August 2004 to October 2008). From November 2009 on, the CNB does not pay remuneration on the allocated foreign currency component of reserve requirements.

Table F4 Banks' liquidity indicators

daily averages and percentages, in million HRK and %

Year	Month	Free reserves		Primary liquidity ratio	Secondary liquidity sources	Kuna CNB bills	F/c CNB bills	Kuna MoF treasury bills
		In kuna	In f/c					
1	2	3	4	5	6	7	8	9
1998	December	221.9	....	1.65	445.5	850.4	1,377.4	141.3
1999	December	179.6	....	1.30	1,183.6	1,311.1	1,507.6	373.9
2000	December	638.8	10,721.4	3.32	80.1	2,485.3	1,692.7	2,006.5
2001	December	794.4	17,247.4	3.23	2.6	2,656.2	2,630.8	3,360.9
2002	December	1,225.0	10,398.0	3.53	0.6	4,965.5	1,273.9	4,279.5
2003	December	451.6	20,561.4	0.98	501.6	–	4,316.0	3,073.2
2004	December	1,495.5	26,126.1	2.64	0.0	–	–	4,581.7
2005	December	672.5	20,493.4	0.96	0.2	–	–	4,163.3
2006	December	840.8	20,239.1	0.83	–	–	–	5,993.7
2007	December	1,161.5	30,412.6	1.03	330.4	–	–	4,449.4
2008	December	1,168.7	28,101.4	1.03	289.1	–	–	6,171.2
2009	December	880.0	24,885.6	0.91	–	–	–	4,776.6
2010	May	387.1	25,201.0	0.42	–	–	–	5,430.2
	June	469.6	25,994.3	0.50	–	–	–	5,737.2
	July	404.0	27,045.2	0.43	–	–	–	6,119.9
	August	378.8	29,727.3	0.40	–	–	–	5,748.8
	September	389.5	31,279.0	0.41	–	–	–	5,840.4
	October	374.0	31,209.0	0.39	–	–	–	6,453.4
	November	357.1	30,479.7	0.37	–	–	–	6,598.1
	December	407.1	30,511.9	0.42	–	–	–	5,705.9
2011	January	318.5	28,629.6	0.33	–	–	–	5,797.1
	February	218.7	26,853.3	0.22	–	–	–	6,567.5
	March	374.9	21,478.6	0.38	–	–	–	7,940.8
	April	412.1	19,231.5	0.42	–	–	–	7,649.0

Table F4 Banks' liquidity indicators • The table reports monthly averages of day-to-day balances of some indicators of banks' liquidity. Savings banks are included beginning in July 1999.

Column 3 shows free reserves in kuna, defined as a difference between the average balance in the settlement account and the average balance in the vault (until October 2008). From November 2008 on, they are defined as a difference between the average balance in the settlement account in the kuna reserve requirement maintenance period and the minimal average settlement account balance prescribed by the kuna reserve requirement calculation methodology.

Column 4 shows free reserves in foreign currency, defined as funds for the maintenance of foreign currency reserve requirements (foreign cash and checks in foreign currency, liquid foreign currency claims maintained in the accounts with the high-grade foreign banks and foreign currency CNB bills) decreased by the minimal required balance of these funds in the same period.

Column 5 shows the primary liquidity ratio as a percentage

of monthly day-to-day kuna free reserves averages (column 3) in monthly day-to-day averages of deposits which constitute the reserve base.

Column 6 shows the monthly average of day-to-day balances of secondary liquidity sources used. Secondary liquidity sources comprise: Lombard credits (since December 1994), short-term liquidity credits (since February 1999) and overdue liabilities to the CNB.

Column 7 reports the monthly average of day-to-day balances of kuna CNB bills on a voluntary basis (until December 1994, this amount is decreased by the portion of voluntarily registered CNB bills used by banks to maintain the prescribed minimal liquidity).

Column 8 reports the monthly average of day-to-day balances of foreign currency CNB bills on a voluntary basis (in EUR and USD).

Column 9 reports the monthly average of day-to-day balances of kuna MoF treasury bills. Until September 2002, it shows the discounted value of treasury bills, while starting from October 2002, it shows their nominal value.

G Financial markets

Table G1 Banks' interest rates on kuna credits not indexed to foreign currency
weighted averages of monthly interest rates, in % on annual basis

Year	Month	Interest rates on interbank demand deposit trading		Interest rates on kuna credits not indexed to foreign currency									
		On overnight credits	On other credits	Total average	On short-term credits						On long-term credits		
					Total average	Enterprises	Households			Total average	Enterprises	Households	
							Total average	Credit lines	Other				
1	2	3	4	5	6	7	8	9	10	11	12	13	
1998	December	10.00	15.91	16.06	16.22	14.89	20.77	20.80	19.92	11.73	11.48	13.16	
1999	December	9.92	12.78	13.54	13.52	10.55	20.83	20.84	20.39	15.14	15.31	14.16	
2000	December	2.39	4.45	10.45	10.45	6.81	20.30	20.33	19.05	9.90	9.64	12.97	
2001	December	2.49	2.18	9.51	9.49	5.43	18.81	18.85	14.88	11.42	10.06	13.14	
2002	December	1.03	1.59	10.91	11.24	7.44	15.16	15.28	9.84	7.32	6.48	7.88	
2003	December	6.54	6.36	11.45	11.80	8.02	14.89	15.01	12.38	8.51	6.14	10.69	
2004	December	4.87	4.74	11.44	11.71	8.33	14.19	14.27	12.29	9.31	6.90	11.16	
2005	December	3.08	3.91	9.91	9.99	7.71	11.26	13.18	5.35	8.75	6.48	10.35	
2006	December	3.14	2.52	9.07	9.37	6.75	11.84	13.21	4.67	7.53	5.86	9.44	
2007	December	6.23	7.33	9.32	9.74	7.39	12.34	13.19	4.95	7.50	6.66	8.01	
2008	December	5.77	6.77	10.71	10.89	8.98	12.33	12.97	4.96	9.05	8.10	10.35	
2009	December	1.20	1.50	11.12	11.22	9.29	12.68	13.24	4.89	9.77	8.27	11.33	
2010	May	0.85	1.42	10.59	10.74	7.76	12.64	13.17	4.50	9.03	6.41	10.72	
	June	0.94	1.40	10.35	10.52	7.57	12.65	13.15	3.92	8.51	6.03	10.77	
	July	1.45	2.20	10.31	10.50	7.29	12.65	13.19	4.44	8.54	6.31	10.98	
	August	1.31	1.71	10.36	10.47	7.17	12.73	13.19	3.83	8.89	6.34	11.35	
	September	0.79	1.30	10.19	10.29	7.05	12.66	13.17	4.78	8.93	6.59	11.09	
	October	0.71	1.16	10.23	10.29	6.78	12.51	13.03	4.25	9.43	6.44	11.26	
	November	0.68	1.21	10.28	10.29	6.99	12.70	13.18	4.28	10.13	6.36	11.24	
	December	1.28	1.70	9.90	10.05	6.98	12.64	13.17	4.66	8.38	6.45	11.29	
2011	January	0.69	1.34	10.29	10.39	7.08	12.73	13.17	4.25	8.76	5.58	11.55	
	February	0.66	0.83	10.21	10.30	7.01	12.73	13.17	4.14	8.97	5.70	11.31	
	March	0.65	0.83	9.87	9.99	6.88	12.66	13.16	4.34	8.46	5.95	10.94	
	April	0.59	0.98	9.73	9.82	6.49	12.66	13.15	4.59	8.53	5.76	11.16	
Relative significance ^a		-	-	73.87	68.54	31.52	37.02	34.89	2.12	5.33	2.60	2.73	

^a Relative significance is calculated as a percentage of corresponding credit category in total credits disbursed in the reporting month (according to data for the last period included in the table).

Note: A break in the time series occurred due to changes in the methodology used in interest rate statistics as of 1 January 2001. This especially refers to interest rates shown in columns 5, 6 and 7. Interbank credits, which bear relatively low interest rates, were, among others, excluded from short-term credits to enterprises. The increase in interest rates was also caused by the weighting method: all categories are weighted by the amounts of newly-granted credits, except credit lines whose relative share grew in the new coverage, which are weighted by book balances.

Table G1 Banks' interest rates on kuna credits not indexed to foreign currency • The table contains the weighted averages of banks' monthly interest rates on kuna credits not indexed to f/c, reported on a yearly basis.

Up to December 2001, data refer to the weighted averages of banks' monthly interest rates on kuna credits not indexed to f/c granted to legal persons (which included enterprises, the public sector, financial institutions, non-profit institutions and non-residents) and households, reported on a yearly basis. Savings banks are not covered.

From January 2002 on, data refer to the weighted averages of banks' monthly interest rates on kuna credits not indexed to f/c granted only to enterprises (public and other) and households, reported on a yearly basis.

Up to February 1996, columns 3 and 4 show interest rates

on the interbank money market, according to information published by the Zagreb Money Market (ZMM). From March 1996 to August 2002, interest rates on the money market were calculated as the weighted monthly averages of the weighted daily interest rates and shown separately for trading in overnight credits and trading in other credits on the ZMM. In the period between May 1998 and January 2001, the repayment of credits granted on the interbank overnight market was guaranteed by banks' required reserves with the CNB.

As from Bulletin No. 157 columns 3 and 4 contain the revised data for the period from September 2002 onward. From September 2002 on, interest rates on overnight credits and other credits are calculated as the weighted monthly averages of the weighted daily interest rates on interbank demand deposit trading.

Table G2 Banks' interest rates on kuna credits indexed to foreign currency and on credits in euros
weighted averages of monthly interest rates, in % on annual basis

Year	Month	Interest rates on kuna credits indexed to foreign currency									Interest rates on credits in euros		
		Total average	On short-term credits			On long-term credits			Total average	On short-term credits	On long-term credits		
			Total average	Enterprises	Households	Total average	Enterprises	Households					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1998	December	13.04	14.28	14.25	13.64	11.15	10.55	12.12	....	....	6.95	8.37	5.71
1999	December	12.53	13.66	13.54	17.21	10.81	10.46	11.65	....	....	6.75	7.43	6.07
2000	December	10.74	11.17	11.10	13.59	10.52	9.41	11.64	....	....	7.70	7.49	8.05
2001	December	9.29	9.45	9.45	11.30	9.20	7.52	10.79	....	....	5.94	5.70	7.27
2002	December	8.25	9.34	8.72	11.37	7.98	6.37	9.50	7.42	10.11	5.91	6.66	5.44
2003	December	7.07	7.21	7.00	8.66	7.03	5.76	8.04	6.02	9.70	5.62	6.22	5.18
2004	December	6.89	7.25	7.09	8.47	6.77	5.55	7.73	5.71	8.79	5.34	5.92	4.83
2005	December	6.18	6.52	6.34	7.91	6.07	5.18	6.98	4.95	8.10	5.29	5.28	5.30
2006	December	6.30	6.56	6.29	8.33	6.22	6.21	6.22	4.75	7.57	5.65	6.19	5.34
2007	December	6.73	6.86	6.86	6.84	6.66	6.51	6.80	5.12	8.24	6.79	6.59	7.10
2008	December	7.73	8.20	8.18	8.65	7.43	6.92	7.89	6.08	9.02	7.08	7.17	6.83
2009	December	8.28	8.48	8.41	10.23	8.11	7.31	9.02	6.45	9.96	6.98	7.35	6.49
2010	May	7.91	7.85	7.77	8.93	7.95	7.05	8.73	6.43	9.84	6.81	7.15	6.43
	June	7.93	8.45	8.53	7.77	7.65	6.82	8.65	6.46	9.66	5.77	6.97	5.62
	July	8.01	8.13	7.94	9.65	7.97	7.28	8.53	6.38	9.42	6.70	6.81	6.57
	August	7.94	8.08	8.14	7.67	7.87	7.03	8.45	6.30	9.28	7.22	7.63	6.80
	September	8.14	8.60	8.56	9.23	7.94	7.02	8.45	6.33	9.05	6.86	7.93	6.12
	October	8.05	8.05	7.90	9.82	8.04	7.14	8.45	6.15	9.09	6.78	6.69	6.90
	November	8.07	8.07	7.99	8.93	8.07	7.49	8.37	6.16	9.05	6.93	6.48	7.28
	December	7.78	7.95	7.91	8.86	7.67	7.19	8.16	6.02	8.94	6.38	7.12	6.06
2011	January	7.50	7.41	7.28	9.37	7.54	7.00	8.06	6.02	8.85	5.55	6.05	5.10
	February	7.70	7.61	7.52	9.13	7.75	7.04	8.23	6.01	9.00	6.93	6.90	6.98
	March	7.84	7.95	7.89	8.58	7.79	7.20	8.18	5.93	8.95	6.56	6.73	6.42
	April	7.37	7.99	7.85	9.92	7.12	6.22	7.98	5.77	8.72	6.04	6.65	5.61
Relative significance^a		20.93	5.97	5.55	0.42	14.96	7.36	7.60	1.91	5.69	5.20	2.15	3.06

^a Relative significance is calculated as a percentage of corresponding credit category in total credits disbursed in the reporting month (according to data for the last period included in the table).

Columns 5 through 13 show the weighted averages of banks' monthly interest rates classified by maturity and sectors. Interest rates on short-term credits to enterprises also include interest rates on callable loans.

Data on banks' interest rates on kuna credits not indexed to f/c are based on banks' periodic reports. The basis for the calculation of the weighted averages are amounts of credits bearing corresponding interest rates, which were disbursed during the reporting month, with the exception of interest rates on giro and current account credit lines, for which the weighted averages were calculated based on the balance of these loans at the end of the reporting month.

Table G2 Banks' interest rates on kuna credits indexed to foreign currency and on credits in euros • The table contains the weighted averages of banks' monthly interest rates on kuna credits indexed to f/c and on credits in euros, reported on a yearly basis.

Up to December 2001, data refer to the weighted averages of banks' monthly interest rates on kuna credits indexed to f/c and on credits in euros (or German marks) granted to legal persons (which included enterprises, the public sector, financial

institutions, non-profit institutions and non-residents) and households, reported on a yearly basis. Savings banks are not covered.

From January 2002 on, data refer to the weighted averages of banks' monthly interest rates on kuna credits indexed to f/c and on credits in euros granted only to enterprises (public and other) and households, reported on a yearly basis.

Data on banks' interest rates on kuna credits indexed to f/c and on credits in euros are based on banks' periodic reports. The basis for the calculation of the weighted averages are amounts of credits bearing corresponding interest rates, which were disbursed during the reporting month.

Columns 3 through 11 show the weighted averages of banks' monthly interest rates classified by maturity and sectors. Interest rates on short-term credits to enterprises also include interest rates on callable loans.

Up to December 2001, interest rates on credits in euros (columns 12, 13 and 14) refer to credits released in German marks in the reporting month, and starting from January 2002, they refer to credits released in euros, while the weighted averages are calculated based on their kuna equivalent using the current exchange rate. Credits released in other currencies are not included in this table.

Table G3 Banks' interest rates on kuna deposits not indexed to foreign currency
weighted averages of monthly interest rates, in % on annual basis

Year	Month	Interest rates on kuna deposits not indexed to foreign currency								
		Total average	In giro and current accounts	On time deposits						
				Total average	On short-term deposits			On long-term deposits		
					Total average	Households	Enterprises	Total average	Households	Enterprises
1	2	3	4	5	6	7	8	9	10	11
1998	December	4.11	2.31	7.73	7.63	9.47	7.15	10.19	10.72	9.56
1999	December	4.27	2.24	8.87	8.79	9.62	8.38	10.96	11.56	10.18
2000	December	3.40	1.64	7.20	7.13	7.44	7.03	8.89	9.19	8.63
2001	December	2.76	1.40	5.68	5.60	6.35	5.38	7.35	7.93	6.70
2002	December	1.55	0.94	3.64	3.53	4.39	2.86	6.05	7.24	3.23
2003	December	1.66	0.75	4.46	4.46	3.62	4.69	4.58	4.90	2.82
2004	December	1.83	0.74	4.11	4.11	3.93	4.13	4.10	4.65	3.30
2005	December	1.58	0.61	3.36	3.34	3.89	3.23	4.12	5.04	3.49
2006	December	1.91	0.56	2.98	2.94	4.10	2.69	4.32	4.98	3.11
2007	December	2.67	0.49	5.42	5.34	4.47	5.48	6.28	5.45	6.45
2008	December	2.92	0.43	5.65	5.60	5.34	5.64	6.58	5.88	6.85
2009	December	2.22	0.43	2.52	2.49	4.89	2.04	2.76	6.12	2.07
2010	May	1.78	0.36	2.19	2.25	4.22	1.37	2.00	5.38	1.53
	June	1.72	0.35	1.94	1.91	4.12	1.22	2.07	5.34	1.59
	July	1.73	0.36	2.04	1.93	4.06	1.31	2.44	5.19	2.05
	August	1.68	0.36	1.79	1.71	3.93	1.32	2.20	5.10	1.91
	September	1.64	0.37	1.76	1.72	3.92	1.23	1.92	4.90	1.60
	October	1.64	0.40	1.95	1.94	3.85	1.30	1.96	4.81	1.54
	November	1.65	0.38	1.91	1.87	3.75	1.16	2.04	4.66	1.68
	December	1.61	0.34	1.93	1.85	3.66	1.41	4.26	4.76	3.03
2011	January	1.61	0.35	1.90	1.83	3.60	1.14	2.14	4.69	1.73
	February	1.59	0.34	1.47	1.42	3.42	0.98	1.68	4.61	1.32
	March	1.60	0.33	1.66	1.70	3.48	1.16	1.51	4.58	1.13
	April	1.60	0.34	1.37	1.36	3.44	0.90	1.40	4.60	1.17
Relative significance ^a		53.87	34.65	16.55	13.27	2.40	10.87	3.27	0.22	3.05

^a Relative significance is calculated as a percentage of corresponding deposit category in total deposits received in the reporting month (according to data for the last period included in the table).

Table G3 Banks' interest rates on kuna deposits not indexed to foreign currency • The table contains the weighted averages of banks' monthly interest rates on kuna deposits not indexed to f/c, reported on a yearly basis.

Up to December 2001, data refer to the weighted averages of banks' monthly interest rates on kuna deposits not indexed to f/c received from legal persons (which included enterprises, the public sector, financial institutions, non-profit institutions and non-residents) and households, reported on a yearly basis. Savings banks are not covered.

From January 2002, data refer to the weighted averages of banks' monthly interest rates on kuna deposits not indexed to f/c received from enterprises (public and other) and households, reported on a yearly basis.

Data on banks' interest rates on kuna deposits not indexed to f/c are based on banks' periodic reports.

Column 3 reports the weighted averages of monthly interest rates on total kuna deposits (giro and current accounts, household savings deposits and time deposits) not indexed to f/c.

Column 4 shows the weighted averages of monthly interest rates on deposits in giro and current accounts not indexed to f/c received from enterprises (until December 2001, all legal persons) and households, and column 5 shows the weighted averages of monthly interest rates on total time deposits not indexed to f/c.

The basis for the calculation of the weighted averages for kuna time deposits not indexed to f/c are the amounts of those deposits received during the reporting month. The basis for the calculation of the weighted averages for deposits in giro and current accounts are the end-of-month book balances of those deposits. The averages of interest rates on total kuna deposits not indexed to f/c (column 3) are weighted by the end-of-month balances of all categories included in the calculation.

Kuna and foreign currency deposits used as collateral for credit are included, while restricted deposits (deposits used for payment of imports and other restricted deposits) are not included into the calculation of the weighted averages.

Table G4a Banks' interest rates on kuna deposits indexed to foreign currency and on foreign currency deposits weighted averages of monthly interest rates, in % on annual basis

Year	Month	Interest rates on savings and time deposits indexed to f/c			Interest rates on foreign currency deposits					
		Total average	On short-term deposits	On long-term deposits	Total average	Savings deposits				
						Total average	Households		Enterprises	
							EUR	USD	EUR	USD
1	2	3	4	5	6	7	8	9	10	11
1998	December	7.47	7.67	5.58	3.98	2.09	2.38	2.40	0.72	0.74
1999	December	6.62	6.91	1.10	4.23	1.80	1.95	2.04	0.78	1.30
2000	December	5.54	5.94	2.16	3.47	1.03	0.99	1.23	0.65	1.29
2001	December	4.58	4.92	2.56	2.60	0.71	0.71	0.81	0.82	0.40
2002	December	2.92	3.45	1.48	2.55	0.50	0.52	0.41	0.52	0.38
2003	December	3.48	3.74	5.55	2.22	0.31	0.35	0.23	0.23	0.15
2004	December	4.17	3.61	5.19	2.65	0.31	0.34	0.22	0.22	0.21
2005	December	3.99	3.63	4.77	2.61	0.27	0.27	0.17	0.27	0.76
2006	December	3.67	3.30	4.07	2.94	0.25	0.23	0.17	0.32	0.44
2007	December	3.98	3.76	4.35	3.44	0.25	0.22	0.15	0.36	0.43
2008	December	4.09	4.05	4.42	3.97	0.21	0.20	0.15	0.26	0.13
2009	December	3.01	3.12	3.31	3.98	0.18	0.22	0.16	0.10	0.07
2010	May	3.21	2.78	2.54	3.37	0.17	0.20	0.16	0.09	0.07
	June	3.32	2.79	3.82	3.26	0.18	0.22	0.16	0.10	0.08
	July	3.57	3.02	4.06	3.26	0.19	0.21	0.16	0.11	0.08
	August	2.68	2.84	3.85	3.20	0.20	0.21	0.17	0.23	0.06
	September	3.38	2.57	3.89	3.13	0.20	0.19	0.17	0.27	0.06
	October	2.66	2.47	3.19	3.13	0.23	0.24	0.17	0.25	0.07
	November	3.01	2.57	4.36	3.08	0.23	0.24	0.17	0.22	0.07
	December	2.91	2.75	3.46	3.09	0.19	0.21	0.14	0.18	0.07
2011	January	2.85	2.51	1.29	2.97	0.18	0.21	0.14	0.13	0.06
	February	2.81	2.84	2.75	2.97	0.18	0.21	0.14	0.12	0.09
	March	3.03	2.86	3.53	2.90	0.18	0.21	0.14	0.13	0.07
	April	2.81 ^b	2.61	3.04	2.90	0.19	0.21	0.15	0.16	0.07
Relative significance ^a		0.25	0.20	0.05	45.88	21.41	14.72	1.79	4.39	0.51

^a Relative significance is calculated as a percentage of corresponding deposit category in total deposits received in the reporting month (according to data for the last period included in the table). ^b Of the total amount of deposits to which this interest rate refers, 42.31% refers to enterprises.

Tables G4a – G4b Banks' interest rates on kuna deposits indexed to foreign currency and on foreign currency deposits • The table contains the weighted averages of banks' monthly interest rates on kuna deposits indexed to f/c and on foreign currency deposits, reported on a yearly basis.

Up to December 2001, data refer to the weighted averages of banks' monthly interest rates on kuna deposits indexed to f/c and on foreign currency deposits received from legal persons (which included enterprises, the public sector, financial institutions, non-profit institutions and non-residents) and households, reported on a yearly basis. Savings banks are not covered.

From January 2002 on, data refer to the weighted averages of banks' monthly interest rates on kuna deposits indexed to f/c and on foreign currency deposits received from enterprises (public and other) and households, reported on a yearly basis.

Data on banks' interest rates on kuna deposits indexed to f/c and on foreign currency deposits are based on banks' periodic reports.

Column 3 reports the weighted averages of monthly interest rates on total kuna savings and time deposits indexed to f/c received from enterprises (until December 2001, all legal persons) and households, whereas the weighted averages of monthly

interest rates on time deposits are shown in column 4 (short-term deposits) and column 5 (long-term deposits) respectively.

Up to December 2001, interest rates on foreign currency deposits refer to deposits received in German marks or US dollars, and starting from January 2002, they refer to deposits received in euros and US dollars, while the weighted averages are calculated based on their kuna equivalent using the current exchange rate. Deposits received in other currencies are not included in this table.

The basis for the calculation of the weighted averages for kuna time deposits indexed to f/c and foreign currency time deposits are the amounts of those deposits received during the reporting month. The basis for the calculation of the weighted averages for savings deposits indexed to f/c are the end-of-month book balances of those deposits. From January 2002 on, the averages of interest rates on total kuna deposits indexed to f/c (column 3) are weighted by the end-of-month balances of all categories included in the calculation.

The average interest rate on total foreign currency deposits (column 6) refers to the weighted average of monthly interest rates on savings and foreign currency time deposits, which are weighted by the end-of-month balances of all categories included in the calculation.

Table G4b Banks' interest rates on kuna deposits indexed to foreign currency and on foreign currency deposits
weighted averages of monthly interest rates, in % on annual basis

Year	Month	Interest rates on foreign currency deposits										
		On time deposits										Total average
		On short-term deposits					On long-term deposits					
		Total average	Households		Enterprises		Total average	Households		Enterprises		
EUR	USD		EUR	USD	EUR	USD		EUR	USD			
1	2	12	13	14	15	16	17	18	19	20	21	22
1998	December	4.89	4.49	5.42	6.16	2.84	5.37	7.29	7.68	8.59	4.93	6.92
1999	December	5.43	5.17	4.93	6.39	3.97	6.00	6.59	6.64	8.09	3.66	6.77
2000	December	4.57	4.36	3.65	5.15	4.59	6.62	5.56	5.17	6.61	5.97	8.53
2001	December	3.54	3.35	3.42	3.23	3.60	2.44	4.59	4.72	4.42	4.58	0.23
2002	December	3.13	2.96	3.27	2.21	2.89	1.43	4.59	4.69	3.84	3.46	2.30
2003	December	2.64	2.46	2.83	1.65	2.29	1.08	3.69	4.71	3.13	2.85	1.64
2004	December	2.85	2.65	3.01	1.69	2.46	2.28	4.20	4.85	3.13	3.61	2.65
2005	December	3.07	2.94	2.99	1.76	2.63	4.34	3.69	4.25	0.48	4.39	-
2006	December	3.82	3.76	3.16	2.05	4.24	5.84	4.25	4.47	2.26	4.79	4.61
2007	December	4.32	4.25	3.47	2.60	5.10	5.33	4.80	4.83	3.84	5.13	2.19
2008	December	4.15	3.95	4.33	2.69	4.13	1.84	5.51	5.57	3.58	5.52	2.38
2009	December	3.58	3.40	4.33	2.73	2.64	1.77	5.13	5.43	3.86	2.85	0.13
2010	May	3.03	2.84	3.63	2.73	2.07	1.45	4.62	4.73	3.82	2.18	3.00
	June	3.00	2.83	3.48	2.75	2.33	1.57	4.61	4.68	3.65	3.30	-
	July	2.98	2.75	3.50	2.64	2.11	1.32	4.65	4.74	3.78	2.71	1.22
	August	2.94	2.68	3.48	2.62	1.96	1.35	4.59	4.69	3.74	1.11	-
	September	2.82	2.62	3.47	2.64	1.94	1.08	4.40	4.46	3.61	2.70	2.45
	October	2.33	2.14	3.36	2.55	1.47	1.13	4.16	4.23	3.62	3.68	3.42
	November	2.20	1.99	3.24	2.49	1.28	0.77	4.24	4.29	3.43	3.92	4.00
	December	2.69	2.15	3.13	2.45	1.63	0.76	5.36	4.28	3.20	6.91	3.80
2011	January	2.57	2.31	3.00	2.43	1.71	0.90	4.24	4.29	3.22	3.77	0.85
	February	2.47	2.19	3.00	2.37	1.69	0.69	4.26	4.30	3.43	3.46	1.10
	March	2.36	2.15	2.97	2.37	1.66	0.73	3.97	4.01	3.21	3.64	2.60
	April	2.45	2.22	2.88	2.38	1.84	0.83	4.03	4.12	3.16	2.46	2.01
Relative significance^a		24.48	21.36	9.77	0.66	8.57	2.35	3.12	2.89	0.14	0.03	0.06

^a Relative significance is calculated as a percentage of corresponding deposit category in total deposits received in the reporting month (according to data for the last period included in the table).

The basis for the calculation of the weighted averages of monthly interest rates on total foreign currency savings deposits (column 7) are the end-of-month balances of those deposits.

The basis for the calculation of the weighted averages of monthly interest rates on total foreign currency time deposits

(column 12) are the amounts of those deposits received during the reporting month. The same basis is applied in calculating the weighted averages of monthly interest rates on total short-term foreign currency deposits (column 13) and on total long-term foreign currency deposits (column 18).

Table G5 Banks' trade with foreign exchange
in million EUR, current exchange rate

	2005	2006	2007	2008	2009	2010	2011			
							Jan.	Feb.	Mar.	Apr.
A Purchase of foreign exchange										
1 Legal persons	8,443.5	14,442.7	26,365.0	33,058.3	19,939.9	21,453.6	1,958.6	1,393.6	1,704.5	1,434.4
2 Natural persons	4,931.8	6,262.7	6,151.3	4,755.3	4,920.3	4,878.0	300.7	302.4	388.2	395.8
2.1 Residents	4,662.6	5,909.4	3,184.0	4,252.9	4,389.6	4,251.3	295.1	296.3	380.6	380.6
2.2 Non-residents	269.2	353.2	326.3	502.4	530.7	626.7	5.6	6.1	7.6	15.2
3 Domestic banks	9,069.9	14,380.1	20,141.3	20,017.6	10,964.5	11,171.3	668.4	702.9	1,091.5	503.5
4 Foreign banks	2,602.3	5,056.8	5,194.1	7,342.5	5,681.9	5,548.6	590.9	316.5	527.6	226.5
5 Croatian National Bank	0.0	125.5	0.0	420.6	1,899.4	350.1	-	-	-	-
Total (1+2+3+4)	25,106.0	40,439.5	57,851.7	65,594.2	43,405.9	43,401.6	3,518.5	2,715.4	3,711.9	2,560.1
B Sale of foreign exchange										
1 Legal persons	13,022.3	17,515.0	28,564.1	35,448.8	21,707.2	21,930.5	1,580.2	1,327.0	1,930.4	1,404.5
2 Natural persons	2,722.5	4,109.1	3,712.5	4,366.4	3,205.5	1,815.9	156.2	90.8	115.6	92.5
2.1 Residents	2,693.9	4,056.4	2,071.3	4,335.2	3,186.0	1,800.5	155.6	90.2	115.1	91.5
2.2 Non-residents	28.6	52.6	40.0	31.2	19.5	15.4	0.6	0.6	0.5	1.0
3 Domestic banks	9,069.9	14,380.1	20,141.3	20,017.6	10,964.5	11,171.3	668.4	702.9	1,091.5	503.5
4 Foreign banks	1,407.1	3,526.1	4,072.6	6,615.7	5,281.5	5,455.0	297.9	348.5	520.6	344.9
5 Croatian National Bank	670.8	1,329.5	839.0	409.1	2,224.2	363.7	-	-	-	-
Total (1+2+3+4)	26,892.7	40,859.7	57,329.5	66,857.5	43,382.7	40,736.5	2,702.7	2,469.2	3,658.1	2,345.4
C Net purchase (A-B)										
1 Legal persons	-4,578.8	-3,072.3	-2,199.1	-2,390.5	-1,767.3	-476.9	378.4	66.5	-225.9	29.9
2 Natural persons	2,209.3	2,153.6	2,438.9	388.9	1,714.8	3,062.1	144.5	211.6	272.6	303.3
2.1 Residents	1,968.7	1,853.0	1,112.7	-82.2	1,203.6	2,450.8	139.5	206.2	265.5	289.1
2.2 Non-residents	240.6	300.6	286.3	471.1	511.2	611.2	5.0	5.4	7.1	14.2
3 Foreign banks	1,195.2	1,530.7	1,121.4	726.8	400.4	93.6	293.0	-31.9	7.0	-118.4
4 Croatian National Bank	-670.8	-1,204.0	-839.0	11.5	-324.8	-13.6	-	-	-	-
Total (1+2+3)	-1,845.2	-592.1	522.2	-1,263.3	23.2	2,665.2	815.9	246.2	53.7	214.7
Memo items: Other Croatian National Bank transactions										
Purchase of foreign exchange	-	3.1	5.1	265.4	664.6	238.5	1.7	0.3	2.4	852.9
Sale of foreign exchange	167.6	441.3	176.7	83.7	98.3	233.1	-	-	-	-

Table G5 Banks' trade with foreign exchange • Data on trade with foreign exchange between banks comprise the spot purchase and sale of foreign exchange in domestic foreign exchange market. Spot transactions are contracted obligations to buy/sell foreign currency within maximally 48 hours.

The transactions are classified by category of participants (legal and natural persons, domestic and foreign banks and the

CNB). Sources of data are banks' reports on trading with foreign exchange, including data on exchange transactions with natural persons conducted by authorised currency exchange offices.

Other Croatian National Bank transactions include foreign exchange sales and purchases on behalf of the Ministry of Finance.

H International economic relations

Table H1 Balance of payments – summary^{a,b}
in million EUR

	2005	2006	2007	2008	2009 ^c	2010 ^c	2010				2011
							Q1 ^c	Q2 ^c	Q3 ^c	Q4 ^c	Q1 ^d
A CURRENT ACCOUNT (1+6)	-1,895.5	-2,635.7	-3,118.8	-4,216.5	-2,367.8	-502.7	-1,331.3	-63.5	1,910.9	-1,018.9	-1,476.6
1 Goods, services, and income (2+5)	-3,079.3	-3,743.1	-4,161.8	-5,287.0	-3,404.0	-1,582.1	-1,584.0	-350.6	1,651.4	-1,298.8	-1,704.1
1.1 Credit	16,006.3	17,917.5	19,658.1	21,303.8	16,965.0	18,511.7	3,023.6	4,656.6	7,024.2	3,807.3	2,899.1
1.2 Debit	-19,085.6	-21,660.6	-23,819.8	-26,590.8	-20,369.0	-20,093.8	-4,607.6	-5,007.2	-5,372.8	-5,106.1	-4,603.3
2 Goods and services (3+4)	-2,136.1	-2,568.0	-3,067.4	-3,719.2	-1,617.0	-58.7	-1,139.3	-60.1	2,142.0	-1,001.4	-1,208.9
2.1 Credit	15,272.9	16,990.4	18,307.2	19,904.6	16,157.1	17,589.0	2,821.2	4,385.2	6,791.4	3,591.3	2,692.2
2.2 Debit	-17,409.1	-19,558.4	-21,374.6	-23,623.8	-17,774.1	-17,647.7	-3,960.4	-4,445.3	-4,649.4	-4,592.6	-3,901.1
3 Goods	-7,518.0	-8,344.2	-9,434.0	-10,793.8	-7,386.9	-5,945.3	-1,283.3	-1,496.9	-1,716.8	-1,448.3	-1,384.1
3.1 Credit	7,220.3	8,463.6	9,192.5	9,814.0	7,703.2	9,099.5	2,033.3	2,325.2	2,243.0	2,498.0	1,965.1
3.2 Debit	-14,738.3	-16,807.8	-18,626.5	-20,607.8	-15,090.1	-15,044.8	-3,316.6	-3,822.1	-3,959.8	-3,946.3	-3,349.2
4 Services	5,381.8	5,776.2	6,366.6	7,074.6	5,769.9	5,886.6	144.0	1,436.8	3,858.8	447.0	175.1
4.1 Credit	8,052.6	8,526.8	9,114.7	10,090.6	8,453.9	8,489.5	787.9	2,060.0	4,548.4	1,093.3	727.1
4.2 Debit	-2,670.8	-2,750.6	-2,748.1	-3,016.0	-2,684.1	-2,602.9	-643.9	-623.2	-689.6	-646.3	-551.9
5 Income	-943.1	-1,175.1	-1,094.4	-1,567.8	-1,787.0	-1,523.4	-444.8	-290.6	-490.6	-297.4	-495.2
5.1 Credit	733.4	927.1	1,350.9	1,399.1	807.9	922.7	202.4	271.4	232.8	216.1	206.9
5.2 Debit	-1,676.5	-2,102.2	-2,445.3	-2,967.0	-2,594.9	-2,446.1	-647.2	-562.0	-723.4	-513.5	-702.1
6 Current transfers	1,183.8	1,107.4	1,043.0	1,070.5	1,036.3	1,079.3	252.7	287.2	259.5	279.9	227.5
6.1 Credit	1,628.4	1,639.5	1,576.1	1,684.4	1,607.8	1,674.8	394.6	450.3	392.0	437.9	358.1
6.2 Debit	-444.6	-532.1	-533.1	-613.9	-571.5	-595.5	-141.9	-163.1	-132.5	-158.0	-130.6
B CAPITAL AND FINANCIAL ACCOUNT	3,008.7	4,031.4	4,525.4	5,797.5	3,494.5	1,223.4	808.0	160.3	-431.3	686.3	1,147.8
B1 Capital account	53.8	-134.9	28.5	14.9	43.1	34.5	12.6	11.8	12.8	-2.6	21.1
B2 Financial account, excl. reserves	3,776.8	5,578.5	5,218.6	5,452.3	4,347.8	1,272.7	277.9	270.1	576.3	148.4	1,995.6
1 Direct investment	1,276.1	2,561.5	3,467.8	3,243.2	1,190.0	341.1	517.8	-119.3	273.1	-330.5	31.6
1.1 Abroad	-191.8	-206.8	-211.2	-972.7	-874.7	114.5	-58.1	-153.0	-69.6	395.1	-97.3
1.2 In Croatia	1,467.9	2,768.3	3,679.0	4,215.9	2,064.7	226.6	575.8	33.7	342.7	-725.6	128.9
2 Portfolio investment	-1,187.9	-197.3	391.1	-782.1	398.2	402.6	-733.4	249.3	1,143.4	-256.7	192.2
2.1 Assets	-581.3	-459.8	-404.7	-277.9	-580.8	-362.8	-122.2	32.2	-91.4	-181.3	-7.5
2.2 Liabilities	-606.6	262.5	795.8	-504.3	979.1	765.3	-611.2	217.1	1,234.7	-75.4	199.6
3 Financial derivatives	-88.4	0.0	0.0	0.0	0.0	-252.7	-61.1	-72.4	-74.4	-44.8	-6.9
4 Other investment	3,777.0	3,214.3	1,359.7	2,991.2	2,759.6	781.7	554.7	212.4	-765.8	780.4	1,778.7
4.1 Assets	982.2	-692.3	-1,653.3	-1,621.6	757.0	645.6	676.9	-46.2	-386.4	401.3	952.4
4.2 Liabilities	2,794.7	3,906.6	3,012.9	4,612.8	2,002.6	136.2	-122.3	258.6	-379.4	379.2	826.4
B3 Reserve assets	-821.8	-1,412.2	-721.6	330.4	-896.4	-83.8	517.5	-121.5	-1,020.4	540.5	-868.8
C NET ERRORS AND OMISSIONS	-1,113.3	-1,395.7	-1,406.6	-1,581.0	-1,126.7	-720.7	523.3	-96.9	-1,479.6	332.6	328.8

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from January 1999 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Data also include the round tripping which increases direct investment in Croatia and direct investment abroad by the same amount. This type of direct investment was recorded in December 2008 (EUR 825.7m) and August 2009 (EUR 666.5m).

^c Revised data. ^d Preliminary data.

Note: The item net errors and omissions also comprises the counter-entry of a part of revenues from travel services which relates to such revenues not stated in the banks' records.

Tables H1 – H6 Balance of payments • The balance of payments of the Republic of Croatia represents a systematic overview of the value of economic transactions performed by the Croatian residents with foreign countries within a particular period. It is compiled in accordance with the recommendations of the International Monetary Fund (Balance of Payments Manual, Fifth Edition, 1993). Data sources include: 1) reports of the government institutions (Central Bureau of Statistics and Croatian Institute for Health Insurance), 2) special reports of the Croatian National Bank (International Transaction Reporting System (ITRS), external debt relations, monetary statistics and

reserve assets) and 3) estimates and statistical research carried out by the Croatian National Bank.

Balance of payments of the Republic of Croatia data are reported in three currencies: in euros (EUR), US dollars (USD) and domestic currency (HRK). In all cases, the same data sources are used and the same principles regarding the scope of transactions and the procedures for compiling particular items are applied. Since the original data are reported in different currencies, the transaction values are converted from the original currency into the reporting currency by applying the exchange rate from the CNB exchange rate list in one of the following manners:

Table H2 Balance of payments – goods and services
in million EUR

	2005	2006	2007	2008	2009	2010	2010				2011
							Q1	Q2	Q3	Q4	Q1 ^a
Goods	-7,518.0	-8,344.2	-9,434.0	-10,793.8	-7,386.9	-5,945.3	-1,283.3	-1,496.9	-1,716.8	-1,448.3	-1,384.1
1 Credit	7,220.3	8,463.6	9,192.5	9,814.0	7,703.2	9,099.5	2,033.3	2,325.2	2,243.0	2,498.0	1,965.1
1.1 Exports (f.o.b.) in trade statistics	7,069.4	8,251.6	9,001.6	9,585.1	7,529.4	8,902.4	2,000.2	2,279.5	2,170.4	2,452.3	1,918.9
1.2 Adjustments for coverage	150.9	212.0	191.0	228.9	173.8	197.1	33.1	45.7	72.6	45.7	46.3
2 Debit	-14,738.3	-16,807.8	-18,626.5	-20,607.8	-15,090.1	-15,044.8	-3,316.6	-3,822.1	-3,959.8	-3,946.3	-3,349.2
2.1 Imports (c.i.f.) in trade statistics	-14,949.5	-17,104.7	-18,826.6	-20,817.1	-15,220.1	-15,127.2	-3,338.0	-3,849.5	-3,967.8	-3,971.9	-3,377.4
2.2 Adjustments for coverage	-346.4	-341.1	-370.4	-421.4	-331.1	-376.0	-79.8	-89.2	-112.2	-94.8	-74.2
2.3 Adjustments for classification	557.6	638.0	570.4	630.8	461.2	458.4	101.1	116.6	120.2	120.3	102.3
Services	5,381.8	5,776.2	6,366.6	7,074.6	5,769.9	5,886.6	144.0	1,436.8	3,858.8	447.0	175.1
1 Transportation	440.2	547.8	641.3	625.3	349.2	399.7	57.5	110.1	148.6	83.5	59.4
1.1 Credit	880.3	1,037.5	1,165.4	1,209.4	752.0	813.3	145.8	219.3	262.0	186.2	151.2
1.2 Debit	-440.1	-489.7	-524.0	-584.1	-402.8	-413.6	-88.3	-109.2	-113.4	-102.7	-91.8
2 Travel	5,394.9	5,708.7	6,035.2	6,694.0	5,655.8	5,600.8	188.1	1,317.3	3,690.5	404.9	143.5
2.1 Credit	5,998.9	6,293.3	6,752.6	7,459.4	6,379.7	6,230.0	324.7	1,476.3	3,867.8	561.1	274.5
2.1.1 Business	504.0	388.4	389.2	386.4	255.7	236.3	39.0	80.9	72.8	43.6	29.7
2.1.2 Personal	5,494.9	5,904.9	6,363.4	7,073.1	6,124.0	5,993.6	285.7	1,395.4	3,795.0	517.6	244.8
2.2 Debit	-604.1	-584.6	-717.3	-765.5	-724.0	-629.2	-136.6	-159.0	-177.3	-156.2	-131.0
2.2.1 Business	-267.4	-229.5	-266.9	-261.3	-240.8	-180.6	-39.1	-55.4	-40.0	-46.1	-45.9
2.2.2 Personal	-336.7	-355.1	-450.4	-504.2	-483.1	-448.6	-97.6	-103.6	-137.3	-110.1	-85.1
3 Other services	-453.3	-480.3	-310.0	-244.6	-235.1	-113.9	-101.5	9.4	19.6	-41.4	-27.8
3.1 Credit	1,173.4	1,196.0	1,196.8	1,421.8	1,322.2	1,446.3	317.4	364.4	418.5	346.0	301.4
3.2 Debit	-1,626.6	-1,676.3	-1,506.7	-1,666.4	-1,557.3	-1,560.1	-419.0	-355.0	-398.9	-387.3	-329.1

^a Preliminary data.

- by applying the midpoint exchange rate on the date of the transaction;
- by applying the average monthly or quarterly midpoint exchange rate in the case the transaction date is not available;
- by applying the end-of-period exchange rate for the calculation of a change in the transaction value between the two periods; the end-of-period balances reported in the original currency serve as a basis for calculating the change in the original currency value, which is converted, by applying the average midpoint exchange rate in the observed period, into the value of change in the reporting currency.

The Report of the Central Bureau of Statistics on foreign trade in goods of the Republic of Croatia represents the basic data source for the balance of payments items related to exports and imports. These data are adjusted, in accordance with the recommended compilation method, for coverage and classification. Accordingly, goods exports and imports in the balance of payments are reported at f.o.b. parity. The value of exports at this parity is already contained in the previously mentioned CBS Report, whereas the value of imports f.o.b. is estimated on the basis of research studies of the CNB on the stratified sample of importers. The resulting value serves as a basis for the estimate of the share of transportation and insurance services by which the original value of imports c.i.f., stated in the CBS Report, is reduced. In the 1993-2001 period, this share stood at 7.10% (estimated only on the basis of the largest and large importers), while from 2002 on it has amounted to 3.73%. The same research study, conducted by the CNB at the end of 2006 (comprising the imports in the previous year), showed that the share of transportation and insurance costs, after continuing to decrease, has reached 3.03%. This share was first applied in the calculations for the first quarter of 2007. In the period from

1993 to 1996, the value of imports was modified by estimates of imports in duty free zones, which have been included in the merchandise trade statistics since 1997. From 1996 on, goods exports and imports are modified by the data on repairs on goods and goods procured in ports by carriers. In addition, since 1999, based on the Survey on Consumption of Foreign Travellers in Croatia and Domestic Travellers Abroad, the item of goods exports has been modified by the estimated value of goods sold to foreign travellers and tourists and taken out of the Republic of Croatia. The item of goods imports is adjusted for the estimated value of goods imported personally by the Croatian citizens from the neighbouring countries (shopping expenditures).

Transportation, travel and other services are reported separately under service account. Revenues and expenditures on the basis of transportation, in the 1993-1998 period, were adopted from the ITRS. From 1999 on, revenues and expenditures arising from transportation of goods and passengers, as well as the value of accompanying services, which together constitute the total value of these services, are compiled on the basis of the results of the Research on transactions related to international transportation services, carried out by the CNB. Owing to an exceptionally large population of road carriers, revenues and expenditures on the basis of road freight transportation are not adopted from that research. They are compiled by using ITRS data. Starting from January 2011, as the ITRS was abolished, the position of revenues from road freight transportation is compiled on the basis of the econometric model having the volume of trade in goods as a dependent variable. Expenditures on the basis of road freight transportation equal transportation and insurance costs related to imports of goods which belong to non-residents and which are estimated by adjusting the value of imports at c.i.f. parity to the value of imports f.o.b.

Table H3 Balance of payments – income and current transfers
in million EUR

	2005	2006	2007	2008	2009 ^a	2010 ^a	2010				2011
							Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^a	Q1 ^b
Income	-943.1	-1,175.1	-1,094.4	-1,567.8	-1,787.0	-1,523.4	-444.8	-290.6	-490.6	-297.4	-495.2
1 Compensation of employees	259.7	373.2	494.2	564.1	586.5	620.8	142.7	155.1	158.4	164.5	154.8
1.1 Credit	289.2	404.3	527.8	599.7	624.2	657.1	151.0	164.4	167.8	173.9	162.6
1.2 Debit	-29.5	-31.1	-33.6	-35.5	-37.6	-36.3	-8.3	-9.3	-9.4	-9.3	-7.8
2 Direct investment income	-739.0	-1,011.1	-921.6	-1,137.1	-1,146.0	-1,047.0	-323.1	-172.3	-375.1	-176.6	-352.8
2.1 Credit	112.7	80.2	174.5	194.6	-64.1	86.9	6.2	64.8	19.3	-3.3	1.8
o/w: Reinvested earnings	63.8	63.5	123.3	118.6	-114.9	8.5	-2.6	18.5	6.3	-13.7	-11.7
2.2 Debit	-851.8	-1,091.3	-1,096.1	-1,331.7	-1,081.9	-1,134.0	-329.2	-237.1	-394.4	-173.3	-354.6
o/w: Reinvested earnings	-570.5	-721.0	-483.3	-508.5	-310.5	-478.9	-131.1	87.4	-326.7	-108.4	-221.8
3 Portfolio investment income	-217.6	-185.5	-179.7	-177.9	-163.3	-282.1	-70.6	-67.2	-71.6	-72.6	-73.2
3.1 Credit	46.2	65.7	97.5	87.5	83.6	63.0	14.0	15.9	16.7	16.4	16.9
3.2 Debit	-263.8	-251.2	-277.2	-265.4	-246.9	-345.1	-84.6	-83.1	-88.3	-89.1	-90.1
4 Other investment income	-246.2	-351.6	-487.3	-817.0	-1,064.2	-815.1	-193.9	-206.2	-202.3	-212.8	-224.1
4.1 Credit	285.2	377.0	551.0	517.4	164.3	115.6	31.2	26.3	29.1	29.1	25.6
4.2 Debit	-531.4	-728.6	-1,038.4	-1,334.3	-1,228.5	-930.7	-225.0	-232.5	-231.4	-241.8	-249.7
Current transfers	1,183.8	1,107.4	1,043.0	1,070.5	1,036.3	1,079.3	252.7	287.2	259.5	279.9	227.5
1 General government	9.7	-8.6	-16.7	-20.0	-30.0	-41.9	-19.5	-9.8	-22.0	9.5	-37.8
1.1 Credit	219.6	255.7	260.2	342.6	309.0	303.8	63.0	93.1	55.8	91.9	33.9
1.2 Debit	-209.9	-264.4	-276.8	-362.7	-339.0	-345.6	-82.5	-102.9	-77.8	-82.3	-71.7
2 Other sectors	1,174.1	1,116.0	1,059.6	1,090.5	1,066.3	1,121.2	272.3	297.0	281.5	270.4	265.3
2.1 Credit	1,408.8	1,383.8	1,316.0	1,341.7	1,298.8	1,371.1	331.6	357.1	336.2	346.1	324.2
2.2 Debit	-234.6	-267.7	-256.3	-251.2	-232.5	-249.9	-59.4	-60.1	-54.7	-75.7	-58.9

^a Revised data. ^b Preliminary data.

Revenues from services rendered to foreign travellers and tourists, as well as expenditures incurred by domestic travellers and tourists abroad are shown under the position Travel. In the 1993-1998 period, this position was assessed by using various data sources which did not provide for a full coverage in accordance with the recommended methodology. Accordingly, in the second half of 1998, the Croatian National Bank started to carry out the Survey on Consumption of Foreign Travellers in Croatia and Domestic Travellers Abroad and use its results for compiling the Travel position. Since early 1999, the results of this Survey, based on carrying out a survey of travellers (stratified sample) at border crossings, have been combined with the Ministry of the Interior and Central Bureau of Statistics data on the number of foreign and domestic travellers, along with the data on distribution of foreign travellers by countries contained in the CBS Report on tourism, in order to assess the corresponding balance of payment items.

Other services position is compiled by using different data sources: apart from revenues and expenditures related to communication and construction services, which have been determined by the CNB special statistical research since 2001, the values of all other services were adopted from the ITRS until the end of 2010, when it was abolished. As of 2011, the uniform statistical survey is used for estimating the position of Other services, which encompasses 30 different types of services, the classification of which is prescribed by the IMF's Balance of Payments Manual, 6th edition. That survey also includes communication services, as a result of which a special survey on communication services was abolished, while insurance and construction services continued to be monitored through separate surveys.

Transactions in the income account are classified into four

main groups. Compensation of employees item was compiled on the basis of the ITRS until the end of 2010, when it was abolished. As of 2011, this position on the revenues side is estimated by a model based on the aggregate data of banks on inflows of resident natural persons from non-residents. On the expenditures side, the existing surveys on services are used, containing a part which relates to compensation of employees paid to non-residents. Income from direct investment, portfolio investment and other investment are reported separately. Data on reinvested earnings are reported separately, under direct investment income, calculated on the basis of the CNB Research on direct and other equity investment. In contrast to data on dividends, these data are not available for the 1993-1996 period, since at that time they were not reported separately. From the first quarter of 2009 on, international standards are applied in the statistical monitoring of reinvested earnings, meaning that reinvested earnings are reported on a quarterly basis, i.e. in the period in which the profit is actually earned. Previously, reinvested earnings were reported in the month in which the decision on the distribution of the previous year's profit was adopted, meaning that they were based on the profit earned in the preceding year. On the basis of statistical data on external debt relations, starting from 1997, income from direct investment includes data on interest arising from credit relations between residents and non-residents directly related through ownership. Income from equity portfolio investment is compiled on the basis of the same survey, whereas data on debt portfolio investment income have been compiled since 1999, based on statistics on foreign credit relations, which also encompasses income related to debt securities owned by non-residents. Income from other investments includes the calculation of interest in accordance with the foreign credit relations statistics. The

Table H4 Balance of payments – direct and portfolio investments^{a,b}

in million EUR

	2005	2006	2007	2008	2009 ^c	2010 ^c	2010				2011
							Q1 ^c	Q2 ^c	Q3 ^c	Q4 ^c	Q1 ^d
Direct investment	1,276.1	2,561.5	3,467.8	3,243.2	1,190.0	341.1	517.8	-119.3	273.1	-330.5	31.6
1 Abroad	-191.8	-206.8	-211.2	-972.7	-874.7	114.5	-58.1	-153.0	-69.6	395.1	-97.3
1.1 Equity capital and reinvested earnings	-121.0	-210.5	-265.3	-1,078.4	-895.9	258.5	-57.2	-112.7	-87.4	515.8	-73.1
1.1.1 Claims	-122.2	-210.5	-268.4	-1,078.4	-1,010.8	242.1	-59.8	-112.7	-87.4	502.1	-84.7
1.1.2 Liabilities	1.3	0.0	3.1	0.0	114.9	16.3	2.6	0.0	0.0	13.7	11.7
1.2 Other capital	-70.9	3.7	54.1	105.7	21.2	-144.0	-0.9	-40.3	17.8	-120.7	-24.3
1.1.1 Claims	-59.8	-13.9	20.3	106.8	-15.1	-374.7	-20.1	-42.4	12.2	-324.3	-27.6
1.2.2 Liabilities	-11.1	17.6	33.9	-1.1	36.3	230.6	19.3	2.1	5.7	203.6	3.3
2 In Croatia	1,467.9	2,768.3	3,679.0	4,215.9	2,064.7	226.6	575.8	33.7	342.7	-725.6	128.9
2.1 Equity capital and reinvested earnings	1,363.5	2,468.6	2,671.6	2,705.2	1,010.5	881.7	419.8	437.4	452.4	-427.8	334.5
2.1.1 Claims	0.0	-0.1	0.0	-6.9	-108.9	-87.4	0.0	-87.4	0.0	0.0	0.0
2.1.2 Liabilities	1,363.5	2,468.7	2,671.6	2,712.1	1,119.4	969.1	419.8	524.8	452.4	-427.8	334.5
2.2 Other capital	104.4	299.7	1,007.4	1,510.7	1,054.2	-655.1	156.1	-403.7	-109.7	-297.7	-205.6
2.2.1 Claims	0.0	12.4	20.3	-26.4	-29.1	-21.5	-12.7	-27.5	13.9	4.8	24.1
2.2.2 Liabilities	104.4	287.3	987.2	1,537.0	1,083.3	-633.6	168.7	-376.1	-123.7	-302.6	-229.6
Portfolio investment	-1,187.9	-197.3	391.1	-782.1	398.2	402.6	-733.4	249.3	1,143.4	-256.7	192.2
1 Assets	-581.3	-459.8	-404.7	-277.9	-580.8	-362.8	-122.2	32.2	-91.4	-181.3	-7.5
1.1 Equity securities	-193.0	-320.5	-844.2	148.9	-111.4	-474.3	-245.4	-149.9	14.0	-92.9	-163.8
1.1.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1 Banks	0.0	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2 Other sectors	-193.0	-323.1	-844.2	148.9	-111.4	-474.3	-245.4	-149.9	14.0	-92.9	-163.8
1.2 Debt securities	-388.2	-139.3	439.4	-426.8	-469.4	111.5	123.2	182.1	-105.3	-88.4	156.3
1.2.1 Bonds	-407.8	118.2	329.7	-326.0	-132.3	235.0	216.0	11.0	85.6	-77.6	-104.3
1.2.1.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.1.2 Banks	-371.4	161.9	267.8	-226.5	-53.4	163.5	220.6	-75.9	103.5	-84.7	18.2
1.2.1.3 Other sectors	-36.3	-43.7	61.9	-99.5	-78.9	71.5	-4.6	86.9	-17.9	7.1	-122.5
1.2.2 Money market instruments	19.5	-257.4	109.7	-100.8	-337.0	-123.5	-92.9	171.1	-191.0	-10.8	260.7
1.2.2.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2.2 Banks	19.5	-257.4	109.7	-100.9	-337.0	-123.5	-92.9	171.1	-191.0	-10.8	260.7
1.2.2.3 Other sectors	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 Liabilities	-606.6	262.5	795.8	-504.3	979.1	765.3	-611.2	217.1	1,234.7	-75.4	199.6
2.1 Equity securities	89.2	325.7	315.9	-85.1	16.4	88.0	-7.2	0.2	77.5	17.5	6.3
2.1.1 Banks	-12.8	28.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2 Other sectors	102.0	297.7	315.9	-85.1	16.4	88.0	-7.2	0.2	77.5	17.5	6.3
2.2 Debt securities	-695.8	-63.3	480.0	-419.2	962.7	677.3	-604.0	216.9	1,157.2	-92.8	193.3
2.2.1 Bonds	-695.8	-63.3	480.0	-419.2	817.3	380.8	-691.1	-21.4	1,079.0	14.4	113.4
2.2.1.1 General government	-705.9	-131.4	108.5	-362.9	862.9	389.0	-683.2	-11.3	1,071.4	12.1	277.7
2.2.1.2 Banks	3.2	1.2	1.0	-1.6	-447.2	-0.2	0.0	0.3	-0.3	-0.1	-8.9
2.2.1.3 Other sectors	6.9	66.9	370.5	-54.7	401.7	-8.1	-8.0	-10.4	7.9	2.4	-155.4
2.2.2 Money market instruments	0.0	0.0	0.0	0.0	145.3	296.5	87.1	238.3	78.3	-107.2	79.9
2.2.2.1 General government	0.0	0.0	0.0	0.0	145.4	296.5	87.1	238.3	78.3	-107.2	79.9
2.2.2.2 Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2.3 Other sectors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from January 1999 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Data also include the round tripping which increases direct investment in Croatia and direct investment abroad by the same amount. This type of direct investment was recorded in December 2008 (EUR 825.7m) and August 2009 (EUR 666.5m). ^c Revised data. ^d Preliminary data.

methodology for compiling the statistics on debt investment income was changed in 2007 to include the reporting of income on an accrual basis. This basically means that income from debt investment and interest are reported at the point in time when they accrue and not at the point in time when they mature or when they are paid. As a result, the historical data for the

1999–2006 period have been revised.

Current transfers are reported separately for the general government sector and other sectors. The ITRS was used as the main data source on current transfers for both sectors until the end of 2010, when it was abolished. As of 2011, transfers of the general government sector are recorded on the basis of

Table H5 Balance of payments – other investment^a

in million EUR

	2005	2006	2007	2008	2009 ^b	2010 ^b	2010				2010
							Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^c
Other investment (net)	3,777.0	3,214.3	1,359.7	2,991.2	2,759.6	781.7	554.7	212.4	-765.8	780.4	1,778.7
1 Assets	982.2	-692.3	-1,653.3	-1,621.6	757.0	645.6	676.9	-46.2	-386.4	401.3	952.4
1.1 Trade credits	-134.8	-33.3	-99.4	-126.5	149.3	81.2	45.8	15.1	80.5	-60.2	14.7
1.1.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1.1 Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2 Other sectors	-134.8	-33.3	-99.4	-126.5	149.3	81.2	45.8	15.1	80.5	-60.2	14.7
1.1.2.1 Long-term	10.4	-4.9	-63.5	26.7	56.9	22.1	7.1	5.3	6.4	3.2	-2.6
1.1.2.2 Short-term	-145.3	-28.4	-35.9	-153.2	92.4	59.1	38.7	9.7	74.1	-63.4	17.3
1.2 Loans	-116.8	-153.1	-4.5	-107.5	37.3	-78.0	-8.9	-20.7	-20.0	-28.4	-14.5
1.2.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.1.1 Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2 Banks	-28.5	-80.4	-32.6	-66.7	16.6	-58.2	-0.1	-10.4	-12.2	-35.5	-33.0
1.2.2.1 Long-term	-20.5	-58.9	-25.4	-26.8	-31.6	-49.6	4.1	-9.2	-4.7	-39.8	-30.6
1.2.2.2 Short-term	-8.0	-21.5	-7.3	-39.9	48.2	-8.6	-4.2	-1.2	-7.5	4.3	-2.4
1.2.3 Other sectors	-88.3	-72.7	28.1	-40.8	20.7	-19.8	-8.8	-10.3	-7.8	7.1	18.5
1.2.3.1 Long-term	-89.2	-73.0	28.1	-37.6	20.6	17.3	-6.6	2.5	9.1	12.3	4.2
1.2.3.2 Short-term	1.0	0.3	0.0	-3.2	0.1	-37.1	-2.2	-12.8	-16.9	-5.2	14.3
1.3 Currency and deposits	1,233.8	-505.9	-1,549.4	-1,387.5	570.4	642.3	640.0	-40.6	-447.0	489.9	952.2
1.3.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.2 Banks	1,313.7	-462.1	-1,317.1	-136.4	426.1	416.8	520.3	-127.4	-431.4	455.4	926.2
1.3.3 Other sectors	-79.8	-43.8	-232.3	-1,251.2	144.3	225.5	119.8	86.8	-15.5	34.5	26.0
1.4 Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 Liabilities	2,794.7	3,906.6	3,012.9	4,612.8	2,002.6	136.2	-122.3	258.6	-379.4	379.2	826.4
2.1 Trade credits	15.1	18.5	313.5	32.0	-143.7	60.4	-212.5	153.9	325.1	-206.1	-271.1
2.1.1 General government	0.4	-0.7	-0.6	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.1.1 Long-term	0.4	-0.7	-0.6	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2 Other sectors	14.7	19.2	314.2	32.5	-143.7	60.4	-212.5	153.9	325.1	-206.1	-271.1
2.1.2.1 Long-term	27.4	-3.7	165.0	34.9	-58.0	-25.4	0.3	-19.2	47.8	-54.2	3.1
2.1.2.2 Short-term	-12.7	22.9	149.2	-2.4	-85.7	85.8	-212.8	173.1	277.4	-151.9	-274.3
2.2 Loans	2,405.7	3,059.2	2,890.3	3,703.9	969.3	93.7	411.9	-117.9	-285.0	84.7	579.3
2.2.1 Croatian National Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.1 o/w: IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.1.1 Drawings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.1.2 Repayments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2 General government	97.2	165.0	161.0	96.7	-7.4	134.4	198.0	-32.9	19.7	-50.4	163.1
2.2.2.1 Long-term	97.2	165.0	161.0	65.0	24.3	134.4	198.0	-32.9	19.7	-50.4	-12.0
2.2.2.1.1 Drawings	342.0	477.8	523.5	330.1	306.0	368.9	232.8	40.8	64.4	30.9	22.4
2.2.2.1.2 Repayments	-244.8	-312.8	-362.5	-265.2	-281.7	-234.5	-34.8	-73.7	-44.7	-81.4	-34.3
2.2.2.2 Short-term	0.0	0.0	0.0	31.7	-31.7	0.0	0.0	0.0	0.0	0.0	175.0
2.2.3 Banks	826.0	541.2	-1,065.0	115.2	-166.5	-192.7	218.8	63.1	-545.6	71.1	-187.3
2.2.3.1 Long-term	281.1	419.5	-630.8	-276.1	158.1	-322.9	-59.6	99.9	-339.9	-23.3	2.4
2.2.3.1.1 Drawings	1,236.1	2,833.6	1,216.2	609.4	1,219.2	849.3	73.8	264.2	120.0	391.3	58.7
2.2.3.1.2 Repayments	-955.0	-2,414.1	-1,847.0	-885.4	-1,061.1	-1,172.2	-133.4	-164.3	-459.9	-414.7	-56.3
2.2.3.2 Short-term	544.9	121.7	-434.2	391.3	-324.6	130.2	278.4	-36.8	-205.8	94.4	-189.8
2.2.4 Other sectors	1,482.6	2,353.0	3,794.4	3,492.0	1,143.2	152.0	-4.9	-148.1	240.9	64.1	603.6
2.2.4.1 Long-term	1,428.1	2,264.1	3,184.9	3,175.7	866.9	-39.3	-23.2	-162.8	188.5	-41.8	198.8
2.2.4.1.1 Drawings	2,934.5	4,266.4	5,960.8	6,700.9	4,804.5	4,431.7	959.2	1,076.1	1,094.4	1,302.0	881.5
2.2.4.1.2 Repayments	-1,506.4	-2,002.3	-2,775.9	-3,525.2	-3,937.5	-4,470.9	-982.4	-1,238.8	-905.9	-1,343.9	-682.6
2.2.4.2 Short-term	54.5	88.9	609.5	316.2	276.2	191.2	18.3	14.6	52.4	105.9	404.7

	2005	2006	2007	2008	2009 ^b	2010 ^b	2010				2010
							Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^c
2.3 Currency and deposits	371.1	826.2	-193.6	875.7	1,175.0	-19.0	-321.9	222.4	-419.8	500.3	518.2
2.3.1 General government	0.1	0.1	-0.1	-0.1	-1.2	0.0	0.0	0.0	0.0	0.0	0.0
2.3.2 Banks	371.1	826.0	-193.6	867.1	1,197.2	-19.0	-321.9	222.4	-419.8	500.3	518.2
2.3.3 Other sectors	-0.1	0.1	0.1	8.7	-21.1	0.0	0.0	0.0	0.0	0.0	0.0
2.4 Other liabilities	2.8	2.7	2.7	1.3	2.0	1.1	0.3	0.3	0.3	0.3	0.0

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from January 1999 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Revised data. ^c Preliminary data.

the data of the Ministry of Finance and the Croatian Pension Insurance Administration in the case of pensions paid out to non-residents. In addition to taxes and excise duties, pensions, gifts and donations, which are included in current transfers of both sectors, the central government sector also encompasses data on multilateral cooperation, whereas other sectors include data on workers' remittances. As of 2011, the position of workers' remittances and gifts and donations for other sectors is estimated through a model based on aggregate data of banks on inflows of resident natural persons from abroad and outflows of resident natural persons abroad. Pensions from abroad are estimated on the basis of the available data of the Croatian Pension Insurance Administration. Furthermore, other sector transfers are supplemented by the data from the survey on trade in international services, containing a special part for possible transfers from and to foreign countries. Current transfers of the general government sector also include data on exports and imports of goods without a payment obligation, provided by the CBS. In the 1993-1998 period, current transfers of other sectors also encompassed an estimate of unregistered foreign currency remittances, which accounted for 15% of the positive difference between unclassified inflows and outflows of the household sector. From 1993 to the second quarter of 1996, the CNB also assessed a portion of the outflow based on current transfers. From 2002 on, inflows and outflows based on current transfers of other sectors are supplemented by the data of the CNB special statistical research on international transactions related to insurance services.

Until the end of 2010, capital account in the part relating to capital transfers was compiled on the basis of the ITRS. As of the beginning of 2011, data of the Ministry of Finance and data from the survey on trade in international services, containing a special part for possible transfers from and to foreign countries, are used for compiling the capital transfers account. Data on possible debt forgiveness also constitute a part of the capital account.

Foreign direct investments include equity capital, reinvested earnings and debt relations between ownership-related residents and non-residents. Direct investments are investments whereby a foreign owner acquires a minimum of 10% interest in equity capital of a company, regardless of whether a resident invests abroad or a non-resident invests in Croatian residents. The CNB Research on foreign direct investments started in 1997 when companies included in the survey also delivered data on direct investments for the 1993-1996 period. For the same period, no data are available on reinvested earnings and other capital under direct investment position, where all debt relations between related residents and non-residents are classified (excluding the banking sector). Such data actually became available only after the stated research had been launched. Since 1999, data on debt relations within direct investments have been collected on the basis of external debt relations statistics. From 2007 on, the CNB Statistics Department conducts

the research on the purchase and sale of the real estate by non-residents on the territory of the Republic of Croatia. Persons obliged to submit reports are the public notaries who learn about these transactions in the course of their business. Data on the purchase and sale of the real estate by Croatian residents abroad were compiled on the basis of the ITRS until the end of 2010, whereas in 2011, monitoring through the obligatory reporting to the CNB's Statistics Department was introduced. These purchase and sale transactions are also a constituent part of direct investments.

Data on equity portfolio investments are collected from the same data source as the data on direct equity investments. Debt portfolio investments include all investments in short-term and long-term debt securities that cannot be classified under direct investments. In the 1997-1998 period, these data were collected through the CNB Research on direct and portfolio investments, and since 1999 data on external debt relations and monetary statistics data for bank investment have been used. Starting from 2002 and 2004, this position has also been compiled for investment funds and pension funds, respectively. Since 2009, these positions have been modified by the statistics on trade in equity and debt securities submitted by the Central Depository and Clearing Company and commercial banks providing securities custody services. Portfolio investments are modified by these data in the parts not fully covered by the existing research. Data for the 2006-2009 period have also been revised. As a result, from 2006 on, the balance of payments includes data on debt securities issued by domestic issuers and traded by non-residents in the domestic market (portfolio investment, debt securities on the liabilities side).

Other investment encompasses all other debt investments that have not been mentioned, apart from investment constituting reserve assets. Other investments are classified by instruments, maturity and sectors. Trade credits, in the 1996-2002 period, included the CNB estimates of advance payment and deferred payments, made on the basis of the sample of the largest and large importers and exporters. Data on advance payments have been estimated since 1996, while data on short-term deferred payments (first up to 90 days, then up to 150 days, and today from 8 days to 1 year) have been collected since 1999. In 2003, this research was replaced by a new one, where the selected companies, regardless of their size (stratified sample), are obliged to submit data. Data on deferred payments with the original maturity of more than one year are adopted from the CNB foreign credit relations statistics. Credits granted by residents to non-residents, i.e. foreign loans utilised by residents and granted by non-residents, which cannot be classified into direct investments or trade credits, are classified by the institutional sector and maturity under the corresponding positions of other investment. The CNB foreign credit relations statistics represent the data source for these positions. Currency and deposit position shows residents' claims on foreign countries for foreign

Table H6 Balance of payments – summary^a

in million HRK

	2005	2006	2007	2008	2009 ^b	2010 ^b	2010				2011
							Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^c
A CURRENT ACCOUNT (1+6)	-14,235.7	-19,528.6	-23,134.3	-30,679.6	-17,622.7	-3,975.8	-9,731.6	-502.9	13,801.9	-7,543.2	-10,903.6
1 Goods, services, and income (2+5)	-22,993.8	-27,577.4	-30,665.3	-38,287.7	-25,094.9	-11,701.4	-11,541.1	-2,547.4	11,955.1	-9,568.0	-12,595.8
1.1 Credit	118,113.8	131,008.7	144,064.9	153,759.9	124,433.9	134,705.7	22,015.8	33,779.6	50,887.1	28,023.3	21,456.5
1.2 Debit	-141,107.6	-158,586.1	-174,730.2	-192,047.6	-149,528.8	-146,407.1	-33,556.8	-36,327.0	-38,932.0	-37,591.3	-34,052.2
2 Goods and services (3+4)	-16,034.0	-18,996.5	-22,614.7	-26,928.9	-11,960.4	-607.3	-8,296.6	-439.1	15,506.6	-7,378.2	-8,937.1
2.1 Credit	112,693.7	124,216.9	134,156.6	143,655.7	118,500.3	127,987.1	20,545.2	31,813.8	49,195.5	26,432.5	19,919.9
2.2 Debit	-128,727.7	-143,213.4	-156,771.3	-170,584.7	-130,460.7	-128,594.3	-28,841.8	-32,252.9	-33,688.8	-33,810.7	-28,857.0
3 Goods	-55,568.1	-61,083.9	-69,218.6	-77,984.3	-54,248.2	-43,317.5	-9,351.9	-10,852.3	-12,440.7	-10,672.6	-10,241.3
3.1 Credit	53,397.7	61,988.6	67,424.8	70,856.8	56,546.0	66,305.1	14,806.7	16,851.7	16,259.3	18,387.4	14,541.3
3.2 Debit	-108,965.8	-123,072.5	-136,643.4	-148,841.1	-110,794.2	-109,622.6	-24,158.6	-27,704.0	-28,700.0	-29,060.0	-24,782.6
4 Services	39,534.1	42,087.4	46,603.9	51,055.4	42,287.8	42,710.2	1,055.2	10,413.1	27,947.4	3,294.4	1,304.2
4.1 Credit	59,296.0	62,228.3	66,731.8	72,798.9	61,954.3	61,682.0	5,738.5	14,962.1	32,936.2	8,045.2	5,378.6
4.2 Debit	-19,761.9	-20,140.9	-20,127.8	-21,743.5	-19,666.5	-18,971.8	-4,683.2	-4,548.9	-4,988.8	-4,750.7	-4,074.4
5 Income	-6,959.8	-8,580.9	-8,050.6	-11,358.7	-13,134.5	-11,094.2	-3,244.4	-2,108.3	-3,551.5	-2,189.8	-3,658.7
5.1 Credit	5,420.1	6,791.8	9,908.3	10,104.2	5,933.6	6,718.7	1,470.6	1,965.8	1,691.6	1,590.8	1,536.6
5.2 Debit	-12,379.9	-15,372.7	-17,958.9	-21,462.9	-19,068.1	-17,812.8	-4,715.0	-4,074.1	-5,243.1	-3,780.6	-5,195.2
6 Current transfers	8,758.1	8,048.8	7,531.0	7,608.1	7,472.2	7,725.6	1,809.5	2,044.5	1,846.8	2,024.8	1,692.1
6.1 Credit	12,047.2	12,005.6	11,562.1	12,159.5	11,797.8	12,191.9	2,874.0	3,258.6	2,838.6	3,220.7	2,656.2
6.2 Debit	-3,289.1	-3,956.8	-4,031.1	-4,551.4	-4,325.6	-4,466.3	-1,064.5	-1,214.1	-991.7	-1,195.9	-964.1
B CAPITAL AND FINANCIAL ACCOUNT	22,046.3	29,574.3	33,111.6	41,567.2	25,715.7	9,053.7	6,024.0	1,092.2	-2,999.0	4,936.6	8,654.0
B1 Capital account	396.8	-981.8	209.1	108.2	314.1	252.6	92.0	85.5	92.3	-17.2	216.7
B2 Financial account, excl. reserves	27,725.0	40,869.5	38,217.5	39,150.8	31,912.8	9,263.1	2,156.1	1,885.8	4,257.3	963.9	14,861.2
1 Direct investment	9,093.0	18,762.5	25,485.8	23,017.6	8,766.6	2,456.6	3,776.2	-867.1	1,981.7	-2,434.2	234.7
1.1 Abroad	-1,415.4	-1,515.1	-1,552.6	-6,999.5	-6,406.9	888.2	-422.1	-1,108.9	-505.9	2,925.2	-719.9
1.2 In Croatia	10,508.5	20,277.5	27,038.4	30,017.1	15,173.4	1,568.4	4,198.3	241.8	2,487.6	-5,359.4	954.6
2 Portfolio investment	-8,785.7	-1,478.0	2,884.0	-5,525.5	2,802.5	2,828.9	-5,271.9	1,773.4	8,302.1	-1,974.8	1,465.2
2.1 Assets	-4,267.9	-3,391.6	-2,984.9	-1,944.9	-4,231.5	-2,636.1	-813.4	202.1	-609.1	-1,415.8	-6.9
2.2 Liabilities	-4,517.8	1,913.5	5,868.9	-3,580.5	7,034.0	5,464.9	-4,458.5	1,571.3	8,911.2	-559.0	1,472.1
3 Financial derivatives	-659.4	0.0	0.0	0.0	0.0	-1,838.9	-445.5	-524.5	-538.8	-330.1	-51.3
4 Other investment	28,077.0	23,585.1	9,847.7	21,658.6	20,343.7	5,816.6	4,097.3	1,504.0	-5,487.7	5,703.0	13,212.6
4.1 Assets	7,421.4	-5,121.6	-12,078.3	-11,592.5	5,636.0	4,766.6	5,002.0	-367.0	-2,755.3	2,886.9	7,088.8
4.2 Liabilities	20,655.6	28,706.7	21,926.0	33,251.1	14,707.8	1,050.0	-904.7	1,871.0	-2,732.4	2,816.1	6,123.9
B3 Reserve assets (CNB)	-6,075.4	-10,313.4	-5,315.0	2,308.3	-6,511.2	-462.0	3,775.9	-879.1	-7,348.6	3,989.9	-6,423.9
C NET ERRORS AND OMISSIONS	-7,810.7	-10,045.7	-9,977.3	-10,887.6	-8,093.0	-5,077.9	3,707.6	-589.2	-10,802.9	2,606.6	2,249.6

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from January 1999 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Revised data ^c Preliminary data.

Note: The item net errors and omissions also comprises the counter-entry of a part of revenues from travel services which relates to such revenues not stated in the banks' records.

cash and deposits with foreign banks, as well as obligations of the Croatian banks for deposits owned by non-residents. Monetary statistics represent a data source for the general government sector and banks sector. Data on balance and currency structure of foreign assets and liabilities, contained in monetary statistics, are used to assess transactions from which the exchange rate effect was eliminated. In the 1993-1998 period, data on other sectors' claims under this position were compiled on the basis of the CNB estimate of a portion of net foreign currency inflows of the household sector which is not classified under current transfers. Since 1999, this position has included only the data based on the Bank for International Settlement quarterly data, while

data in the fourth quarter of 2001 and in the first two quarters of 2002 also relate to the effect of the EMU countries' currencies changeover to the euro. Data for the fourth quarter of 2008 were modified by estimates of currency and deposit withdrawals from the financial system driven by fears of the effects of the global financial crisis.

In the period from 1993 to 1998, the estimate of reserve assets transactions was made by converting the changes in the original currencies into the US dollars by applying the average monthly exchange rate of the currencies contained in the reserves. Since 1999, the changes in reserve assets balance have been calculated on the basis of the CNB accounting data.

Table H7 International reserves and banks' foreign currency reserves^a
end of period, in million EUR

Year	Month	International reserves of the Croatian National Bank							Banks' foreign currency reserves
		Total	Special drawing rights	Reserve position in the Fund	Gold	Foreign currency			
						Total	Currency and deposits	Bonds and notes	
1998	December	2,400.2	197.1	0.1	–	2,203.0	1,642.6	560.4	1,607.0
1999	December	3,012.7	188.7	0.2	–	2,823.7	2,449.8	373.9	1,344.7
2000	December	3,783.2	158.5	0.2	–	3,624.5	2,763.0	861.5	2,310.7
2001	December	5,333.6	122.9	0.2	–	5,210.5	3,469.7	1,740.7	4,056.0
2002	December	5,651.3	2.3	0.2	–	5,648.8	3,787.8	1,861.0	2,581.6
2003	December	6,554.1	0.7	0.2	–	6,553.2	3,346.0	3,207.2	3,927.1
2004	December	6,436.2	0.6	0.2	–	6,435.4	3,173.3	3,262.0	4,220.1
2005	December	7,438.4	0.9	0.2	–	7,437.3	3,834.5	3,602.8	2,938.4
2006	December	8,725.3	0.7	0.2	–	8,724.4	4,526.9	4,197.5	3,315.0
2007	December	9,307.4	0.8	0.2	–	9,306.5	4,533.9	4,772.5	4,388.9
2008	December	9,120.9	0.7	0.2	–	9,120.0	2,001.8	7,118.2	4,644.5
2009	December	10,375.8	331.7	0.2	–	10,043.9	2,641.4	7,402.6	4,293.9
2010	June	10,305.2	368.3	0.2	–	9,936.7	3,110.6	6,826.1	3,977.6
	July	11,325.0	352.8	0.2	–	10,972.0	4,160.1	6,811.9	4,008.5
	August	11,428.4	360.3	0.2	–	11,068.0	3,981.8	7,086.1	4,015.6
	September	11,154.4	347.5	0.2	–	10,806.7	3,635.8	7,170.9	4,271.6
	October	11,076.9	345.3	0.2	–	10,731.4	3,708.7	7,022.7	3,978.5
	November	11,044.2	351.2	0.2	–	10,692.9	3,656.1	7,036.7	3,790.3
	December	10,660.3	356.7	0.2	–	10,303.4	3,274.9	7,028.5	3,828.9
2011	January	10,456.2	345.4	0.2	–	10,110.6	3,141.2	6,969.4	3,596.5
	February	10,464.0	346.4	0.2	–	10,117.4	2,871.5	7,245.9	3,662.9
	March	11,423.8	342.0	0.2	–	11,081.6	4,058.9	7,022.8	2,926.6
	April	11,336.3	331.5	0.2	–	11,004.6	4,007.4	6,997.1	2,748.5
	May ^b	11,394.4	340.4	0.2	–	11,053.8	2,992.3	8,061.6	2,714.7

^a International reserves of the Republic of Croatia consist only of the Croatian National Bank's foreign currency reserves. ^b Preliminary data.

Table H7 International reserves and banks' foreign currency reserves • Data on the international reserves of the Croatian National Bank are compiled in accordance with the methodology set out in the Balance of Payments Manual (International Monetary Fund, 1993), and include those foreign claims of the Croatian National Bank that can be used to bridge imbalances in international payments. International reserves include special

drawing rights, reserve position in the Fund, gold, foreign currency and deposits with foreign banks, as well as bonds and debt instruments.

The foreign currency reserves of banks include foreign currency and deposits of domestic banks with foreign banks. These foreign currency reserves represent an additional source of liquidity for bridging imbalances in international payments.

	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010 Dec.	2011			
							Jan.	Feb.	Mar.	Apr.
Interest	-	-	-	-	-	-	-	-	-	-
More than 3 months and up to 1 year										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
4 Total predetermined short-term net drains on f/c assets (1+2+3)	-899.7	-650.5	-521.1	-1,084.1	-989.3	-1,234.9	-1,227.8	-1,257.3	-685.3	-679.3
III Contingent short-term net drains on f/c assets (nominal value)										
1 Contingent liabilities in foreign currency	-2,273.1	-2,734.9	-2,607.4	-1,896.1	-1,351.6	-1,734.2	-1,721.6	-1,463.1	-1,495.2	-1,502.9
(a) Collateral guarantees on debt falling due within 1 year	-443.8	-478.9	-662.1	-803.2	-661.5	-1,087.9	-1,092.5	-818.8	-846.8	-843.3
– Croatian National Bank	-	-	-	-	-	-	-	-	-	-
– Central government (excl. central government funds)	-443.8	-478.9	-662.1	-803.2	-661.5	-1,087.9	-1,092.5	-818.8	-846.8	-843.3
Up to 1 month	-59.6	-71.9	-54.3	-91.8	-30.3	-0.2	-301.9	-106.6	-27.0	-35.4
More than 1 and up to 3 months	-53.0	-84.8	-42.4	-58.4	-101.3	-438.5	-166.5	-110.0	-143.6	-113.9
More than 3 months and up to 1 year	-331.2	-322.2	-565.3	-652.9	-529.8	-649.2	-624.0	-602.2	-676.2	-694.1
(b) Other contingent liabilities	-1,829.3	-2,256.0	-1,945.3	-1,092.9	-690.1	-646.3	-629.1	-644.3	-648.4	-659.6
– Croatian National Bank	-1,829.3	-2,256.0	-1,945.3	-1,092.9	-690.1	-646.3	-629.1	-644.3	-648.4	-659.6
Up to 1 month	-	-	-	-	-	-	-	-	-	-
More than 1 and up to 3 months	-1,829.3	-2,256.0	-1,945.3	-1,092.9	-690.1	-646.3	-629.1	-644.3	-648.4	-659.6
More than 3 months and up to 1 year	-	-	-	-	-	-	-	-	-	-
– Central government (excl. central government funds)	-	-	-	-	-	-	-	-	-	-
2 Foreign currency securities issued with embedded options (puttable bonds)	-	-	-	-	-	-	-	-	-	-
3 Undrawn, unconditional credit lines provided by:	-	-	-	-	-	-	-	-	-	-
– BIS (+)	-	-	-	-	-	-	-	-	-	-
– IMF (+)	-	-	-	-	-	-	-	-	-	-
4 Aggregate short and long positions of options in f/c vis-a-vis the domestic currency	-	-	-	-	-	-	-	-	-	-
5 Total contingent short-term net drains on f/c assets (1+2+3+4)	-2,273.1	-2,734.9	-2,607.4	-1,896.1	-1,351.6	-1,734.2	-1,721.6	-1,463.1	-1,495.2	-1,502.9
IV Memo items										
(a) Short-term domestic currency debt indexed to the exchange rate	-	-	-	-	-	-	-	-	-	-
o/w: Central government (excl. central government funds)	-	-	-	-	-	-	-	-	-	-
(b) Financial instruments denominated in foreign currency and settled by other means (e.g., in domestic currency)	-	-	-	-	-	-	-	-	-	-
(c) Pledged assets	-	-	-	-	-	-	-	-	-	-
(d) Securities lent and on repo	-	-	-	-	-	-	-	-	-	-
– Lent or repoed and included in Section I	-	-	-	-6.1	-	-	-0.7	-0.8	-9.5	-1.7
– Lent or repoed but not included in Section I	-	-	-	-	-	-	-	-	-	-
– Borrowed or acquired and included in Section I	-	-	-	-	-	-	-	-	-	-
– Borrowed or acquired but not included in Section I	88.5	559.5	389.7	478.6	766.5	1,458.5	1,554.1	1,416.9	1,631.9	2,354.4
(e) Financial derivative assets (net, marked to market)	-	-	-	-	-	-	-	-	-	-
(f) Currency composition of official reserves assets										
– Currencies in SDR basket	7,438.1	8,725.0	9,307.1	9,120.8	10,375.7	10,660.0	10,455.8	10,463.9	11,423.8	11,336.2
– Currencies not in SDR basket	0.3	0.3	0.3	0.1	0.1	0.3	0.3	0.1	0.1	0.1
– By individual currencies										
USD	1,104.5	1,266.0	1,357.2	2,064.6	2,461.8	2,451.0	2,259.9	2,267.5	2,200.9	2,311.5
EUR	6,332.5	7,458.0	7,944.2	7,054.9	7,581.5	7,851.8	7,850.2	7,849.7	8,880.5	8,692.8
Other	1.3	1.3	6.0	1.5	332.5	357.5	346.1	346.9	342.5	332.0

Table H8 International reserves and foreign currency liquidity • International reserves and foreign currency liquidity are shown in accordance with a Template on international reserves and foreign currency liquidity, drawn up by the IMF. A detailed explanation of the Template is given in “International Reserves and Foreign Currency Liquidity – Guidelines for a Data Template, 2001”.

The first part of the Template shows total assets of the Croatian National Bank in convertible foreign currency. Official reserve assets (IA) show those types of assets that are readily available to the CNB at any moment for bridging imbalances in

international payments. Official international reserves include: short-term foreign negotiable debt securities, foreign cash, foreign currency sight deposits, foreign currency time deposits which can be withdrawn before maturity, foreign currency time deposits with a remaining maturity of up to 1 year, reserve position with the IMF, special drawing rights, gold, and reverse repos with foreign negotiable debt securities.

The second part of the Template shows fixed predetermined foreign currency net liabilities of the Croatian National Bank and the central government (excluding central government funds) that fall due in the next 12 months. Foreign currency

Table H9 Midpoint exchange rates of the Croatian National Bank (period average)

Year	Month	HRK/EUR	HRK/ATS	HRK/FRF	HRK/100 ITL	HRK/CHF	HRK/GBP	HRK/USD	HRK/DEM
1998		7.139159	0.514631	1.080018	0.366853	4.396452	10.537622	6.362284	3.620795
1999		7.581823	0.550993	1.155840	0.391568	4.739965	11.514804	7.122027	3.876528
2000		7.633852	0.554774	1.163773	0.394256	4.903244	12.530514	8.287369	3.903127
2001		7.471006	0.542939	1.138947	0.385845	4.946810	12.010936	8.339153	3.819865
2002		7.406976				5.049125	11.793108	7.872490	
2003		7.564248				4.978864	10.943126	6.704449	
2004		7.495680				4.854986	11.048755	6.031216	
2005		7.400047				4.780586	10.821781	5.949959	
2006		7.322849				4.656710	10.740292	5.839170	
2007		7.336019				4.468302	10.731537	5.365993	
2008		7.223178				4.553618	9.101622	4.934417	
2009		7.339554				4.861337	8.233112	5.280370	
2010		7.286230				5.285859	8.494572	5.500015	
2010	June	7.229388				5.229912	8.716015	5.921915	
	July	7.211539				5.361420	8.642265	5.667137	
	August	7.246101				5.397058	8.789254	5.613821	
	September	7.282934				5.570093	8.694234	5.593489	
	October	7.320596				5.447765	8.357430	5.270324	
	November	7.373159				5.479414	8.605358	5.384240	
	December	7.392766				5.761629	8.730161	5.594845	
2011	January	7.396420				5.794304	8.724773	5.537878	
	February	7.410873				5.710786	8.753128	5.431365	
	March	7.393749				5.746383	8.546276	5.285354	
	April	7.362212				5.671406	8.340644	5.105235	
	May	7.391226				5.882541	8.407499	5.142271	

loans, securities and deposits (II1) include future interest payments on banks' foreign currency reserve requirements with the CNB (only interest payments for the next month are included), payments of future maturities of foreign currency CNB bills, future principal and interest payments on loans from the IMF, and future principal and interest payments on the central government's foreign currency debts (excluding central government funds). Aggregate short and long positions in forwards and futures in foreign currencies (II2) include future collections (+) or payments (-) arising from currency swaps between the CNB and domestic banks (temporary sale or purchase of foreign currency). Item Other (II3) includes future payments arising from repo transactions with foreign negotiable debt securities.

The third part of the Template shows predetermined contingent foreign currency net liabilities of the Croatian National Bank and the central government (excluding central government funds), which fall due in the following 12 months. Contingent liabilities in foreign currency (III1) include future principal and interest payments on foreign loans guaranteed by the central government, and banks' foreign currency reserve requirements with the CNB. (The inclusion of reserve requirements in foreign currency is based on the assumption that there will be no changes in ratios or in the base of foreign currency reserve requirements, which comprises foreign currency sources of funds, including ordinary foreign currency accounts, special foreign currency accounts, foreign currency accounts and foreign currency sight deposits, received foreign currency deposits and received foreign currency loans, as well as obligations arising from securities issued in foreign currency (excluding banks' equity securities) and hybrid and subordinated instruments). Undrawn credit lines show potential inflows (+) or outflows (-) which would arise from drawdowns under these credits.

The fourth part of the Template lists memo items. Short-term, domestic currency debt indexed to foreign currency (IV(a)) shows obligations arising from the Act on Converting Households' Foreign Currency Deposits into the Public Debt of the Republic of Croatia, which fall due in the next 12 months. Pledged assets (IV(c)) show time deposits in foreign currency with a maturity over 3 months listed in item IB which are also used as collateral. Repo transactions with securities show the value of collateral that is subject to repo and reverse repo transactions with securities as well as how these transactions are registered in the Template.

Table H9 Midpoint exchange rates of the Croatian National Bank (period average) • The annual averages of CNB midpoint exchange rates are calculated based on the midpoint exchange rates effective on the working days in a year, using CNB exchange rate lists whose application dates pertain to the calculation period.

The monthly averages of CNB midpoint exchange rates are calculated based on the midpoint exchange rates effective on the working days in a month, using CNB exchange rate lists whose application dates pertain to the calculation period.

The data show the annual and monthly averages of CNB midpoint exchange rates for selected currencies from 1992 to date, in kuna terms. The averages related to the calculation periods from the beginning of 1992, when the legal tender in the Republic of Croatia was the Croatian dinar, until the introduction of the kuna on 30 May 1994, are shown in kuna equivalent, and are denominated by dividing their values by one thousand (1,000).

The annual and monthly averages of midpoint exchange rates for the euro from 1992 until end 1998 are the averages of midpoint exchange rates applied for the ECU.

Table H10 Midpoint exchange rates of the Croatian National Bank (end of period)

Year	Month	HRK/EUR	HRK/ATS	HRK/FRF	HRK/100 ITL	HRK/CHF	HRK/GBP	HRK/USD	HRK/DEM
1998		7.329100	0.531546	1.114954	0.377700	4.567584	10.451000	6.247500	3.739700
1999		7.679009	0.558055	1.170657	0.396588	4.784268	12.340257	7.647654	3.926215
2000		7.598334	0.552192	1.158359	0.392421	4.989712	12.176817	8.155344	3.884966
2001		7.370030	0.535601	1.123554	0.380630	4.977396	12.101856	8.356043	3.768237
2002		7.442292				5.120256	11.451442	7.145744	
2003		7.646909				4.901551	10.860544	6.118506	
2004		7.671234				4.971314	10.824374	5.636883	
2005		7.375626				4.744388	10.753209	6.233626	
2006		7.345081				4.571248	10.943208	5.578401	
2007		7.325131				4.412464	9.963453	4.985456	
2008		7.324425				4.911107	7.484595	5.155504	
2009		7.306199				4.909420	8.074040	5.089300	
2010		7.385173				5.929961	8.608431	5.568252	
2010	June	7.193455				5.422066	8.870952	5.897241	
	July	7.248517				5.353805	8.705882	5.576640	
	August	7.274976				5.562334	8.904499	5.719321	
	September	7.292743				5.490283	8.481906	5.361523	
	October	7.339273				5.374394	8.443710	5.311386	
	November	7.420325				5.618904	8.761749	5.623588	
	December	7.385173				5.929961	8.608431	5.568252	
2011	January	7.407203				5.709707	8.566211	5.393333	
	February	7.414820				5.786951	8.648029	5.376954	
	March	7.382807				5.688709	8.424015	5.244216	
	April	7.354349				5.706354	8.245710	4.947426	
	May	7.431895				6.123338	8.573944	5.203315	

Table H10 Midpoint exchange rates of the Croatian National Bank (end of period) • The table shows CNB midpoint exchange rates applied on the last day of the observed period.

The data show CNB midpoint exchange rates for selected currencies from 1992 to date, in kuna terms. The end of period midpoint exchange rates related to the periods from the

beginning of the time series in 1992 until the introduction of the kuna on 30 May 1994 are shown in kuna equivalent and are denominated by dividing their values by one thousand (1,000).

The midpoint exchange rates for the euro applied on the last days of the observed periods from 1992 until end 1998 are the end of period midpoint exchange rates applied for the ECU.

Table H11 Indices of the effective exchange rate of the kuna
indices 2005 = 100

Year	Month	Nominal effective exchange rate of the kuna	Real effective exchange rate of the kuna; deflator		Real effective exchange rate of the kuna ^a ; deflator	
			Consumer price index	Producer price index	Unit labour costs in industry	Unit labour costs in the total economy
1998	December	100.05	102.33	106.43		
1999	December	107.42	108.96	110.78		
2000	December	107.39	106.76	104.30	116.75	107.40
2001	December	104.41	103.85	103.86	111.73	107.57
2002	December	102.98	102.93	101.67	112.12	105.88
2003	December	103.17	103.24	102.21	105.39	105.17
2004	December	101.23	102.21	99.97	102.75	101.71
2005	December	100.26	99.82	100.99	100.32	100.43
2006	December	98.76	98.10	101.09	91.54	94.32
2007	December	97.20	94.63	98.64	87.43	89.76
2008	December	96.12	92.53	94.82	89.31	85.88
2009	December	96.36	92.36	92.00	88.94	87.63
2010	June	98.15	93.32	93.15	89.71	90.16
	July	97.65	92.65	92.86		
	August	98.28	93.50	93.31		
	September	98.78	93.83	93.60	90.96	91.31
	October	98.53	93.79	93.37		
	November	99.43	94.49	94.62		
	December	100.14	95.60	95.16	90.21 ^b	92.64 ^b
2011	January	100.31	94.79	95.67		
	February	100.30	94.73	94.82		
	March	99.66	94.47	94.00		
	April	98.78	93.74 ^b	93.09 ^b		
	May	99.41				

^a The values shown are quarterly data. ^b Preliminary data.

Note: Historical data may be revised when the series are updated.

Table H11 Indices of the effective exchange rate of the kuna • The index of the nominal effective exchange rate of the kuna is a weighted geometric average of the index of bilateral nominal exchange rates of the kuna against the selected currencies of the main trading partners. The currencies of the main trading partners and their weights are determined based on the structure of imports and exports of manufactured goods, where the weights used reflect direct import competition, direct export competition and export competition in third markets (see Box 2 in CNB Bulletin No. 165, 2011). The group of countries included in the formation of the index of the effective exchange rate of the kuna comprises the following 16 partner countries: a) eight eurozone countries: Austria (a 6.9% weight), Belgium (2.8%), France (6.4%), Germany (22.5%), Italy (21.4%), the Netherlands (3.2%), Slovenia (6.5%) and Spain (2.6%); b) five EU countries outside the eurozone: the Czech Republic (2.8%), Hungary (2.6%), Poland (2.8%), Sweden (1.9%) and the United Kingdom (3.9%); and c) three non-EU countries: the United States (7.6%), Japan (4.0%) and Switzerland (2.2%). The reference period for the calculation of the weights is the average for the 2007-2009 period. The time series of basic indices were recalculated on the basis of 2005.

The index of the nominal effective exchange rate is an

aggregate indicator of the average value of the domestic currency against a basket of currencies. An increase in the index of the nominal effective exchange rate of the kuna in a certain period indicates that the kuna has depreciated against the basket of currencies and vice versa. The index of the real effective exchange rate is a weighted geometric average of the index of bilateral exchange rates of the kuna adjusted for the corresponding indices of relative prices or costs (the ratio of price indices or costs in partner countries to domestic prices). Producer price indices, consumer price indices and the harmonised consumer price indices for EU member states, unit labour costs in the total economy and in industry are used as deflators. The time series for consumer prices in Croatia is constructed in the following manner: retail price indices are used for the period until and including December 1997 and consumer price indices for the period as of January 1998. Unit labour costs in Croatia are calculated as the ratio of compensation per employee at current prices to labour productivity at constant prices (for more details on the calculation of unit labour costs, see Box 1 in CNB Bulletin No. 141, 2008). Data on the real effective exchange rate for the last month are preliminary. The historical data may be corrected for the subsequent changes in the data on deflators used in the calculation of the index of the real effective exchange rate of the kuna.

	2005	2006	2007	2008	2009	2010	2011		
	Dec. ^b	Dec.	Dec. ^c	Dec. ^{d,e}	Dec. ^f	Dec. [*]	Jan. [*]	Feb. [*]	Mar.
Long-term	7,480.4	9,818.9	13,350.1	18,975.7	20,028.1	19,929.2	20,139.6	19,947.9	20,225.1
Bonds	774.6	857.4	1,293.4	1,251.6	1,665.8	1,585.9	1,742.7	1,444.9	1,430.3
Credits	6,542.1	8,816.1	11,766.9	17,391.3	18,069.6	18,078.7	18,143.1	18,236.0	18,528.2
Currency and deposits	0.0	0.0	0.0	10.6	0.0	0.0	0.0	0.0	0.0
Trade credits	163.7	145.4	289.8	322.2	292.6	264.6	253.7	267.0	266.6
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 Direct investment	2,450.7	2,878.4	3,932.8	5,835.9	7,440.3	7,533.1	7,342.3	7,261.9	7,160.5
Short-term	177.5	233.9	540.4	1,415.7	446.8	936.9	902.8	999.5	964.8
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	36.3	51.2	216.8	1,314.0	343.2	763.9	728.9	816.3	767.6
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	141.2	182.7	323.6	101.6	103.6	172.9	173.8	183.2	197.2
Principal arrears	121.8	158.2	293.9	85.8	73.5	134.1	134.2	142.6	157.9
Interest arrears	19.4	24.5	29.7	15.8	30.1	38.8	39.6	40.6	39.2
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	2,273.2	2,644.5	3,392.5	4,420.2	6,993.4	6,596.3	6,439.5	6,262.4	6,195.7
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	2,239.3	2,618.1	3,374.5	4,414.7	6,992.4	6,593.3	6,436.5	6,259.4	6,192.7
Trade credits	33.9	26.4	18.0	5.5	1.0	3.0	3.0	3.0	3.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (1+2+3+4+5)	25,990.0	29,725.0	33,720.8	40,590.0	45,244.3	46,411.7	46,267.9	46,395.9	47,101.7
o/w: Round tripping ^a	-	-	-	825.6	1,499.0	-	-	-	-

^a The rise in the external debt of the Republic of Croatia is attributed to the direct investment-related debt which comprises round-tripping transactions. A significant transaction, contributing to the removal of a round tripping component of direct investment, was recorded in December 2010. Nevertheless, the debt is presented in this table under heading 5 Direct investment. ^b As from Bulletin No. 170 the series of data on gross external debt has been revised. From December 2005 on, it includes data on non-resident investment in debt securities issued by Croatian issuers in the Croatian market. ^c The relevant comparable data as at 31 December 2007, published in Bulletin No. 146, should be used for the calculation of the external debt growth rate in 2008. ^d From January 2008 on, the data of non-financial enterprises are estimated on the basis of the data collected from the sample. ^e The relevant comparable data as at 31 December 2008, published in Bulletin No. 161, should be used for the calculation of the external debt growth rate in 2009. ^f From January 2009 on, the data of non-banking financial institutions and non-financial enterprises are processed with the help of the new reporting system (INOK) which uses market interest rates to calculate the balance and the schedule of interest payments. The comparable balance as at 31 December 2008 has been calculated by applying the same methodology (published in Bulletin No. 161).

Table H12 Gross external debt by domestic sectors • External debt is defined as the external debt liabilities of residents on the basis of debt securities issued in the foreign markets (at face value), credits (repo agreements included) regardless of their contractual maturity, deposits of non-residents, and trade credits granted by non-residents with contractual maturity of more than 180 days (90 days up to 11 July 2001 and 150 days up to 31 December 2002) and, from December 2005 on, non-resident investment in debt securities issued in the domestic market.

External debt by domestic sectors is shown in the same manner as in the capital and financial account of the BOP. Item Government shows the external debt of the general government, comprising the Republic of Croatia, central government funds (including the State Agency for Deposit Insurance and Bank Rehabilitation, the Croatian Roads and, until 31 December 2007, the Croatian Motorways; from this date on, the Croatian Motorways is shown within the subsector public enterprises under item Other sectors), and local government. Item Croatian National Bank shows the debt of the central bank. Item Banks shows the debt of banks. Item Other sectors shows the debt of other banking institutions, non-banking financial institutions (including the Croatian Bank for Reconstruction and Development), enterprises, non-profit institutions and households, including craftsmen. Item Direct investment shows borrower – lender transactions of other sectors that are interrelated by ownership (borrower or lender owns more than 10% of the other).

Each sector data are further shown by contractual (short-term or long-term) maturity and by debt instrument. From the beginning of 2004, instruments included in item Currency and deposits (3 Banks) are reported in accordance with their

maturity. Data for the previous periods are reported only on a long-term basis.

Outstanding gross external debt includes principal and interest arrears, as well as accrued interest and future principal payments.

Outstanding debt data are shown at the CNB's midpoint exchange rate at the end of the period.

Data are considered preliminary until after publication of the final BOP data for the reporting quarter.

Table H13 Public sector gross external debt, and publicly guaranteed and non-publicly guaranteed private sector gross external debt • The gross external debt position presented in this table highlights the role of the public sector.

Public sector includes the general government (comprising the Republic of Croatia, central government funds and local government), the central bank, public enterprises, mixed enterprises and the CBRD. Public enterprises are defined as enterprises in 100% ownership of business entities from the public sector. Mixed enterprises are defined as enterprises in which business entities from the public sector have a share larger than 50%.

Publicly guaranteed private sector gross external debt is defined as the external debt liabilities of business entities not covered by the definition of the public sector, the servicing of which is guaranteed by a business entity from the public sector.

Non-publicly guaranteed private sector gross external debt is defined as the external debt liabilities of business entities not covered by the definition of the public sector, the servicing of which is not guaranteed by the public sector.

Items are valued in the same manner as in Table H12.

Table H13 Public sector gross external debt, and publicly guaranteed and non-publicly guaranteed private sector gross external debt^a
in million EUR

	2005 Dec. ^b	2006 Dec.	2007 Dec. ^c	2008 Dec. ^{d,e}	2009 Dec. ^f	2010 Dec. ^g	2011		
							Jan. [*]	Feb. [*]	Mar.
1 Public sector	8,718.7	8,673.8	9,986.7	10,852.7	12,820.6	14,283.0	14,119.6	14,071.4	14,610.1
Short-term	32.3	165.5	116.2	209.2	429.9	651.2	755.2	933.9	1,150.0
Money market instruments	9.0	123.9	43.7	24.6	170.3	468.3	469.8	507.6	547.9
Credits	2.3	15.2	35.4	164.1	215.6	108.6	212.0	353.0	529.9
Currency and deposits	2.6	2.6	2.3	2.3	1.1	1.2	1.1	1.1	0.4
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	18.3	23.9	34.7	18.2	42.9	73.1	72.3	72.2	71.8
Principal arrears	17.1	20.6	29.9	17.1	39.4	69.3	68.5	68.4	68.0
Interest arrears	1.2	3.3	4.8	1.1	3.6	3.8	3.8	3.8	3.8
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	8,685.4	8,506.8	9,868.8	10,641.8	12,207.3	13,466.9	13,270.9	13,065.9	13,446.3
Bonds	4,260.1	3,933.7	4,543.3	4,294.8	5,326.8	5,570.6	5,444.1	5,154.4	5,434.3
Credits	4,314.5	4,485.2	5,120.3	6,068.5	6,608.2	7,648.3	7,589.2	7,663.3	7,764.0
Currency and deposits	0.0	0.0	0.0	10.6	0.0	0.0	0.0	0.0	0.0
Trade credits	110.8	87.9	205.2	267.9	272.3	248.1	237.6	248.3	247.9
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment	1.0	1.5	1.8	1.7	183.4	165.0	93.4	71.7	13.9
2 Publicly guaranteed private sector	289.7	204.2	139.9	80.3	9.2	5.4	4.9	4.9	3.9
Short-term	21.8	17.2	11.3	7.1	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	21.8	17.2	11.3	7.1	0.0	0.0	0.0	0.0	0.0
Principal arrears	14.2	14.4	9.4	7.1	0.0	0.0	0.0	0.0	0.0
Interest arrears	7.6	2.8	1.9	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	267.9	187.0	128.6	73.2	9.2	5.4	4.9	4.9	3.9
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	267.3	187.0	128.6	73.2	9.2	5.4	4.9	4.9	3.9
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3 Non-publicly guaranteed private sector	16,981.5	20,847.0	23,594.3	29,657.1	32,414.6	32,123.3	32,143.4	32,319.5	32,487.8
Short-term	3,171.4	4,008.7	3,763.3	4,564.9	4,180.2	4,440.6	4,181.3	4,283.0	4,261.4
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	1,195.5	1,290.2	1,356.4	1,641.6	1,268.9	1,355.0	1,047.7	1,089.2	1,231.9
Currency and deposits	1,438.6	2,211.1	1,648.8	2,670.3	2,283.9	2,073.0	2,150.2	2,208.6	2,187.1
Trade credits	27.8	35.9	31.1	39.5	28.2	30.8	33.0	32.4	33.9
Other debt liabilities	509.5	471.5	727.0	213.5	599.2	981.8	950.5	952.7	808.5
Principal arrears	472.5	425.6	645.4	150.2	484.4	814.4	783.6	785.1	668.9
Interest arrears	37.0	45.8	81.7	63.3	114.9	167.5	166.9	167.7	139.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	11,360.5	13,961.4	15,899.9	19,258.0	20,977.5	20,314.5	20,713.2	20,846.3	21,079.7
Bonds	843.6	798.4	628.8	585.5	324.4	332.2	482.5	478.3	461.9
Credits	8,267.8	10,919.0	12,691.4	16,162.4	16,590.1	15,573.5	15,659.1	15,670.1	15,857.9
Currency and deposits	2,194.3	2,184.7	2,493.9	2,455.0	4,042.7	4,384.9	4,548.2	4,671.7	4,734.0
Trade credits	54.8	59.4	85.8	55.0	20.3	23.8	23.4	26.1	25.9

	Gross external debt 31/3/2011	Immediate	Projected future principal payments												
			Q2/11	Q3/11	Q4/11	Q1/12	2011	2012	2013	2014	2015	2016	2017	2018	Other
Credits	3,328.3	0.0	278.0	54.5	519.1	275.7	851.6	603.1	478.1	532.5	105.5	335.8	355.4	5.4	60.9
Currency and deposits	4,734.0	0.0	244.5	463.4	463.4	461.3	1,171.3	1,468.4	481.2	269.7	335.1	193.3	230.5	567.2	17.3
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4 Other sectors	21,981.9	880.0	1,561.3	1,267.5	2,251.0	768.7	5,079.8	3,224.2	2,489.8	1,491.3	1,262.7	1,385.4	1,421.4	708.9	4,038.5
Short-term	1,756.7	880.0	140.3	221.7	434.6	80.1	796.6	80.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	842.8	0.0	140.3	221.7	400.7	80.1	762.7	80.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	33.9	0.0	0.0	0.0	33.9	0.0	33.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	880.0	880.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	736.9	736.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	143.1	143.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	20,225.1	0.0	1,421.0	1,045.7	1,816.4	688.6	4,283.2	3,144.1	2,489.8	1,491.3	1,262.7	1,385.4	1,421.4	708.9	4,038.5
Bonds	1,430.3	0.0	63.3	0.0	16.4	0.0	79.7	280.1	42.9	30.5	30.5	458.8	504.1	0.0	3.8
Credits	18,528.2	0.0	1,302.8	956.0	1,712.0	688.6	3,970.8	2,845.3	2,435.8	1,459.7	1,231.1	925.5	916.4	708.9	4,034.7
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	266.6	0.0	55.0	89.7	88.0	3.0	232.7	18.7	11.1	1.1	1.0	1.0	0.9	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 Direct investment	7,160.5	197.2	1,046.3	268.2	1,720.5	261.2	3,035.0	970.3	378.0	386.3	235.4	215.0	181.2	106.2	1,455.9
Short-term	964.8	197.2	237.6	44.2	369.4	116.4	651.3	116.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	767.6	0.0	237.6	44.2	369.4	116.4	651.3	116.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	197.2	197.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	157.9	157.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	39.2	39.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	6,195.7	0.0	808.7	224.0	1,351.1	144.8	2,383.7	854.0	378.0	386.3	235.4	215.0	181.2	106.2	1,455.9
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	6,192.7	0.0	808.6	223.4	1,350.8	144.8	2,382.8	852.1	377.8	386.3	235.4	215.0	181.2	106.2	1,455.9
Trade credits	3.0	0.0	0.1	0.6	0.2	0.0	0.9	1.8	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (1+2+3+4+5)	47,101.7	1,077.5	5,447.7	2,776.6	5,439.0	2,172.8	13,663.3	6,834.7	4,115.4	3,330.1	2,932.4	2,248.9	2,288.5	1,457.3	9,153.8
Supplement: Projected interest payments			195.8	281.1	347.1	280.9	824.0	1,066.4	934.6	800.3	688.6	579.4	477.8	386.1	2,394.2

^a As from Bulletin No. 170 the stock and the planned repayments of gross external debt include data on non-resident investment in debt securities issued by Croatian issuers in the Croatian market.

Table H14 Gross external debt by domestic sectors and projected future payments • The table shows outstanding gross external debt, projected principal payments and estimated interest payments according to the CNB's midpoint exchange rate at the end of the period. Projected principal payments and estimated interest payments on currency and deposits of non-residents under item Banks are reported in accordance with the available monetary statistics data on original and remaining maturity.

Estimated interest payments do not include interest on repo transactions and hybrid and subordinated instruments, as well as late interest on these instruments (up to March 2010, estimated

interest payments did not also include interest on currency and deposits). Future interest payments of banks are estimated on the basis of contractual interest rates and do not reflect changes of variable interest rates. Future interest payments of other sectors are estimated on the basis of the benchmark interest rate applicable on the reporting date. Projected payments of accrued interest, which are an integral part of the gross external debt, increase the projected principal payments in the first quarter period and, consequently, decrease the interest payments estimated for the same period.

Table H15 Gross external debt by other sectors
in million EUR

	2005 Dec. ^a	2006 Dec.	2007 Dec. ^b	2008 Dec. ^{c,d}	2009 Dec. ^e	2010 Dec. ^f	2011		
							Jan. [*]	Feb. [*]	Mar.
1 Other sectors	8,187.1	10,519.7	14,828.3	19,901.0	21,374.8	21,542.1	21,853.5	21,817.4	21,981.9
Short-term	706.7	700.9	1,478.2	925.3	1,346.7	1,612.9	1,713.9	1,869.5	1,756.7
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	133.0	155.0	681.0	652.9	677.7	528.4	658.4	812.3	842.8
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	27.8	35.9	31.1	39.5	28.2	30.8	33.0	32.4	33.9
Other debt liabilities	545.9	510.0	766.0	232.9	640.9	1,053.6	1,022.4	1,024.7	880.0
Principal arrears	502.1	460.6	683.4	170.4	523.6	882.9	852.0	853.5	736.9
Interest arrears	43.8	49.4	82.6	62.5	117.2	170.7	170.4	171.2	143.1
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	7,480.4	9,818.9	13,350.1	18,975.7	20,028.1	19,929.2	20,139.6	19,947.9	20,225.1
Bonds	774.6	857.4	1,293.4	1,251.6	1,665.8	1,585.9	1,742.7	1,444.9	1,430.3
Credits	6,542.1	8,816.1	11,766.9	17,401.9	18,069.6	18,078.7	18,143.1	18,236.0	18,528.2
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	163.7	145.4	289.8	322.2	292.6	264.6	253.7	267.0	266.6
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1 Other banking institutions	25.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	25.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	25.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2 Non-banking financial institutions	2,132.1	2,871.4	3,922.0	4,949.7	5,396.1	4,486.1	4,457.2	4,153.2	4,149.6
Short-term	19.6	60.1	201.6	155.4	436.3	109.1	127.8	131.8	161.9
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	14.3	46.5	184.5	144.5	431.8	94.1	122.2	126.2	156.2
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	5.3	13.6	17.1	10.9	4.5	15.0	5.7	5.6	5.8
Principal arrears	2.9	6.4	2.9	4.2	1.3	11.6	2.1	2.1	2.2
Interest arrears	2.4	7.2	14.2	6.7	3.2	3.4	3.6	3.5	3.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	2,112.5	2,811.3	3,720.4	4,794.3	4,959.8	4,377.0	4,329.3	4,021.4	3,987.7
Bonds	388.6	531.4	806.7	791.5	1,014.7	933.7	937.8	636.3	644.2
Credits	1,723.8	2,279.9	2,913.7	3,992.3	3,945.1	3,443.3	3,391.5	3,385.1	3,343.5
Currency and deposits	0.0	0.0	0.0	10.6	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3 Public enterprises	1,121.9	1,168.5	2,031.6	3,985.5	5,214.0	5,968.7	6,022.8	6,196.4	6,295.2
Short-term	13.3	31.6	48.3	145.1	77.7	180.8	284.3	425.2	426.7
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	15.2	35.4	132.4	34.8	108.6	212.0	353.0	354.9
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	13.3	16.4	12.9	12.7	42.8	72.2	72.3	72.2	71.8

	2005 Dec. ^a	2006 Dec.	2007 Dec. ^b	2008 Dec. ^{c,d}	2009 Dec. ^e	2010 Dec. ^f	2011		
							Jan. [*]	Feb. [*]	Mar.
Principal arrears	12.5	14.5	12.5	11.8	39.3	68.6	68.5	68.4	68.0
Interest arrears	0.8	1.9	0.5	0.9	3.6	3.7	3.8	3.8	3.8
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	1,108.6	1,136.9	1,983.3	3,840.5	5,136.4	5,787.9	5,738.5	5,771.2	5,868.5
Bonds	0.0	0.0	330.4	341.3	335.6	328.9	331.3	330.3	324.2
Credits	1,026.8	1,066.8	1,470.2	3,254.7	4,528.5	5,210.8	5,169.6	5,192.7	5,296.4
Trade credits	81.8	70.1	182.7	244.5	272.3	248.1	237.6	248.3	247.9
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.4 Mixed enterprises	328.8	416.5	594.9	741.6	0.0	0.0	0.0	0.0	0.0
Short-term	5.3	6.3	16.5	1.2	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	3.0	6.3	16.5	1.2	0.0	0.0	0.0	0.0	0.0
Principal arrears	2.9	6.1	16.4	1.1	0.0	0.0	0.0	0.0	0.0
Interest arrears	0.2	0.2	0.1	0.2	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	323.5	410.2	578.4	740.4	0.0	0.0	0.0	0.0	0.0
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	297.1	394.3	557.1	717.7	0.0	0.0	0.0	0.0	0.0
Trade credits	26.4	15.9	21.3	22.7	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.5 Other enterprises	4,465.2	5,948.7	8,113.0	9,958.6	10,484.8	10,872.9	11,161.9	11,256.2	11,329.2
Short-term	653.7	578.8	1,174.3	619.2	800.4	1,316.1	1,294.9	1,305.5	1,163.2
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	114.8	86.9	451.2	373.8	178.7	318.8	317.4	326.2	326.7
Trade credits	27.8	35.9	31.1	39.5	28.2	30.8	33.0	32.4	33.9
Other debt liabilities	511.1	456.0	692.0	205.9	593.5	966.5	944.5	946.8	802.5
Principal arrears	473.4	420.3	630.2	151.2	483.0	802.8	781.5	783.0	666.8
Interest arrears	37.7	35.7	61.8	54.7	110.5	163.7	163.0	163.8	135.7
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	3,811.6	5,369.9	6,938.8	9,339.3	9,684.4	9,556.8	9,867.0	9,950.7	10,166.0
Bonds	386.0	326.0	156.3	118.9	315.5	323.4	473.6	478.3	461.9
Credits	3,377.5	4,989.1	6,701.7	9,168.7	9,349.0	9,217.0	9,377.3	9,453.6	9,685.5
Trade credits	48.1	54.8	80.8	51.7	20.0	16.4	16.1	18.8	18.7
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.6 Non-profit institutions	4.9	5.3	5.4	3.8	3.6	2.6	2.6	2.6	2.2
1.7 Craftsmen and sole traders	35.2	26.8	24.1	17.1	11.5	7.2	6.9	6.8	6.5
1.8 Households	73.3	82.7	137.2	244.7	264.8	204.7	202.1	202.3	199.1

^a As from Bulletin No. 170 the series of data on gross external debt has been revised. From December 2005 on, it includes data on non-resident investment in debt securities issued by Croatian issuers in the Croatian market. ^b The relevant comparable data as at 31 December 2007, published in Bulletin No. 146, should be used for the calculation of the external debt growth rate in 2008. ^c From January 2008 on, the data of non-financial enterprises are estimated on the basis of the data collected from the sample. ^d The relevant comparable data as at 31 December 2008, published in Bulletin No. 161, should be used for the calculation of the external debt growth rate in 2009. ^e From January 2009 on, the data of non-banking financial institutions and non-financial enterprises are processed with the help of the new reporting system (INOK) which uses market interest rates to calculate the balance and the schedule of interest payments. The comparable balance as at 31 December 2008 has been calculated by applying the same methodology (published in Bulletin No. 161).

Table H16 International investment position – summary^{a,b}

in million EUR

	2005	2006	2007	2008	2009	2010 ^c	2010				2011
							Q1 ^c	Q2 ^c	Q3 ^c	Q4 ^c	Q1 ^d
1 International investment position (net)	-20,445.6	-30,453.2	-40,180.2	-34,980.8	-38,836.4	-42,301.9	-39,921.1	-39,730.9	-38,724.5	-42,301.9	-44,296.7
2 Assets	16,061.4	18,154.1	21,642.8	22,503.0	24,635.4	23,161.2	23,889.4	24,533.8	25,574.1	23,161.2	23,093.2
2.1 Direct investment abroad	1,729.8	1,833.3	2,580.3	3,750.4	4,556.6	3,107.3	4,748.6	4,884.1	4,846.2	3,107.3	3,480.8
2.2 Portfolio investment	2,155.7	2,486.9	3,250.9	2,641.2	3,416.4	3,582.1	3,536.3	3,306.3	3,334.9	3,582.1	3,347.1
2.2.1 Equity securities	379.6	559.3	1,745.5	656.7	800.3	1,255.6	1,077.4	1,151.2	1,079.3	1,255.6	1,305.8
2.2.2 Debt securities	1,776.1	1,927.6	1,505.4	1,984.6	2,616.1	2,326.5	2,458.9	2,155.1	2,255.6	2,326.5	2,041.3
Bonds	1,628.9	1,536.2	1,225.0	1,602.2	1,907.5	1,493.6	1,659.1	1,526.1	1,436.8	1,493.6	1,473.4
Money market instruments	147.1	391.4	280.4	382.4	708.6	832.9	799.8	628.9	818.8	832.9	567.9
2.3 Financial derivatives	0.0	0.0	0.0	0.0	24.1	16.5	20.7	28.9	31.6	16.5	38.5
2.4 Other investment	4,737.6	5,108.5	6,504.2	6,990.5	6,262.5	5,795.1	5,734.7	6,009.3	6,207.0	5,795.1	4,802.8
2.4.1 Trade credits	262.9	230.5	248.9	224.7	123.3	80.5	113.6	106.6	84.5	80.5	86.5
2.4.2 Loans	146.2	239.5	296.4	435.9	384.5	462.9	393.5	421.3	432.3	462.9	469.3
2.4.3 Currency and deposits	4,328.5	4,638.3	5,958.9	6,329.8	5,754.6	5,251.7	5,227.6	5,481.4	5,690.2	5,251.7	4,247.0
2.4.4 Other assets	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.5 Reserve assets (CNB)	7,438.4	8,725.3	9,307.4	9,120.9	10,375.8	10,660.2	9,849.0	10,305.2	11,154.4	10,660.2	11,423.9
3 Liabilities	36,507.1	48,607.2	61,823.1	57,483.8	63,471.9	65,463.2	63,810.5	64,264.7	64,298.6	65,463.2	67,389.9
3.1 Direct investment in Croatia	12,332.0	20,782.0	30,611.5	22,190.9	24,958.1	25,649.1	25,571.1	25,158.8	25,140.8	25,649.1	26,514.1
3.2 Portfolio investment	5,748.5	5,834.6	6,639.5	5,443.7	6,479.1	7,109.2	5,804.8	6,055.5	7,070.8	7,109.2	7,280.6
3.2.1 Equity securities	647.5	1,012.8	1,522.3	613.8	657.6	738.0	697.9	617.5	664.5	738.0	836.4
3.2.2 Debt securities	5,101.0	4,821.8	5,117.1	4,829.9	5,821.5	6,371.1	5,107.0	5,438.0	6,406.3	6,371.1	6,444.1
Bonds	5,091.9	4,698.0	5,073.5	4,805.3	5,651.2	5,902.8	4,849.8	4,943.1	5,831.9	5,902.8	5,896.2
Money market instruments	9.0	123.9	43.7	24.6	170.3	468.3	257.2	494.8	574.4	468.3	547.9
3.3 Financial derivatives	-	-	-	-	-	197.5	72.3	181.9	149.3	197.5	98.2
3.4 Other investment	18,426.6	21,990.6	24,572.1	29,849.2	31,982.6	32,507.5	32,362.2	32,868.5	31,937.6	32,507.5	33,497.1
3.4.1 Trade credits	249.5	244.9	337.8	367.5	344.4	346.3	359.2	354.0	388.9	346.3	350.2
3.4.2 Loans	14,541.4	17,347.4	20,088.8	24,343.4	25,310.1	25,701.6	25,944.1	26,128.3	25,629.2	25,701.6	26,225.1
3.4.3 Currency and deposits	3,635.6	4,398.4	4,145.5	5,138.3	6,328.1	6,459.5	6,058.9	6,386.2	5,919.5	6,459.5	6,921.8
3.4.4 Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from December 1998 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Data also include the round tripping which increases direct investment in Croatia and direct investment abroad by the same amount. This type of direct investment was recorded in December 2008 (EUR 825.7m) and August 2009 (EUR 666.5m). Accordingly, they impact the stock of direct investment in Croatia and direct investment abroad from these months onwards. ^c Revised data. ^d Preliminary data.

Table H16 International investment position • This table is made in accordance with the recommendations of the IMF (Balance of Payments Manual, Fifth Edition, 1993). Data sources include: reports from banks, enterprises, the Croatian National Bank, and the Zagreb Stock Exchange (ZSE).

Data on international investments of the Republic of Croatia and international investments into the Republic of Croatia are recorded in euros (EUR) and US dollars (USD). Depending on the sources of data available, the conversion of values from the original currencies into the reporting currencies is performed:

- by applying the current rate of exchange or the average monthly midpoint exchange rate of the Croatian National Bank to transactions;
- by applying the midpoint exchange rate of the Croatian National Bank on the reporting date to balances.

Data on foreign direct and portfolio equity investment are compiled on the basis of market prices, whenever available. Market prices on the last day of the reporting period taken from the Zagreb Stock Exchange are used in the part related to investment in the Republic of Croatia, while in the part related to investment abroad, the reporting units participating in the research on direct and portfolio equity investments are obliged to state the value at market prices of their equity investment abroad. When this is not possible, the book value of total equity held by direct or portfolio investors is used, regardless of whether investments are made in the Republic of Croatia or abroad

(the own funds at book value method).

Portfolio debt investment and other investment are classified according to the following institutional sectors: the Croatian National Bank, government, banks and other sectors. The government sector comprises the central government and funds and local government authorities. The banking sector comprises banks.

Item Portfolio debt investment – Assets and liabilities comprises data on investments of residents into debt securities issued by non-residents (assets) and investments of non-residents into debt securities issued by residents (liabilities). The source of data is the register of foreign credit relations kept by the Croatian National Bank and monetary statistics data.

Data on portfolio equity and debt investment are modified by the data submitted by the Central Depository and Clearing Company and commercial banks providing securities custody services, particularly in the part Assets of other sectors.

Item Other investment – Trade credits – Assets and liabilities comprises foreign claims and foreign liabilities of the said sectors arising from trade credits. The source of data is the register of foreign credit relations kept by the Croatian National Bank.

Item Other investment – Loans – Assets and liabilities comprises data on loans granted and received between residents and non-residents classified according to institutional sectors. The source of data is the register of foreign credit relations kept by the Croatian National Bank.

Item Other investment – Currency and deposits – Assets

shows the total liquid foreign currency assets of banks authorised to do business abroad reduced by the amount of foreign currency deposited by banks with the CNB in fulfilment of a part of their reserve requirements. In addition to banks' foreign claims, foreign claims of the government sector are also shown. The sources of data are reports from the government and banks. The Bank for International Settlement quarterly data are used for other sectors.

Item Other investment – Currency and deposits – Liabilities shows the total foreign currency and kuna liabilities of the said sectors abroad arising from current accounts, time and notice deposits, sight deposits and demand deposits. The sources of data for this item are reports from banks.

Item International reserves of the CNB is compiled on the basis of the CNB Accounting Department reports which contain data on their balances and changes.

Table H17 International investment position – direct investment^a
in million EUR

	2005	2006	2007	2008	2009	2010 ^b	2010				2011
							Q1	Q2	Q3	Q4 ^b	Q1 ^c
Direct investment (net)	-10,602.2	-18,948.7	-28,031.2	-18,440.6	-20,401.5	-22,541.8	-20,822.5	-20,274.6	-20,294.6	-22,541.8	-23,033.3
1 Abroad	1,729.8	1,833.3	2,580.3	3,750.4	4,556.6	3,107.3	4,748.6	4,884.1	4,846.2	3,107.3	3,480.8
1.1 Equity capital and reinvested earnings	1,610.5	1,725.2	2,479.3	3,560.6	4,463.4	2,865.8	4,652.7	4,756.2	4,727.2	2,865.8	3,170.0
1.1.1 Claims	1,610.5	1,725.2	2,479.3	3,560.6	4,463.4	2,865.8	4,652.7	4,756.2	4,727.2	2,865.8	3,170.0
1.1.2 Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2 Other capital	119.3	108.2	101.0	189.7	93.2	241.5	95.9	128.0	119.0	241.5	310.8
1.1.1 Claims	138.0	144.8	175.4	220.2	217.0	607.0	239.7	277.9	274.0	607.0	667.4
1.2.2 Liabilities	18.7	36.6	74.4	30.5	123.8	365.5	143.8	149.9	155.0	365.5	356.6
1.3 Financial derivatives (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 In Croatia	12,332.0	20,782.0	30,611.5	22,190.9	24,958.1	25,649.1	25,571.1	25,158.8	25,140.8	25,649.1	26,514.1
2.1 Equity capital and reinvested earnings	9,920.2	17,961.2	26,777.2	16,409.8	17,694.6	18,549.7	18,212.7	18,013.4	18,110.8	18,549.7	19,751.4
2.1.1 Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2 Liabilities	9,920.2	17,961.2	26,777.2	16,409.8	17,694.6	18,549.7	18,212.7	18,013.4	18,110.8	18,549.7	19,751.4
2.2 Other capital	2,411.8	2,820.7	3,834.3	5,781.1	7,263.5	7,099.4	7,358.4	7,145.4	7,030.0	7,099.4	6,762.7
2.2.1 Claims	20.1	21.1	24.2	24.3	52.9	68.3	67.5	99.2	79.9	68.3	41.2
2.2.2 Liabilities	2,431.9	2,841.8	3,858.5	5,805.4	7,316.4	7,167.7	7,425.9	7,244.6	7,109.9	7,167.7	6,803.9
2.3 Financial derivatives (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a Data also include the round tripping which increases direct investment in Croatia and direct investment abroad by the same amount. This type of direct investment was recorded in December 2008 (EUR 825.7m) and August 2009 (EUR 666.5m). Accordingly, they impact the stock of direct investment in Croatia and direct investment abroad from these months onwards. ^b Revised data. ^c Preliminary data.

Table H18 International investment position – portfolio investment^a
in million EUR

	2005	2006	2007	2008	2009 ^b	2010 ^b	2010				2011
							Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^c
Portfolio investment (net)	-3,592.8	-3,347.7	-3,388.6	-2,802.5	-3,062.7	-3,527.1	-2,268.5	-2,749.2	-3,735.9	-3,527.1	-3,933.4
1 Assets	2,155.7	2,486.9	3,250.9	2,641.2	3,416.4	3,582.1	3,536.3	3,306.3	3,334.9	3,582.1	3,347.1
1.1 Equity securities	379.6	559.3	1,745.5	656.7	800.3	1,255.6	1,077.4	1,151.2	1,079.3	1,255.6	1,305.8
1.1.1 Banks	5.9	6.7	8.3	11.6	12.8	11.1	8.1	13.2	10.7	11.1	14.7
1.1.2 Other sectors	373.7	552.6	1,737.2	645.1	787.5	1,244.5	1,069.4	1,138.0	1,068.7	1,244.5	1,291.1
1.2 Debt securities	1,776.1	1,927.6	1,505.4	1,984.6	2,616.1	2,326.5	2,458.9	2,155.1	2,255.6	2,326.5	2,041.3
2 Liabilities	5,748.5	5,834.6	6,639.5	5,443.7	6,479.1	7,109.2	5,804.8	6,055.5	7,070.8	7,109.2	7,280.6
2.1 Equity securities	647.5	1,012.8	1,522.3	613.8	657.6	738.0	697.9	617.5	664.5	738.0	836.4
2.1.1 Banks	59.8	143.2	164.7	66.5	62.4	56.8	64.2	64.0	65.1	56.8	57.8
2.1.2 Other sectors	587.7	869.5	1,357.6	547.3	595.2	681.2	633.7	553.5	599.4	681.2	778.6
2.2 Debt securities	5,101.0	4,821.8	5,117.1	4,829.9	5,821.5	6,371.1	5,107.0	5,438.0	6,406.3	6,371.1	6,444.1
2.2.1 Bonds	5,091.9	4,698.0	5,073.5	4,805.3	5,651.2	5,902.8	4,849.8	4,943.1	5,831.9	5,902.8	5,896.2
2.2.1.1 General government	3,871.4	3,402.3	3,406.2	3,162.1	3,976.4	4,308.0	3,251.4	3,357.9	4,241.4	4,308.0	4,465.9
2.2.1.2 Banks	456.6	457.9	459.0	456.8	9.0	8.9	8.9	9.1	8.9	8.9	0.0
2.2.1.3 Other sectors	763.9	837.8	1,208.3	1,186.4	1,665.8	1,585.9	1,589.5	1,576.1	1,581.6	1,585.9	1,430.3
2.2.2 Money market instruments	9.0	123.9	43.7	24.6	170.3	468.3	257.2	494.8	574.4	468.3	547.9
2.2.2.1 Other sectors	9.0	123.9	43.7	24.6	170.3	468.3	257.1	494.8	574.4	468.3	547.9

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from December 1998 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Revised data. ^c Preliminary data.

Table H19 International investment position – other investment^a

in million EUR

	2005	2006	2007	2008	2009	2010 ^b	2010				2011
							Q1	Q2	Q3	Q4 ^b	Q1 ^c
Other investment (net)	-13,689.0	-16,882.1	-18,067.8	-22,858.7	-25,720.0	-26,712.4	-26,627.5	-26,859.2	-25,730.6	-26,712.4	-28,694.2
1 Assets	4,737.6	5,108.5	6,504.2	6,990.5	6,262.5	5,795.1	5,734.7	6,009.3	6,207.0	5,795.1	4,802.8
1.1 Trade credits	262.9	230.5	248.9	224.7	123.3	80.5	113.6	106.6	84.5	80.5	86.5
1.1.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2 Other sectors	262.9	230.5	248.9	224.7	123.3	80.5	113.6	106.6	84.5	80.5	86.5
Long-term	190.9	177.5	228.8	202.6	96.3	61.4	90.7	86.3	64.1	61.4	62.9
Short-term	72.0	53.0	20.1	22.1	27.0	19.2	22.9	20.3	20.4	19.2	23.5
1.2 Loans	146.2	239.5	296.4	435.9	384.5	462.9	393.5	421.3	432.3	462.9	469.3
1.2.1 Croatian National Bank	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Long-term	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
1.2.2 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.3 Banks	113.2	188.5	214.8	285.3	270.1	330.7	272.4	286.3	294.3	330.7	358.1
Long-term	85.3	140.0	160.0	193.6	233.7	285.6	231.1	243.1	244.6	285.6	311.2
Short-term	27.9	48.5	54.8	91.7	36.5	45.1	41.3	43.2	49.7	45.1	46.9
1.2.4 Other sectors	32.3	50.4	81.1	150.0	113.8	131.6	120.5	134.4	137.4	131.6	110.7
Long-term	32.0	50.2	81.0	146.8	113.6	93.9	118.0	119.1	109.3	93.9	89.5
Short-term	0.3	0.2	0.1	3.3	0.2	37.7	2.4	15.3	28.1	37.7	21.2
1.3 Currency and deposits	4,328.5	4,638.3	5,958.9	6,329.8	5,754.6	5,251.7	5,227.6	5,481.4	5,690.2	5,251.7	4,247.0
1.3.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.2 Banks	3,112.2	3,499.9	4,715.1	4,863.6	4,442.9	4,060.1	3,952.7	4,166.9	4,493.6	4,060.1	3,081.9
1.3.3 Other sectors	1,216.3	1,138.3	1,243.8	1,466.2	1,311.7	1,191.6	1,274.9	1,314.5	1,196.6	1,191.6	1,165.2
1.4 Other assets	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 Liabilities	18,426.6	21,990.6	24,572.1	29,849.2	31,982.6	32,507.5	32,362.2	32,868.5	31,937.6	32,507.5	33,497.1
2.1 Trade credits	249.5	244.9	337.8	367.5	344.4	346.3	359.2	354.0	388.9	346.3	350.2
2.1.1 General government	2.6	1.9	1.2	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	2.6	1.9	1.2	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2 Other sectors	246.9	243.0	336.6	366.7	344.4	346.3	359.2	354.0	388.9	346.3	350.2
Long-term	219.1	207.0	305.5	327.2	316.2	315.5	321.6	313.5	349.0	315.5	316.3
Short-term	27.8	35.9	31.1	39.5	28.2	30.8	37.6	40.5	39.9	30.8	33.9
2.2 Loans	14,541.4	17,347.4	20,088.8	24,343.4	25,310.1	25,701.6	25,944.1	26,128.3	25,629.2	25,701.6	26,225.1
2.2.1 Croatian National Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
o/w: IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2 General government	2,486.7	2,559.0	2,613.7	1,574.6	1,592.7	1,798.7	1,845.9	1,837.8	1,834.2	1,798.7	1,951.4
Long-term	2,486.7	2,559.0	2,613.7	1,542.9	1,592.7	1,798.7	1,845.9	1,837.8	1,834.2	1,798.7	1,776.4
Short-term	0.0	0.0	0.0	31.7	0.0	0.0	0.0	0.0	0.0	0.0	175.0
2.2.3 Banks	4,889.2	5,368.9	4,276.8	4,496.7	4,352.8	4,293.1	4,604.3	4,746.5	4,184.1	4,293.1	4,072.4
Long-term	3,822.9	4,217.4	3,565.2	3,374.7	3,545.3	3,358.0	3,518.6	3,695.3	3,342.1	3,358.0	3,328.3
Short-term	1,066.3	1,151.6	711.7	1,122.0	807.5	935.1	1,085.7	1,051.1	842.0	935.1	744.0
2.2.4 Other sectors	7,165.5	9,419.4	13,198.2	18,272.0	19,364.6	19,609.8	19,493.9	19,544.1	19,610.9	19,609.8	20,201.3
Long-term	6,964.8	9,187.2	12,371.2	17,589.5	18,625.9	18,988.7	18,772.4	18,937.6	19,017.1	18,988.7	19,242.5
Short-term	200.8	232.2	827.1	682.5	738.7	621.1	721.5	606.5	593.7	621.1	958.9
2.3 Currency and deposits	3,635.6	4,398.4	4,145.5	5,138.3	6,328.1	6,459.5	6,058.9	6,386.2	5,919.5	6,459.5	6,921.8
2.3.1 Croatian National Bank	2.6	2.6	2.3	2.3	1.1	1.2	1.2	1.3	1.1	1.2	0.4
2.3.2 Banks	3,633.0	4,395.8	4,143.2	5,125.5	6,327.0	6,458.4	6,057.7	6,384.9	5,918.4	6,458.4	6,921.4
2.3.3 Other sectors	0.0	0.0	0.0	10.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4 Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from December 1998 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Revised data. ^c Preliminary data.

	2005	2006	2007	2008	2009	2010				
						Mar.	Jun.	Sep.	Oct.	Nov.
3.3 CHANGE IN NET INCURRENCE OF LIABILITIES	7,998.8	1,890.7	560.6	5,654.1	17,432.0	2,512.4	705.6	-54.4	-681.2	1,710.7
3.3.1 Domestic	12,041.7	5,282.8	2,017.1	6,795.7	10,130.2	2,465.6	968.8	-77.8	-619.3	1,789.8
A) Budgetary central government	10,591.6	3,166.3	1,477.6	5,656.6	9,576.6	2,376.3	969.4	-39.4	-651.1	1,746.9
B) Extrabudgetary users	1,450.1	2,116.5	539.5	1,139.1	553.6	89.3	-0.6	-38.3	31.8	42.9
3.3.2 Foreign	-4,042.8	-3,392.1	-1,456.5	-1,141.7	7,301.8	46.9	-263.2	23.3	-62.0	-79.1
A) Budgetary central government	-5,080.6	-3,943.2	-2,980.2	-1,445.8	6,878.4	52.5	-230.5	33.1	-62.7	-78.9
B) Extrabudgetary users	1,037.8	551.2	1,523.7	304.1	423.4	-5.7	-32.7	-9.7	0.7	-0.3

^a CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. The Notes on Methodology can be found in the Ministry of Finance Monthly Statistical Review. Note: On a cash basis.

Source: MoF.

Table I2 Budgetary central government operations^a
in million HRK

	2005	2006	2007	2008	2009	2010				
						Mar.	Jun.	Sep.	Oct.	Nov.
1 REVENUE	85,653.0	95,235.6	108,320.6	115,772.7	110,257.9	9,216.1	8,445.5	9,298.4	9,681.2	8,747.3
1.1 Taxes	50,687.6	58,469.1	64,234.5	69,572.7	63,678.9	5,551.9	4,889.3	5,632.1	6,003.3	5,082.7
1.2 Social contributions	31,301.3	33,877.1	37,203.5	40,703.5	39,994.7	3,185.5	3,172.5	3,269.5	3,224.2	3,227.6
1.3 Grants	27.5	196.0	428.0	468.6	616.3	54.1	32.2	16.4	28.0	43.3
1.4 Other revenue	3,636.6	2,693.3	6,454.5	5,027.8	5,968.0	424.5	351.5	380.4	425.6	393.8
2 EXPENSE	87,857.5	95,950.0	108,007.6	115,292.4	117,924.0	11,043.2	9,146.6	10,290.5	9,248.5	10,009.0
2.1 Compensation of employees	23,182.6	24,313.9	27,545.1	29,948.5	31,289.3	2,613.4	2,554.1	2,632.5	2,569.3	2,560.5
2.2 Use of goods and services	4,951.9	6,069.1	7,162.4	8,113.7	7,363.8	675.2	517.4	539.6	549.3	636.6
2.3 Consumption of fixed capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4 Interest	4,387.0	4,713.6	4,535.0	4,683.2	5,225.2	967.9	355.6	942.1	98.4	948.1
2.5 Subsidies	5,248.7	5,670.8	6,492.0	6,859.5	6,710.0	881.7	418.4	500.9	510.0	367.3
2.6 Grants	3,796.8	6,653.0	8,363.2	5,783.1	5,559.6	494.9	349.5	491.3	441.4	309.5
2.7 Social benefits	41,358.5	43,444.6	48,176.0	52,593.2	56,148.5	4,843.2	4,638.9	4,774.3	4,695.2	4,777.3
2.8 Other expense	4,931.9	5,085.0	5,733.9	7,311.2	5,627.6	567.0	312.6	409.7	384.8	409.7
3 CHANGE IN NET WORTH: TRANSACTIONS	-2,204.5	-714.4	313.0	480.2	-7,666.0	-1,827.1	-701.1	-992.1	432.7	-1,261.7
3.1 Change in net acquisition of non-financial assets	1,553.7	1,555.8	2,545.2	2,988.1	1,963.4	59.2	38.6	63.7	124.5	131.7
3.1.1 Fixed assets	1,517.0	1,595.1	2,625.7	2,719.5	1,839.7	56.6	37.5	65.2	125.9	132.4
3.1.2 Inventories	0.0	-80.2	-161.4	79.4	35.4	-0.1	-0.5	-0.8	-0.6	-0.5
3.1.3 Valuables	7.2	7.8	9.6	10.1	8.9	0.9	0.0	0.5	0.4	0.4
3.1.4 Non-produced assets	29.5	33.1	71.3	179.1	79.3	1.7	1.6	-1.3	-1.2	-0.8
3.2 Change in net acquisition of financial assets	1,752.8	-3,047.2	-3,734.8	1,702.9	6,825.5	542.6	-0.8	-1,062.1	-405.5	274.7
3.2.1 Domestic	1,757.7	-3,063.9	-3,752.8	1,690.5	6,823.2	542.6	-1.6	-1,062.5	-406.5	274.7
3.2.2 Foreign	-4.9	16.7	18.0	12.4	2.3	0.0	0.8	0.4	1.0	0.0
3.2.3 Monetary gold and SDRs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.3 Change in net incurrence of liabilities	5,510.9	-777.0	-1,502.6	4,210.8	16,455.0	2,428.8	738.9	-6.3	-713.8	1,668.1
3.3.1 Domestic	10,591.6	3,166.3	1,477.6	5,656.6	9,576.6	2,376.3	969.4	-39.4	-651.1	1,746.9
3.3.2 Foreign	-5,080.6	-3,943.2	-2,980.2	-1,445.8	6,878.4	52.5	-230.5	33.1	-62.7	-78.9

^a CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. The Notes on Methodology can be found in the Ministry of Finance Monthly Statistical Review. Note: On a cash basis.

Source: MoF.

Table I3 Central government debt^a
end of period, in million HRK

	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010 Dec.*	2011		
							Jan.*	Feb.*	Mar.
1 Domestic debt of central government	53,227.6	56,672.8	58,271.5	64,029.1	74,241.4	87,594.8	88,728.0	89,081.3	95,010.9
1.1 Domestic debt of the Republic of Croatia	49,274.2	51,474.8	51,913.7	60,994.0	70,447.0	82,990.1	84,115.9	84,460.2	90,594.1
Treasury bills	12,211.3	11,503.1	11,420.6	14,260.3	17,558.3	16,886.5	17,681.4	17,977.7	18,882.5
Money market instruments	0.9	–	–	10.7	19.3	20.5	20.5	20.5	20.5
Bonds	29,651.9	33,143.8	34,624.1	35,519.3	36,586.8	48,900.5	49,068.8	48,882.0	48,471.0
Credits from the CNB	1.4	0.9	1.0	2.2	2.9	0.3	–	2.4	2.4
Credits from banks	7,408.6	6,827.0	5,867.9	11,201.5	16,279.8	17,182.3	17,345.2	17,577.6	23,217.8
1.2 Domestic debt of central government funds	3,953.5	5,198.0	6,357.8	3,035.0	3,794.4	4,604.7	4,612.2	4,621.2	4,416.7
Money market instruments	–	–	–	–	–	–	–	–	–
Bonds	–	–	–	–	–	–	–	–	–
Credits from banks	3,953.5	5,198.0	6,357.8	3,035.0	3,794.4	4,604.7	4,612.2	4,621.2	4,416.7
2 External debt of central government	46,730.5	44,510.6	44,191.3	34,445.5	41,527.8	48,231.6	47,291.8	47,776.0	51,133.0
2.1 External debt of the Republic of Croatia	37,980.7	35,572.4	34,190.6	32,619.4	39,812.5	46,247.1	45,301.4	45,777.8	49,150.7
Money market instruments	66.7	909.8	320.0	180.3	1,244.3	3,458.6	3,480.1	3,763.5	4,045.2
Bonds	28,519.4	24,942.2	25,046.1	22,991.6	28,884.2	31,646.5	30,757.8	30,883.7	32,803.7
Credits	9,394.6	9,720.4	8,824.5	9,447.4	9,684.1	11,142.0	11,063.5	11,130.6	12,301.8
2.2 External debt of central government funds	8,749.8	8,938.2	10,000.7	1,826.1	1,715.3	1,984.5	1,990.4	1,998.1	1,982.3
Money market instruments	–	–	–	–	–	–	–	–	–
Bonds	–	–	–	–	–	–	–	–	–
Credits	8,749.8	8,938.2	10,000.7	1,826.1	1,715.3	1,984.5	1,990.4	1,998.1	1,982.3
3 Total (1+2)	99,958.1	101,183.4	102,462.8	98,474.5	115,769.2	135,826.4	136,019.8	136,857.3	146,143.9
Supplement: Central government guaranteed debt									
– guarantees for domestic debt	5,880.2	7,660.3	8,110.6	13,299.2	15,692.5	20,052.8	20,128.2	20,741.3	19,571.1
– guarantees for external debt	13,853.9	14,303.7	18,925.2	31,371.9	35,275.2	38,843.7	38,872.1	37,244.0	37,136.3

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions and CM is reclassified from the subsector central government funds to the subsector public enterprises. The debt of the CBRD, presented in this table under headings 2 External debt of central government and 1 Domestic debt of central government, is reclassified from December 1998 and June 1999 onwards respectively, and the debt of CM is reclassified from January 2008 onwards.

Table I3 Central government debt • As from Bulletin No. 154 the table contains the revised data.

The central government debt comprises the domestic and external debt.

The domestic debt of the central government is compiled from the MoF data on T-bills and bonds and the CNB data on money market instruments, credits from banks and credits from the CNB.

The stock of T-bills includes MoF T-bills denominated in kuna, eurobills and T-bills indexed to the euro with a maturity of up to one year. The stock of eurobills includes accrued interest. The difference between the nominal value and the issue value of T-bills denominated in kuna and of T-bills indexed to the euro is the accrued interest which is distributed over the life of instruments using the simple interest calculation method (i.e. in a linear manner) and the method of calculating the number of days where the actual number of days is divided by 360.

The stock of bonds includes central government bonds issued in the domestic market, MoF T-bills with a maturity of over one year and a share of total central government bonds issued in the foreign market which is held by resident institutional units at the end of the reporting period. From December 2005 on, central government bonds and MoF T-bills issued in the domestic market and held by non-resident institutional units have been

included in the external debt of the central government. The difference between the nominal value and the issue value of T-bills with a maturity of over one year is the accrued interest which is distributed over the life of instruments using the compound interest calculation method. The stock of central government bonds includes accrued interest.

From January 2004 onwards, the stock of credits from banks includes both outstanding principal and accrued interest.

The external debt statistics compiled by the CNB is the source of data on the central government external debt.

The supplement contains the data on the central government guaranteed debt. Bank statistical reports and statistical reports of other financial institutions are the source of data on domestic debt guarantees, while the external debt statistics compiled by the CNB is the source of data on external debt guarantees.

Irrespective of the notes under the heading “Classification and presentation of data on claims and liabilities”, the debt of the Croatian Roads, the Croatian Motorways and the State Agency for Deposit Insurance and Bank Rehabilitation, presented in this table under headings 2 External debt of central government and 1 Domestic debt of central government, has been reclassified from the subsector Republic of Croatia to the subsector central government funds from December 1998 and December 2002 onwards respectively.

J Non-financial statistics – selected data

Table J1 Consumer price and producer price indices

Year	Month	Basic indices, 2005 = 100			Chain indices				Monthly year-on-year indices			
		Consumer price indices			Consumer price indices ^a			Producer prices ^b	Consumer price indices ^c			Producer prices ^d
		Total	Goods	Services	Total	Goods	Services		Total	Goods	Services	
1998	December	82.1	84.6	73.7	100.3	100.4	100.0	100.0	105.4	104.3	109.2	97.9
1999	December	85.3	87.2	78.5	100.6	100.8	100.0	100.3	103.9	103.1	106.5	105.9
2000	December	90.0	92.0	82.8	100.4	100.4	100.1	100.2	105.5	105.5	105.5	111.2
2001	December	92.1	93.2	88.5	100.4	100.4	100.5	99.0	102.4	101.3	106.8	96.9
2002	December	93.8	94.2	92.6	100.4	100.6	99.6	99.9	101.8	101.1	104.6	102.3
2003	December	95.4	95.7	94.6	100.3	100.2	100.5	100.0	101.7	101.6	102.2	101.0
2004	December	98.0	98.0	98.0	100.7	100.9	100.2	99.3	102.7	102.5	103.6	104.8
2005	December	101.6	101.4	102.0	100.5	100.5	100.5	99.7	103.6	103.5	104.1	102.7
2006	December	103.7	102.8	106.4	100.0	100.0	100.2	100.0	102.0	101.4	104.2	101.9
2007	December	109.7	109.5	110.0	101.2	101.2	101.3	100.4	105.8	106.6	103.4	105.9
2008	December	112.8	112.2	114.7	99.4	99.1	100.5	98.7	102.9	102.4	104.3	104.3
2009	December	114.9	114.5	117.3	99.4	99.3	100.2	100.0	101.9	101.3	103.9	101.6
2010	June	116.9	116.5	119.1	99.9	99.6	101.1	100.4	100.7	100.3	101.9	104.4
	July	116.4	115.5	120.7	99.6	99.2	101.3	100.0	101.1	100.7	101.9	103.8
	August	116.2	115.2	120.9	99.8	99.7	100.2	100.3	100.9	100.7	101.7	103.3
	September	116.6	116.3	118.5	100.3	100.9	98.0	100.4	101.4	101.5	101.0	104.4
	October	116.7	116.6	117.9	100.1	100.3	99.5	100.4	101.4	101.6	100.9	105.0
	November	117.0	117.0	117.8	100.3	100.3	99.9	99.9	101.2	101.4	100.6	104.7
	December	117.1	117.1	117.6	100.0	100.1	99.9	101.0	101.8	102.2	100.3	105.7
2011	January	117.7	117.9	117.8	100.6	100.7	100.1	100.8	101.9	102.4	100.1	105.1
	February	118.3	118.6	118.0	100.5	100.6	100.2	101.6	102.2	102.8	100.1	106.9
	March	119.2	119.7	118.0	100.8	101.0	99.9	100.8*	102.6	103.2	100.2	106.7*
	April	119.5	120.0	118.2	100.2	100.3	100.2	100.6*	102.4	102.8	100.9	106.7*
	May	119.9	120.6	117.9	100.3	100.5	99.8	100.6	102.5	103.1	100.1	106.7

^a Data from January 1992 to December 1997 relate to the retail price index. ^b Data have been revised from January 2005 onwards due to changes in the methodology used by the CBS. ^c Data from January 1992 to December 1998 relate to the retail price index.

Source: CBS.

Table J1 Consumer price and producer price indices • The Central Bureau of Statistics (CBS) introduced the consumer price index (CPI) in early 2004. This indicator of price movements was compiled in accordance with the methodological principles laid down by the ILO and Eurostat. In its First Release, issued on 17 February 2004, the CBS published the data on movements in the CPI in January 2004 and the time series for the CPI as of January 2001. The CBS subsequently constructed the time series for the consumer price index encompassing the period from January 1998 to December 2000. As expected following the introduction of the new index, the CBS ceased to publish the retail price index (RPI) and the cost of living index, whose calculation methodologies have not been adequately harmonised with internationally accepted standards. The main features of the

CPI are described in the CNB Bulletin No. 91 (see Box 1). The data on the average year-on-year consumer price inflation rate are shown in the Bulletin table on Economic indicators.

Table J2 Core consumer price indices • The core consumer price index is calculated by the Central Bureau of Statistics (CBS) in the manner that agricultural products prices and administrative prices (which among others include the prices of electricity and refined petroleum products) are excluded from the basket of goods and services used in the calculation of the total index. These two groups of products account for a total of 29.3% in the basket in 2011 (agricultural products 6.1 percentage points, and administrative products 23.2 percentage points) and are assigned a zero weight.

Table J2 Core consumer price indices

Year	Month	Basic indices, 2005 = 100 ^a			Chain indices			Year-on-year indices		
		Total	Goods	Services	Total	Goods	Services	Total	Goods	Services
1998	December	87.3	88.6	80.0	99.9	99.9	100.0	....	....	....
1999	December	89.8	91.1	82.3	100.1	100.1	100.1	102.9	102.9	103.0
2000	December	92.8	93.9	86.5	100.4	100.4	100.2	103.3	103.0	105.0
2001	December	93.9	94.6	89.8	99.8	99.7	100.3	101.2	100.8	103.8
2002	December	95.0	95.6	91.9	100.0	100.1	99.4	101.2	101.0	102.4
2003	December	96.2	96.4	94.7	100.2	100.1	101.0	101.2	100.9	103.0
2004	December	98.4	98.5	97.4	100.1	100.1	100.4	102.3	102.2	102.9
2005	December	101.3	101.4	101.0	100.1	100.0	100.5	103.0	102.9	103.7
2006	December	103.6	103.6	103.6	99.8	99.7	100.3	102.3	102.2	102.5
2007	December	108.8	109.1	107.2	100.8	100.8	100.4	105.0	105.3	103.5
2008	December	113.3	113.5	112.5	99.4	99.3	100.2	104.2	104.0	105.0
2009	December	113.6	113.3	115.2	98.8	98.6	100.2	100.2	99.8	102.4
2010	June	114.2	113.5	117.7	100.0	99.7	101.7	98.3	97.6	102.0
	July	113.8	112.5	120.6	99.7	99.1	102.5	98.6	97.9	102.3
	August	113.7	112.3	121.1	99.9	99.8	100.4	98.8	98.2	102.1
	September	114.1	113.6	116.5	100.3	101.2	96.2	99.4	99.2	100.7
	October	114.3	114.1	115.4	100.2	100.4	99.1	99.3	99.1	100.7
	November	114.7	114.6	115.2	100.4	100.5	99.8	99.8	99.7	100.2
	December	113.7	113.4	114.9	99.1	99.0	99.7	100.1	100.1	99.8
	2011	January	113.6	113.3	115.2	99.9	99.9	100.2	100.7	100.8	99.8
February		114.1	113.8	115.5	100.4	100.4	100.3	101.1	101.4	99.6
March		115.0	115.0	115.4	100.8	101.0	99.9	101.7	102.1	99.9
April		115.4	115.4	115.5	100.3	100.4	100.1	101.5	101.7	100.5
May		116.2	116.2	116.3	100.7	100.7	100.6	101.8	102.1	100.5

^a Since January 2007, the CPI has been calculated and published by the CBS on the new base 2005 = 100.

Source: CBS.

Table J3 Average monthly net wages

in current prices, in kuna

Year	Month	Nominal amount in kuna	Chain indices	Monthly year-on-year indices	Cumulative year-on-year indices
1998	December	2,935.0	104.6	115.4	112.8
1999	December	3,262.0	100.9	111.2	114.0
2000	December	3,499.0	99.9	107.3	108.9
2001	December	3,582.0	96.6	102.4	106.5
2002	December	3,839.0	98.0	107.2	105.0
2003	December	4,045.0	99.8	105.4	105.9
2004	December	4,312.0	99.1	106.6	105.9
2005	December	4,473.0	97.3	103.7	104.9
2006	December	4,735.0	97.0	105.9	105.2
2007	December	4,958.0	96.6	104.7	105.2
2008	December	5,410.0	100.3	109.1	107.0
2009	December	5,362.0	99.6	99.1	102.6
2010	June	5,415.0	102.6	100.8	99.5
	July	5,323.0	98.3	100.3	99.6
	August	5,391.0	101.3	102.3	99.9
	September	5,291.0	98.1	101.1	100.0
	October	5,351.0	101.1	101.4	100.2
	November	5,584.0	104.4	103.7	100.5
	December	5,450.0	97.6	101.7	100.6
	2011	January	5,342.0	98.0	101.6	101.6
February		5,242.0	98.1	101.7	101.6
March		5,480.0	104.5	102.3	101.8

Source: CBS.

Table J4 Consumer confidence index, consumer expectations index and consumer sentiment index
index points, original data

Year	Month	Composite indices			Response indices (I)						
		Consumer confidence index	Consumer expectations index	Consumer sentiment index	I1	I2	I3	I4	I7	I8	I11
1999	October	-33.7	-14.9	-46.3	-38.4	-12.1	-49.9	-17.6	35.5	-50.7	-69.7
2000	October	-20.9	3.5	-32.2	-26.2	1.2	-22.0	5.7	26.9	-48.3	-63.6
2001	October	-27.0	-11.4	-35.6	-29.6	-10.0	-35.9	-12.7	22.9	-41.3	-62.3
2002	October	-25.2	-8.3	-29.3	-22.6	-5.1	-31.2	-11.5	20.1	-34.1	-64.0
2003	October	-22.2	-4.5	-25.0	-21.5	-2.6	-26.5	-6.4	14.7	-27.1	-65.2
2004	October	-23.9	-7.9	-22.0	-19.1	-4.1	-30.5	-11.6	22.5	-16.5	-57.3
2005	December	-26.4	-13.7	-25.6	-16.4	-5.9	-34.4	-21.5	27.6	-25.9	-50.6
2006	December	-18.9	-4.7	-15.4	-10.9	1.1	-22.4	-10.5	16.9	-12.9	-49.4
2007	December	-24.7	-15.5	-24.5	-16.8	-9.8	-31.8	-21.2	12.8	-25.0	-54.8
2008	December	-42.0	-33.3	-40.9	-30.7	-25.9	-51.8	-40.6	43.4	-40.3	-57.9
2009	December	-46.8	-32.7	-47.6	-35.7	-22.6	-64.5	-42.8	63.9	-42.5	-58.0
2010	June	-40.8	-31.3	-46.7	-39.3	-24.5	-62.5	-38.1	45.4	-38.4	-55.2
	July	-41.7	-28.5	-44.5	-38.5	-21.0	-60.0	-36.0	47.2	-35.0	-62.6
	August	-43.0	-31.6	-46.3	-36.3	-21.9	-62.1	-41.3	54.2	-40.6	-54.6
	September	-42.6	-30.9	-45.3	-38.2	-21.2	-63.0	-40.5	51.7	-34.7	-56.8
	October	-44.4	-32.5	-46.0	-37.0	-21.4	-64.8	-43.6	53.5	-36.1	-58.9
	November	-44.7	-31.4	-48.9	-36.9	-21.0	-68.2	-41.8	60.8	-41.5	-55.1
	December	-42.9	-30.6	-48.7	-40.7	-21.7	-65.9	-39.4	55.7	-39.4	-54.8
2011	January	-40.0	-26.4	-47.8	-37.7	-16.2	-67.3	-36.6	48.4	-38.5	-58.6
	February	-41.2	-27.8	-50.5	-37.2	-18.4	-70.3	-37.2	48.0	-44.1	-61.0
	March	-47.6	-37.2	-58.6	-46.4	-27.0	-79.4	-47.3	53.9	-50.1	-62.0
	April	-37.8	-27.9	-49.0	-37.9	-16.9	-69.7	-38.9	34.2	-39.5	-61.0
	May	-38.2	-28.4	-49.8	-38.5	-19.2	-70.5	-37.6	33.8	-40.4	-62.2

Table J4 Consumer confidence index, consumer expectations index and consumer sentiment index • The CNB Consumer Confidence Survey has been carried out regularly since April 1999 in accordance with the methodology of the European Commission, the Joint Harmonised EU Programme of Business and Consumer Surveys. Until April 2005, the CNB conducted the survey once a quarter (in January, April, July and October). As of May 2005, the CNB carries out the survey in monthly frequency in cooperation with the European Commission, using its technical and financial assistance. The Croatian National Bank bears sole responsibility for the creation and conduct of the survey.

The questionnaire contains 23 questions, examining consumer perception of the changes as regards every-day economic issues. The value of the response index is determined in line with the set methodology, based on the responses to the questions from the Consumer Confidence Survey. The movements of three composite indices, consumer confidence index (CCI), consumer sentiment index (CSI) and consumer expectations index (CEI), are calculated and monitored based on the value of the response indices. Each of the said composite indices is calculated as the arithmetic average of the response indices (I), i.e. as the average of previously quantified responses to individual questions from the survey:

$$I_i = \sum_z^k r_i \cdot w_i$$

where: r is the value of the response, w is the share of respondents

opting for a particular response (weight), i question from the questionnaire, z is the offered/chosen response, k is the number of offered responses to a particular question.

The value of the said indices ranges $-100 < I_i < 100$. Higher index values than those recorded over the previous period point to an increase in expectations (optimism) as regards the specific segment covered by the particular question.

The table shows the values of chosen response indices for the following questions:

I1: How has the financial situation of your household changed over the last 12 months?

I2: How do you expect the financial position of your household to change over the next 12 months?

I3: How do you think the general economic situation in Croatia has changed over the past 12 months?

I4: How do you expect the general economic situation in Croatia to develop over the next 12 months?

I7: How do you expect the number of people unemployed in Croatia to change over the next 12 months?

I8: In view of the general economic situation, do you think now is the right moment for people to make major purchases such as furniture, electrical/electronic devices, etc.?

I11: Over the next 12 months, how likely is it that you will save any money?

The components of composite indices are as follows:

CCI: I2, I4, I7 × (-1), I11

CEI: I2, I4

CSI: I1, I3, I8.

List of banks and savings banks

1 June 2011

Authorised banks

- 1 Banco Popolare Croatia d.d., Zagreb
- 2 Banka Brod d.d., Slavonski Brod
- 3 Banka Kovanica d.d., Varaždin
- 4 Banka splitsko-dalmatinska d.d., Split
- 5 BKS Bank d.d., Rijeka
- 6 Centar banka d.d., Zagreb
- 7 Credo banka d.d., Split
- 8 Croatia banka d.d., Zagreb
- 9 Erste & Steiermärkische Bank d.d., Rijeka
- 10 Hrvatska poštanska banka d.d., Zagreb
- 11 Hypo Alpe-Adria-Bank d.d., Zagreb
- 12 Imex banka d.d., Split
- 13 Istarska kreditna banka Umag d.d., Umag
- 14 Jadranska banka d.d., Šibenik
- 15 Karlovačka banka d.d., Karlovac
- 16 Kreditna banka Zagreb d.d., Zagreb
- 17 Međimurska banka d.d., Čakovec
- 18 Nava banka d.d., Zagreb
- 19 OTP banka Hrvatska d.d., Zadar
- 20 Partner banka d.d., Zagreb
- 21 Podravska banka d.d., Koprivnica
- 22 Primorska banka d.d., Rijeka
- 23 Privredna banka Zagreb d.d., Zagreb
- 24 Raiffeisenbank Austria d.d., Zagreb
- 25 Samoborska banka d.d., Samobor
- 26 Slatinska banka d.d., Slatina
- 27 Sociétés Générale – Splitska banka d.d., Split
- 28 Štedbanka d.d., Zagreb
- 29 Vaba d.d. banka Varaždin, Varaždin
- 30 Veneto banka d.d., Zagreb
- 31 Volksbank d.d., Zagreb
- 32 Zagrebačka banka d.d., Zagreb

Authorised savings banks

- 1 Tesla štedna banka d.d., Zagreb

Authorised housing savings banks

- 1 HPB – Stambena štedionica d.d., Zagreb
- 2 PBZ stambena štedionica d.d., Zagreb
- 3 Prva stambena štedionica d.d., Zagreb
- 4 Raiffeisen stambena štedionica d.d., Zagreb
- 5 Wüstenrot stambena štedionica d.d., Zagreb

Other institutions

- 1 Hrvatska banka za obnovu i razvitak, Zagreb, operates in accordance with the Act on the Croatian Bank for Reconstruction and Development (OG 138/2006)

Representative offices of foreign banks

- 1 BKS Bank AG, Zagreb
- 2 Commerzbank Aktiengesellschaft, Zagreb
- 3 Deutsche Bank AG, Zagreb
- 4 LHB Internationale Handelsbank AG, Zagreb
- 5 Union de Banques Arabes et Françaises – UBAF, Zagreb

Banks and savings banks undergoing bankruptcy proceedings

Name of bank/savings bank	Date of bankruptcy proceedings opening
1 Agroobrtnička banka d.d., Zagreb	14/6/2000
2 Alpe Jadran banka d.d., Split	15/5/2002
3 Cibalae banka d.d., Vinkovci	20/10/2000
4 Glumina banka d.d., Zagreb	30/4/1999
5 Gradska banka d.d., Osijek	3/5/1999/
6 Hrvatska gospodarska banka d.d., Zagreb	19/4/2000
7 Ilirija banka d.d., Zagreb	6/4/1999
8 Komercijalna banka d.d., Zagreb	30/4/1999
9 Međimurska štedionica d.d., Čakovec	17/3/2004
10 Trgovačko-turistička banka d.d., Split	8.9/2000
11 Županjska banka d.d., Županja	3/5/1999

Banks and savings banks undergoing winding-up proceedings

Name of bank/savings bank	Date of winding-up proceedings initiation
1 Investicijsko-komercijalna štedionica d.d., Zagreb	31/5/2000
2 Križevačka banka d.d., Križevci	3/1/2005
3 Obrtnička štedna banka d.d., Zagreb	22/12/2010
4 Primus banka d.d., Zagreb	23/12/2004
5 Štedionica Dora d.d., Zagreb	1/1/2002
6 Štedionica Zlatni vrutak d.d., Zagreb	28/12/2001

Banks and savings banks whose authorisation was withdrawn, but have not initiated winding-up proceedings

Name of bank/savings bank	Date of withdrawal of authorisation
1 Hibis štedionica d.d., Zagreb	7/3/2001
2 Marvil štedionica d.d., Zagreb	8/6/2001
3 Zagrebačka štedionica d.d., Zagreb	22/3/2000

Management of the Croatian National Bank

1 June 2011

Members of the Council of the Croatian National Bank

Chairman of the Council	Željko Rohatinski
Members of the Council	Boris Cota
	Davor Holjevac
	Vlado Leko
	Branimir Lokin
	Željko Lovrinčević
	Relja Martić
	Adolf Matejka
	Silvije Orsag
	Tomislav Presečan
	Jure Šimović
	Sandra Švaljek
	Mladen Vedriš
	Boris Vujčić

Management of the CNB

Governor	Željko Rohatinski
Deputy Governor	Boris Vujčić
Vicegovernor	Davor Holjevac
Vicegovernor	Relja Martić
Vicegovernor	Adolf Matejka
Vicegovernor	Tomislav Presečan

Executive directors

Research and Statistics Area	Ljubinko Jankov
Central Banking Operations Area	Irena Kovačec
Foreign Exchange Operations Area	
Prudential Regulation and Bank Supervision Area	Željko Jakuš
Planning, Controlling and Accounting Area	Diana Jakelić
Payment Operations Area	Neven Barbaroša
Information Technology Area	Mario Žgela
Support Services Area	Boris Ninić
International Relations Area	Michael Faulend



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