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BULLETIN

Zagreb, 2009

General Information on Croatia

Economic Indicators

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
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)	4.554	4.426	4.440	4.440	4.440	4.439	4.442	4.440	4.436	4.435
GDP (million HRK, current prices) ^a	164,054	176,690	190,796	208,223	227,012	245,550	264,367	286,341	314,223	342,159
GDP (million EUR, current prices)	21,638	23,146	25,538	28,112	30,011	32,759	35,725	39,102	42,833	47,370
GDP per capita (in EUR)	4,751	5,229	5,752	6,331	6,759	7,380	8,043	8,807	9,656	10,682
GDP – year-on-year rate of growth (in %, constant prices)	-1.5	3.0	3.8	5.4	5.0	4.2	4.2	4.7	5.5	2.4
Average year-on-year inflation rate ^b	4.0	4.6	3.8	1.7	1.8	2.1	3.3	3.2	2.9	6.1
Current account balance (million EUR)	-1,429	-568	-821	-2,099	-1,889	-1,434	-1,976	-2,715	-3,237	-4,438*
Current account balance (as % of GDP)	-6.6	-2.5	-3.2	-7.5	-6.3	-4.4	-5.5	-6.9	-7.6	-9.4
Exports of goods and services (as % of GDP)	35.3	40.7	42.3	39.6	43.8	43.5	42.8	43.5	42.8	41.9
Imports of goods and services (as % of GDP)	42.5	45.1	47.4	49.1	50.6	49.4	48.9	50.2	50.2	50.1
External debt (million EUR, end of year) ^c	10,175	12,264	13,609	15,143	19,884	22,933	25,748	29,274	32,929	39,125
External debt (as % of GDP)	47.0	53.0	53.3	53.9	66.3	70.0	72.1	74.9	76.9	82.6
External debt (as % of exports of goods and services)	133.0	130.2	125.9	136.1	151.3	161.0	168.6	172.3	179.8	197.3
External debt service (as % of exports of goods and services) ^{c,d}	24.6	26.2	28.2	29.8	21.3	22.5	25.0	35.8	33.3	28.3
Gross international reserves (million EUR, end of year)	3,013	3,783	5,334	5,651	6,554	6,436	7,438	8,725	9,307	9,121
Gross international reserves (in terms of months of imports of goods and services, end of year)	3.9	4.3	5.3	4.9	5.2	4.8	5.1	5.3	5.2	4.6
National currency: Croatian kuna (HRK)										
Exchange rate on 31 December (HRK : 1 EUR)	7.6790	7.5983	7.3700	7.4423	7.6469	7.6712	7.3756	7.3451	7.3251	7.3244
Exchange rate on 31 December (HRK : 1 USD)	7.6477	8.1553	8.3560	7.1457	6.1185	5.6369	6.2336	5.5784	4.9855	5.1555
Average exchange rate (HRK : 1 EUR)	7.5818	7.6339	7.4710	7.4070	7.5642	7.4957	7.4000	7.3228	7.3360	7.2232
Average exchange rate (HRK : 1 USD)	7.1220	8.2874	8.3392	7.8725	6.7044	6.0312	5.9500	5.8392	5.3660	4.9344
Consolidated general government balance (as % of GDP) ^e	-6.2	-6.5	-4.3	-3.7	-5.4	-4.2	-3.5	-2.6	-2.0	-1.8*
Public debt (as % of GDP) ^f	28.8	34.5	35.4	34.8	35.7	37.9	38.4	35.9	33.3	29.3
Unemployment rate (ILO, persons above 15 years of age)	13.6	16.1	15.8	14.8	14.3	13.8	12.7	11.2	9.6	-
Employment rate (ILO, persons above 15 years of age)	44.8	42.6	41.8	43.3	43.1	43.5	43.3	43.6	44.2	-

^a Published by the CBS early in 2009, the revised GDP data for the 1995-2008 period include the estimation of non-observed economy, the new estimation of imputed dwelling rents and the new estimation and distribution of financial intermediation services indirectly measured (FISIM). The GDP data for 2006, 2007 and 2008 are based on quarterly estimates and 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. As a result, 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 325m or to EUR 33,254m.

^d Includes principal payments on bonds, long-term trade credits and long-term loans, as well as total interest payments net of interest payments on direct investment.

^e In the 1999-2001 period, total balance excluding capital revenues (GFS 1986) is shown on a cash basis. From 2001 on, it is shown on a modified accrual basis and includes CM, CR CPF and DAB. From 2008 on, CM is excluded from the total balance.

^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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Quarterly Report

Introduction

The economic contraction spread globally in early 2009 as the effects of the financial crisis on the real economy intensified. For that reason, efforts were stepped up to restore confidence to financial markets and boost consumption and investments by monetary and fiscal policy measures. Notwithstanding a hint of optimism that surfaced in the markets after governments and central banks had announced plans to rehabilitate the banking system and stabilise the global economy, so far there have been no visible signs of a fast recovery.

Croatia has also been affected by negative trends marking the global economy in 2008 and early 2009. According to the quarterly estimate, real GDP increased by 2.4% in 2008 from the previous year, recording the lowest growth rate since 1999, while seasonally adjusted data suggest that the domestic economy entered the economic downturn as soon as after the second quarter. An analysis of GDP from the expenditure side shows that the described developments were largely determined by a slump in personal consumption caused by the stagnation of household disposable income and a drop in consumer optimism. Economic dynamics has also been adversely affected by a slowdown in government consumption and changes in foreign trade. Specifically, as in the previous years, goods and services imports had a higher real growth rate than total exports. The adverse developments in these aggregate demand components were somewhat offset by a capital investment surge, primarily consisting of private sector investments in construction. GDP by the production approach shows that construction achieved the highest GVA growth. By contrast, GVA in industry and most service industries (excluding public sector services) decelerated considerably, with GVA in trade recording a negative annual rate of change.

Available monthly indicators point to the intensified contraction of economic activity in the first quarter of the current year. The increasing weakening of domestic and foreign demand led to a further drop in industrial production and real retail trade turnover. In addition, tourist arrivals and nights reduced noticeably from the first quarter of the previous year, although largely due to the base effect related to Easter holidays, which will reflect negatively on the growth of GVA in hotels and restaurants. Only construction recorded a slight upturn in economic activity, but early in the current year it was also dominated by a very pessimistic sentiment.

The slowdown in economic activity and mounting employer pessimism had an effect on labour market volume indicators. In addition to an increase in unemployment, the first quarter of 2009 was also marked by a drop in employment, as suggested by a sharp decrease in the employment from the CES register, administrative data from the CBS and data on the number of persons insured with the CPIA. In contrast with volume indicators, labour market financial indicators have largely remained unaffected by adverse economic conditions. Specifically, the annual growth in nominal gross and net wages decelerated only slightly compared with the end of the previous year. Significantly contributing to this were wage trends in public and government services,

although most other sectors of the economy recorded wage growth.

The global economic crisis and a sharp decrease in domestic aggregate demand resulted in the further weakening of inflationary pressures at the beginning of 2009. The average inflation rate stood at 3.8% in the first four months of 2009 relative to the same period in the previous year. External factors influencing the slowdown in consumer price growth include a sharp drop in the world prices of crude oil, food raw materials and metals resulting from the already mentioned global economic downturn. A slump in current household consumption was the key domestic factor decreasing inflationary pressures. On the other hand, consumer price inflation was mainly driven by an increase in administered prices (gas, health and hospital services) and prices influenced by excise changes (tobacco products). The price increase in tobacco products had the largest impact on the growth of the annual rate of change in the core CPI, which was up from 4.2% in December 2008 to 4.8% in April 2009.

In a context of weakening inflationary pressures, but also of the turmoil in the global financial system, the central bank managed to largely offset the negative effects of the global crisis on the domestic financial system in late 2008 and the first two months of 2009 by an intensive use of and changes made to monetary policy instruments. Declining capital inflows and an increase in demand for foreign exchange required for the payment of outstanding foreign liabilities caused downward pressures on the exchange rate. This prompted the central bank to intervene in the foreign exchange market in January and February. In addition, the CNB, through its monetary policy instruments, released significant banks' foreign exchange reserves and facilitated their use of foreign exchange funds and lending to the government. In response to appreciation pressures arising from a drop in kuna liquidity the CNB intervened in the foreign exchange market in late February, purchasing EUR 0.3bn from banks.

The monetary environment was much more stable at the end of the first and the beginning of the second quarter. As appreciation pressures on the exchange rate of the domestic currency continued in the first two months of the second quarter, the euro regained its value from the beginning of the previous year. The appreciation pressures were both due to the seasonal effect and the budget revision which created room for government borrowing in the foreign market through eurobond issue. The easing of tensions in the foreign exchange market also had an effect on the money market, which saw a temporary sharp spike and record-high volatility in interest rates in early 2009, with the weighted monthly interest rate on overnight interbank loans decreasing as early as March and dropping further to 6.13% in April.

Due to the stabilisation in the foreign exchange and money markets and inflation stabilisation, neither further changes in monetary policy instruments nor foreign exchange interventions were required in the period after February, so the central bank was able to maintain system stability and liquidity by its regular operations. Although less used than early in the year, regular reverse repo auctions remained the main instruments for liquidity creation in April and May.

In line with the economic slowdown and substantial

central government financing needs, monetary developments in the first four months were marked by a strong growth of placements to the government and a near-stagnation in bank lending to the private sector. Bank placements to the private sector increased by HRK 1.4bn (0.6%) in the January to April period this year, but the rate of change in placements relative to the end of 2008 remained negative (−0.5%) excluding the effect of the change in the exchange rate. These trends were primarily due to banks focusing on central government financing, but also to a drop in demand for loans resulting from an adverse economic environment, heightened uncertainty and tightened lending conditions. It should also be noted that bank interest rates on long-term household loans continued to drift upward in the first four months of 2009, whereas interest rates on short-term corporate loans recorded stronger growth. Savings and time deposits grew moderately, completely due to an increase in household foreign exchange deposits. By contrast, kuna deposits reduced from the beginning of the year and demand deposits fell sharply.

The domestic and global economic downturn produced a negative effect on foreign trade. Having held steady in the last quarter of 2008, the current account deficit contracted by a substantial EUR 0.7bn (28.9%) in the first quarter of 2009 relative to the same period in the previous year, to the largest extent due to the narrowing of the goods deficit. Goods exports decreased and goods imports fell at an even higher rate. In contrast with the goods deficit, the deficit in the factor income account increased further, primarily due to a decline in investments abroad compared with the same period in 2008. The services account recorded a net revenue increase because expenditures decreased at higher rates than revenues, while the positive balance in the current transfers account deteriorated slightly due to a decline in revenues from private transfers.

The negative balance of foreign trade in goods decreased by one third in the first quarter of 2009 from the same period in 2008 due to a decrease in goods exports accompanied by an even stronger contraction of goods imports. Goods exports dropped in almost all groups of goods (17.6% from the same period in 2008, at constant US dollars), and especially in energy products, where the drop was also contributed to by a price decrease. A much stronger fall in goods imports (26.8% from the same period in 2008, at constant US dollars) resulted from a decrease in the value of imports of energy products and raw materials and a very sharp reduction in imports of road vehicles and industrial capital goods.

The capital and financial account (excluding change in international reserves) recorded a net inflow of EUR 1.6bn in the first quarter of 2009, which was significantly lower than in the same period in 2008. The net foreign investment inflow exceeded the amount recorded in the first three months in the previous year by slightly more than one third, whereas portfolio investments registered an outflow, in contrast with the same period in 2008. By contrast, net inflows in the other investment account grew, in a great degree due to large withdrawals of banks' foreign assets pursuant to the CNB's decision on the reduction of the minimum foreign currency liquidity requirement. Gross international reserves decreased by EUR 0.4bn in the first three months of this year. This de-

crease was primarily accounted for by the decision on lowering the foreign exchange component of reserve requirements and by foreign exchange transactions with the government.

Against a background of a sharp capital flow contraction at the end of 2008 and at the beginning of 2009, Croatia's external debt halted its strong upward trend, especially marked in the last few years. In the first quarter of 2009, Croatia's gross external debt even slightly reduced from the end of 2008 (by EUR 0.2bn, according to data processed by a new and updated data processing system), standing at EUR 39.1bn at the end of March. The bulk of this amount went to large repayments of central government liabilities and a smaller portion was accounted for by repayments of banks' liabilities. By contrast, net enterprise foreign borrowing continued, although at a very slow pace, as at the end of 2008.

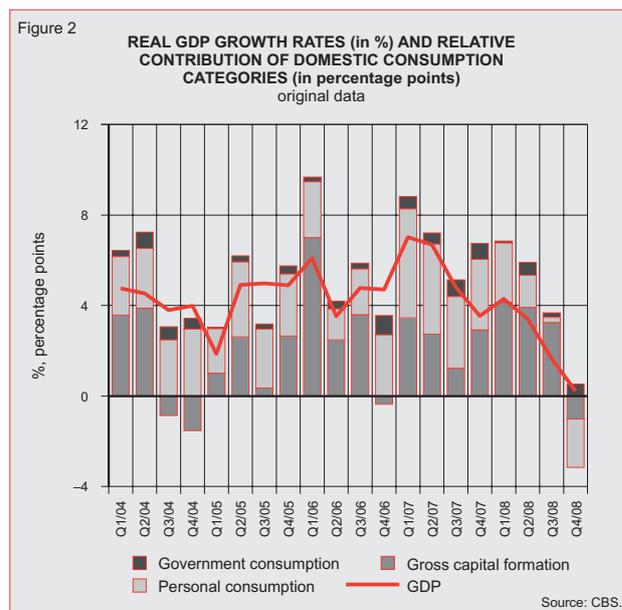
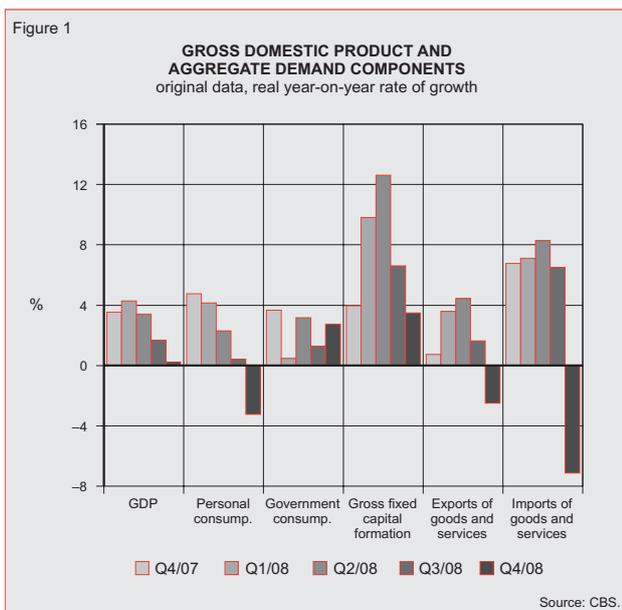
Notwithstanding an increase in consolidated central government revenues in 2008 relative to 2007, due to an increasingly severe economic downturn in the last few months of 2008, total annual revenues were lower than planned under the revised budget. Expenditure growth accelerated following the temporary budget financing which restricted government spending in first three months of 2008. In order to prevent the planned deficit from being negatively affected by revenue underperformance, current and investment spending were reduced to a degree in the last quarter. According to MoF data, consolidated central government net borrowing (on a cash basis, GFS 2001) stood at 0.8% of GDP in 2008, and was fully due to the developments in the October to December period. As there were no revenues from the disposal of financial assets in 2008, and government assets in the form of currency and deposits significantly increased, consolidated central government debt grew markedly to 28.5% of nominal GDP at the end of the year.

Adverse developments in public finances continued at the beginning of 2009, when the import drop and a contraction in retail trade turnover led to a sharp fall in revenues, which consequently boosted the deficit. In addition, the government had to raise considerable funds to pay for the commitments falling due early in the year. Due to limited access to foreign capital markets, the government had to settle its growing financing needs in the domestic financial market. The central bank facilitated domestic government borrowing by the said adjustments of its instruments, while also ensuring adequate liquidity levels in the banking system and smooth access by the private sector to the credit market.

Demand

In 2008, real GDP went up 2.4% relative to the previous year,¹ the lowest growth rate recorded since 1999. Moreover, 2008 was marked by a continuous economic slowdown, with seasonally adjusted data suggesting a downturn in the domestic economy after the second quarter. These developments were largely determined by personal consumption weakening caused by stagnancy in disposable household in-

¹ The data for the period from the first quarter of 2006 to the third quarter of 2008 are preliminary and are based on the CBS's quarterly GDP estimate.



come and a decline in consumer optimism. Slower economic activity dynamics were also due to a deceleration in government consumption, as well as changes in international trade. Specifically, as in the previous years, real growth in imports of goods and services exceeded growth in total exports, resulting in a negative contribution of net exports to total real GDP growth. Unfavourable movements in these aggregate demand components were partly offset by strong capital investment growth, fuelled mostly by private sector investments in construction buildings.

According to the available indicators, the economic activity contraction that started in the second half of 2008 continued at an even stronger pace in the first quarter of the current year. This was due to the concurrent weakening of both domestic and foreign demand for goods and services, largely influenced by the global economic crisis and, consequently, pessimism among consumers and domestic and international business communities. A marked drop in real retail trade turnover, accompanied by a decline in current output and imports of consumer goods over the January-March period point to a further weakening of household consumption. Concurrently, despite the slightly heightened construction activity in early 2009, a further decrease in the manufacture and imports of production materials and capital goods suggests a continued fall in domestic investment activity. International trade in the period from January to March 2009 was marked by a further decrease in the volume of trade in goods. However, it is worth noting that the contraction of exports was less pronounced than that of imports. Moreover, as suggested by the number of tourist nights recorded in the first quarter of 2008, demand for tourist services also showed negative trends.

Domestic Demand

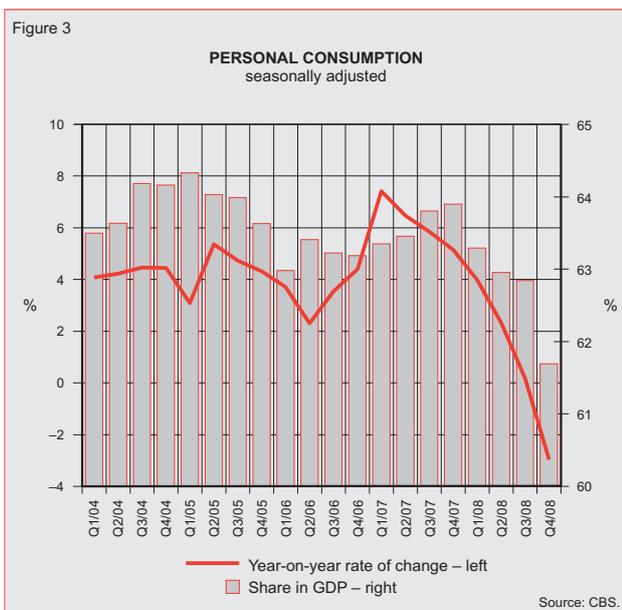
Given a slowdown in the growth of both final consumption components (i.e. household and government consumption), the contribution of consumption to real GDP growth was much smaller in 2008 than a year before. By contrast,

accelerated growth of gross fixed capital formation had the opposite effect, so that this aggregate demand component made the largest contribution to economic growth last year. However, this only partly offset the aforementioned negative effect of a slowdown in personal and government consumption. As a result, the total contribution of domestic demand to GDP dynamics stood at 3.4 percentage points in 2008, much below that in 2007 (6.9 percentage points).

Personal Consumption

During 2008, household consumption, which accounts for almost 60% of GDP, rose by as little as 0.8%, contributing only 0.5 percentage points to total economic growth. A decline in current household consumption which started in the second quarter of 2008, was the main cause of total economic activity deceleration, and may largely be attributed to stagnancy in real disposable income due to the acceleration of inflation and the weakening of consumer optimism. Households abstained from spending very noticeably in the last quarter of 2008, despite the remarkable recovery of the real disposable income dynamics recorded at that time, which tends to corroborate the strong influence that the sentiments and expectations of consumers have on their purchasing decisions.

A continuing decline in real retail trade turnover during the first quarter of 2009 points to further contraction in household consumption, despite relatively favourable movements in the real net wage bill and the amount of pensions paid. Moreover, the income disposable for consumption in the first quarter of 2009 was certainly influenced by the kuna depreciation against the euro and the Swiss franc, paralleled with an increase in interest rates, which raised the current loan servicing burden. Reduced household borrowing from banks in the form of consumer loans, mostly due to a fall in demand, but also due to more restrictive supply, impacted unfavourably on personal consumption during the reference period. Under such circumstances, the main causes of shrinking current consumption of households are still to be sought in household insecurity and concerns about future economic developments,

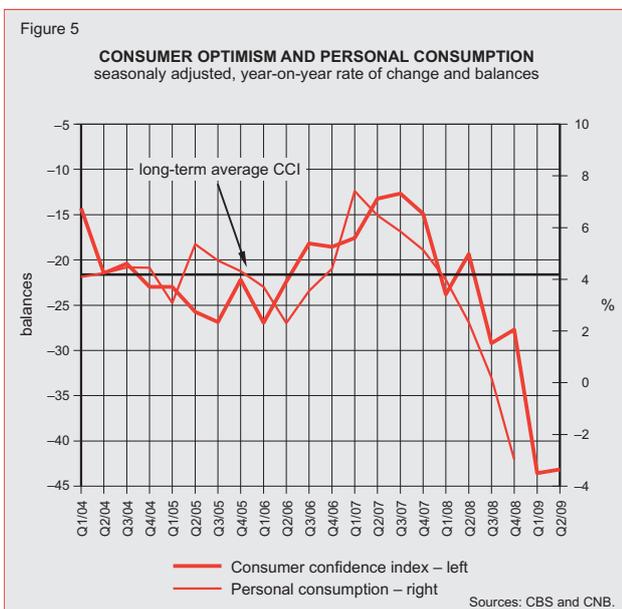
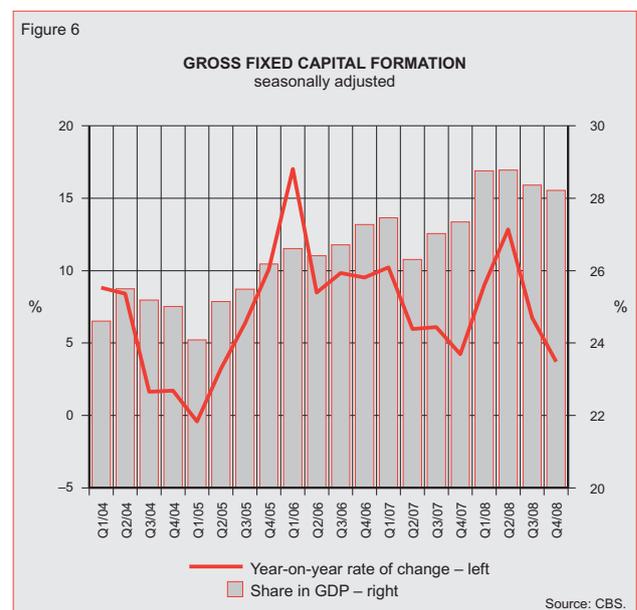
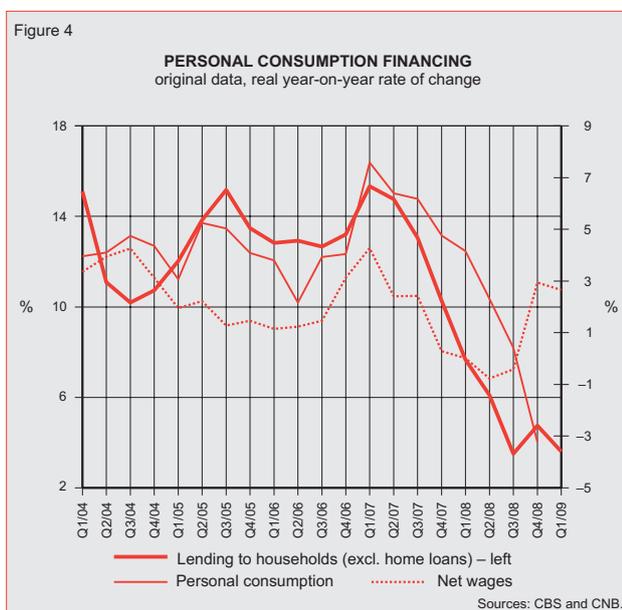


which induces a decline in consumption, particularly of large purchases financed by new borrowing. This is mostly supported by an extremely sharp fall in the purchases of private cars recorded in the first three months of 2009, as well as by the latest results of the CNB surveys showing that an increasingly large number of consumers consider this not to be the right time to buy cars or durable goods.

The results of the CNB consumer confidence survey suggest a further decline in consumer optimism during the first quarter and early in the second quarter of 2009, mostly due to adverse household expectations about the future economic and labour market situations.

Gross Fixed Capital Formation

Investment activity was the main economic growth generator in 2008, its annual growth rate reaching 8.2%. As a result, its contribution to real GDP growth was high (2.2 percentage points). These movements primarily arose from a boost in private sector investment in non-residential building



construction, while residential construction also remained strong. However, during the second half of 2008, and particularly towards the year-end, capital investment weakened, as a result of a marked decline in corporate investment in machinery and equipment.

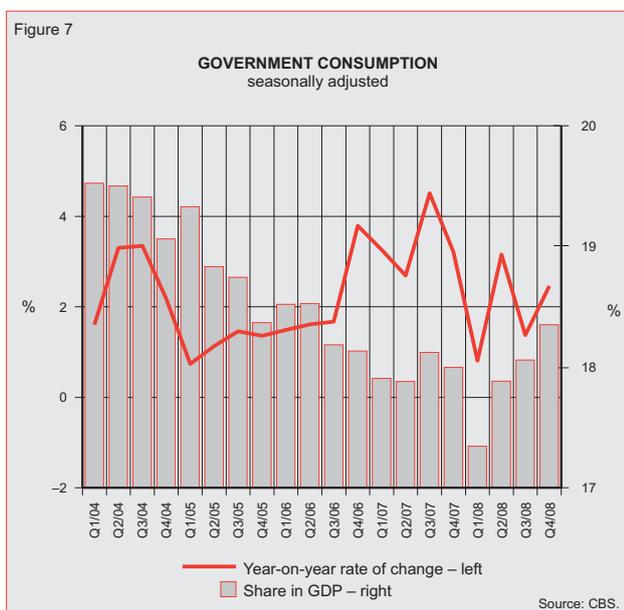
The available real investment activity indicators for the first quarter of 2009 suggest unfavourable movements in this aggregate demand component. Particularly, while the number of hours worked at building sites suggest a mild increase in construction works² over the first two months of the reference period relative to the end of 2008, a strong contraction of current output and investment goods imports points to a further weakening of investment activity. This is corroborated by the data on changes in the main sources of capital investment financing. Newly granted long-term bank loans to enterprises decreased sharply in the reference pe-

² Investments in construction account for about one half of total gross fixed capital formation.

riod, whereas the largest part of the new foreign borrowing was probably used for current loan servicing. Moreover, an exceptionally unfavourable situation on the capital market made it impossible for most enterprises to raise funds by issuing new shares at acceptable prices. In addition to this, corporate profits decreased in 2008 (as shown by the data from the FINA) and business optimism in industry and construction declined sharply, adversely affecting investment decisions of enterprises in these economic branches.

Government Consumption

Government consumption growth also decelerated during 2008, but was 1.9% stronger than in 2007. A slightly larger contribution to government consumption growth came from an increase in real expenditures for the use of goods and services, although they rose at a markedly slower pace than in 2007. By contrast, the real employee compensation dynamics remained relatively stable. However, the nominal growth of this government expenditure category was strong, due to

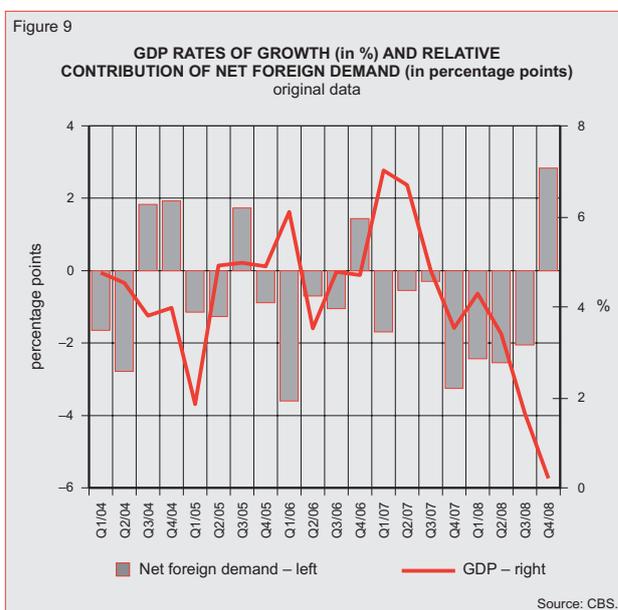
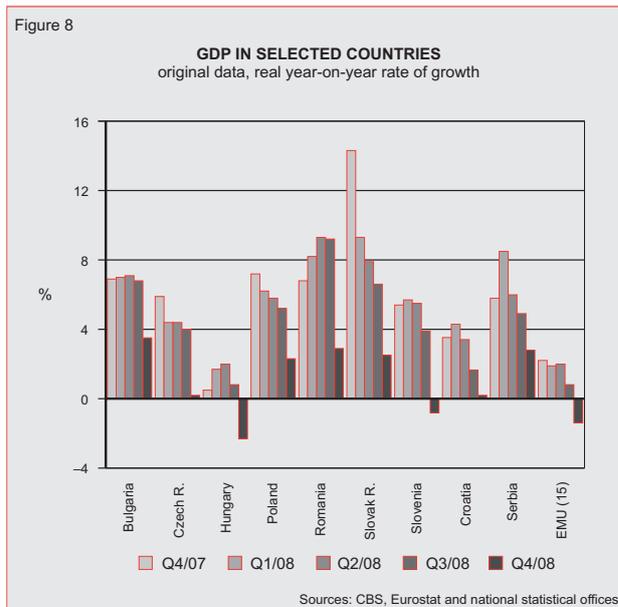


a regulated increase in the wage calculation basis for budget users, and increased severance payments, reflected in a sharp rise in the implicit deflator for government consumption.

While the data on the consolidated general government revenues and expenditures for early 2009 are currently unavailable, the trends in the number of employed persons in the public administration, and the interim financing to which the government had to resort in the first quarter of 2008, suggest growth of government consumption slightly stronger than in the same period in 2008.

Net Foreign Demand

In 2008, as in the previous years, international trade was marked by a growth of imports of goods and services faster than that of exports. It is worth mentioning that the previous year's dynamics of total imports and exports was largely influenced by changes in the international trade that occurred in the second half of the year, and particularly at its end.



More specifically, due to the financial crisis spillover into the domestic and international real economic sectors, the last quarter of 2008 saw a noticeable decline in the volume of foreign trade in goods and services, resulting in an annual contraction of exports and an even sharper fall in total imports. At the 2008 level, goods and services exports and imports went up 1.7% and 3.6% respectively, resulting in a negative contribution of net foreign demand to total GDP growth of 1.1 percentage points.

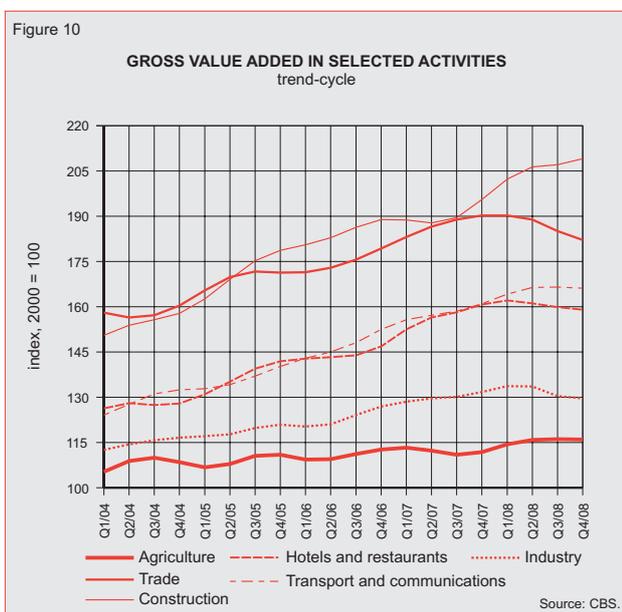
Eurostat's flash estimate of GDP growth for the eurozone and the European Union shows strong contraction of economic activity during the first quarter of 2009. Moreover, both consumer and business optimism in these areas continued to decline in the reference period. Adverse macroeconomic movements were also reported by Croatia's other main foreign trade partners. These developments led to a decline in foreign demand for Croatian products, as confirmed by the CBS data on goods exports, which dropped markedly over the first quarter. Changes in the same direction, but much

more perceptible, were also recorded in goods imports, which resulted from the aforementioned weakening of domestic demand. The volume of trade decreased in all categories of goods, especially intermediate and investment goods.

Furthermore, registered foreign tourist arrivals and nights decreased markedly at the annual level. However, it should be noted that the comparison between the tourist performance in the first quarter of 2009 and that in the same period last year is incomplete. More specifically, last year's Easter holidays, traditionally known for a boost in tourist arrivals and nights, fell in March, and this year's were in April. This resulted in a markedly unfavourable base effect.

Output

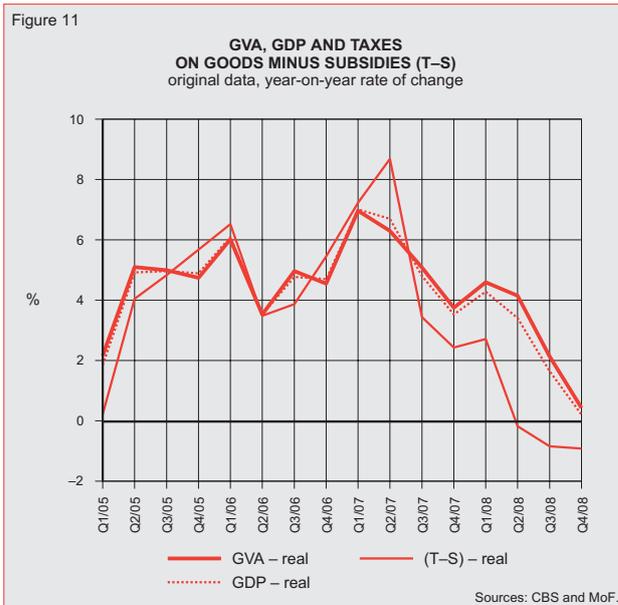
The GDP calculation by production approach shows a 2.8% increase in GVA³ in the economy during 2008. However, viewed by quarter, it declined continuously over the



year. Relative to 2007, total GVA formation slowed down, primarily on account of a marked deceleration of GVA growth in industry and in most service activities (excluding public sector services), with a negative annual rate of change in GVA recorded in trade. These developments arose from unfavourable changes in both domestic and foreign demand, particularly pronounced in the second half of the year as the global financial crisis started to affect the real economic activity. The largest growth of value added, driven by private sector investments, was recorded in construction.

During the first quarter of 2009, economic activity in most major non-financial sectors continued downwards, as a re-

3 In the national accounts, gross value added (GVA) in the economy is expressed at the so-called basic prices, whereas gross domestic product (GDP) is expressed at market prices. The difference between these two values is the total amount of tax on products reduced by subsidies (net indirect taxes). As the 'net indirect taxes' category is not included in the CBS calculation of GDP at previous year prices, this value can be calculated as a GDP and GVA residual at previous year prices.



sult of further domestic and foreign demand weakening. A continued fall in industrial output, observed in almost all categories of goods, and a decrease in real retail trade turnover suggest negative changes in GVA formation in industry and trade. Moreover, markedly lower outturns for tourist arrivals and nights in the period from January to March impacted adversely on GVA growth in hotels and restaurants. However, it should be noted that this was largely due to a base effect. Only construction reported a slight economic activity build-up.

Industry

Gross value added in industry rose by 1.4% in 2008 relative to the previous year, with its growth weakening gradually over the year, resulting in negative annual rates of change in the second half of the year. For the whole of 2008, industry contributed as little as 0.3 percentage points to total GVA growth in the economy. Given that, according to the new GDP calculation, GVA in industry accounts for one fifth of

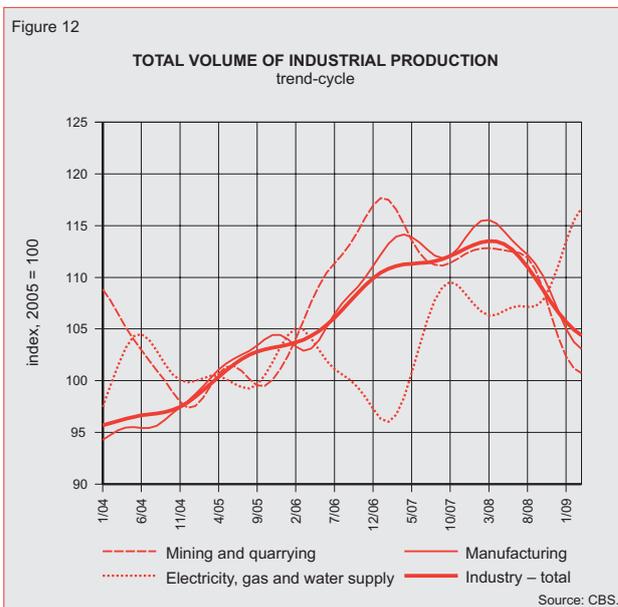
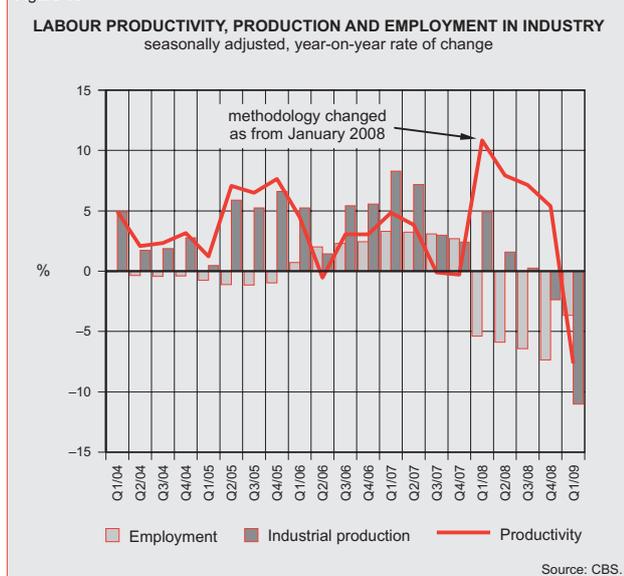


Figure 13



total GVA, these developments were among the main causes of the slowdown in total value added during 2008.

An increased weakening of both domestic and foreign demand led to a further decline in the current output in industry during the first quarter of 2009. However, this period saw no significant decumulation of producers' inventories of finished goods. The fall in output was observed in consumer, capital and intermediate goods. On the one hand, this was due to a drop in foreign demand and, on the other, due to households refraining from current consumption and a less intensive investment activity of domestic business sectors. It is worth noting that the total industrial output contraction would have been even stronger had it not been paralleled with a boost in energy production. Due to all these trends, optimism in industry sank to an all-time low (according to a business survey conducted by *Privredni vjesnik* in March 2009). The described current movements, in combination with an unfavourable base effect, resulted in a high annual rate of change in the total volume of industrial output (11%), seasonally- and calendar-adjusted.

The decline in total industrial output from January to March 2009 was mainly attributable to changes in manufacturing. Production in this industrial activity dropped by 12.1% relative to the same period last year, mostly as a result of a decrease in the manufacture of food products and finished metal products. At the same time, mining and quarrying decreased by 12.4% annually, primarily due to negative movements in "other mining and quarrying". By contrast, the category electricity, gas and water supply recorded an exceptionally high annual growth rate, thus mitigating the effect of reduced output volume in other activities on the overall industrial output.

Labour productivity in industry dropped sharply during the third quarter of 2009 relative to the same period in 2008 (by 7.6%, seasonally adjusted). This was entirely due to a plunge in industrial output, given the decrease in the number of employed persons in this economic branch recorded in this period. It should be borne in mind that the CBS data on employment by activity are preliminary and that they normally

underestimate the actual number of employed persons. Consequently, after their revision, labour productivity is likely to be adjusted downwards.

Trade

As a result of household consumption weakening and, in part, of more moderate foreign tourist consumption during the peak tourist season, gross value added in trade recorded a negative annual rate of change (0.3%) in 2008. As shown by seasonally adjusted data, GVA in this activity started to decline as early as after the first quarter of 2008, resulting in the negative contribution of trade to total real GVA growth in the economy in 2008.

Seasonally adjusted data also suggest further contraction of real retail trade turnover in the first three months of 2009, mainly due to a continued weakening of consumer optimism caused by the worsening economic situation and, probably, the effects of the Sunday trading ban. Furthermore,

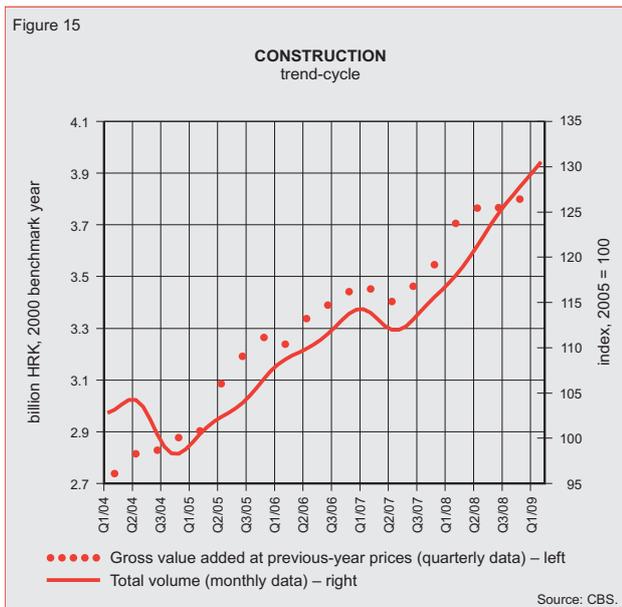
Figure 14



lower accessibility of loans and higher amounts of current debt repayments due to increased interest rates and kuna depreciation against the euro and the Swiss franc additionally curbed household consumption early in the year. Under such circumstances, the annual rate of change in real retail trade in the January-February period of 2009 sank to as low as -14.6% (seasonally adjusted). Particularly noticeable was a drop in the purchases of motor vehicles, especially cars, whose sales decreased by 30% in the first three months of 2009 relative to the same period last year, as indicated by the Ministry of Interior data on the number of newly registered vehicles.

Construction

GVA formation in construction strengthened last year relative to 2007, mostly due to increased private sector investments in non-residential buildings. Accordingly, GVA in this activity rose at a rate as high as 8.3% last year, whereas



its contribution to total GVA growth in 2008 was double that in the previous year (0.7 percentage points).

According to original data, the total number of hours worked at building sites decreased by 3.7% in the first two months of 2009 relative to the same period last year. However, the reference period had three working days fewer and construction work volume was uncommonly high at the beginning of the year. However, seasonally- and calendar-adjusted data suggest a slight acceleration of construction activity in the reference period, with the annual rate of change derived from these values standing at a positive 1.2%. It is interesting to note that the number of square meters (of both residential and non-residential buildings) for which building permits have been issued increased markedly at the turn of 2008-2009, but most of these construction projects are likely to have been ordered before, or at the onset of the economic downturn. It should be emphasized that the latest business survey conducted by *Privredni vjesnik* in March 2009, reveals profound pessimism among construction companies. This can definitely be attributed to real estate market conditions, including low household demand for residential real estate in the first three months of the year, and to an anticipated drop in government infrastructure investments.

Hotels and Restaurants

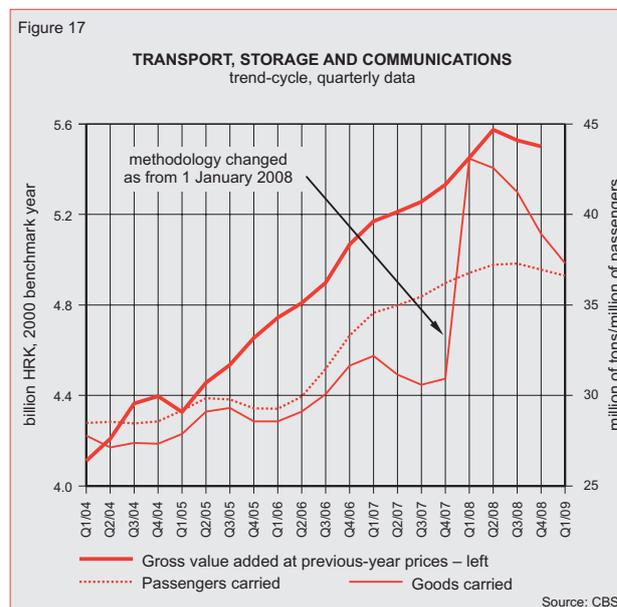
In 2008, GVA in hotels and restaurants rose at a rate of 2.2%, much slower than the 2007 rate of 9.0%. This was mostly due to more moderate real consumption of foreign tourists during the peak tourist season. As a result, the contribution of this activity to total GVA formation was as small as 0.1 percentage point. However, it is still noteworthy that the contribution of hotels and restaurants, to a certain extent, underestimates the total, direct and indirect, effects of tourist consumption on economic activity.

According to the CBS volume indicators of tourist activity for the period January-March 2009, tourist arrivals and overnight stays dropped markedly compared with the same period last year. The number of registered overnight stays of

domestic and foreign tourists decreased annually by 16.7%, whereas the number of arrivals recorded a negative annual rate of change of -14.3%. These movements were mostly due to a fall in the arrivals and overnight stays of foreign tourists, particularly those from Germany, Italy and Austria. However, it should be noted that these adverse changes were mostly attributable to the base period effect, i.e. mobility of Easter holidays. In addition, tourist nights registered in the first quarter represent only a small share of total tourist nights during the year.

Transport and Communications

As a result of a slowdown in passenger and goods transport, particularly at year-end, GVA formation in transport, storage and communication slowed down in 2008 relative to the previous year, still remaining relatively strong. Gross value added in this activity rose by 5.2% last year (7.4% in 2007), contributing 0.5 percentage points to total GVA formation.



Passenger transport, measured by the number of passengers carried, decreased during the first quarter of 2009, resulting in the negative annual rate of change. This was probably due to a decline in foreign tourist arrivals, but also to reduced domestic demand for transportation services. Viewed by type of transport, the sharpest annual falls in the number of passengers carried were recorded in sea and air transport, while road transport strengthened slightly compared to the same period last year. Goods transport, measured by tonnes carried, decreased further in the period from January to March 2009, thus continuing the negative trend in this transportation segment from early 2008. These changes can be attributed to a continuous decline in industrial output and the weakening of both domestic and foreign trade.

In telecommunication services, minutes spent in the mobile network continued to grow annually, although at a slower rate than in the previous quarters. Favourable movements, observed in the mobile network for quite some time, reflect the efforts of current mobile operators to increase their market shares. By contrast, the number of minutes spent in the fixed network declined relative to that in the first quarter of 2008.

Labour Market

Labour market indicators reflect the slowdown in economic activity observed in most of 2008 and early in 2009 as well as growing employer pessimism. The number of unemployed persons registered with the CES in the first quarter exceeded that of employed persons according to the CBS data and the data on persons insured with the CPIA, compared with both the previous period and the same period in 2008. Concurrently, nominal gross and net wages decelerated annually relative to the end of 2008, which, given a somewhat slower decline in inflation, led to a slight slowdown in real wage growth.

Unemployment and Employment

As shown by the CES data, the number of unemployed persons rose during the first quarter of 2009. The monthly growth, observed since September 2008, impacted adversely on the annual registered unemployment dynamics. Thus, in February 2009 unemployment rose at an annual level, for the first time since mid-2005, the number of unemployed persons registered with the CES accordingly increasing by 2,500 (1.0%) in the first quarter relative to the same period in 2008.

This was due to strong inflows into the CES register, but also reduced outflows, particularly on account of a fall in CES-mediated employment. During the first quarter of 2009, the majority of the newly registered came directly from employment, due to dismissals by employer (almost 75%). More specifically, as a result of reduced demand for their goods and services, employers adjusted themselves to new market conditions by cutting down their output, which in turn reduced the need for labour. Moreover, the ban on Sunday trading certainly had negative effects on demand for labour in commerce. This led to increased termination

Figure 18

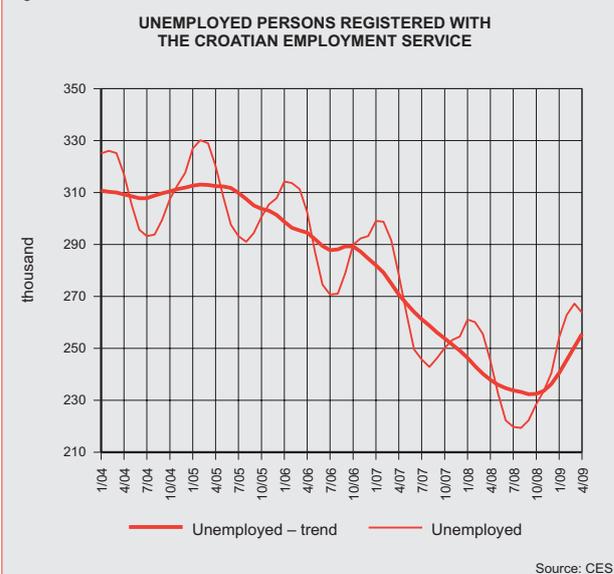


Figure 19

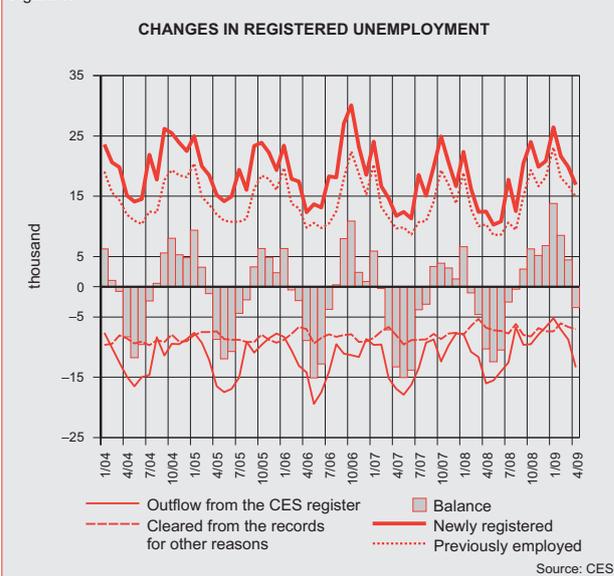
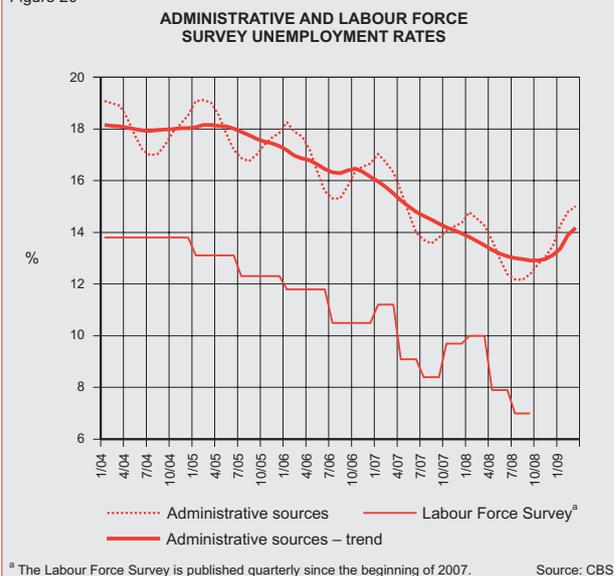


Figure 20



of both temporary and fixed-term employment contracts, as confirmed by the CES data. The majority of the newly registered came from manufacturing, wholesale and retail trades, accommodation providers, the food preparation industry and food services, as well as construction. Apart from employment from the records, which continued to decline at a strong pace (-30.4% annually) over the first three months of 2009, reduced demand for labour was also indicated by the figures on vacancies reported by employers to the CES, which substantially declined in the reference period. In addition to those employed from the records, outflows also include persons cleared from the records for reasons other than employment, whose number rose mildly over the first quarter.

According to administrative data for the first three months of 2009, the average registered unemployment rate stood at 14.7%, up 0.2 percentage points on the first quarter of 2008.

Employment

Apart from the rise in unemployment, the first quarter saw a decline in employment, as suggested by both the aforementioned drop in employment from the CES register, the administrative data from the CBS and the data on the number of persons insured with the CPIA. Despite last year's increase in total employment, its annual dynamics slowed down gradually towards the end of the year. Such developments continued into early 2009. According to the CBS data, employment dropped by 0.4% in the first three months relative to the same period in 2008, largely as a result of the negative contributions of crafts and trades and freelance occupations, as well as individual farmers actively insured with the CPIA. Employment in legal entities increased mildly, but only partly offset the aforementioned negative movements in other total employment components. It should be noted, however, that the CBS employment data for the period after January 2009 are preliminary.

At the beginning of 2009, the CBS started publishing data in accordance with NCEA 2007 which replaced the previous NCEA 2002. In terms of content and structure, the NCEA 2007 fully corresponds to the EU classification NACE Rev.

2, which provides a basis for the international comparability of data. However, longer time series of data on the number of employed persons adapted to the new methodology are currently unavailable. For example, the data on employment in legal entities according to NCEA 2007 are currently available for the period since January 2008, whereas the data on employment in crafts and trades and freelance occupations are available for the period since January 2009, which considerably hampers the analysis. However, industry seems to have been the largest negative contributor to total employment growth in the first quarter of 2009, which was in line with the negative movements in output and, consequently, the reduced demand for labour in these sectors, particularly in manufacturing. Moreover, a strong contraction in trade, as suggested by volume indicators, and, to a certain extent, the Sunday trading ban, led to a decrease in employment in this activity, which made it, like industry, a negative contributor to total employment growth. By contrast, employment grew in financial intermediation and real estate transactions which made mild positive contributions to total employment growth. Employment increases in education and health care mitigated the effect of reduced employment in public administration, so that the number of employed persons in overall public administration (including education, health care and social welfare) increased in the first three months of the current year.

Wages and Labour Costs

Following their strong annual growth throughout 2008, and particularly at the end of the year, nominal wages slowed down mildly at the beginning of 2009. Nominal net and gross wages paid in the reference period went up 6.5% and 5.6% respectively over the same period in 2008. Contrary to the labour market volume indicators (the numbers of employed and unemployed persons), unfavourable economic movements have so far had no significant impact on financial labour market indicators. The aforementioned slow adjustment to the new labour market conditions is also confirmed by

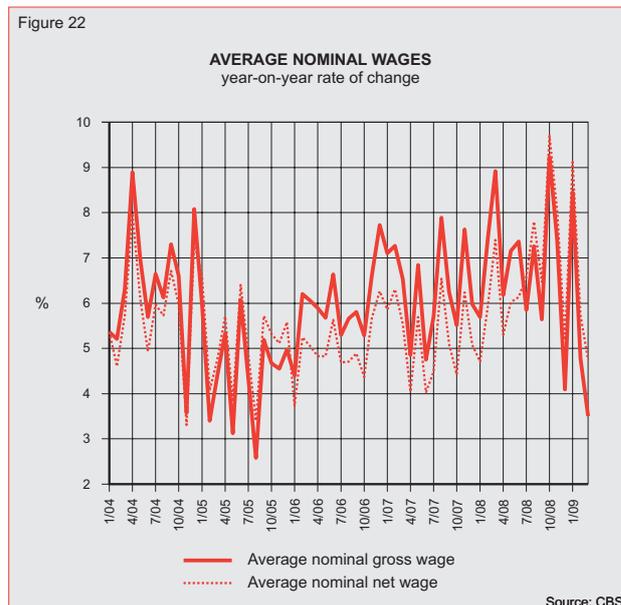
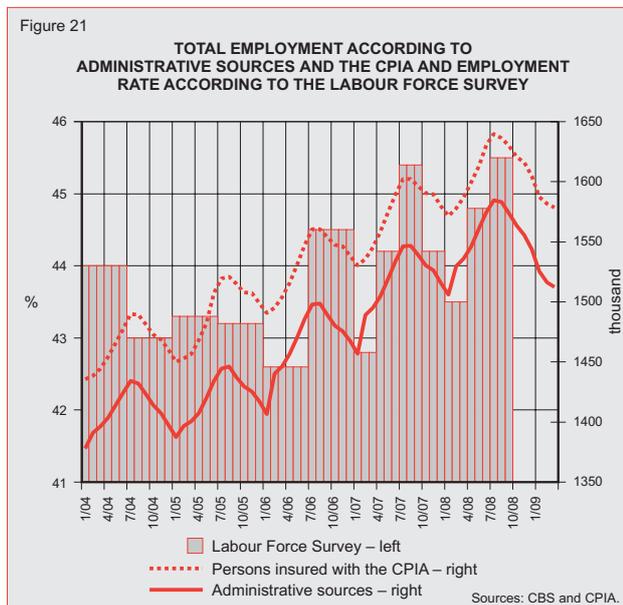
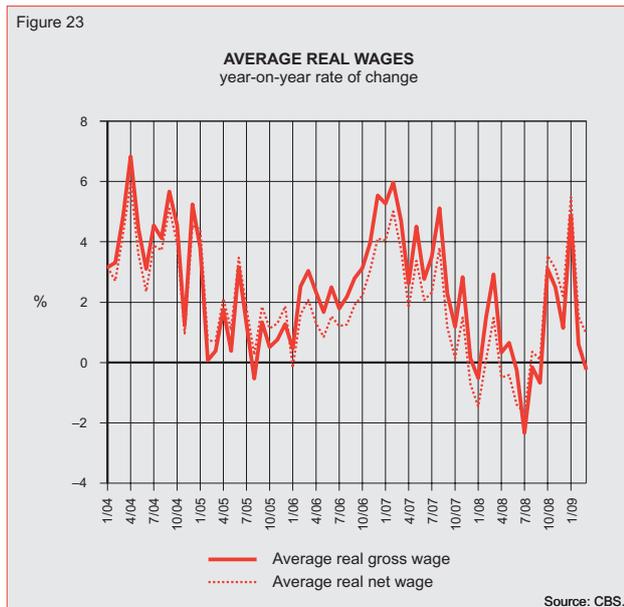


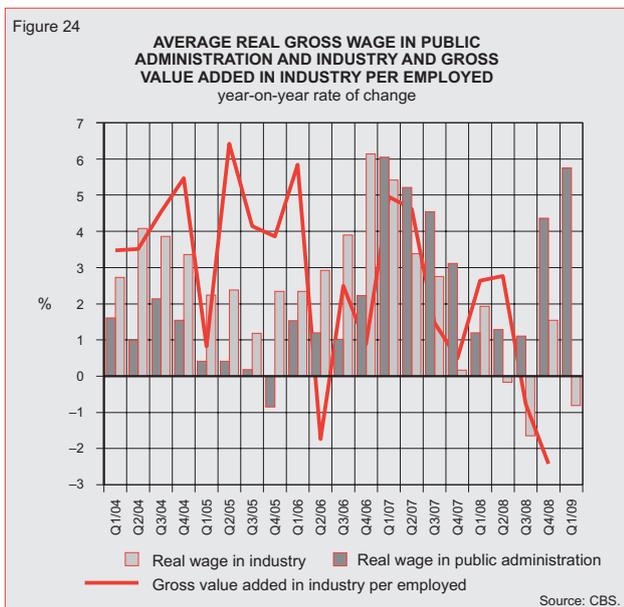
Figure 23



istrations, the largest positive contributors to wage growth were wholesale and retail trade, construction and other professional, scientific and technical activities. In contrast to this, the largest negative contribution came from information and communication.

Given a decline in production measured by real GVA in industry that was sharper than the slowdown in average employment growth, the second half of 2008 was marked by a drop in labour productivity in industry which is most likely to continue early in 2009, as suggested by the available monthly volume indicators. The first quarter of 2009 saw a serious fall in the total volume of industrial output, being a reliable indicator of GVA movements in this activity. This was paralleled by a much slower decline in the number of persons employed in industry. As a result, labour productivity in industry, calculated on the basis of high-frequency indicators, fell by as much as 7.6% in the first three months (seasonally adjusted). However, it should be noted that the CBS employment data are preliminary.

Figure 24



Prices

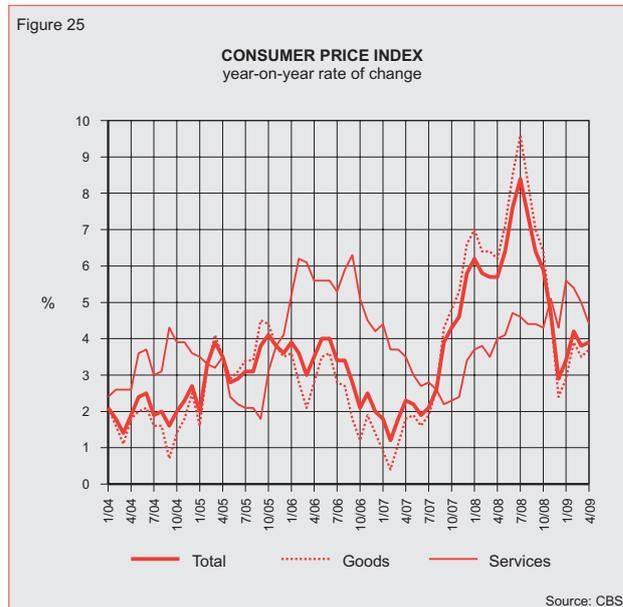
Due to a significant drop in inflationary pressures in Croatia, the annual growth rate of consumer prices fell to 4.5% in the fourth quarter of 2008 from 7.4% in the third quarter. The average annual inflation rate dropped further to 3.8% in the first quarter of 2009. External factors influencing the slowdown in price growth include a sharp drop in the world prices of crude oil, food raw materials and metals, resulting from expectations of a decline in raw material demand due to the global economic downturn. Against the background of a drop in capital inflows, the kuna/euro exchange rate remained relatively stable, supported by foreign exchange interventions and other monetary policy measures, thereby helping anchor inflation expectations. Slumping personal consumption, a result of the stagnation of real disposable income and a decline in consumer optimism, was the key domestic factor putting downward pressures on infla-

seasonally adjusted data on wages, suggesting their further growth early in 2009, despite adverse changes in other indicators. It is noteworthy that this was to a great extent due to wage movements in public and government administrations, although wages grew in most other economic sectors as well.

As a result of a slowdown in the nominal wage growth, accompanied by a less pronounced decline in inflation measured by the consumer price index, real wage growth dropped to 2.7% and 1.7% in net and gross terms respectively. In view of the real wage movements and a decline in the average number of employed persons in the first quarter, the real wage bill paid in this period, the main source of personal consumption financing, also decelerated slightly.

As in the previous two years, the strongest growth of both nominal and real wages was observed in public sector activities, as a result of an agreement between the Government of the Republic of Croatia and the public administration trade unions on raising the wage calculation basis for the 2007-2009 period. Apart from the public and government admini-

Figure 25



tion. These trends resulted in a sharp fall in the annual rate of change in energy prices (down from 13.1% in the third quarter of 2008 to -0.2% in the first quarter of 2009) and processed food products (down from 11.7% to 4.6%).

Consumer Prices

According to the latest CBS data, the annual consumer price inflation rate was 3.9% in April 2009, up by 1.0 percentage point from the rate in December 2008. The acceleration of inflation in the first four months of 2009 was to a large extent due to an increase in administered prices (gas, health and hospital services) and prices influenced by excise changes (tobacco products). The three product groups increased their contribution to the annual inflation rate from 0.1 percentage point in December 2008 to 1.5 percentage points in April 2009.⁴ The annual rate of change in the core CPI, which excludes agricultural product prices and administered prices, accelerated to 4.8% from 4.2% in December

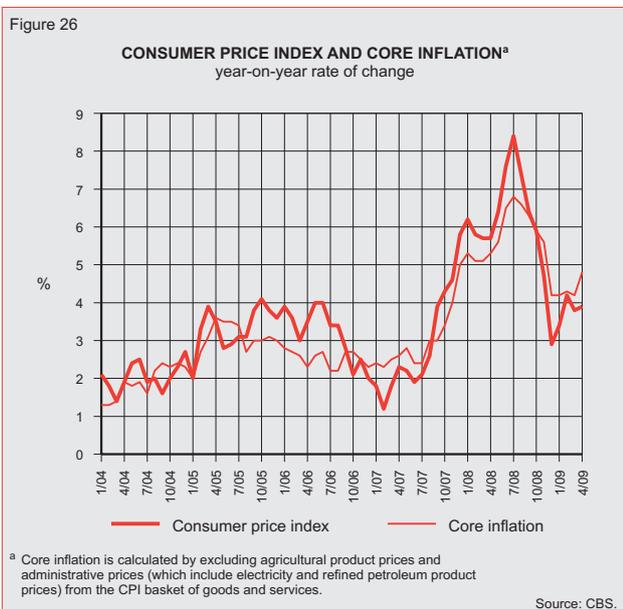
Table 1: Consumer Price Index, the five main categories of products, year-on-year rate of change

	Weight 2009	12/08	1/09	2/09	3/09	4/09
Total	100.0	2.9	3.4	4.2	3.8	3.9
Energy	13.0	-1.7	-0.4	1.3	-1.3	-0.4
Fresh food	14.7	3.7	4.9	9.0	9.5	6.7
Processed food (incl. alcoholic drinks and tobacco)	23.2	4.7	4.9	4.7	4.2	5.9
Industrial non-food without energy	28.3	2.2	1.7	1.9	2.2	2.5
Services	20.7	4.2	5.6	5.4	5.0	4.4

Note: In order to analyse the consumer price inflation trends, the ECB uses the classification which divides the product basket into five main categories. In this classification, the basic product groups differ to some extent from those in the Classification of Individual Consumption by Purpose (COICOP). Hence, for example, the price of water is excluded from the index of services prices, calculated in accordance with the product basket divided into five main categories, and included in the index of goods prices. Source: CBS.

result that the annual rate of change in energy prices slightly increased in April, but remained negative (-0.4%). The annual rate of change in industrial non-food prices excluding energy accelerated slightly from 2.2% in December 2008 to 2.5% in April 2009. These prices grew at an average annual rate of 3.0% in 2008 and also signalled a drop in inflationary pressures, which may be attributable to a decrease in aggregate demand and weaker upward cost pressures on prices. The annual rate of change in services prices accelerated slightly from 4.2% in December 2008 to 4.4% in April 2009, primarily due to an increase in administered services prices (health and hospital services). By contrast, the annual rate of change in market-based services prices decreased from 5.0% in December 2008 to 3.2% in April 2009. These trends were largely driven by the price stabilisation of processed food products and by the slump in domestic demand, which exacerbated the slowdown in the annual growth rate of hotel and restaurant services prices.

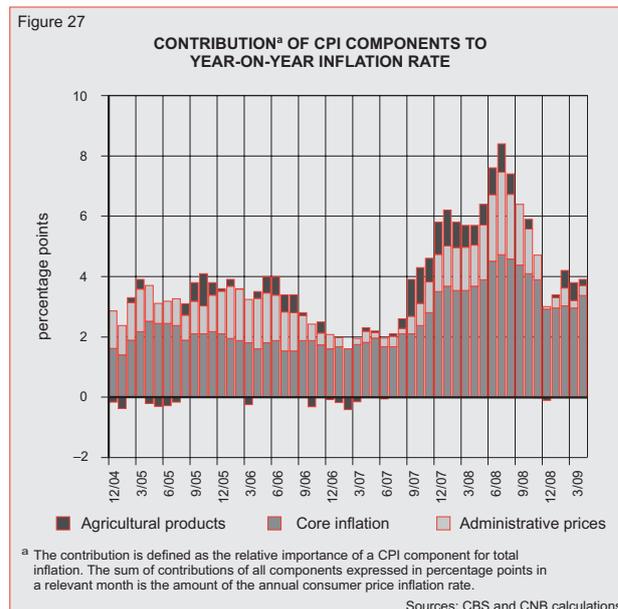
The annual growth rate of prices of fresh food products accelerated at the fastest pace, rising from 3.7% in December 2008 to 6.7% in April 2009, with a peak of 9.5% reached in March. This was to a large extent due to vegetable price increases in January and February 2009 that were higher than



2008, primarily due to the price increase in tobacco products aforementioned.

Energy was the CPI component that contributed the most to a decrease in inflationary pressures in the period after July 2008, which saw these pressures reach their peak and crude oil prices exceed USD 145 per barrel. As crude oil prices dropped to USD 41.2 in December 2008, the annual rate of change in energy prices went down from 16.5% in July 2008 to -1.7% in December 2008. Household gas and heat energy prices increased considerably and refined petroleum prices drifted upwards in the first four months of 2009, with the

4 The largest increase in the contribution to the overall annual inflation rate was recorded by tobacco products (up from 0.0 percentage points in December to 0.8 percentage points in April 2009). Due to the introduction of the new excise system, tobacco product prices increased twice, by 6.9% in January and by 14.0% in April relative to the previous month. In addition, the contribution of gas to the annual inflation rate grew from 0.0 percentage points to 0.3 percentage points over the mentioned period, while the contribution of health and hospital services increased from 0.1 percentage points to 0.4 percentage points.



in the previous year because of adverse weather conditions. In addition, the annual growth rate of the prices of meat (whose share in the CPI basket stands at a considerable 8.3%) accelerated from an already high 8.1% in December 2008 to 10.3% in April. As noted by agricultural market analysts, some agricultural holdings cancelled production last year and early this year, with the result that supply declined and meat purchase prices increased, hitting ten-year highs in some segments.

The annual growth rate of processed food products prices also considerably accelerated (from 4.7% in December 2008 to 5.9% in April 2009), primarily as a result of the price increase in tobacco products, which fall into this group under the ECB classification. In contrast to this, a drop in the world prices of food raw materials and crude oil, coupled with a slowdown in personal consumption, had an impact on the decrease in the annual growth rates of numerous food product prices, which was also supported by a favourable base effect. The annual growth rate of the prices of bread and cereals slowed down the most (from 12.2% in December to 4.8% in April).

Import Prices

After having plummeted in the second half of 2008, crude oil prices stabilised and began a mild recovery in the first four months of 2009. Standing at USD 50.3 per barrel, average crude oil prices increased by 21.6% in April 2009 from December 2008, predominantly due to the global stock market recovery, indications of a slowdown in global recession and an increase in investor optimism. However, the recovery of oil prices was significantly impeded by data releases indicating increases in US oil reserves caused by a slump in demand. According to an IEA estimate, given in its latest report from May 2009, global oil demand will shrink 3% in 2009 relative to the previous year, falling from 85.8 million barrels per day in 2008 to 83.2 million barrels per day in 2009. In an endeavour to prevent oil prices from dropping further on the back of the weakening global demand, OPEC countries continued to cut their crude oil production in the first quarter of 2009.

Figure 28

AVERAGE CRUDE OIL PRICES^a ON THE WORLD MARKET

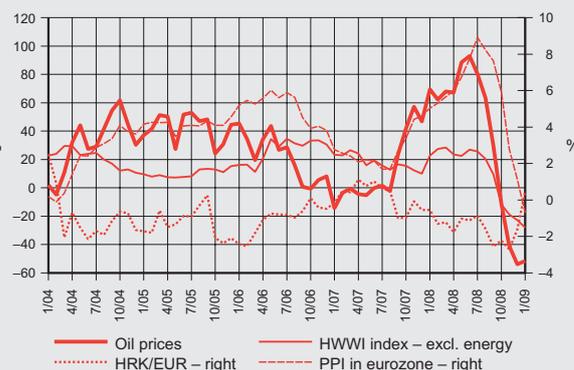


^a Calculated as an average of the following oil prices (prompt delivery): Dubai Fateh, UK Brent and West Texas Intermediate.

Source: Bloomberg.

Figure 29

IMPORTED INFLATION: OIL PRICES, THE HWWI INDEX,^a THE AVERAGE KUNA/EURO EXCHANGE RATE AND PRODUCER PRICES IN THE EUROZONE
year-on-year rate of change



^a The Hamburg Institute of International Economics (HWWI) constructed the aggregate index of raw materials prices in the world market, the so-called HWWI index. The HWWI index is the indicator of movements in costs for imported raw materials (it includes a total of 29 raw materials or 27 excluding energy) and it is used in analysing the influence of changes in the prices of raw materials in the world market on the changes in prices in industrial countries. The index is calculated on the basis of raw materials prices expressed in US dollars.

Sources: Bloomberg, HWWI, Eurostat and CNB.

Other world raw material prices also increased. The HWWI index, which measures commodity price trends in the world market (excluding energy, in US dollar terms), grew by 7.5% in April relative to December 2008. Driven by strong demand from China, metal prices increased the most, followed by the prices of food products, especially oilseeds. However, raw material prices remained considerably below the peak levels they reached in mid-2008, plunging afterwards under the impact of the global recession and falling demand.

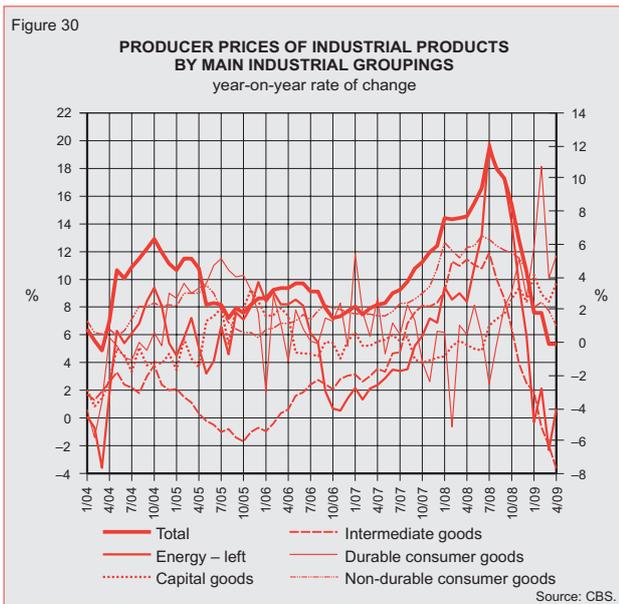
By contrast, eurozone producer prices⁵ have been trending downwards and alleviating imported inflationary pressures. The annual rate of change in eurozone producer prices stood at -3.1% in March 2009 compared with 1.1% in December 2008. The producer price drop primarily resulted from a price decrease in energy and intermediate goods.

Industrial Producer Prices

The annual rate of change in industrial producer prices⁶ dropped to -0.1% in April 2009 from 4.7% in December 2008. Of the basic components, only intermediate goods recorded a drop in producer prices (3.7% annually), with the prices in the manufacture of metals and rubber and plastic products falling at the highest rate in consequence of the further price decrease for raw materials (especially metals) in the world market. The producer prices of non-durable consumer goods drifted up at an annual rate of 1.0% in April, with a considerable growth recorded in the manufacture of leather and leather products and in the manufacture of beverages. By contrast, tobacco product prices have continued to decrease at a significant annual rate, to the largest extent due to the Janu-

5 As of January 2009, Eurostat has released eurozone PPI data in accordance with the new classification (NACE Rev. 2) and with the base year changed from 2000 to 2005. The eurozone currently comprises 16 countries, Slovakia having joined on 1 January 2009.

6 Producer price indices in the period between January 2005 and December 2008 have been recalculated by the CBS according to the NCEA 2007 with the implementation of the NIP 2008 and MIGs 2009 and reduced to the year 2005 (a base year).

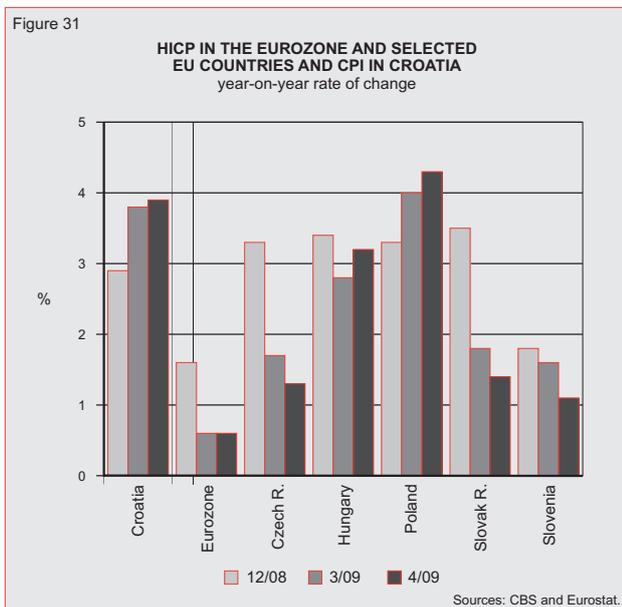


ary drop in producer prices of cigarettes designed to offset an increase in excises. The annual growth rate of energy prices also slightly increased, by 0.7%, pushed up by the growth of producer prices for crude oil and natural gas extraction and for electricity, gas and steam supply. In contrast with this, the manufacture of coke and refined petroleum products registered a significant annual drop in producer prices, reflecting the fall in crude oil prices in the world market.

The prices of consumer and capital goods had the highest annual growth rates in April, of 5.3% and 3.6% respectively, and the manufacture of computer, electronic and optical products and the manufacture of furniture experienced especially strong price increases.

International Comparison of Consumer Prices

In the first four months of 2009, the difference between Croatia's and the eurozone's annual CPI inflation rate increased from 1.3 percentage points in December 2008 to 3.3

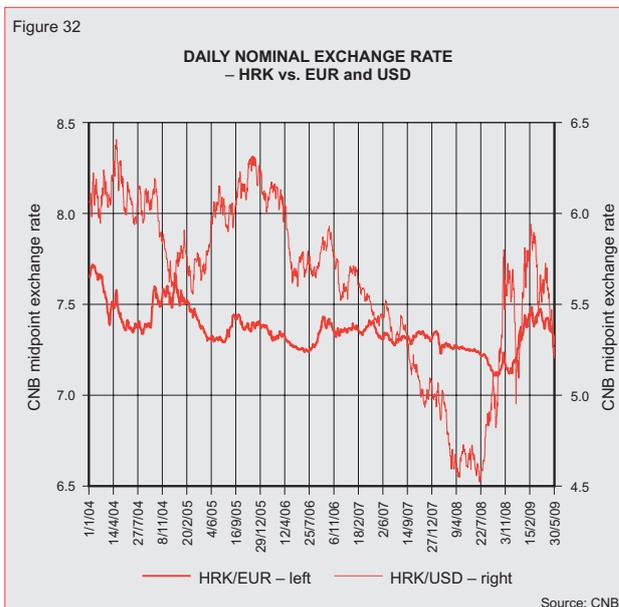


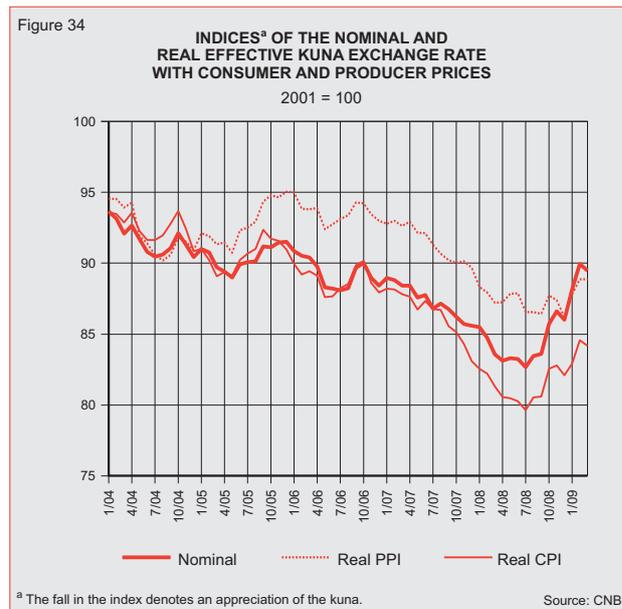
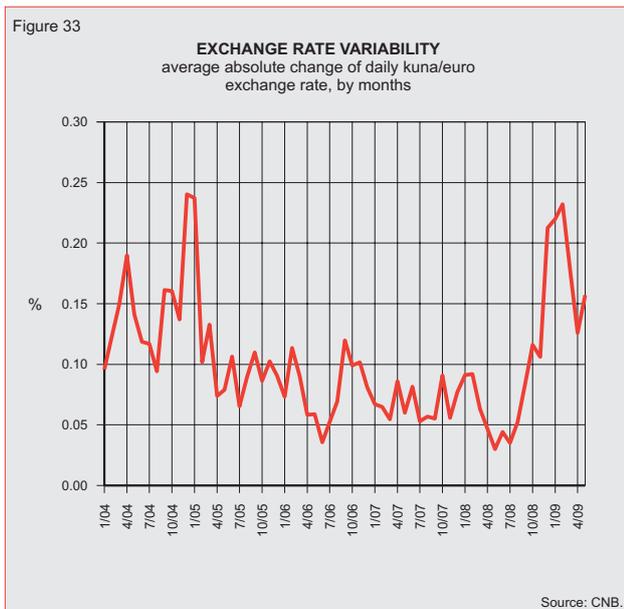
percentage points in April 2009. April also saw an especially large difference between the annual rate of change in energy prices in the eurozone (-8.8%) and the same rate in Croatia (-0.4%), which was primarily a result of an electricity price increase in July 2008 and a rise in household gas prices in January 2009 in Croatia. In addition, the annual growth rate of the prices of processed food products stood at 1.2% in the eurozone and at a considerably higher 5.9% in Croatia in April, which was to a large extent due to an increase in domestic tobacco product prices as a result of a change in the excise system. The prices of fresh food products in the eurozone increased by an annual 1.6% in April, rising at a much higher rate of 6.7% in Croatia.

A comparison of trends in consumer price inflation in Croatia and the new CEE members of the EU shows that the annual inflation rate increased only in Croatia, Poland and Romania in April 2009 from December 2008, whereas in other countries it dropped in the observed period. Specifically, the inflation rates in Bulgaria, Hungary, Slovakia, the Czech Republic, Slovenia and Estonia were lower than that in Croatia in April 2009, while only Slovenia had a lower inflation rate in December 2008.

Exchange Rate

The nominal kuna/euro exchange was exposed to depreciation pressures during most of the first quarter of 2009. The exchange rate of the kuna weakened by 1.8%, falling from HRK 7.32 on 31 December 2008 to HRK 7.46 on 31 March 2009. The kuna weakened during this period due to an increase in government and enterprise demand for foreign exchange required to pay outstanding foreign liabilities and to a drop in capital inflows. In an effort to alleviate depreciation pressures, the CNB, through foreign exchange interventions on 23 January and 18 February, sold to banks a total of EUR 513.0m. The central bank also released considerable foreign exchange reserves of banks by a change in monetary policy instruments (for more information see CNB Bulletin





No. 146). As appreciation pressures mounted following the ensuing decrease in kuna liquidity, the CNB intervened on 27 February, purchasing from banks EUR 331.2m. The CNB thus sold a total of EUR 181.8m to banks through three foreign exchange interventions in the first quarter of 2009 and withdrew a net HRK 1.3bn. The MoF purchased foreign exchange worth a net EUR 54.7m directly from the CNB in the first three months of 2009, mainly to settle its liabilities to the London and Paris Clubs.

In contrast with the first quarter, kuna/euro exchange rate developments in April and early May were primarily influenced by the alleviation of depreciation expectations in the domestic foreign exchange market. This was due to seasonal factors and a budget revision that created room for government borrowing in the foreign market through a eurobond issue. In addition, available aggregate data have so far pointed to the steady refinancing of foreign liabilities by other domestic sectors, while the narrowing of the trade deficit has led to a decrease in its financing requirements. As a consequence, the exchange rate of the kuna gained 1.8% from the end of March, standing at HRK 7.33/EUR at the end of May 2009, despite continued strong enterprise demand for foreign exchange. No central bank foreign exchange interventions were required and there were no significant foreign exchange transactions with the government in that period.

The kuna/euro exchange rate was extremely volatile at the beginning of the year, with the average absolute change in the daily exchange rate of the kuna against the euro of 0.21% standing considerably above the 0.08% in the same period in the previous year. This exchange rate volatility was the highest since the third quarter of 2001, largely due to changes in the exchange rate in January and February, and it reduced in the following three months.

The US dollar strengthened markedly against the euro in the global foreign exchange market in January and February (by 10.7%), primarily due to adverse economic indicators in the eurozone and expectations of further cuts in the key eurozone interest rate. However, the US dollar/euro exchange rate started to weaken in March, accelerating the trend after the

Fed on 18 March announced that it would purchase Treasury securities and repurchase mortgage-backed securities. In contrast, the US dollar /euro exchange rate was in the last twenty days of April under appreciation pressures arising from expectations of further loosening of monetary policy in the eurozone. In order to aid the recovery of the eurozone economy, the ECB on 7 May 2009 further reduced the key interest rate to 1.0%, also announcing the purchase of collateralised bonds and extending the maturity of loans granted to banks from 6 to 12 months. The US dollar weakened again in May as the release of better than expected European market indicators spurred optimism and investor risk appetite. The US dollar has appreciated by 0.9% versus the euro since the beginning of the year, increasing to USD 1.41/EUR at the end of May 2009 from USD 1.42/EUR at the end of December 2008.

In line with kuna/euro and US dollar/euro exchange rate trends, the nominal exchange rate of the kuna depreciated by 0.9% against the US dollar in the first five months of the year, from HRK 5.16/USD at the end of December 2008 to HRK 5.20/USD at the end of May 2009.

The kuna slightly weakened against the euro in the first five months of 2009, with the exchange rate up from HRK 7.32/EUR at the end of December 2008 to HRK 7.33/EUR at the end of May 2009. The kuna also weakened by 0.9% and 12.1% versus the US dollar and pound sterling respectively in the observed period, strengthening by 1.4% against the Swiss franc. As a result, the index of the daily nominal effective kuna exchange rate depreciated by 0.4% against a currency basket.

In addition to the nominal effective exchange rate of the kuna, the real effective exchange rate of the kuna, an often used indicator of export price competitiveness, also depreciated in the first quarter of 2009 relative to the previous quarter. However, the effective exchange rate of the kuna deflated by consumer prices depreciated less in real than in nominal terms (1.7% and 3.6% respectively) since consumer prices increased in Croatia and decreased in the eurozone, US, Switzerland and Great Britain. The real effective exchange rate deflated by producer prices also weakened less (by 1.5%) than the nominal effective exchange rate because Croatia's

Figure 35

INDEX^a OF THE REAL EFFECTIVE KUNA EXCHANGE RATE WITH UNIT LABOUR COST
2001 = 100



^a The fall in the index denotes an appreciation of the kuna. ^b Unit labour cost in total economy (seasonally adjusted). ^c Unit labour cost in industry (seasonally adjusted).
Sources: CBS, ECB, OECD, national sources and CNB calculations.

producer prices had a lower decrease in the first quarter than those in the eurozone and US.

The appreciation of the index of the real effective kuna exchange rate deflated by unit labour costs for the total economy and industry halted in the last quarter of 2008. This was to a large extent due to the nominal effective depreciation of the kuna, caused by a marked depreciation of the nominal kuna/US dollar exchange rate, and to the slower quarterly growth of unit labour costs in Croatia than in the eurozone, which has the largest weight in the effective exchange rate. According to seasonally adjusted data, the unit labour cost increase in Croatia in the last quarter of 2008 was boosted by a rise in compensation per employee and a drop in labour productivity. The larger increase in unit labour cost in the eurozone compared with that in Croatia was to a great extent due to a relatively stronger fall in labour productivity in the eurozone.

Monetary Policy and Instruments

Monetary Environment

In the fourth quarter of 2008 and the first two months of 2009, the CNB largely mitigated the spillover effects of the global financial turmoil on the domestic financial system through intensive use of and changes in monetary policy instruments. Hence the late first and early second quarters of 2009 were marked by a much more stable monetary environment. As depreciation pressures on the kuna began to abate, upward pressures emerged in the first two months of the second quarter. Coupled with the seasonal effects, appreciation pressures, particularly in May, were affected by the expected issue of government bonds in the international market. Due to the easing of tensions in the money and foreign exchange markets, sharply lower interest rates and stable inflation, there was no need for additional changes in monetary policy instruments and foreign exchange interventions. Instead, the

central bank maintained the system's stability and liquidity through its regular operations.

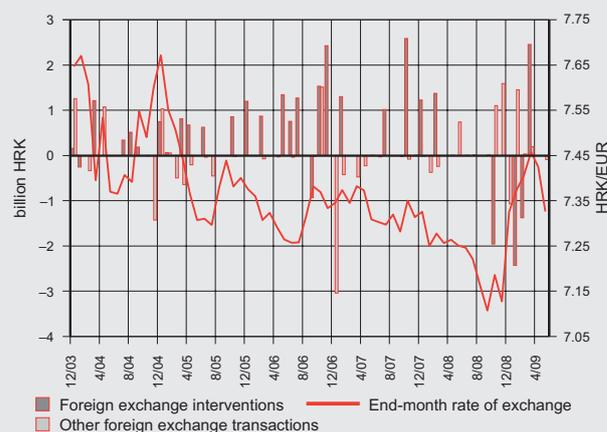
In line with the economic slowdown and large financing needs of the central government, monetary developments in the first four months were marked by robust growth in bank placements to the government and stagnant lending to the private sector. Inflows stemming from banks' foreign borrowing did not come to a halt and banks used their foreign assets to finance a large portion of placements to the government, which was made possible by the CNB's cut in the minimum rate of foreign currency liquidity.

Uses of Instruments of Monetary Policy

Although used less than earlier in 2009, regular reverse repo operations were the main instrument of liquidity creation in April and May. An improved level of banks' kuna liquidity was due to the foreign exchange intervention of 27 February when the CNB purchased EUR 331.2m, thus creating HRK

Figure 36

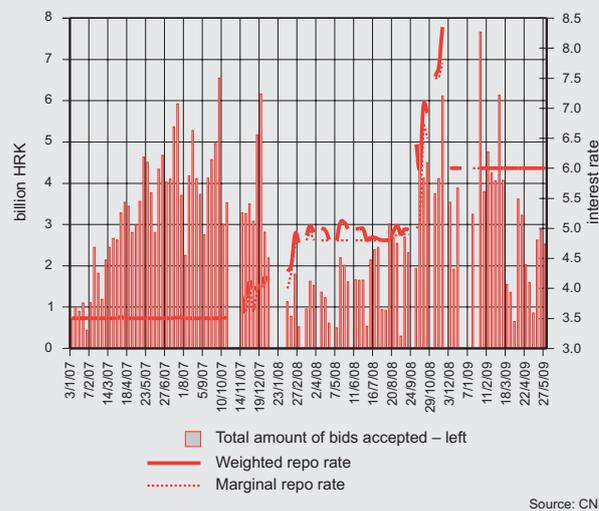
FOREIGN EXCHANGE TRANSACTIONS OF THE CROATIAN NATIONAL BANK AND MIDPOINT HRK/EUR RATE OF EXCHANGE
at current rate of exchange



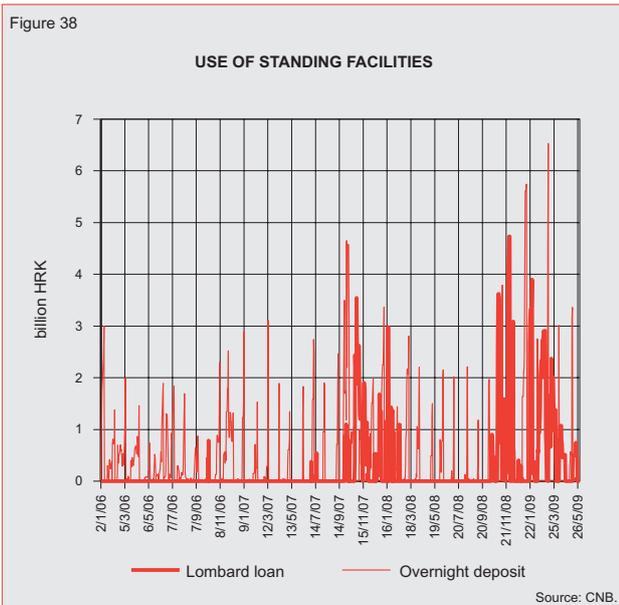
Note: The positive value of foreign exchange interventions and foreign exchange transactions relates to the repurchase of foreign exchange by the CNB. Other foreign exchange transactions include the purchase of foreign exchange from and the sale of foreign exchange to the MoF and foreign currency swaps with banks.
Source: CNB.

Figure 37

REGULAR REVERSE REPO AUCTIONS



Source: CNB.



2.5bn that the banks needed to meet the reserve requirement maintenance obligation. By its foreign exchange intervention, the central bank also compensated for a part of foreign currency reserves that had been used in previous months to ease depreciation pressures. Liquidity was further boosted by CNB profit allocated to the government budget in mid-March (HRK 1.3bn). In April, additional liquidity was freed up by the repurchase of compulsory CNB bills subscribed in April 2008 (HRK 0.4bn) and the fall in kuna reserve requirements of banks.

The average daily amount of funds placed through reverse repo auctions stood at HRK 2.2bn in April and May, HRK 1.1bn less than in the first quarter. The CNB continued to hold its auctions at a fixed rate of 6.0%, which remained unchanged since December 2008, accepting on average 40.0% of the bids received from banks. The percentage of allotment was higher in the first quarter and averaged 50%.

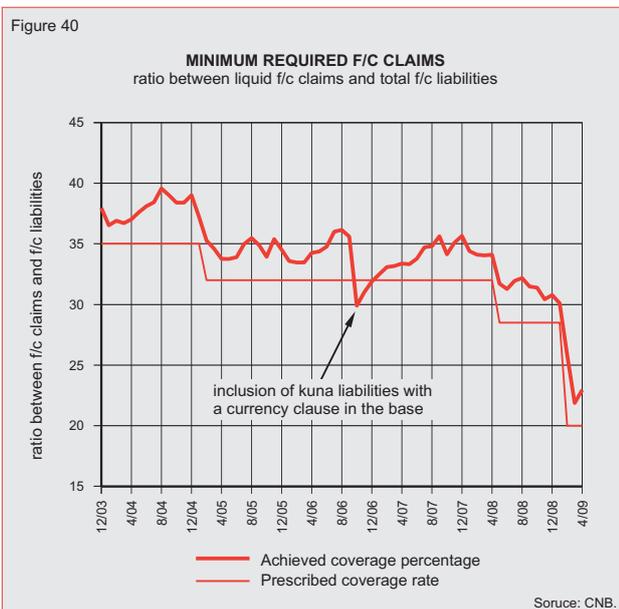
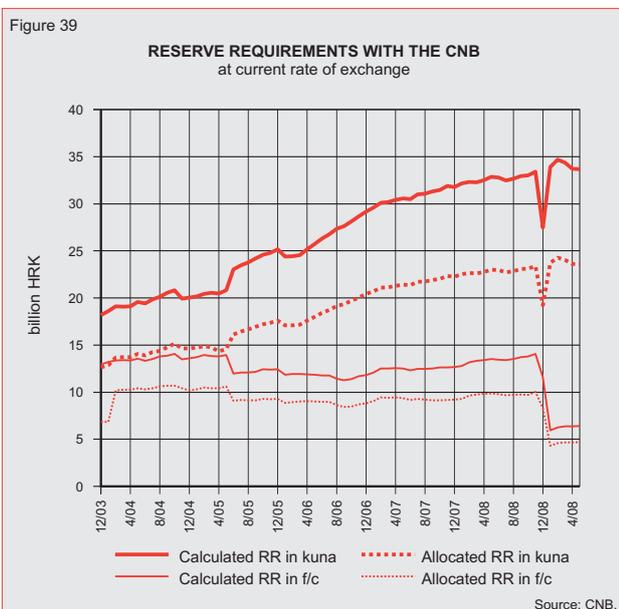
Bank demand at auctions within a month is closely linked with reserve maintenance periods. Thus, at the beginning of these periods (the second Wednesday in a month), banks asked for larger amounts, while towards the end of the periods, when they had already met the obligation to maintain kuna reserve requirements, their demand for additional liquidity decreased.

In contrast with the first quarter, when the central bank withdrew HRK 1.3bn net in its foreign exchange interventions, no such interventions occurred in April and May. The only exception was the extension of the foreign currency swap contract of January 2009, under which banks initially pledged EUR 261.3m as collateral, thus obtaining HRK 1.9bn. Under the March renewal, the contracted amount was increased to EUR 288.0m. Foreign exchange transactions with the central government had a negligible impact on liquidity as only small amounts were purchased from and sold to the MoF in April and May.

When unable to obtain sufficient kuna liquidity at regular auctions, banks relied on Lombard loans, but less than in the first quarter. The average amount of Lombard loans stood at HRK 0.3bn in April and May, while it was HRK 1.1bn in the first three months of 2009. On the other hand, banks' liquidity surpluses, which were usually deposited with the CNB as overnight deposits towards the end of reserve maintenance periods, amounted to HRK 3.4bn.

Calculated kuna reserve requirements slightly decreased (-2.0%), while foreign currency reserve requirements slightly increased (0.5%) in the first two months of the second quarter. These developments reflect changes in the structure of bank liabilities: the kuna reserve requirement calculation base decreased due to a fall in kuna deposits and demand deposits, while the rise in foreign currency deposits and foreign liabilities increased the foreign currency calculation base.

Relative to May 2008, kuna reserve requirements slightly grew on an annual basis, while foreign currency reserve requirements were half as much as the preceding year. This steep fall was primarily due to the January increase in the percentage of the foreign currency reserve requirement that is set aside in kuna from 50% to 75%. The CNB thus released the foreign currency liquidity needed to ease depreciation pressures and extend loans to the government.



In line with the February cut in the minimum rate of foreign currency liquidity (initially from 28.5% to 25.0% and then to 20.0%), banks decreased their liquid foreign currency claims and thus adjusted the coverage of foreign currency liabilities to its usual level of 2-3 percentage points above the prescribed minimum. Banks' liquid foreign currency claims fell by HRK 12.4bn in the first four months of 2009, to HRK 43.7bn at end-April. In the same period, due to the rise in foreign liabilities and foreign currency deposits, total foreign currency liabilities of banks grew by HRK 8.1bn (to HRK 190.4bn) and their foreign currency liquidity ratio was 23.0% at end-April.

Reserve Money and International Reserves

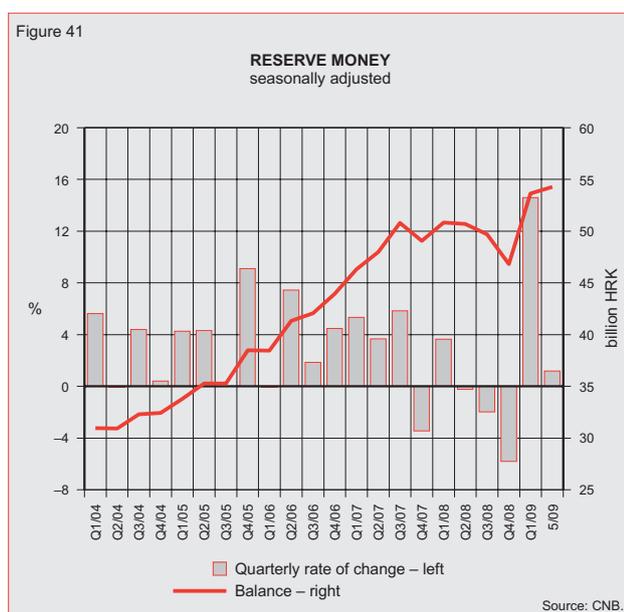
Reserve money developments in the first five months of 2009 were largely determined by the January change in the structure of reserve requirements whereby the portion of foreign currency reserve requirements that is set aside in kuna

was increased by 25 percentage points. M0 thus stood at HRK 53.9bn at end-May, increasing by 8.4% over end-2008. This growth in reserve money reflects the effects of monetary policy measures, which, particularly in the first quarter, aimed at withdrawing kuna liquidity in view of depreciation pressures. However, reserve money growth in April and May was largely due to the increase in currency outside banks. Particularly robust growth in reserve money in the first quarter and its moderate increase in the first two months of the second quarter are also confirmed by the trends in its seasonally adjusted value.⁷

At end-May, kuna reserve requirements set aside accounted for the largest share of reserve money (44.0%), followed by currency outside banks and settlement accounts. Banks' liquidity surpluses in these accounts, which are the most volatile part of reserve money and in which 30.0% of calculated reserve requirements is maintained, averaged HRK 0.9bn (including overnight deposits) in the first quarter but decreased to HRK 0.4bn early in the second quarter in line with the reduced creation of reserve money.

Gross international reserves, which decreased in the last quarter of 2008 and the beginning of 2009, almost levelled off in April and May. Due to a stable exchange rate and favourable liquidity position no changes in monetary policy instruments were needed to improve the banking system's foreign currency liquidity, and so the international reserves held steady. At end-May, gross reserves stood at EUR 8.8bn and their annual rate of change was -12.6%.

Having decreased slightly due to two foreign exchange interventions and recovering after the March repurchase of foreign currency, net usable reserves also levelled off. At end-May, net usable reserves of the CNB stood at EUR 7.9bn and their annual growth rate was 3.1%.



Monetary Developments

Monetary developments in the first quarter of 2009 were marked by a sharp decrease in net foreign assets and a moderate increase in net domestic assets, which led to a fall in total liquid assets. The fall in net foreign assets was largely due to the adjustment of foreign assets to the cut in the minimum rate of foreign currency liquidity, which put at banks' disposal substantial foreign currency funds previously held abroad. Banks used the bulk of these funds to finance the central government. Bank lending to the private sector has been stagnant since the beginning of the year; corporate loans grew moderately while household loans decreased slightly. The beginning of the second quarter saw no major changes in main monetary and credit aggregates.

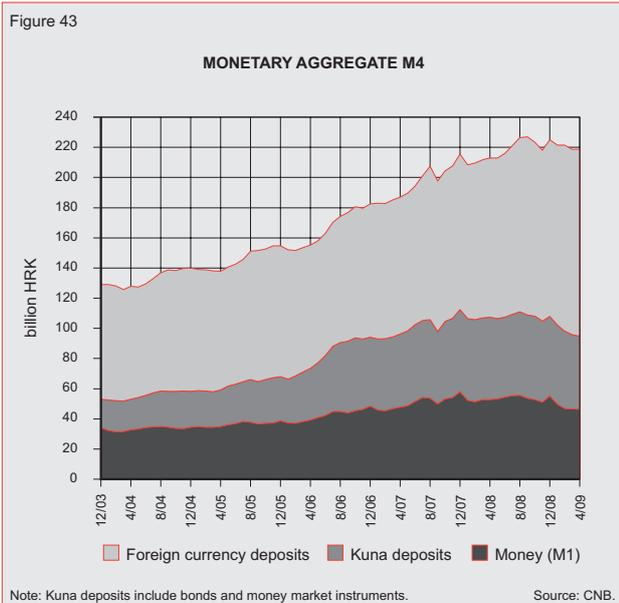
Total Liquid Assets

Total liquid assets (M4) declined by HRK 6.4bn in the first quarter of 2009 and their growth continued to slow down on an annual basis. They held steady early in the second quarter and their annual growth rate was a mere 2.8% at end-April.



^a NIUR = international reserves – foreign liabilities – CNB bills in f/c – reserve requirements in f/c – government foreign currency deposits.

⁷ See Figure 41.



Money

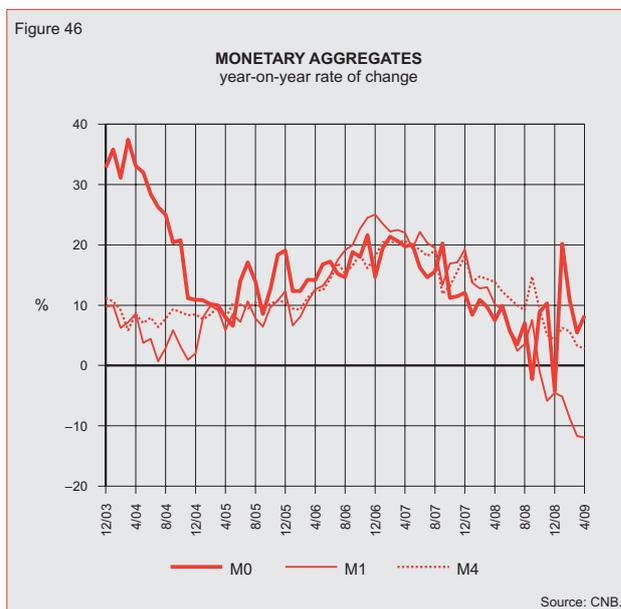
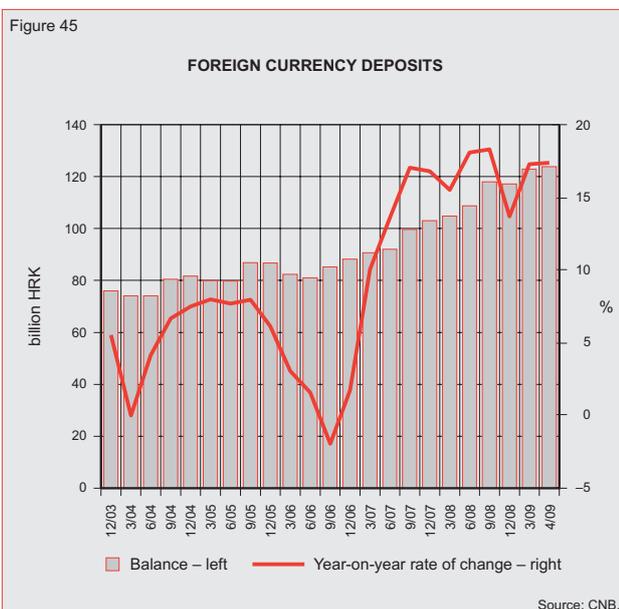
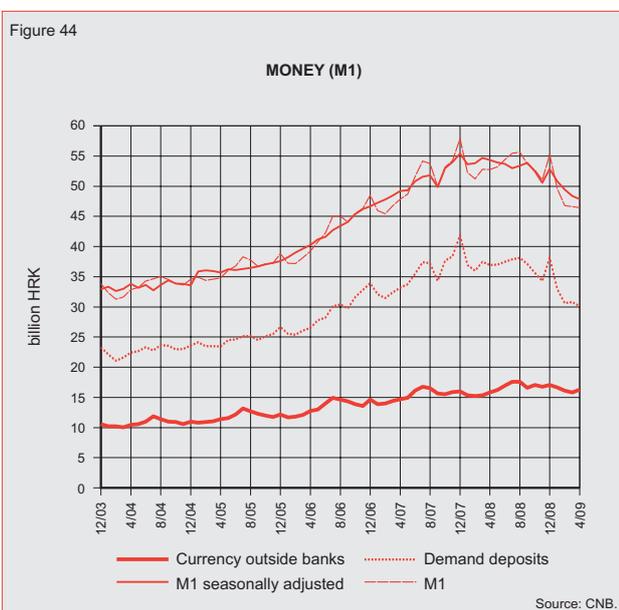
The first quarter fall in M4 was entirely due to a decline in money (M1). Amounting to HRK 8.6bn, this decline was greater in 2009 than the usual seasonal decline at the beginning of a calendar year, further exacerbating the fall in M1 on an annual basis. Most of the decrease in money was due to a fall in demand deposits (HRK 7.4bn), particularly of the corporate sector. These trends reflect adverse economic conditions and reduced liquidity in the economy. This is why the other component of money, currency outside banks, also decreased in the first three months of 2009, by HRK 1.2bn. Early in the second quarter, the fall in M1 was cushioned by the seasonal increase in currency. Still, the annual rate of change in money declined further, to -12.0% at end-April.

Non-Monetary Deposits

The moderate growth in savings and time deposits with commercial banks (of HRK 2.8bn) recorded in the first quarter of 2009 was entirely due to the rise in foreign currency deposits. In contrast, kuna deposits decreased from the beginning of the year. The growing degree of euroisation of the domestic banking system reflects caution on the part of depositors and impeded access to liquidity on the part of the corporate sector. Such trends continued at the beginning of the second quarter. The annual growth rate of foreign currency deposits remained at a high 17.4%, while the fall in kuna deposits accelerated further and was -13.1% in April.

Broken down by sector, the first quarter growth in savings and time deposits was largely boosted by household foreign currency deposits (HRK 6.0bn). Apart from the still strong autonomous growth in foreign currency deposits, this growth was affected by the partial substitution of foreign currency savings for kuna savings. In contrast to household deposits, kuna and foreign currency deposits of the corporate sector declined by HRK 3.5bn in the first quarter.

With regard to other sectors, robust growth in deposits was recorded by other financial institutions in the first three months of 2009. Deposits of this sector grew by HRK 1.7bn, with the increase in foreign currency time deposits accounting



for more than half of that increase.

Placements

The first quarter of 2009 was marked by stagnant lending to the private sector and a steady deceleration in its annual growth rate. This trend continued early into the second quarter. Bank placements to the private sector grew by HRK 1.4bn or 0.6% in the period from January to April 2009. Excluding the exchange rate effects, i.e. a mild depreciation of the kuna against the euro, which increased the amount of placements in kuna terms, the actual rate of change in placements was negative (-0.5%) relative to the end of 2008.

These developments were largely due to weaker demand for loans stemming from an adverse economic environment and tighter lending terms as well as the banks' tendency to focus more on central government financing in this period of heightened uncertainty and lower optimism. Relative to the base period of December 2007, the growth rate of bank placements was 11.2% at end-April 2009, while their growth

that would not entail the purchase of compulsory CNB bills was limited to 16.0%, some HRK 10.2bn more than the actual amount.

In terms of sectoral structure, it is evident that the slow-down in bank lending was most severe in household loans. The amount of household loans decreased by HRK 0.3bn from the beginning of 2009 and their annual growth rate went down from 12.1% at end-2008 to 7.3% in April 2009. Although almost all categories of household loans recorded a decrease, the strongest fall was recorded in car loans and any-purpose loans. This was due to a decline in consumer optimism and deteriorated economic conditions, as evidenced by the fall in real retail trade turnover, particularly the drop in car sales. In addition, demand for residential real estate also contracted.

In contrast, corporate placements increased by HRK 1.9bn in the first four months of 2009 and their annual growth rate fell less than that of household loans, standing at 10.5% at end-April.



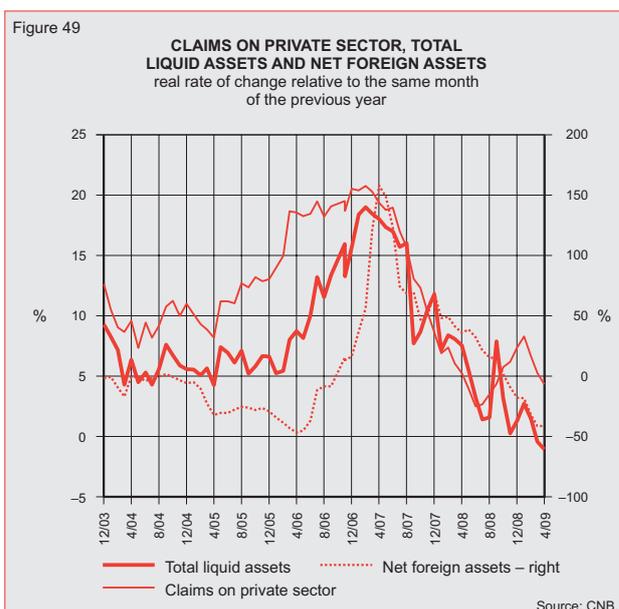
Bank Placements to the Central Government

The central government continued to borrow heavily from domestic banks in the first quarter of 2009, with similar trends being also noted at the beginning of the second quarter. Banks' claims on the central government grew by HRK 8.9bn in the first three months of this year and by an additional HRK 1.3bn in April. The increase in placements was entirely due to bank loans.

Although central government deposits increased by HRK 2.4bn in the first four months of 2009, a much stronger growth in placements determined the dynamics of banks' net claims on the central government. Net placements to the central government thus increased by HRK 7.8bn from the beginning of the year, standing at HRK 29.4bn at end-April, almost twice as high as at end-April 2008.

Foreign Assets and Liabilities

In the first quarter of 2009, domestic banks financed the bulk of substantial loans to the central government by



withdrawing their assets held abroad. Banks' foreign assets thus declined by HRK 13.3bn, while their foreign liabilities increased moderately (by HRK 1.2bn) in this period. A sharp decrease in foreign assets was made possible by the February cut in the rate of the minimum required foreign currency claims, whereby the central bank released substantial foreign currency funds.

In contrast with the first three months of 2009, banks' foreign assets grew in April. Coupled with their continued borrowing abroad, this led to a slight increase in banks' net foreign assets. They stood at HRK -39.2bn, a decrease of 39.7% compared with end-April 2008.

Notwithstanding the weakening of inflationary pressures, the downward trend in the real annual growth of total liquid assets continued into early 2009. In addition, annual growth in the real value of bank placements to the private sector, which accelerated in the second half of 2008, has been slowing down since the beginning of 2009, further confirming the slump in bank lending to the non-banking sector.

Money Market

The tightening of the monetary policy due to depreciation pressures in the last quarter of 2008 and at the beginning of this year resulted in a temporary steep growth and record volatility of money market interest rates. After depreciation pressures eased at the end of February, bank liquidity stabilised, which spurred a sizeable decline in money market interest rates.

Due to weaker investor interest, in the period from January to April 2009 interest rates on kuna T-bill auctions moved in parallel with money market interest rates, continuing their growth (shorter maturity) or only mildly reducing relative to the record levels seen at the end of 2008 (one-year T-bills). The government compensated for the decrease in total stock of subscribed kuna T-bills from HRK 15.2bn in December 2008 to HRK 14.0bn in April 2009 by issuing euro T-bills, increasing their stock from EUR 2.2bn at the end of last year

to HRK 3.7bn in April 2009.

In the first quarter and April of 2009, the mild upward trend in interest rates on long-term corporate loans continued, being especially prominent in relation to household loans. In the same period, interest rates on short-term corporate loans recorded sizeable growth. Interest rates on time deposits also went up, with the interest rate on kuna corporate time deposits of up to one month being especially volatile, closely mimicking money market rates. In contrast, most interest rates on corporate time deposits declined.

Money Market Interest Rates

The period of modest kuna liquidity of the banking system in the first quarter of 2009 contributed to the relatively high money market turnover. Banks met their primary liquidity needs on this market in the average daily amount of HRK 3.3bn (a total of HRK 207.0bn in the entire quarter), which is only HRK 0.2bn more than the average daily turnover in the previous quarter. By far the largest share of total loans on the money market, as usual, was accounted for by loans in demand deposit trading (HRK 176.4bn), while the purchase of repo agreements and the sale of securities raised HRK 30.5bn and HRK 0.1bn respectively. There were substantial changes within the structure of demand deposit trading. The share of the traditionally most important category – inter-bank trading – declined to a record low of 33.1%. The first place was taken by the category of trading with non-banking financial institutions, with a share of 40.9%. The remaining 26.0% was accounted for by demand deposit trading with other legal persons.

Despite the reduction in its turnover from HRK 70.3bn in the fourth quarter 2008 to HRK 53.3bn in the first quarter 2009, direct interbank trading in demand deposits continued dominating the interbank trading in demand deposits. Bank trading with Zagreb Money Market (ZMM) intermediation declined relative to the quarter before, from HRK 6.6bn to HRK 5.0bn.

Overnight loans continued to be the most liquid instrument

Figure 50

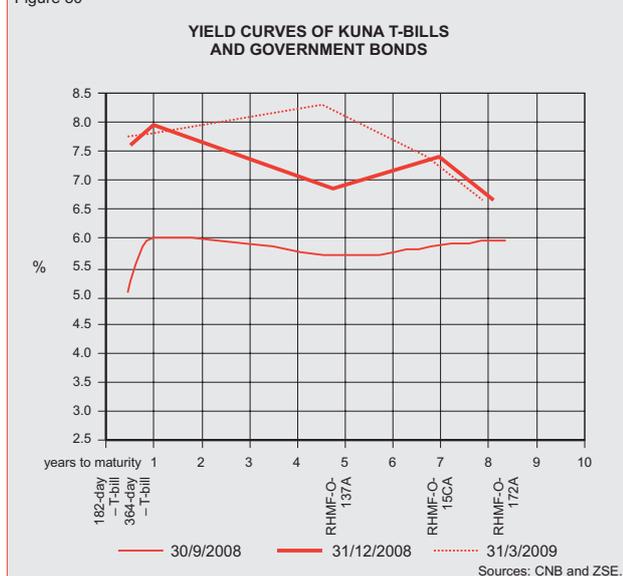
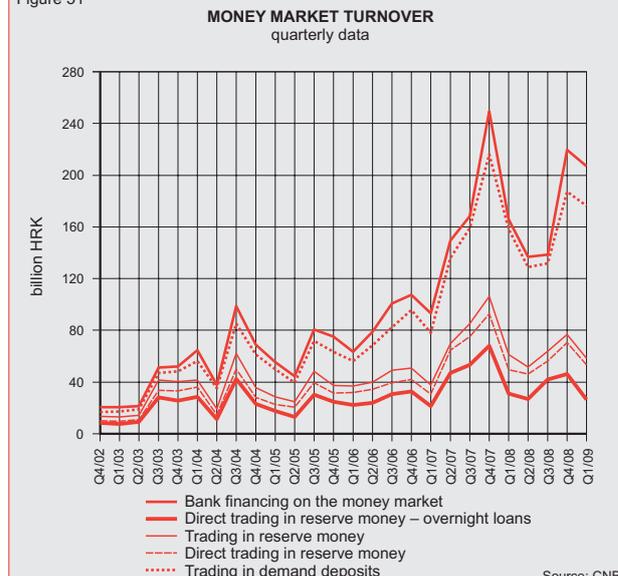
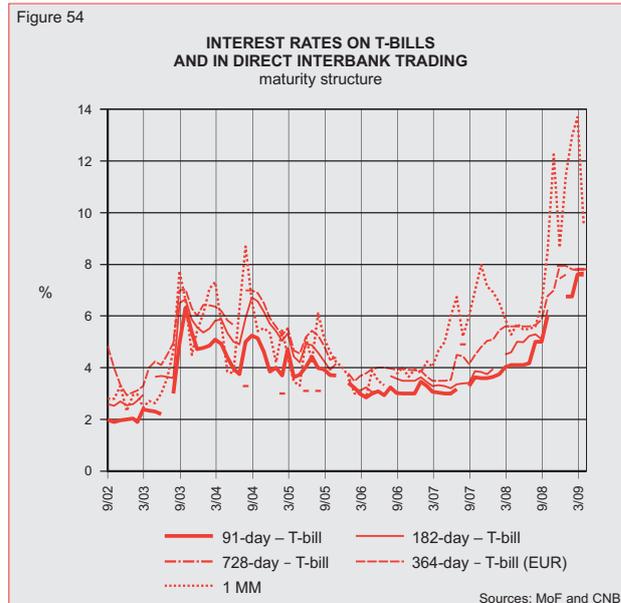
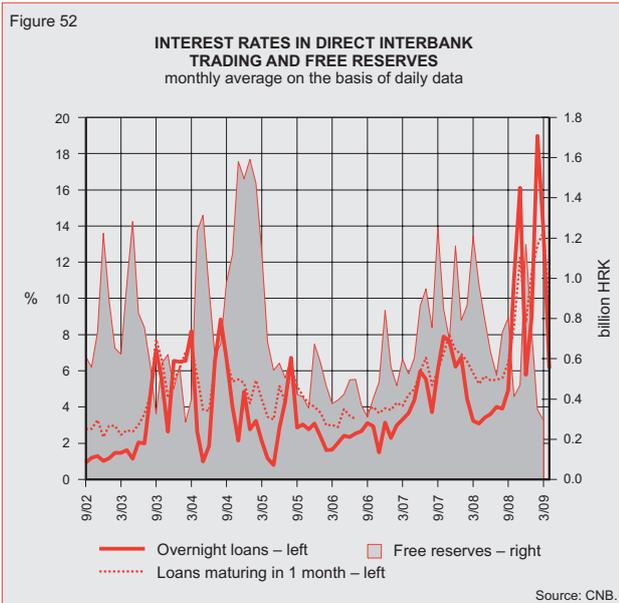


Figure 51





in direct interbank trading in reserve money, accounting for HRK 26.3bn. The average daily turnover in overnight loans in direct interbank trading almost halved, from HRK 732.2m in the fourth quarter of 2008 to HRK 424.1m in the first quarter of 2009, rising again to HRK 603.0m in April. The weighted interest rate on these loans, which stood at 5.77% in December 2008, suddenly jumped to 18.97% in February 2009, its highest level since the mid-1990s. The variability of the weighted interest rate at a daily level also reached a record high in February, varying within the widest range ever recorded of 1.98% to 41.19%. The easing of money market pressures resulted in the decline of the weighted interest rate on overnight loans in direct interbank trading to 13.67% in March and 6.13% in April 2009.

The average daily turnover in overnight loans intermediated by the ZMM dropped from HRK 94.8m in the fourth quarter 2008 to HRK 70.7m in the first quarter of 2009, while in April it stood at HRK 77.2m. The weighted interest rate on these loans also went up strongly, peaking in Febru-

ary at 19.88%, to decline to 6.25% in April.

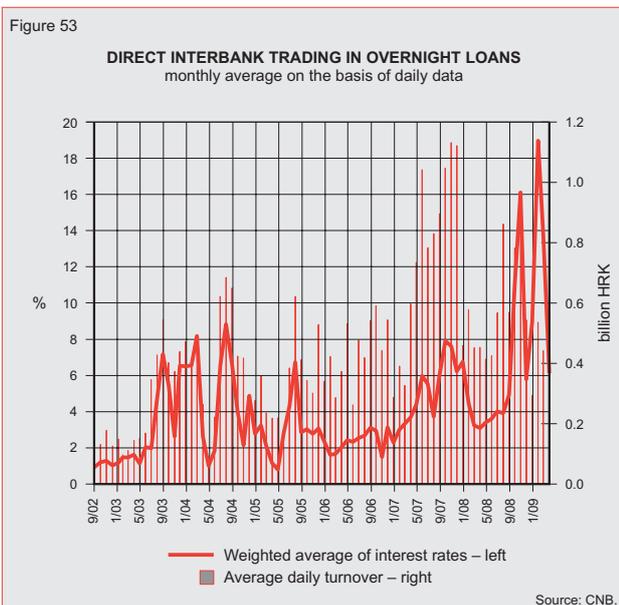
After the Ministry of Finance was prompted to obtain substantial short-term loans due to the need to cover the consolidated government deficit, issue amounts at T-bill auctions in the first quarter 2009 were much lower. As a result, seven kuna T-bill auctions and two euro T-bill auctions raised HRK 2.8bn, which was a full HRK 7.7bn less than in the previous quarter. The weaker investor interest that marked kuna T-bill auctions was linked to the substitution of kuna T-bills with euro T-bills, for which demand outpaced the planned issue amounts.

Interest rates at auctions of T-bills of shorter maturities continued growing, reaching their highest levels since 2001. The weighted interest rate on 91-day T-bills, which were not subscribed in December, soared from 6.75% in January to 7.60% in March 2009, the same as in April. The weighted interest rate on 182-day T-bills went up at a milder rate, from 7.45% in December to 7.66% in March and 7.69% in April 2009. The weighted interest rate on one-year T-bills, after reaching its record high of 7.95% in December 2008, mildly reduced to 7.77% by March, totalling 7.79% in April. Relative to December 2008, the weighted interest rate on one-year euro T-bills reduced from 7.95% to 7.80% in March, the level it held in April 2009.

The government compensated for the decrease in total stock of subscribed kuna T-bills from HRK 15.2bn in December 2008 to HRK 14.9bn in March and HRK 14.0bn in April 2009 by issuing euro T-bills. The stock of subscribed euro T-bills thus went up from HRK 2.2bn at the end of last year to HRK 3.0bn at the end of March and HRK 3.7bn at the end of April 2009. Within the structure of total subscribed kuna T-bills the share of one-year bills reduced from 73.1% at the end of 2008 to 64.4% at the end of April 2009. The T-bill structure was dominated by 364 and 728 day T-bills.

Bank Interest Rates

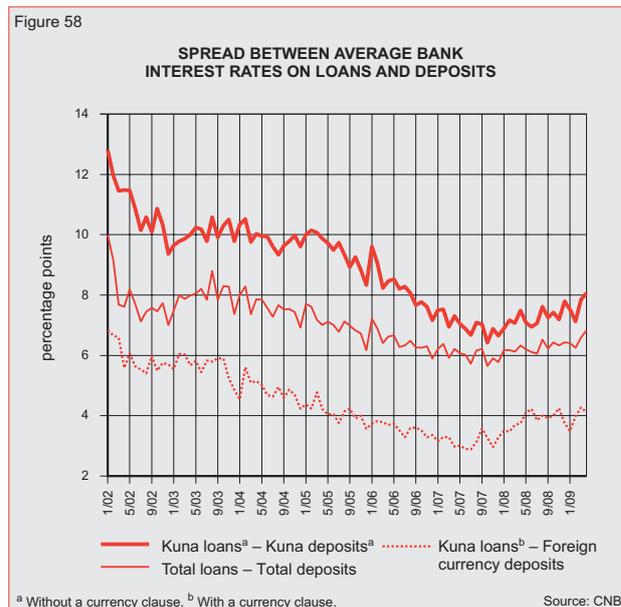
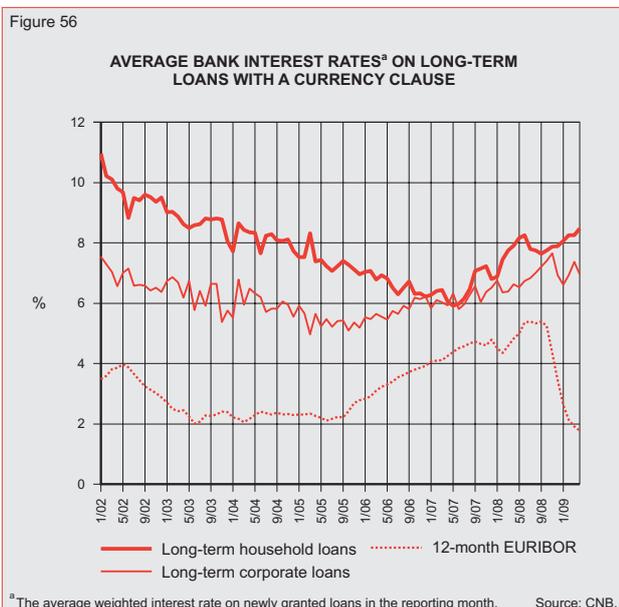
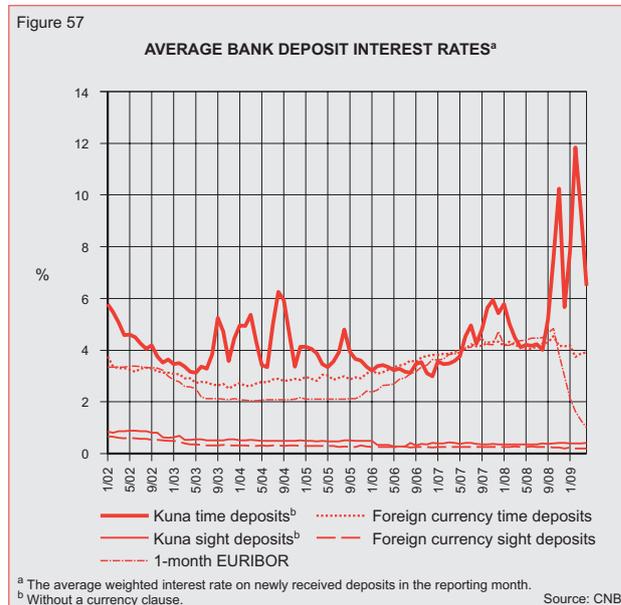
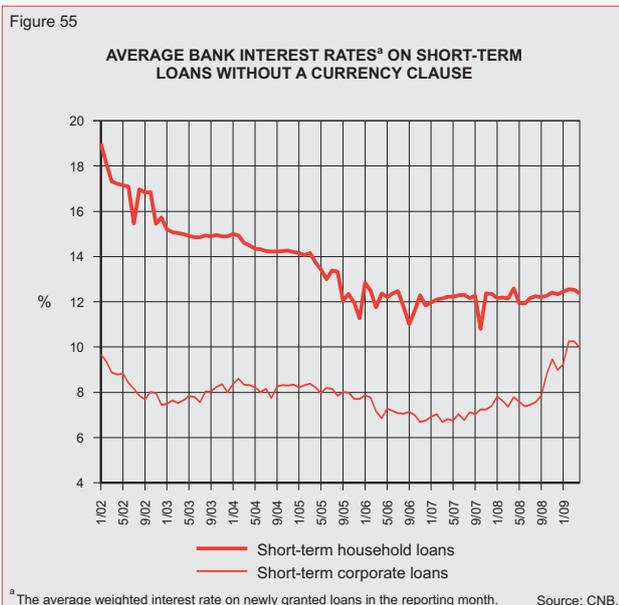
In the first quarter and April of 2009, the mild upward trend in interest rates on long-term corporate loans continued,

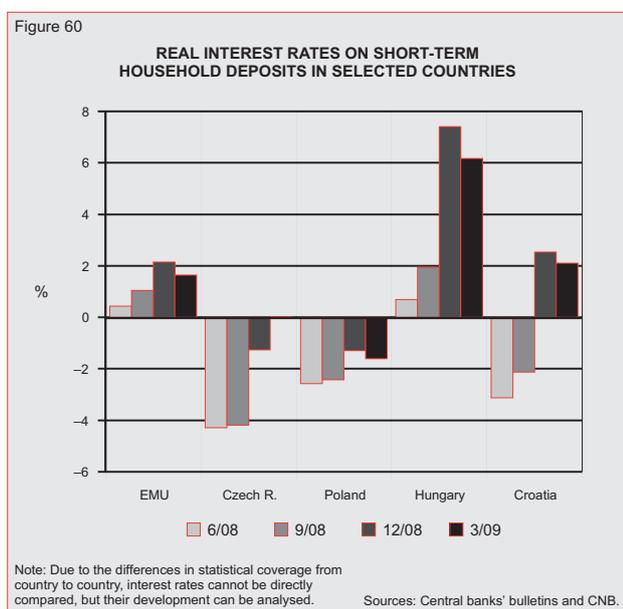
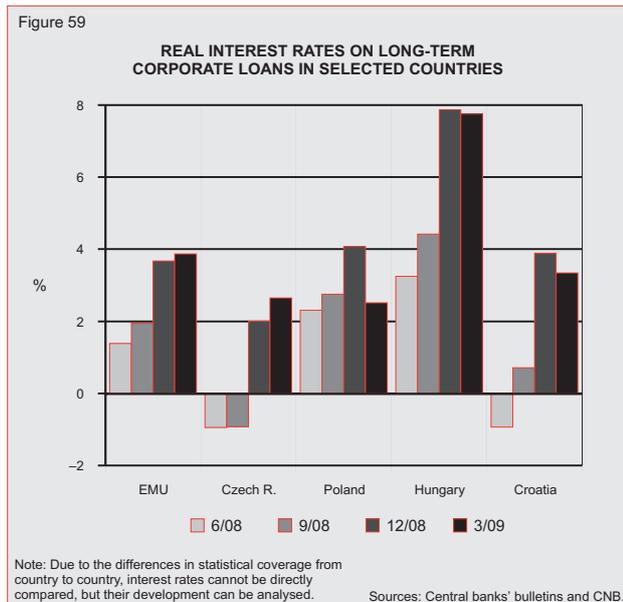


being especially prominent with household loans. In the same period, interest rates on short-term corporate loans recorded sizeable growth. The trend for the weighted interest rate on short-term corporate loans without a currency clause to rise, which has been observed over the last two years, gained momentum, with the rate rising from 8.98% in December 2008 to 10.25% in March and 9.96% in April 2009. The weighted interest rate on short-term household loans without a currency clause showed its usual volatility, reducing to 12.36% in April 2009 after a mild rise from 12.33% in December 2008 to 12.53% in March 2009.

The weighted interest rate on long-term corporate loans with a currency clause moved in the same direction, first rising from 6.92% in December 2008 to 7.37% in March 2009 to decline to 6.95% in April 2009. Interest rates on long-term household loans continued growing. By growing from 7.89% in December 2008 to 8.25% in March and 8.47% in April 2009, the weighted interest rate on long-term household loans with a currency clause rose to its five-year high.

In the first four months of 2009, interest rates on kuna time deposits went up. In contrast, interest rates on time deposits (both corporate and household) mostly declined. The weighted interest rate on kuna time deposits without a currency clause was again highly volatile, first leaping from 5.65% in December 2008 to a record high of 11.83% in February, to reduce to 9.30% in March and 6.50% in April 2009. This was mostly due to the variability of the interest rate on the most common corporate kuna time deposits with a maturity of up to one month, which closely follows the movements of money market interest rates. The weighted interest rate on foreign currency time deposits reduced from 4.14% in December 2008 to 3.88% in March 2009. In April this interest rate went up only mildly to 3.91%. Interest rates on sight deposits were traditionally stable. The weighted interest rate on kuna sight deposits without a currency clause and the weighted interest rate on foreign currency sight deposits were one percentage point lower than in December 2008, totalling 0.40% and 0.19% respectively in March 2009. They





remained at the same levels in April.

The growth of spreads between lending and deposit rates continued in the first quarter and in April 2009, as a result of which they reached their three-year high. The spread between the weighted interest rate on kuna loans with a currency clause and the weighted interest rate on foreign currency deposits grew mildly, from 7.79 percentage points in December 2008 to 8.06 percentage points in April 2009. The spread between the weighted interest rate on kuna loans with a currency clause and the weighted interest rate on foreign currency deposits widened from 3.76 percentage points in December 2008 to 4.12 percentage points in March 2009. As a consequence of increased bank orientation towards granting more expensive short-term loans without a currency clause, the spread between the weighted interest rate on total loans and the weighted interest rates to total deposits went up the most, from 6.43 percentage points in December 2008 to 6.83 percentage points in April 2009.

Notwithstanding a decline in nominal interest rates on

long-term corporate loans in Croatia, the real interest rate on these loans declined mildly due to a rise in the inflation rate relative to the previous quarter. The real interest rates on long-term corporate loans also reduced in Poland and Hungary, while they continued growing in the eurozone and in the Czech Republic due to a further slowdown of the inflation rate.

A rise in the rate of inflation compared with the previous quarter was also the main reason for the decrease in the real interest rate on three-month household deposits in Croatia. A decrease was also recorded in the eurozone, and in Hungary and Poland, with the substantial fall in the nominal deposit rates being the main reason for the decrease in the EMU. Due to the additional reduction of the inflation rate, the real interest rate on short-term household deposits in the Czech Republic stopped being negative and stood at zero.

Capital Market

The domestic capital market had a much lower equity and debt securities turnover in the first quarter of 2009 than in the last quarter of 2008. The Zagreb Stock Exchange share index, the CROBEX, continued falling during the first two months of 2009. Although it recovered mildly in March, by the end of the first quarter 2009, the CROBEX fell down by 15.7% on the end of the previous year. The bond index, the CROBIS, also fell relative to the end of 2008 (by 4.3%).

At the beginning of 2009, movements in the world's financial markets continued to be dominated by bad news. Recession pressures, generated by the spillover of the world's financial crisis to the real economy in 2008, continued growing at the beginning of this year, which, paired with news of potential new losses in the financial sector, additionally worried investors. However, investor sentiment started changing with the first glimpse of plans for the recovery of the banking system and the stabilisation of the world's economy agreed by governments and central banks, especially following the measures agreed at the G20 summit early in April, although clear signs of a speedy recovery have not yet been seen. The spread between the yield on LIBOR and overnight interest rate swaps, an often used indicator of the situation in the money market, declined substantially relative to the high levels it held in the last quarter of 2008, showing signs of a recovery of the US interbank money market. In March and especially in April 2009, the required yield on the benchmark German bond started rising, while at the same time the required yields on bonds of the most of new EU member states reduced. The reasons for the rise in the required yield on the German bond were the expected ample supply of government debt by different governments due to their antirecession programmes, a decline in the risk perception of investors and the outflow of a share of assets into more risky instruments, such as shares. In addition to the recovery of the US interbank money market and the growth of the world's equity markets, a gradual narrowing of yield spreads on bonds of emerging market countries and the most developed countries occurred.

Movements in the domestic capital market in the first quarter 2009 closely followed global developments. The

Table 2: Comparison of Capital Market Indicators

March 2008	Bratislava	Budapest	Ljubljana	Prague	Warsaw	Zagreb
Average daily turnover, shares (million EUR)	0.08	50.28	1.69	62.65	311.13	3.30
Average daily turnover, bonds (million EUR)	22.26	1.26	1.62	90.96	3.63	6.01
Turnover ^a /GDP ^c , annual level (%)	0.03	12.03	1.14	10.63	21.65	1.76
Turnover ^b /GDP ^c , annual level (%)	8.57	0.30	1.10	15.43	0.25	0.51
Turnover velocity ^d	0.63	105.44	5.29	46.40	....	4.91
Market capitalisation ^a (million EUR), end month	3.304	12.017	8.039	34.024	119.406	16.961
Market capitalisation ^b (million EUR), end month	18.113	34.291	7.844	....	....	4.499
Market capitalisation ^a /GDP ^c , end month (%)	5.0	11.4	21.6	22.9	33.0	42.8
Market capitalisation ^b /GDP ^c , end month (%)	27.7	32.5	21.1	....	....	11.4
Share index movement from the beginning of the year (%)	-6.8	-9.6	-4.0	-12.6	-11.7	-15.7
Share index movement from the beginning of the month (%)	0.9	8.7	-1.9	17.0	10.8	4.9

^a Shares, ^b Bonds, ^c 2008, ^d Annualised monthly share turnover × 100/market capitalisation of shares. Sources: Bloomberg, BSSE, BSE, PSE, LJSE, WSE and ZSE.

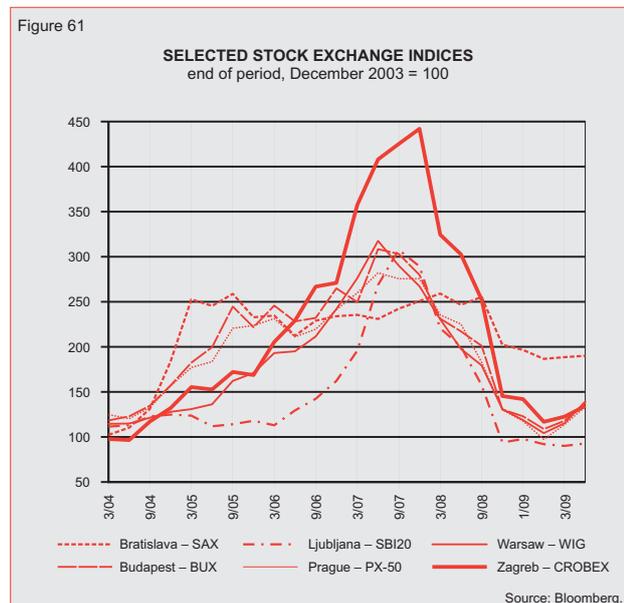
beginning of the year was marked by increased risk aversion of domestic investors. However, the recovery of the world's markets contributed to the recovery of the CROBEX, although liquidity remained at low levels. Low turnover in the domestic capital market continued in the first quarter 2009. Although the domestic equity market recovered in accordance with developments in the world's markets, a relatively low turnover indicates continued reluctance of institutional investors. The principal risk factor still deterring such investors from the Croatian capital market is the uncertain dynamics and intensity with which the global financial crisis might still be attended on the Croatian real sector. However, despite the still-present macroeconomic risks the equity market continued recovering through April.

Low turnover in the domestic debt securities market continued in the first quarter of 2009. Activity in the market was weak through the entire first quarter and through April. The prices of kuna bonds on the CROBIS continued decreasing, which weakened the index.

Negative developments and declining stock exchange indices in the first quarter of 2009 were seen at all major stock exchanges of CEE countries. Like all of the world's major stock exchanges, following a decline in the first two

months, these markets recovered in March. The greatest fall in the period concerned was registered by the Zagreb Stock Exchange index, which went down by 15.7% on the end of the previous year, followed by the Prague (-12.6%), Warsaw (-11.7%), Budapest (-9.6%), Bratislava (-6.8%) and Ljubljana (-4.0%) stock exchange indices. The positive trend that started in March continued through April so all indices under review continued growing. The recovery in March and especially in April returned some of the equity indices to levels held at the end of 2008, while at the end of April the Zagreb, Bratislava and Ljubljana stock exchange indices were at lower levels than at the beginning of this year.

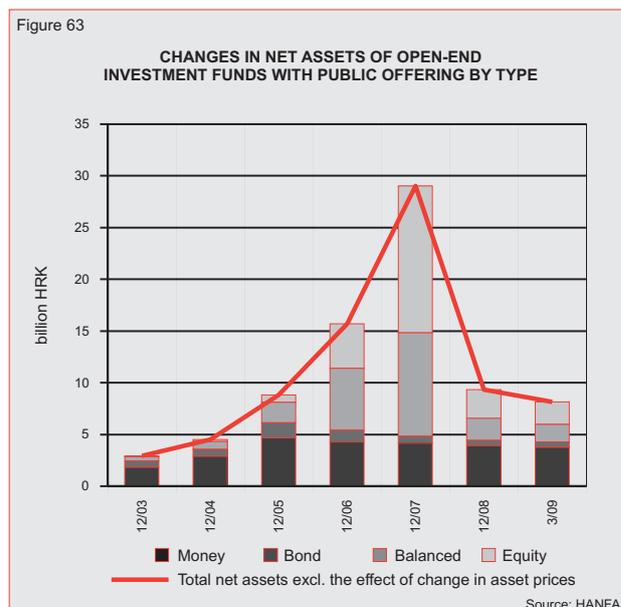
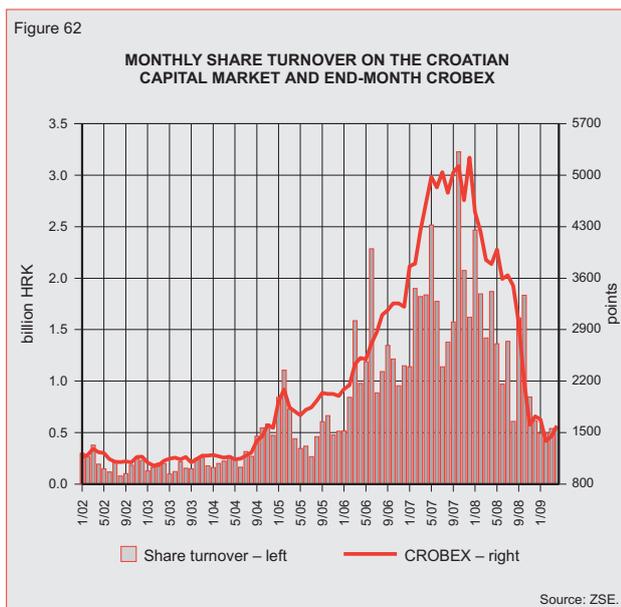
All reference CEE stock exchanges reported a decrease in the average daily share turnover in March 2009 relative to December 2008 except for the Warsaw and Bratislava stock exchanges. The continued drop in value of all reference stock exchange indices meant that these reference stock exchanges saw a decrease in the market capitalisation of shares at the end of March 2009 relative to the end of December 2008. Bond market capitalisation increased slightly in that period on the Bratislava and Ljubljana Stock Exchanges, and decreased on the Zagreb and Budapest Stock Exchanges. Despite a further sharp decline, the ZSE's share market capitalisation to GDP ratio continued to exceed the ratios of all reference stock exchanges in the first quarter of 2009. However, its bond market capitalisation to GDP ratio remained the lowest.



Equity Securities Market

The share turnover reduction⁸ in the Croatian capital market seen in 2008 continued in the first three months of 2009. Total share turnover in that period thus reduced by HRK 1.7bn relative to the previous quarter, standing at HRK 1.6bn. This was also the lowest quarterly share turnover since the end of 2005. Accounting for 27.7% of the share turnover, T-HT shares were the most traded in the observed quarter, followed by Atlantska plovidba d.d. (16.1%) and Dalekovod d.d. (7.6%). In addition to T-HT (23.3%), the most traded shares in April 2009 were those of Institut Građevinarstva

⁸ The data on the total share turnover from January 2002 to February 2007 are the sum of turnovers of individual shares at the VSE and ZSE. The unified ZSE data have been used since the VSE and ZSE merger in March 2007.

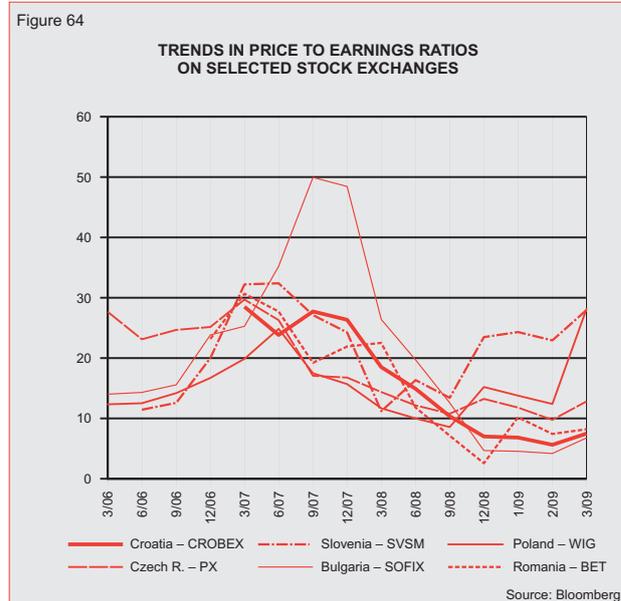


Hrvatske d.d. (13.1%) and Atlantska plovidba d.d. (12.4%). Continued decline in the prices of most shares in the first two months of 2009, followed by their partial recovery, reduced the value of the ZSE share index, the CROBEX,⁹ which had decreased as much as 15.7% by the end of March 2009 relative to the end of 2008, standing at 1451.3 points. In April, the CROBEX continued the positive trend started in March, ending the month at 1593.6 points, which was a monthly growth of 9.8%.

The downward trend of total assets of open-end investment funds with a public offering continued in the first quarter 2009 so they reduced by HRK 1.2bn in the period relative to the end of the previous year, standing at HRK 8.2bn at the end of March. Just as in the last quarter of 2008, all fund categories lost a portion of assets under management. However, the assets of least risky, money funds mildly increased in March, while net assets of bond funds remained virtually unchanged. The decline in the net assets of investment funds was a consequence of the fall in prices of financial instrument but also of the continued withdrawal of investors, especially from the riskiest equity and balanced funds.

As a consequence of the drop in prices of most shares listed on the ZSE, the market capitalisation¹⁰ of shares decreased by 9.3% at the end of March 2009 relative to the end of the previous quarter, totalling HRK 160.5bn. However, since the price recovery that started late in the first quarter continued through April, by the end of April market capitalisation went up to HRK 170.1bn.

The price/earnings ratio for the CROBEX was 7.5 at the end of March 2009, which was a rise of 7.3% on the end of



2008. The P/E ratio also went up in the observed period for the indices of most other CEE reference stock exchanges, except for the Czech exchange. Since the values of all reference stock exchange indices in the region went down in the first quarter of 2009, the rise in this ratio reflects a decline in the earnings of companies that make up the indices under review, which outstripped the decline of equity indices. The change in this index was the highest in Poland, where, according to the data published thus far, the earnings of companies that are index constituents went down the most so the ratio drew closest to the ratio of the Slovene stock exchange index, which had indicated a decline in the earnings of companies as early as the end of 2008.

Debt Securities Market

There were no new bond issues in the domestic debt securities market in the first quarter 2009. However, the Belišće d.d. bond, nominally valued at EUR 8.0m, fell due

⁹ Since 19 March 2007, the CROBEX has been calculated according to a new methodology, including only the amount of market capitalisation actually available for trading, as opposed to the previous CROBEX weighting based on full market capitalisation. In addition, new procedures have been set providing for the accelerated listing of new most liquid shares.

¹⁰ The ZSE market capitalisation is calculated including the total market capitalisation of shares traded regularly in the previous three months, half of the market capitalisation of shares not traded in the previous month and a quarter of the market capitalisation of shares not traded in the previous three months.

Table 3: Bond Issues in the Domestic Market, stock as at 30 April 2009

Series	Issuer	Issue date	Maturity	Currency	Issue nominal value	Nominal interest rate	Last price ^a	Current yield 30/4/2009
RHMF-O-125A	Republic of Croatia	23/5/2002	23/5/2012	EUR	500,000,000	6.875%	97.00	7.088%
RHMF-O-142A	Republic of Croatia	10/2/2004	10/2/2014	EUR	650,000,000	5.500%	93.00	5.914%
RHMF-O-19BA	Republic of Croatia	29/11/2004	29/11/2019	EUR	500,000,000	5.375%	88.75	6.056%
RHMF-O-103A	Republic of Croatia	8/3/2005	8/3/2010	HRK	3,000,000,000	6.750%	98.00	6.888%
RHMF-O-157A	Republic of Croatia	14/7/2005	14/7/2015	EUR	350,000,000	4.250%	87.10	4.879%
RHMF-O-15CA	Republic of Croatia	15/12/2005	15/12/2015	HRK	5,500,000,000	5.250%	88.50	5.932%
RHMF-O-137A	Republic of Croatia	11/7/2006	11/7/2013	HRK	4,000,000,000	4.500%	86.50	5.202%
RHMF-O-172A	Republic of Croatia	8/2/2007	8/2/2017	HRK	5,500,000,000	4.750%	88.00	5.398%
GDKC-O-116A	City of Koprivnica	29/6/2004	29/6/2011	HRK	60,000,000	6.500%	101.30	6.417%
GDZD-O-119A	City of Zadar	1/9/2004	1/9/2011	EUR	18,500,000	5.500%	98.10	5.607%
GDRI-O-167A	City of Rijeka	18/7/2006	18/7/2016	EUR	24,574,513	4.125%	–	–
GDST-O-137A	City of Split	24/7/2006	24/7/2013	EUR	8,000,000	4.563%	100.30	4.549%
GRVI-O-17AA	City of Vinkovci	23/10/2007	23/10/2017	HRK	42,000,000	5.500%	–	–
GROS-O-17AA	City of Osijek	30/10/2007	30/10/2017	HRK	25,000,000	5.500%	–	–
GDST-O-15BA	City of Split	27/11/2007	27/11/2015	EUR	8,100,000	4.750%	–	–
GDST-O-177A	City of Split	8/7/2008	8/7/2017	EUR	8,200,000	6.000%	–	–
HBOR-O-112A	CBRD	11/2/2004	11/2/2011	EUR	300,000,000	4.875%	–	–
RBA-O-112A	Raiffeisenbank Austria d.d.	10/2/2006	10/2/2011	HRK	600,000,000	4.125%	97.50	4.231%
PODR-O-115A	Podravka d.d.	17/5/2006	17/5/2011	HRK	375,000,000	5.125%	86.50	5.925%
NEXE-O-116A	Nexe grupa d.d.	14/6/2006	14/6/2011	HRK	750,000,000	5.500%	90.60	6.071%
MTEL-O-097A	Metronet telekomunikacije d.d.	28/7/2006	28/7/2009	HRK	120,000,000	8.500%	101.90	8.342%
HOTR-O-941A	Hospitalija trgovina d.o.o.	5/10/2006	5/10/2009	HRK	75,000,000	8.250%	100.00	8.250%
HEP-O-13BA	Hrvatska elektroprivreda d.d.	29/11/2006	29/11/2013	HRK	500,000,000	5.000%	91.70	5.453%
ATGR-O-11CA	Atlanticki grupa d.d.	6/12/2006	6/12/2011	HRK	115,000,000	5.750%	89.00	6.461%
INGR-O-11CA	Ingra d.d.	6/12/2006	6/12/2011	HRK	200,000,000	6.125%	80.00	7.656%
OPTE-O-142A	Optima telekom d.o.o.	1/2/2007	1/2/2014	HRK	250,000,000	9.125%	66.00	13.826%
JDGL-O-126A	Jadran Galenski laboratorij d.d.	11/6/2007	11/6/2012	HRK	125,000,000	5.650%	–	–
JDRA-O-129A	Jadranska d.d.	13/9/2007	13/9/2012	HRK	75,000,000	6.475%	–	–
JRLN-O-12AA	Jadrolinija d.d.	25/10/2007	25/10/2012	HRK	70,000,000	6.500%	99.50	6.533%
OIV-O-14BA	Odašiljači i veze d.o.o.	20/11/2007	20/11/2014	HRK	100,000,000	7.250%	84.00	–
HEP-O-17CA	Hrvatska elektroprivreda d.d.	7/12/2007	7/12/2017	HRK	700,000,000	6.500%	–	–
RPRO-O-181A	Rijeka promet d.d.	25/1/2008	25/1/2018	HRK	192,000,000	6.813%	–	–
PLOR-O-133A	Plodine d.d.	4/3/2008	4/3/2013	HRK	100,000,000	9.000%	–	–
SEM-O-101A	Linjska nacionalna plovidba d.d.	12/1/2007	12/1/2010	HRK	15,000,000	7.000%	93.60	7.479%

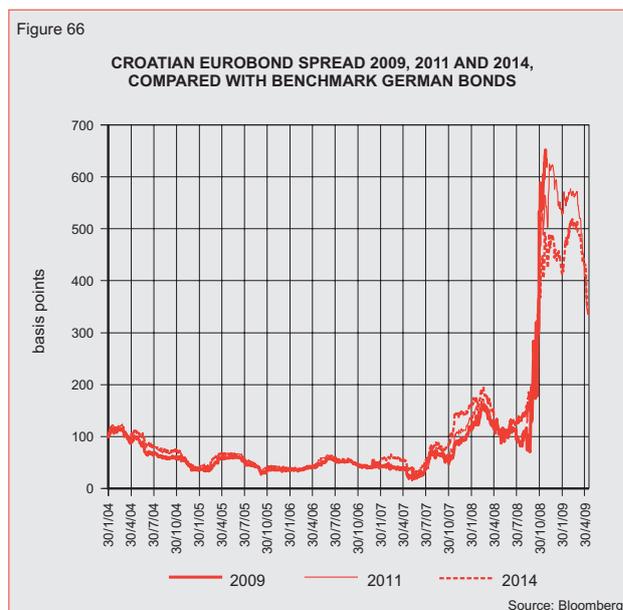
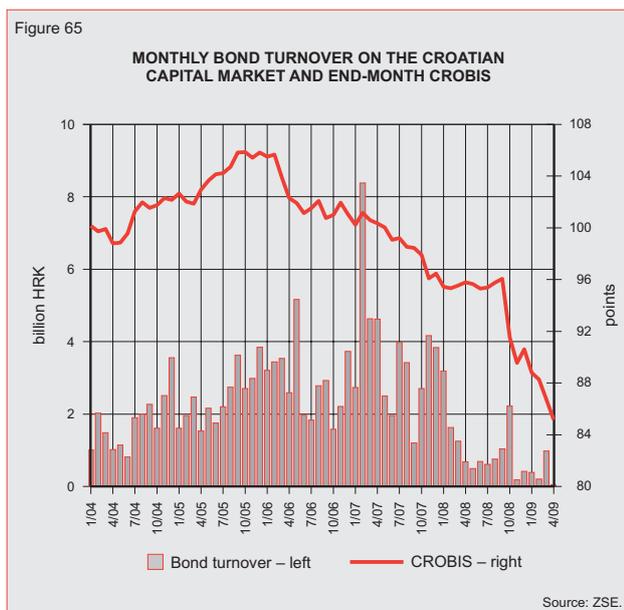
^a Regularly traded shares.
Source: ZSE.

in mid-January 2009. At end-April 2009, 34 bonds were listed on the domestic capital market, eight of which were government bonds, one was a CBRD bond, with eight municipal bonds and seventeen corporate bonds. This was one government and one corporate bond fewer than at the end of the previous year. On the last day of March 2009, there were 15 commercial bills at the ZSE, issued by 14 issuers, or six commercial bills fewer than at the end of the previous quarter, while the number of active issuers went down by three. Their total nominal value was HRK 0.9bn. The reduction in the number and the total nominal value of commercial bills was a consequence of the decline in demand for those securities, resulting from the decline in assets of open-end investment funds with a public offering, which were significant investors in that securities category.

In the first quarter of 2009, bond turnover went down by HRK 1.3bn relative to the previous quarter, totalling HRK 1.6bn. It is worth noting, however, that bond turnover in March (HRK 981.3m) was much larger than in January and February (HRK 387.7m and HRK 207.3m) primarily due to more intensive trading in foreign currency indexed gov-

ernment bonds. The largest share in bond turnover in the observed period (18.3%) was accounted for by a foreign currency indexed kuna bond of the RC due in 2012, followed by foreign currency indexed kuna government bonds maturing in 2014 (17.7%), and 2019 (17.2%). Owing to large turnover in January and February, the fourth place by volume of turnover in the period in question went to the kuna corporate bond of Rijeka promet d.d. maturing in 2018 (11.8%). The share of government bonds in total quarterly bond turnover sizeably reduced relative to the last quarter of 2009, totalling 69.0%. In April, total bond turnover stood at the record low HRK 48.4m, with the share of government bonds increasing to 80.5%. The value of the ZSE bond index stood at 86.7 points at the end of the first quarter 2009, which was a decrease of 3.9 points on the end of the previous quarter. The decline in the value of the domestic bond index continued in April 2009, at the end of which the CROBIS totalled 85.2 points, its all time monthly low.

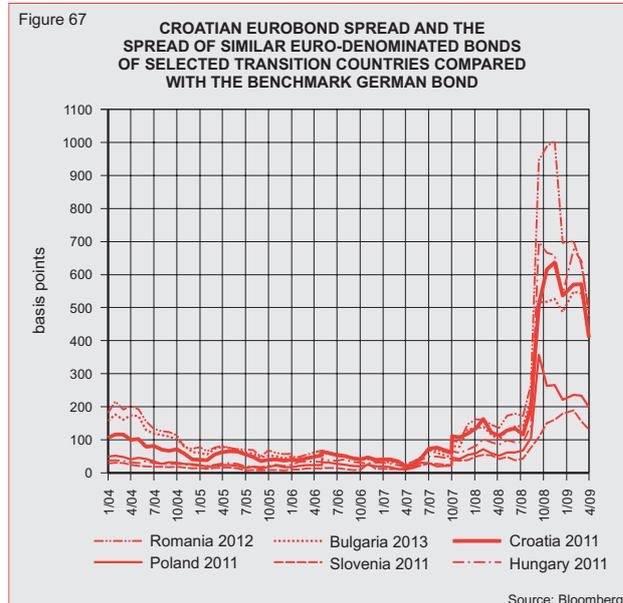
The continued decrease in bond prices in the first quarter of 2008 reduced the market capitalisation of government bonds, municipal bonds and the CBRD bond by 5.3% relative



to end-2008, so at the end of March 2009 it totalled EUR 4.0bn, or approximately 8.4% of the realised GDP.¹¹ The market capitalisation of corporate bonds also reduced by 7.1% compared with the end of the previous quarter, totalling EUR 510m or some 1.1 % of the realised GDP. In April similar trends continued so that the market capitalisation of government bonds, municipal bonds and the CBRD bond reduced to EUR 3.9bn and corporate bonds to EUR 504m.

In the first quarter of 2009, as in April 2009, the Republic of Croatia did not issue any new bonds in foreign markets. A euro-denominated bond, nominally valued at EUR 500m matured in February. Thus, five Croatian bonds were listed on foreign markets at the end of April 2009, three of which were euro-denominated bonds, one was a yen-denominated bond and one bond was denominated in US dollars. Their total nominal value at the end of April 2009 was EUR 2.6bn.

After growing vigorously intensively in 2008, in the first quarter of 2009 required yields on Croatian eurobonds levelled off. As a result, the spreads between required yields on the Croatian eurobonds due in 2011 and 2014 and the benchmark German bonds narrowed to 571 and 513 basis points by the end of the first quarter 2009. The yield spread on the bond due in 2011 remained almost unchanged relative to the end of December 2008, when it totalled 576 basis points, while the yield spread on the eurobond due in 2014 went up from 445 basis points. Required yields on Croatian



eurobonds mildly reduced in April 2009, so that the spread between required yields on the eurobond due in 2011 totalled 408 basis points and on the eurobond due in 2014 431 basis points.

In the first quarter of 2009, Croatian eurobond yields continued mimicking the movements of yields on most eurobonds

Table 4: Republic of Croatia International Bond Issues, stock as at 31 March 2009

Bonds	Issue date	Currency	Amount	Nominal interest rate	Yield on issue date	Spread on issue date	Spread ^a 30/6/2008	Spread ^a 30/9/2008	Spread ^a 31/12/2008	Spread ^a 31/3/2009
London Club A, 2010	31/7/1996	USD	857,796,000	6-month LIBOR + 81.25 b.p.			200	286	827	712
Eurobonds, 2011	14/3/2001	EUR	750,000,000	6.75%	6.90%	215	115	195	576	571
Eurobonds, 2010	14/2/2003	EUR	500,000,000	4.625%	4.65%	102	83	173	606	546
Eurobonds, 2014	15/4/2004	EUR	500,000,000	5.000%	5.11%	101	110	186	445	513
Samurai bonds, 2009	26/6/2003	JPY	25,000,000,000	1.23%	1.23%	99	99	116	188	453

^a In relation to benchmark bond. Source: Bloomberg.

¹¹ It relates to the gross domestic product for 2008.

of new EU member states. Required yields on eurobonds of the majority of new EU member states declined in the first quarter 2009. The decline in required yields mostly ranged up to one percentage point, except for required yields on the Bulgarian (4.4 percentage points) and the Croatian (1.2 percentage points) eurobond which declined at a stronger rate. The required yield on the German government bond fell during the period, however, less than required yields on bonds of the majority of new EU member states (except for Bulgaria), so the spread between their yields also narrowed. By the end of April 2009, yield spreads of all observed countries fell again to levels lower than at the end of 2008. The narrowing of the spread on the benchmark German eurobond in April was caused by the rise in the required yield on the German bond and the decline in required yields on eurobonds of most observed countries. The greatest decline in required yield spreads relative to the end of 2008 was seen by the Romanian (514 basis points), Croatian (228 basis points) and Hungarian (184 basis points) eurobond, followed by the Bulgarian (87 basis points), Polish (67 basis points) and Slovene (29 basis points) eurobond.

International Transactions

After being stagnant in the last quarter of 2008, the current account deficit contracted strongly in the first quarter of 2009 (–28.8% as compared with the first quarter of 2008). This was due to the weakening of economic activity in the country and abroad that resulted in a fall in exports and, even more strongly, contributed to a fall in imports of goods. Exports of goods fell in almost all SITC divisions. The strongest fall of exports was noted in the division of energy products, due inter alia to the fall in prices. Except in the divisions of energy products and raw materials, imports decelerated the most in the divisions of road vehicles and capital goods for industrial production. In contrast to the deficit in the account of goods, which went down, the deficit in the factor income account continued to expand due mostly to the fall in income from investment abroad in the reference quarter relative to the same quarter in 2008. The account of services saw an increase in net income due to the fall in expenditures being stronger than that in revenues. In contrast, the account of

current transfers reported slight balance deterioration owing to the fall in revenues from private transfers.

Croatia's gross external debt decreased slightly in the first quarter of 2009 relative to the end of 2008 (EUR 0.2bn, as calculated with the new, improved data processing system), reaching EUR 39.1bn at the end of March. The key contributors to this were large liability repayments by the central government and in part by banks, while enterprises modestly increased their debt. In the first quarter of 2009, the index of exchange market pressure (IEMP) indicated no difficulties in the foreign exchange market which is attributed to the positive effects of monetary policy measures aimed at ensuring sufficient foreign currency liquidity.

Current Account

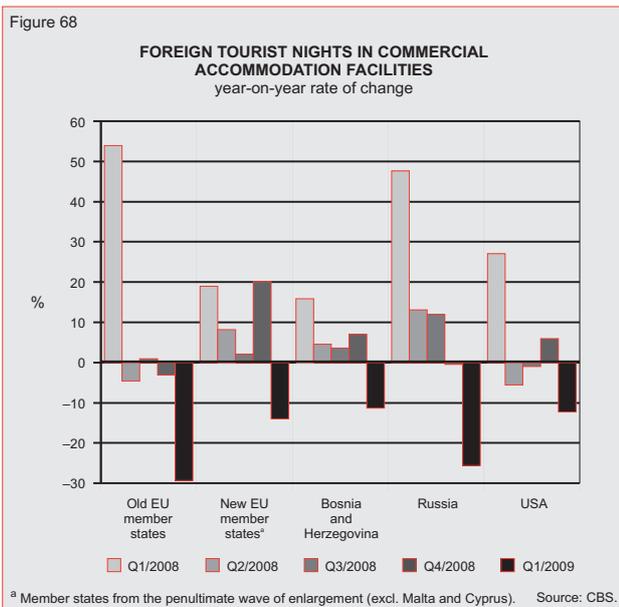
According to the preliminary and incomplete data, the current account deficit stood at EUR 1.8bn in the first quarter of 2009, which is EUR 0.7bn (28.8%) less than in the same period a year before. This downturn in the deficit can chiefly be attributed to the fall in the goods trade deficit (by as much as one third or EUR 0.8bn), with more significant changes being observed on the side of imports. If analysed by individual SITC divisions, most of the goods, notably road vehicles and other transport equipment (due largely to the decrease in imports) and oil and refined petroleum products (due to the drop in prices), contributed to the decrease in the goods deficit.

The net income from the international trade in services rose by 28.6% in the first quarter of 2009 as compared with the first quarter of 2008 due largely to the favourable results in the account of travel services and the account of other services. The effect of the decrease in tourism revenues on the net income from travel services was offset by an even stronger fall in resident tourist consumption expenditures abroad. The negative balance in the account of other services fell by one fourth, due also to the fall in expenditures. As for individual types of services, the strongest decreases were observed in expenditures on royalties and in expenditures on miscellaneous business services such as architectural services and research and development services. By contrast, due to the weakening in foreign trade, a noticeable fall was observed in revenues from transportation services, especially sea cargo

Table 5: Current Account, in million EUR

	2007	2008	Jan.–Mar. 2008	Jan.–Mar. 2009 ^a	Indices	
					2008 / 2007	Jan.–Mar. 2009 ^a / Jan.–Mar. 2008
CURRENT ACCOUNT	–3,237	–4,438	–2,556	–1,820	137.1	71.2
1. Goods	–9,434	–10,866	–2,565	–1,729	115.2	67.4
1.1. Credit (f.o.b.)	9,193	9,743	2,226	1,922	106.0	86.3
1.2. Debit (f.o.b.)	–18,626	–20,610	–4,791	–3,651	110.6	76.2
2. Services	6,266	6,969	99	127	111.2	128.6
2.1. Credit	9,125	10,102	846	762	110.7	90.0
2.2. Debit	–2,859	–3,133	–747	–635	109.6	84.9
3. Income	–1,112	–1,576	–311	–418	141.7	134.3
3.1. Credit	1,296	1,352	331	212	104.3	64.0
3.2. Debit	–2,407	–2,927	–642	–629	121.6	98.0
4. Current transfers	1,043	1,035	221	200	99.2	90.3
4.1. Credit	1,576	1,684	350	338	106.8	96.6
4.2. Debit	–533	–649	–128	–138	121.7	107.5

^a Preliminary data. Source: CNB.



transport services, while the fall in revenues from passenger transport services was somewhat weaker.

The 6.0% fall in tourist industry revenues in the first quarter of 2009 relative to the same period in 2008 is mostly attributed to the fall in the number of tourist arrivals in commercial accommodation facilities. This was somewhat offset by positive results reported by passengers in transit and guests not staying in paid accommodation. According to CBS data, foreign tourist arrivals and nights stayed in paid accommodation went down by 20% in the first quarter of 2009, i.e. by 21.6% relative to the same period in 2008. Specifically, January, the month of the World Handball Championship, saw an increase in the number of tourist arrivals and nights stayed that only partly offset the significant fall in February and notably in March. Apart from unfavourable global economic circumstances, the weak performance in March should also partly be ascribed to the unfavourable base-period effect (in 2008, Easter holidays contributed to the increase in revenues in March, while in 2009 their positive effect is to be felt in April). According to the structure of tourist nights by the country of residence, the number of nights stayed by tourists from old EU member states, notably Germany, Italy and Austria, decreased the most. The fall in the number of nights stayed by tourists from new EU member states was half as strong – a more significant fall was seen in the number of nights stayed by tourists from Slovenia, while the number of nights stayed by tourists from the majority of other new EU member states decreased only slightly in the first quarter of 2009 relative to the same period in 2008. A small decrease was also observed in the number of nights stayed by visitors from Bosnia and Herzegovina and other countries.

The deficit in the factor income account, as compared with the first quarter of 2008, rose by one third in the reference period on account of a small fall in expenditures and a considerable decrease in revenues. The latter is largely attributed to the fall in revenues from other investment, above all lower central bank and commercial bank revenues from the investment of foreign assets. Revenues from direct resident investment abroad also decelerated. The movement in expenditures

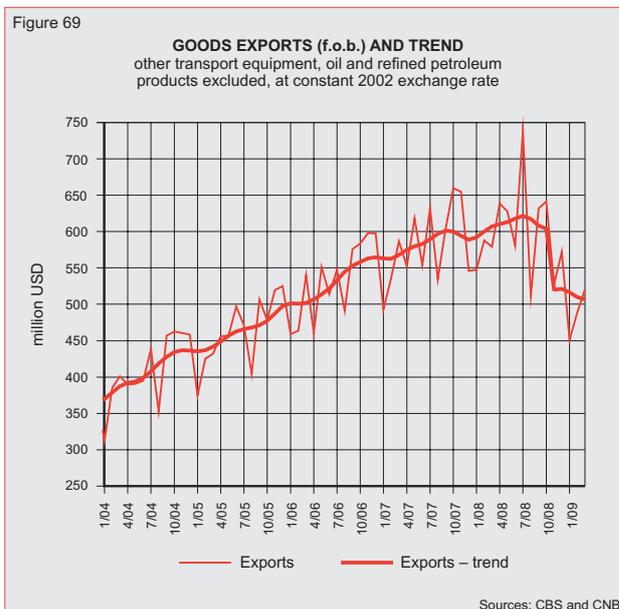
related to reinvested earnings of foreign investors in Croatia, brought on by the application of the new system of statistical monitoring of reinvested earnings (see Box 1), resulted in the fall of factor income expenditures. The fall in expenditures was somewhat offset by increased expenses on dividends paid to foreign owners of domestic enterprises as well as by increased expenses on corporate foreign borrowing.

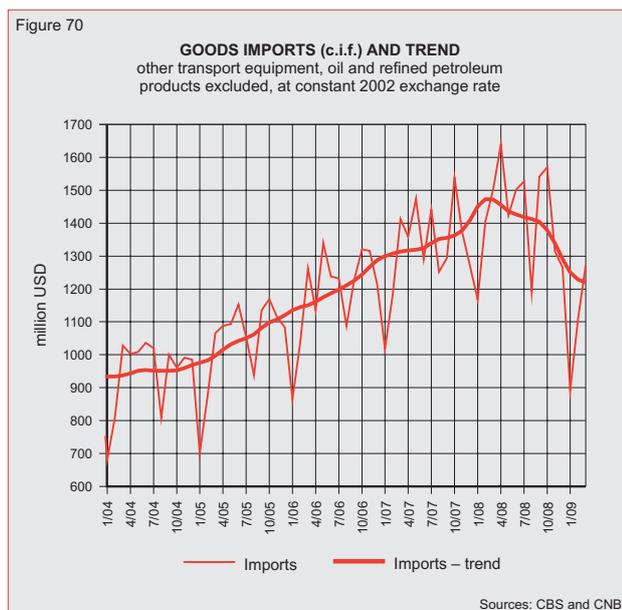
In the first quarter of 2009, the positive balance in the account of current transfers decreased by 9.7% year-on-year due to the fall in revenues and the concurrent increase in expenditures. The fall in total revenues is attributed to the developments observed in other domestic sectors, notably to the lower inflow of worker remittances from abroad. On the side of expenditures, the highest growth was recorded by the government, mostly due to the increase in pension payments to non-residents.

Trade in Goods

The weakening of economic activity in the country and abroad in the first quarter of 2009 had a strong impact on trends in foreign trade. Following the decrease in exports of goods and even stronger contraction in imports of goods, the negative balance in foreign trade fell by 32.6% in the reference quarter as compared with the same quarter in 2008. The strongest improvement was observed in the trade balance in road vehicles and other transport equipment, due largely to lower imports of these goods. Owing to the drop in prices, a significant improvement was also observed in the trade balance in oil and refined petroleum products. The trade balance in other goods also improved, with a number of SITC divisions showing a strong fall in imports and a noticeable decrease in goods exports.

Total exports of goods (in constant US dollars) went down by 17.6% year-on-year in the first quarter of 2009. The most significant decrease was observed in exports of oil and refined petroleum products, due chiefly to the strong fall in oil prices relative to the first quarter of 2008. A significant fall was also observed in exports of other transport equipment.





This said, the fairly strong growth of exports in this division in the base period is not to be ignored. In addition, export results in a number of other divisions were fairly bad – exports excluding ships, oil and refined petroleum products dropped by 14.9% in the first quarter of 2009 relative to the same period in 2008. This narrow aggregate of exports shows that the largest fall of exports was recorded in goods for industrial production – metalliferous ores and metal scrap, plastics in primary forms, and electrical machinery, apparatus and appliances. In addition, exports of wearing apparel, wood and furniture and parts thereof fell by almost one third.

Only few SITC divisions reported a growth in exports in the first quarter of 2009. Exports of fish and preparations showed especially good results, doubling in the first quarter of 2009 over the same period last year. To a large extent, they included exports of tuna to Japan which were several-fold higher in the first quarter of 2009 than in the same period of 2008. A key contributor to this was the completion of the two-year farming cycle in which tuna fish reached the export weight prescribed by the Ordinance on tuna farming. Exports also increased in the following divisions: cereals and

cereal preparations, electricity, artificial fertilisers and iron and steel.

Total imports of goods decelerated by 26.8% in the first quarter of 2009 relative to the same period in 2008 (measured in constant US dollars). Imports of road vehicles fell the most in the first quarter of 2009, halving over the same period last year. In addition, as the price of crude oil decreased in the world market, the value of imported oil and refined petroleum products almost halved. Furthermore, imports of other transport equipment (largely ships) decreased several fold in the reference period. Here it should however be noted that they grew strongly in the first quarter of 2008 due largely to the methodology in the treatment of imports of ships that were previously exported and finished in foreign shipyards. The fall of industrial production in the first quarter of 2009 resulted in a considerable reduction of imports of raw materials such as iron and steel and manufactures of minerals (n.e.c.) and imports of machinery specialised for particular industries.

As in the case of exports, only a small number of SITC divisions saw a growth of imports in the first quarter of 2009. The most prominent among them was the division of natural and manufactured gas – the import value of gas grew due to the rise in gas prices early in the year when the Russia–Ukraine dispute about gas transit and supply reached its climax. Finally, the increase in imports of power generating machinery and equipment and live animals should also be mentioned, although their impact on the fall of total imports of goods was fairly modest.

According to the geographic structure of Croatia's exports and imports of goods, the share of exports to developed countries grew while the share of imports from this group of countries fell slightly in the first quarter of 2009. The growth of the share of exports to developed countries may largely be attributed to the lower fall of exports to this group of countries as compared with the group of developing countries (–21.5% vs. –32.6%). As far as old EU member states are concerned, exports to Italy, Austria and Germany fell the most, involving almost all SITC divisions (notably capital goods and raw materials for industrial production and wearing apparel). Only few SITC divisions were marked by the increase of exports

Table 6: Exports and Imports by Economic Classification of Countries, in %

	Exports				Imports			
	2007	2008	Jan.–Mar. 2008	Jan.–Mar. 2009 ^a	2007	2008	Jan.–Mar. 2008	Jan.–Mar. 2009 ^a
Developed countries	70.4	69.3	70.3	73.4	73.2	72.6	72.8	71.5
EU-27	60.2	60.9	62.5	63.1	64.7	64.1	63.1	62.3
Slovenia	8.3	7.8	8.6	7.4	5.9	5.6	5.5	5.7
Hungary	2.2	2.4	2.4	1.6	2.9	3.2	3.4	3.0
EU-15	43.6	44.1	44.9	46.7	48.7	48.5	48.0	47.1
Austria	6.1	5.8	6.1	5.6	5.3	4.9	4.8	5.1
Italy	19.1	19.1	19.4	20.0	16.0	17.1	16.0	13.7
Germany	10.0	10.8	11.3	12.7	14.4	13.4	13.9	14.5
EFTA	1.2	1.2	1.1	1.8	1.9	1.7	1.6	2.6
Developing countries	29.6	30.7	29.7	26.6	26.8	27.4	27.2	28.5
Bosnia and Herzegovina	14.4	15.4	14.1	11.6	2.8	2.7	2.6	2.6
Serbia, Montenegro	6.6	6.8	6.5	5.7	1.3	1.4	1.3	1.2
Russia	1.3	1.3	1.3	1.2	10.2	10.4	10.2	9.8
China	0.2	0.2	0.2	0.3	6.2	6.1	6.3	7.8

^a Preliminary data.
 Source: CBS.

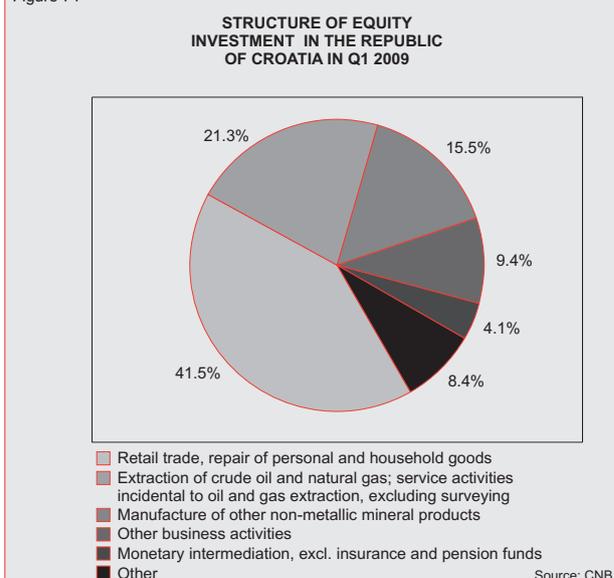
to old EU member states, exports that largely included cereal and cereal preparations and artificial fertilisers. As regards new EU member states, exports to Slovenia and Hungary fell the most. As in the case of old EU member states, this fall was felt in almost all SITC divisions. A more significant increase was seen only in the exports of electricity and pharmaceutical products. Exports to developed countries were marked by the considerable increase of tuna exports to Japan (discussed above). The decrease of exports to developing countries largely related to Bosnia and Herzegovina and other countries in the region – a large contributor to this was the decrease in the value of exports of oil and refined petroleum products, which account for a large share in the exports to this group of countries.

The fall in the share of imports from developed countries was to a large extent the consequence of the strong fall in imports of various capital and industrial goods and road vehicles from this group of countries. Among old EU member states, the greatest fall was seen in imports from Italy and Germany and mainly included road vehicles. In the case of Italy, it also included lower imports of finished ships from Italian shipyards. As for new EU member states, the largest fall was seen in imports from Slovenia (mostly industrial raw materials) and Hungary (mostly energy products). Imports from developing countries were marked by a considerable fall in imports from Russia, from which Croatia mainly imports energy products. A decrease was also seen in imports from China (wearing apparel, office machinery and telecommunication apparatus) and from the countries in the region, notably Bosnia and Herzegovina (mostly metal industry products).

Capital and Financial Account

Net inflow (inclusive of the change in international reserves) to the capital and financial account amounted to EUR 1.6bn in the first quarter of 2009 and was 41.4% smaller than that observed in the same period of 2008. The smaller net inflow of capital also affected the gross international reserves, which fell by EUR 0.4bn in the first quarter of 2009. This fall is attributable to the lower allocation of foreign currency

Figure 71



reserve requirements and to the decrease in foreign exchange transactions with the central government. In the first quarter of 2009, net inflow to the account of direct investment accounted for only slightly more than one third of the amount generated in the same period last year. By contrast, as compared with the same period last year, the account of portfolio investment saw an outflow of funds. Net inflow grew in the account of other investment, due primarily to a significant withdrawal of bank foreign assets.

In the first quarter of 2009, net inflow of foreign direct investment stood at EUR 0.4bn, accounting for only one third of the amount generated in the same period in 2008. This was due to significantly weaker FDI inflows into Croatia. In contrast, the balance of investments made directly by Croatian residents abroad remained almost unchanged. The structure of direct investment in Croatia shows that in the first quarter of 2009 the largest inflows were generated by direct debt investment (the growth of debt to affiliated enterprises abroad, exclusive of banks), with the net inflow being lower than that achieved in the same period last year. Equity investments in the first quarter of 2009 were marked

Table 7: Capital and Financial Account, in million EUR

	2007	2008	Jan.–Mar. 2008	Jan.–Mar. 2009 ^a	Indices	
					2008 / 2007	Jan.–Mar. 2009 ^a / Jan.–Mar. 2008
CAPITAL AND FINANCIAL ACCOUNT	4,139	6,005	2,063	2,028	145.1	98.3
1. Capital account	35	32	5	5	92.8	103.6
2. Financial account, excl. reserves	4,827	5,642	2,754	1,612	116.9	58.5
2.1. Direct investment	3,483	3,203	1,138	410	92.0	36.0
2.1.1. Abroad	-184	-128	133	11	69.3	8.2
2.1.2. In Croatia	3,667	3,330	1,005	399	90.8	39.7
2.2. Portfolio investment	-3	-597	160	-491	-	-
2.2.1. Assets	-414	-269	279	124	65.0	44.5
2.2.2. Liabilities	411	-328	-118	-615	-	520.2
2.3. Financial derivatives	0	0	0	0	-	-
2.4. Other investment	1,347	3,036	1,456	1,693	225.5	116.3
2.4.1. Assets	-1,653	-1,591	334	1,830	96.2	547.0
2.4.2. Liabilities	3,000	4,627	1,121	-136	154.2	-
3. Reserve assets (CNB)	-722	330	-696	411	-	-

^a Preliminary data.
Source: CNB.

Table 8: Composition of CNB Reserve Assets, end of period, in million EUR

	2006	2007	2008	Mar. 2009
Official reserve assets	8,725	9,307	9,121	8,870
1. Foreign currency reserves	8,163	8,911	8,625	8,319
1.1. Securities	4,198	4,773	7,118	6,788
1.2. Total currency and deposits with:	3,965	4,138	1,507	1,531
1.2.1. Other national central banks, BIS and IMF	199	191	1,397	1,469
1.2.2. Banks headquartered outside Croatia	3,767	3,948	109	62
2. IMF reserve position	0	0	0	0
3. SDRs	1	1	1	1
4. Gold	–	–	–	–
5. Reverse repo	562	395	495	549

Note: Expressed at the approximate market value.
Source: CNB.

by retail trade. Significant investments were also made in the extraction of crude oil and natural gas and in the manufacture of other non-metallic mineral products. Here it should also be noted that the value of reinvested earnings was negative in the reference period due to the change in the statistical monitoring of reinvested earnings (see Box 1).

In contrast to the first quarter of 2008, the account of portfolio investment showed a net outflow of EUR 0.5bn in the first quarter of 2009. This development is attributed to a considerable fall in liabilities which almost entirely involved the repayment of EUR 500m worth of government eurobonds. On the other hand, foreign assets declined, due primarily to the withdrawal of domestic bank assets invested in foreign bonds and other debt securities.

The account of other investment (including loans, trade credits, currency and deposits) saw a net inflow of EUR 1.7bn in the first quarter of 2009, due notably to the significant fall in foreign assets of domestic sectors. To a large extent, this included the withdrawal of bank currency and deposits from abroad in February and March that took place after the central bank lowered the rate of the minimum required foreign currency claims and thus enabled the freeing up of a considerable amount of foreign currency funds. The liabilities side showed a modest decrease, due notably to the fall in corporate liabilities.

According to the balance of payments data (cross-currency changes excluded), international reserves went down by EUR 0.4bn in the first quarter of 2009. Above all, this was the result of lower bank allocations after the January increase in the percentage of foreign currency reserves requirements that is set aside in kuna (from 50% to 75%). Negative was also the contribution of foreign exchange transactions with the central government. The decrease in reserves was to some extent offset by central bank interventions, including a EUR 261m foreign currency swap contract with banks in January and the intervention held at the end of February at which EUR 331m were repurchased from banks. Moreover, the downturn in international reserves was also partly offset by cross-currency changes – according to the monetary statistics data, international reserves stood at EUR 8.9bn at the end of the first quarter of 2009, decreasing by 2.8% over the end of 2008.

External Debt

The external debt decelerated slightly in the first quarter of 2009. Specifically, according to the data as processed by the new system, Croatia's gross external debt stood at EUR 39.1bn at the end of March, which is EUR 0.2bn or 0.6% less than at the end of 2008.¹² The largest contribution to the modest decrease of the external debt balance came from the repayment of government foreign liabilities and in part bank foreign liabilities. In contrast, enterprises continued to borrow abroad but at a very slow pace which also marked the end of 2008. In contrast, Croatia's external debt grew by as much as EUR 1.7bn in the first quarter of 2008, due mostly to strong borrowing by enterprises and banks.

The external debt of the government sector (including the central government, central government funds and local government) went down by EUR 0.6bn in the first quarter of 2009 relative to the end of 2008. This was mostly due to the February repayment of EUR 500m worth of eurobonds issued in 2002. The decrease in the external debt of the public sector, which in addition to the government sector includes the CBRD and enterprises in public and mixed ownership, was somewhat weaker due to the increase in the external

Table 9: Gross External Debt by Domestic Sectors, end of period, in million EUR and %

	2007	2008	Mar. 2009	Structure			Indices	
				2007	2008	Mar. 2009	2008/2007 ^a	Mar. 2009 / 2008 ^b
1. Government ^c	5,372	4,197	3,576	16.3	10.7	9.1	77.2	85.2
2. Croatian National Bank	2	2	2	0.0	0.0	0.0	96.6	88.1
3. Banks	8,879	10,079	10,058	27.0	25.8	25.7	113.0	99.8
4. Other sectors	14,743	19,836	20,268	44.8	50.7	51.8	132.8	101.3
5. Direct investment	3,933	5,010	5,224	11.9	12.8	13.4	126.6	103.1
o/w: Hybrid and subordinated instruments	56	217	263	0.2	0.6	0.7	387.9	121.3
Total (1 + 2 + 3 + 4 + 5)	32,929	39,125	39,128	100.0	100.0	100.0	117.7	99.4

^a Comparable data have been used to calculate the debt growth (the application of the new system of reporting would increase the external debt balance as at end-2007 by EUR 325m or to EUR 33.3bn). ^b Comparable data have been used to calculate the debt growth (the switch to the advanced system of data processing would increase the external debt balance as at end-2008 by EUR 175m or to EUR 39.3bn). ^c Government does not include the CBRD. From early 2008 on, it also excludes CM whose debt at that point stood at EUR 1.2bn. Both CBRD and CM have been reclassified to other sectors. Source: CNB.

¹² The external debt balance at end-March is compared with the end-of-2008 debt balance calculated with the help of the new, improved data processing application that, compared to that used previously, produces a more accurate calculation of accrual interest and increases the debt balance at the end of 2008 by a one-off EUR 175m or to EUR 39.3bn.

Box 1 The Change in the Statistical Monitoring of Reinvested Earnings in the Balance of Payments of the Republic of Croatia

Reinvested earnings represent the profit of enterprises that has not been paid out in the form of dividends or in any other form and that is attributed to owners in proportion to their share in total ownership. Reinvested earnings are reported in the balance of payments as a part of direct investment income in the current account and as a part of direct investments in the financial account.

From the first quarter of 2009, the statistical monitoring of reinvested earnings reported in the balance of payments of the Republic of Croatia is harmonised with the international standards applied in EU countries. In accordance with the new system of monitoring, reinvested earnings are reported on a quarterly basis in the period in which the profit is earned. By contrast, the former system reported reinvested earnings in the month in which the decision on the distribution of the previous year's profit was adopted. For example, in line with the former system the profit earned in year t was used as a basis for the calculation of reinvested earnings in year $t+1$, while the new system uses the profit earned in the current period, decreased by the potential payment of dividends or income to equity holders. As a result, the reporting of reinvested earnings is made on an accrual basis, a principle that is already applied in the monitoring of debt-related income in the balance of payments. In addition, the monitoring of equity investment in the balance of payments and in the international investment position is also harmonised.¹³

The new system of reporting of reinvested earnings, based on the profit earned in the current period, employs the monitoring of the current quarterly profit of enterprises, which is then adjusted for income distributed to equity holders (dividends).¹⁴ The amount thus obtained is adjusted for the current ownership share of foreign direct investors in enterprises. The quarterly loss or the payment

of income to equity holders above the level of the current profit earned in one quarter results in a negative value of reinvested earnings. It should be noted that it is expected that the application of the new system will produce a change in the seasonal dynamics of reinvested earnings. Specifically, the former system reported about two thirds of the annual amount of reinvested earnings in the second quarter in which most of the enterprises adopted the decisions on the distribution of the previous year's profit. The new system of recording however results in smaller values in the first two quarters because of the payment of dividends (which occurs after the decision to distribute profits is taken), which diminish the value of the profit created in the current quarter and hence the reinvested earnings. Therefore, it may be expected that the value of reinvested earnings in 2009 will be somewhat lower in the first half and somewhat higher in the second half of the year.

In order to gain an insight into seasonal dynamics and its changes, the value of reinvested earnings of foreign direct investors in Croatia in 2008 has been estimated with the new system of monitoring (see Table 10). As well as in seasonal dynamics, the discrepancy is also observed in the total annual value of reinvested earnings. It is explained by different time spans (the new system uses the profit earned in 2008, while the old system uses the profit earned in 2007), with different amounts of profit being generated in 2007 and 2008 respectively. Furthermore, the structure of foreign investors may also be one of the causes of the discrepancy.

Table 10: Reinvested Earnings in 2008 Estimated with the Use of the New System and the Old System of Monitoring, in million EUR

	New system	Old system
Q1	98	19
Q2	-10	388
Q3	301	87
Q4	85	-7
Total	473	487

Source: CNB.

debt balance of public and mixed-ownership enterprises and, to some extent, the debt balance of the CBRD. In the reference period, the contingent debt of the public sector (i.e. the publicly guaranteed private sector debt) continued to trend downward, reaching less than EUR 40m.

Like the government sector, banks also strongly decreased their external debt in February. As a result, following the significant growth in January and the stagnation in March, the external debt balance of banks at the end of the first quarter was at the level observed at the end of 2008. Here it should be noted that the modest decrease in the balance (EUR 20m) at the end of the first quarter, as compared with the balance at

the end of 2008, was entirely due to cross-currency changes. The February fall in the external debt balance was aided by the monetary policy measures, i.e. by two consecutive cuts in the rate of the minimum required foreign currency claims in that month (from 28.5% to 20%). Thanks to these central bank decisions, banks were released EUR 2.1bn which they have partly used for the repayment of foreign liabilities, mostly short-term liabilities, which grew strongly at the end of 2008 and in January 2009. Furthermore, the maturity structure of the external debt changed in March in favour of long-term instruments – banks repaid a significant portion of short-term loans (including repo operations) and currency and deposits while the balance of long-term deposits went up by the same amount.

After the stagnation in the last two months of 2008, other sectors (mostly enterprises) continued to increase their foreign liabilities slightly early in 2009. Hence, the external debt balance of this sector was EUR 261m higher in March than at the end of 2008, with almost one third of the increase being

13 The value of the current year's profit estimated by applying market prices or own funds at book value is taken into account when the balance of equity investment is reported.

14 Superdividends are treated separately and they do not affect the value of the current profit. As a result, they are not reported in the balance of payments current account since such payments are considered the withdrawal of equity investment.

Table 11: Current and Contingent External Debt of the Public Sector and Private Sector Debt, end of period, in million EUR and %

	2007	2008	Mar. 2009	Structure			Indices	
				2007	2008	2009	2008 / 2007 ^a	Mar. 2009 / 2008 ^b
1. Public sector debt	9,259	10,248	10,040	28.1	26.2	25.7	109.0	96.2
2. Publicly guaranteed private sector debt	140	80	38	0.4	0.2	0.1	58.1	58.8
3. Non-publicly guaranteed private sector debt	23,530	28,797	29,050	71.5	73.6	74.2	121.4	100.7
Total (1 + 2 + 3)	32,929	39,125	39,128	100.0	100.0	100.0	117.7	99.4

^a Comparable data have been used to calculate the debt growth (the application of the new system of reporting would increase the external debt balance as at end-2007 by EUR 325m or to EUR 33.3bn). ^b Comparable data have been used to calculate the debt growth (the switch to the advanced system of data processing would increase the external debt balance as at end-2008 by EUR 175m or to EUR 39.3bn). Source: CNB.

accounted for by cross-currency changes. Public enterprises, mixed-ownership enterprises and other (mostly private) enterprises made the second largest contribution to debt growth, while non-banking financial institutions repaid a somewhat higher amount of principal and interest than they withdrew and thus slightly reduced their external debt balance in the reference quarter. Moreover, the direct investment-related debt rose in the first quarter of 2009 by another EUR 160m. Of this, almost one third included the increase in hybrid and subordinated instruments of banks in January. It should also be noted that early in 2009 enterprises did not experience any difficulties in meeting their liabilities, repaying most of them in timely fashion. Specifically, they were largely refinanced by foreign creditors, while the repayment of only a small portion of loans was extended in agreement with foreign creditors.

International Liquidity

After increasing at the end of 2008, the IEMP¹⁵ started to return slightly to its long-term average value in 2009. Two factors were behind the markedly strong growth of the index in December 2008 and its somewhat weaker growth in January 2009: the depreciation of the kuna exchange rate and

the fall in international reserves caused by the changes in monetary policy instruments (i.e. the abolition of the marginal reserve requirement and the decrease in bank foreign currency reserve requirements). The cut in the rate of the minimum required foreign currency claims in February 2009 resulted in the freeing up of a significant amount of foreign currency reserves of banks and the easing of pressures in the foreign exchange market. International reserves rose again in March after the foreign exchange intervention held at the end of February at which the CNB purchased EUR 331m from banks. As a result, in parallel with the stabilisation of the reserves and the exchange rate, the IEMP started to decline mildly, approaching its long-term average value at the end of April 2009.

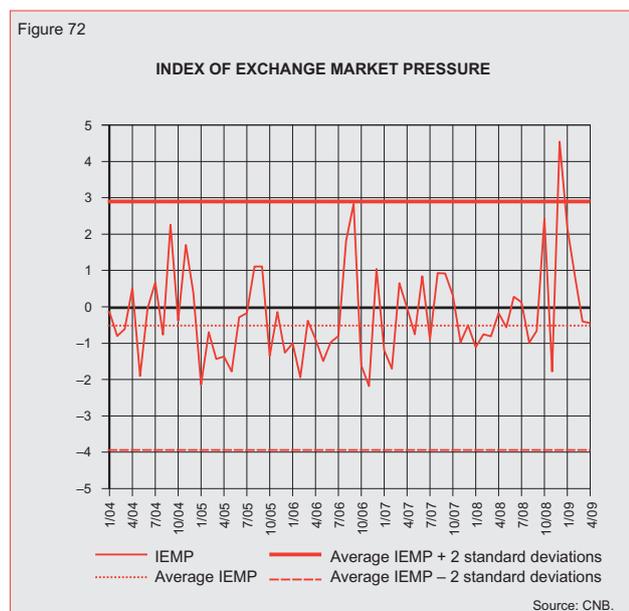
Government Finance

Fiscal Policy Features in 2008

Although consolidated central government revenues grew in 2008, their total amount was less than that planned in the revised budget due to a growing economic slowdown in the last months of the year. To avoid the adverse effect of this revenue shortfall on the deficit target, current and investment expenditures were somewhat reduced.

According to MoF data, net borrowing of the consolidated central government (on a cash basis, GFS 2001) stood at HRK 2.9bn or 0.8% of GDP in 2008. Due to the absence of revenues from disposal of financial assets and a sharp increase in government assets in the form of currency and deposits, consolidated central government debt grew by HRK 8.0bn and stood at HRK 97.4bn or 28.5% of nominal GDP. The exclusion of Croatian Motorways (CM) from the central government¹⁶ lowered the debt level, while the CBS upward revision of GDP data also contributed to a decrease in relative debt indicators.

In December 2008, the Croatian parliament approved the government budget and the financial plans of extrabudgetary users for 2009. The budget assumed a GDP and consumer price growth of 2.0% and 3.5%, respectively, in 2009. However, as the economic slowdown, which began in mid-2008, gained momentum in early 2009, government budget revenues dropped dramatically and it became evident that the budget would not be on target. This is why a revised budget



15 IEMP is calculated as a weighted average of the monthly growth rate of the kuna/euro exchange rate (at end-period) and the monthly growth rate of gross international reserves (in euro terms), using standard deviations as weights. The value of the index above the critical level (plus two standard deviations) indicates potential difficulties in the settlement of international payments.

16 The change in the coverage of consolidated central government was due to adjustments in public finance methodology to comply with the ESA 95 methodology.

was passed as early as April. It projected much lower revenues and a reduction in both current and investment expenditures. However, relative to the original budget, the government budget deficit was more than doubled (see Box 2). As risks to revised budget execution remain significant, the MoF is likely to prepare the second 2009 budget revision after summer.

Consolidated Central Government Revenues

Consolidated central government revenues grew strongly throughout most of 2008. However, their growth rate decelerated towards the year-end due to an increasingly adverse economic environment and a fall in goods imports and the general price level. Thus, the annual growth rate of revenues dropped to a mere 2.2% in the last quarter of 2008. The trends in that part of the year were the main reason why consolidated central government revenues fell short of the target by HRK 2.4bn. The major shortfall was recorded by revenues from indirect taxes, which is in line with the adverse trends in retail trade that marked the last months of 2008. At the entire-2008 level, revenues amounted to HRK 120.0bn, up 7.2%¹⁷ over the previous year.

Tax revenues, which account for almost 60% of total consolidated central government revenues, grew by 8.3% in 2008. This growth was largely driven by the increase in VAT revenues (annual growth rate of 9.4%) and profit tax revenues (19.8%). Excise revenues moved in the opposite direction, falling by 2.4% relative to 2007. Revenues from excises on refined petroleum products recorded the sharpest fall. This was due to both the May 2007 reduction in excises on all types of unleaded petrol by 25 lipa per litre, and the stagnant growth in the real retail trade of motor fuels and lubricants. In contrast, it seems that due to the announced increase in excises on tobacco products with effect from 1 January 2009 their production and imports grew in efforts to increase inventories and put off the increase in sale prices. This led to a sharp increase in revenues from excises on tobacco products in the last two months of 2008, which was also reflected in their annual growth rate.

Although the increase in employment and average nominal gross wage boosted income tax revenues, their growth rate was negative at the consolidated central government level due to legal changes.¹⁸ Labour market trends had a positive impact on revenues from social contributions, which grew by 9.4% and stood at HRK 40.7bn.

Revenues from administrative fees, which account for a major share of other revenues, grew mildly. By contrast, dividend income was much reduced. In particular, while T-HT paid extraordinary dividends of HRK 2.4bn in 2007, 42% of which went to the government, no such dividends were paid in 2008. Revenues from rent and concessions also declined markedly, while revenues from quasi-corporations increased

by almost 100% since CNB profit allocated to the government budget was HRK 0.5bn (it was HRK 0.1bn in 2007).

Consolidated Central Government Expenditures

Consolidated central government expenditures stood at HRK 118.7bn in 2008, up HRK 8.6bn over 2007 but as much as HRK 2bn less than projected in the revised budget. To avoid the rise in the deficit objective due to weaker revenue collection, cuts were made in most expenditure items in the last quarter so that expenditures grew much slower than expected. Compared with the planned amount, the sharpest decrease was recorded by expenditures on subsidies (of as much as HRK 0.7bn) and the use of goods and services (HRK 0.6bn). Still, it seems that payment of some expenditure was only postponed for the beginning of 2009, which may be reflected in a cash deficit for the current year.

At the entire-2008 level, expenditures grew by 7.8% compared with the year before. This was mostly due to expenditures on social benefits, which account for the largest share in the consolidated central government budget. These expenditures stood at HRK 52.6bn in 2008, up 9.2% over the previous year. A more detailed analysis of this expenditure category shows that most funds were spent on expenditures for social security benefits. They were 10.0% higher year-on-year, reflecting on the one hand the increase in the number of pension beneficiaries and the average pension paid and, on the other hand, increased expenditures on health care. Social assistance benefits, comprising, among other things, expenditures for Croatian war veterans' permanent rights, child allowances, maternity benefits and permanent support, grew somewhat more slowly.

Apart from social benefits, compensations to civil servants and other government employees account for the largest share of the consolidated central government budget. Growing by 8.7%, these expenditures stood at HRK 30.2bn in 2008. This was due to employment growth in education, health care, social services and the narrowly defined public administration and defence, as well as the increase in the basis for the calculation of wages in the 2007-2009 period agreed between the government and the trade unions of civil servants and employees.

Compared with the planned amount, spending on the use of goods and services was considerably reduced. Among other things, this expenditure category comprises expenses for telephone, post and transportation services, energy, intellectual and personal services and military equipment. These expenditures stood at HRK 11.5bn in 2008, which is HRK 0.6bn less than planned but 12.5% more than in 2007.

Interest expense, which was 4.9% higher in 2008 than in 2007, stood at HRK 4.9bn. Interest payments to residents continued to increase, while interest payments to non-residents decreased markedly. Interest expense grew not only due to increased foreign borrowing of the consolidated central government but also due to adverse global economic conditions, which raised the cost of domestic and foreign funding.

Although the 2008 revised budget projected a substantial increase in subsidies, their growth was markedly slower than in 2007. Subsidies stood at HRK 6.9bn in 2008; within this

17 To enable the analysis of developments in revenues, expenditures and transactions in non-financial and financial assets and liabilities, the CNB adjusted the MoF data for 2007 by excluding CM from individual aggregates.

18 Under the Act on Amendments to the Income Tax Act (OG 73/2008), applied as of July 2008, the basic personal tax exemption was raised from HRK 1,600 to HRK 1,800 a month.

Table 12: Operating Balance and Transactions in Non-Financial Assets and Financial Assets and Liabilities, GFS 2001, in million HRK and %

	Consolidated central government		
	Jan.–Dec. 2007	Jan.–Dec. 2008	Jan.–Dec. 2008 / Jan.–Dec. 2007
1. Change in net worth (net operating balance)	1,903	1,351	71
1.1. Revenue	112,011	120,037	107
1.2. Expense	110,108	118,686	108
2. Change in net non-financial assets	4,442	4,228	95
2.1. Acquisition of non-financial assets	4,992	4,713	94
2.2. Disposal of non-financial assets	551	485	88
3. Net lending (+) / borrowing (-) (1 – 2)	-2,539	-2,878	113
3. Financing (5 – 4) Transactions in financial assets and liabilities	2,539	2,878	113
4. Change in financial assets	-3,228	2,777	-
4.1. Domestic	-3,246	2,764	-
4.2. Foreign	18	12	69
5. Change in liabilities	-689	5,654	-
5.1. Domestic	2,105	6,796	323
5.2. Foreign	-2,794	-1,142	41

Note: On a cash basis.
Sources: MoF and CNB calculations.

amount, HRK 3.2bn was disbursed to public corporations, while the rest went to private enterprises.

Operating Balance of the Consolidated Central Government and Transactions in Non-Financial Assets and Financial Assets and Liabilities

Although consolidated central government revenues in 2008 fell short of the target, a positive operating balance of HRK 1.4bn was generated due to expenditure savings. However, as the net acquisition of non-financial assets was much larger than the operating balance, net borrowing (GFS 2001) of the consolidated central government stood at HRK 2.9bn or 0.8% of GDP in 2008. The entire deficit was generated in the last quarter when, despite the cuts made, expenditures grew several times faster than revenues (net borrowing of the consolidated central government amounted to HRK 6bn in the last quarter of 2008).

Investments for the acquisition of non-financial assets, which primarily indicate developments in capital investments, stood at HRK 4.7bn in 2008, HRK 0.3bn less than in the previous year and much less than planned. Investment in road infrastructure construction was reduced considerably since Croatian Roads spent HRK 0.5bn fewer funds on the acquisition of long-term assets in 2008 than in the previous year. It should be noted that the exclusion of CM had a major impact on both the amount and structure of the consolidated central government balance since CM accounted for a large share of the funds spent on the acquisition of non-financial assets in previous years, while capital transfers to CM, which were formerly consolidated at the central government level, became pure expenditures.

After having declined in 2007, financial assets of the consolidated central government grew by HRK 2.8bn in 2008. Their rapid growth was largely fuelled by the increase in domestic financial assets, i.e. currency and deposits and, to a lesser extent, the rise in loans granted. It should be said that the CNB monetary statistics cannot confirm this sharp growth in currency and deposits in accounts of the government budget and extrabudgetary users. The fall in financial assets was affected by the sale of 4.2% of T-HT shares and 12.5% of shares of Petrokemija d.d. to employees of these companies.

In 2008, the negative balance was not partly financed by the decrease in financial assets and the government obtained the funds needed by increasing its financial liabilities. The bulk of the funds was raised in the domestic market through new borrowings and T-bill issuance. This increased domestic liabilities by HRK 6.8bn, while the repayment of due foreign liabilities decreased foreign financial liabilities by HRK 1.1bn.

Government Debt

Consolidated central government debt stood at HRK 97.4bn or 28.5% of nominal GDP at end-2008, up HRK 8.0bn over the end of 2007. Domestic debt continued to increase within the debt structure as access to foreign capital markets was hindered. It should be noted that the exclusion of CM from the consolidated central government sector in the CNB debt statistics as of January 2008 considerably reduced the government debt level in comparison with the previously published data. In addition, the CBS upward revision of GDP data additionally improved the relative government debt indicators.

However, contingent government debt arising from

Table 13: Consolidated Central Government Debt, end of period, in million HRK

	Stock		Change
	Dec. 2007	Dec. 2008	Jan.–Dec. 2008
A. Central government debt (1 + 2)	89,415	97,443	8,028.2
1. Domestic central government debt	58,539	66,965	8,426.1
1.1. Domestic debt of the Republic of Croatia	56,506	63,961	7,454.3
1.2. Domestic debt of central government funds	2,033	3,004	971.8
2. External central government debt	30,876	30,478	-397.9
2.1. External debt of the Republic of Croatia	29,423	28,652	-771.8
2.2. External debt of central government funds	1,452	1,826	373.9
Supplement:			
B. Total guarantees issued by the Republic of Croatia	39,280	44,179	4,898.9
1. Domestic	11,521	13,276	1,755.6
2. Foreign	27,759	30,902	3,143.3

Note: CM and CBRD debts are not included in the data on the domestic and external debt of the central government.
Source: CNB.

guarantees issued nearly doubled in 2008 since the bulk of CM debt was covered by government guarantees. Furthermore, under the Act on the Croatian Bank for Reconstruction and Development,¹⁹ the government guarantees for all of this bank's liabilities so that total CBRD debt was added to the amount of guarantees, which thus stood at HRK 44.2bn at end-2008.

As consolidated central government units borrowed mostly in the domestic market, domestic debt amounted to HRK 67.0bn at the end of 2008, while its share in the total debt increased to 68.7%. The domestic debt structure indicates that the bulk of government borrowing in 2008 was in the form of bank loans.²⁰ However, towards the year-end, the government reoriented towards short-term financing through issues of T-bills.

In the first nine months of 2008, newly borrowed funds were used to refinance liabilities falling due so that the entire increase in the central government debt occurred in the last quarter. Since the funds accumulated in its accounts with commercial banks and the CNB were insufficient to finance a high budget deficit and pay liabilities due, the government had to borrow large amounts in late 2008. However, given the negative trends in the global financial market, which substantially impeded foreign borrowing, the funds needed had to be raised in the domestic market. At end-November 2008, the MoF held an auction where it issued HRK 2.7bn worth of two-year T-bills. To secure the banking system liquidity

that was needed in December to meet growing government needs and provide unimpeded private sector access to the loan market, the central bank decided to lower the reserve requirement rate from 17% to 14% in November, thus releasing HRK 8.4bn of additional liquidity. The government withdrew the bulk of this amount through issues of T-bills, raising an additional HRK 5.7bn in December. The share of these bills in total domestic debt thus went up from 20.5% at end-2007 to 25.1% at end-2008. In this period, domestic debt of extrabudgetary users increased by HRK 1.0bn mostly due to new CR borrowing that was used to finance road construction investments.

The funds raised in the domestic market were used for budget deficit financing and the repayment of outstanding liabilities. Over the year, HRK 1bn worth of five-year bonds issued in the domestic market, JPY 25bn worth of Samurai bonds and EUR 200m worth of bonds issued in the domestic market in 2001 fell due. The government also repaid liabilities to the London and Paris Clubs falling due in 2008, which stood at some EUR 136m.

Refinancing of maturing foreign liabilities in the domestic market, as well as the meeting of new funding needs in this market reduced the external debt of the consolidated central government by HRK 0.4bn. This decrease was entirely made at the level of the Republic of Croatia, while the debt of extrabudgetary users grew by HRK 0.4bn, mainly due to borrowing by CM and, to a lesser extent, Croatian Waters.

Box 2 2009 Budget Revision

In early December 2008, the Croatian parliament approved the government budget and the financial plans of extrabudgetary users for 2009. The budget was prepared based on relatively optimistic assumptions about the domestic and international macroeconomic environment. Croatia's real GDP growth in 2009 was projected at 2.0%, while stagnant real growth was projected for the EU countries that are Croatia's main trading partners. However, as early as late 2008, it became evident that the negative impact of the global financial crisis on the real sector would be stronger than expected. This is confirmed by the fact that international organisations on several occasions revised down their growth estimates both for the global economy and individual countries.

Revenues started to underperform projections as early as the last months of 2008, mostly due to the poor indirect tax collection caused by weakened personal consumption and a severe contraction of imports of goods. Considerable expenditure cuts were made to prevent a higher than planned deficit. Still, it is possible that some payments were only postponed for 2009, which will be evidenced in the cash deficit for that period. However, late 2007 and early 2008 developments in public finances suggested that the original

2009 budget was untenable. As plummeting revenues in the first few months of the current year and adverse conditions in the domestic and foreign financial markets indicated that the Ministry of Finance would fail to raise sufficient funds to finance the planned level of government consumption and investment, the Ministry began to prepare a budget revision.

The revised budget, which the Croatian parliament approved in early April 2009, assumes a 2% economic contraction in 2009 and takes into account international macroeconomic developments much worse than previously assumed. Compared with the original budget, revenues are projected to decline by as much as HRK 8.0bn and amount

Table 14: Government Budget Revenues, in million HRK

	2008	Budget for 2009	Revised budget for 2009	Increase/Decrease
	1	2	3	4 = 3 - 2
Tax revenues	69,573	73,409	67,688	-5,721
VAT	41,308	44,438	40,442	-3,996
Excises	11,875	12,619	11,372	-1,247
Profit tax	10,565	10,385	10,240	-145
Income tax	1,688	1,695	1,509	-186
Social contributions	40,703	43,033	40,771	-2,262
Other	5,496	7,800	7,763	-37
Total	115,773	124,242	116,222	-8,020

Source: MoF.

¹⁹ OG 138/2006.

²⁰ A domestic bank syndicate granted a short-term loan of EUR 200m to the government in early March and another loan worth EUR 760m in May. The latter loan falls due in 2010, with an option to extend principal repayment to 2013.

to HRK 116.2bn, only HRK 0.4bn more than in 2008. Projected VAT and excise revenues were reduced the most since they are most sensitive to a decline in aggregate demand and imports. In addition, unfavourable trends in the labour market, which could become even more significant over the year, led to a significant reduction in projected revenues from social contributions.

Under the revised budget, expenditures were reduced by HRK 4.8bn, while investments for the acquisition of non-financial assets were reduced by another HRK 0.6bn. Since the amount and dynamics of a large portion of expenditures is predetermined by laws and subordinate legislation as well as collective agreements between the government and unions, the first phase of the budget revision involved cuts in expenditures for the use of goods and services, as well as various current and capital expenditures. However, as these savings were insufficient, the government began negotiations with unions to postpone a fiscally untenable 6% growth in wages of civil servants and other government employees. Expenditures for employees were thus cut by HRK 1.8bn as the basis for the calculation of wages was returned to its 2008 level. The revised budget provides for a HRK 0.4bn cut in social benefits but it leaves unchanged

pensions, maternity benefits and child allowances, while outlays for the unemployed and active employment policy are 10% higher. Cuts in expenditures on social security benefits hence mostly relate to somewhat lower than originally planned health outlays though even they will be much higher than in 2008.

The funds earmarked for the acquisition of non-financial assets in the science, education, health, justice and other sectors were reduced by HRK 0.6bn but still stand at a relatively high HRK 3bn. Road infrastructure investments, which are largely financed from the budget of Croatian Roads, are projected at some HRK 1bn in 2009, around HRK 0.1bn less than originally planned. Data on revenues, expenditures and investments of Croatian Motorways after their exclusion from the consolidated central government are no longer available to the public.

As revenues planned in the revised budget are reduced more than expenditures and acquisition of non-financial assets, the deficit target has been more than doubled and stands at HRK 5bn (GFS 2001). Some two-thirds of the deficit is to be financed in the domestic market and the rest is to be financed in the foreign financial market through bond issues and loans of international financial institutions. However, since this year's issues of foreign bonds may exceed the budgeted amount of EUR 750m, the financial account structure may be considerably different. It may be expected that the Ministry of Finance will strive somewhat to reduce the short-term debt over the year, which means that creditors could direct some of the funds so released to the private sector.

However, risks to revised budget execution remain significant. They stem from a potentially much stronger contraction of the domestic economy, partly also due to lower tourism revenues. This means that government financing needs could exceed projections. Should domestic and foreign creditors not be ready to finance this higher deficit, the Ministry of Finance will have to prepare a second budget revision in the second half of 2009, which will probably involve cuts in social benefits.

Table 15: Government Budget Expenditures, in million HRK

	2008	Budget for 2009	Revised budget for 2009	Increase/Decrease
	1	2	3	4 = 3 - 2
Compensation of employees	29,949	32,717	30,977	-1,740
Use of goods and services	8,114	9,238	8,378	-860
Interest	4,683	4,729	4,728	-2
Subsidies	6,860	6,895	6,577	-318
Grants	5,783	6,023	5,497	-526
Social benefits	52,593	56,350	55,976	-375
Other	7,311	7,444	6,466	-978
Total	115,292	123,397	118,599	-4,798
Supplement:				
Acquisition of non-financial assets	3,292	3,594	2,979	-615

Source: MoF.

Table 16: Operating Balance and Transactions in Non-Financial Assets and Financial Assets and Liabilities, GFS 2001, in million HRK

	2008	Budget for 2009	Revised budget for 2009	Increase/Decrease
	1	2	3	4 = 3 - 2
1. Change in net worth (net operating balance)	480	845	-2,377	-
1.1. Revenue	115,773	124,242	116,222	-8,020
1.2. Expense	115,292	123,397	118,599	-4,798
2. Change in net non-financial assets	2,988	3,200	2,598	-602
2.1. Acquisition of non-financial assets	3,292	3,594	2,979	-615
2.2. Disposal of non-financial assets	303	395	381	-13
3. Net lending (+) / borrowing (-) (1 - 2)	-2,508	-2,355	-4,975	-2,620
3. Financing (5 - 4) Transactions in financial assets and liabilities	2,508	2,355	4,975	2,620
4. Change in financial assets	1,703	584	545	-39
4.1. Domestic	1,691	582	543	-39
4.2. Foreign	12	2	2	0
5. Change in liabilities	4,211	2,939	5,520	2,581
5.1. Domestic	5,657	3,650	3,701	51
5.2. Foreign	-1,446	-711	1,819	-

Source: MoF.

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 2005, 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.

Table A1: Monetary and Credit Aggregates

end of period, million kuna 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
1995	December	6,744.1	8,234.9	8,503.2	24,623.0	21,576.3	32,819.5	2.97	0.89	1.54	3.41	1.00	1.88
1996	December	8,770.4	11,368.9	11,494.9	36,701.1	24,960.4	33,831.2	11.35	7.83	7.67	4.88	-5.41	-11.61
1997	December	10,346.1	13,731.4	13,848.8	50,742.0	33,829.0	48,863.4	7.86	3.93	3.85	2.16	4.98	4.96
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	May	51,169.9	53,193.2	53,789.3	212,929.3	168,417.3	217,536.4	4.40	0.90	0.94	0.02	-0.24	0.60
	June	51,173.5	54,400.5	55,022.9	216,046.6	170,686.6	220,228.6	0.01	2.27	2.29	1.46	1.35	1.24
	July	50,631.4	55,452.9	56,207.8	221,249.4	171,529.8	221,589.9	-1.06	1.93	2.15	2.41	0.49	0.62
	August	52,228.3	55,652.7	56,462.4	226,435.4	171,626.0	222,951.4	3.15	0.36	0.45	2.34	0.06	0.61
	September	49,771.0	53,677.3	54,458.2	226,852.5	172,079.4	224,512.8	-4.70	-3.55	-3.55	0.18	0.26	0.70
	October	52,549.8	52,693.8	53,325.5	223,451.1	174,031.6	228,871.1	5.58	-1.83	-2.08	-1.50	1.13	1.94
	November	55,204.1	51,053.7	51,658.3	218,114.2	173,421.1	228,500.3	5.05	-3.11	-3.13	-2.39	-0.35	-0.16
	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	January	56,966.4	49,573.0	50,271.0	221,452.2	183,953.4	234,476.2	14.52	-10.23	-10.30	-1.58	0.37	0.64
	February	54,449.0	46,762.1	47,344.2	221,445.7	190,333.8	235,352.0	-4.42	-5.67	-5.82	0.00	3.47	0.37
	March	52,693.8	46,636.5	47,203.8	218,626.7	192,083.0	234,856.8	-3.22	-0.27	-0.30	-1.27	0.92	-0.21
	April	53,075.1	46,419.2	46,877.0	218,797.6	192,003.3	234,342.1	0.68	-0.47	-0.69	0.08	-0.04	-0.22

^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.

Table B1: Monetary Survey

end of period, million kuna

	2003	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS										
1. Foreign assets (net)	32,771.4	31,742.6	23,303.8	27,614.5	49,446.5	41,739.4	37,498.7	31,112.0	26,543.7	26,794.3
2. Domestic credit	126,372.0	141,278.1	168,427.7	200,328.9	226,076.1	254,569.8	256,355.2	263,135.2	264,320.2	263,730.3
2.1. Claims on central government and funds (net)	14,710.6	13,969.6	19,259.4	16,949.4	15,247.7	21,587.7	21,879.0	27,783.2	29,463.4	29,388.3
2.2. Claims on other domestic sectors	110,467.8	125,790.7	147,414.3	181,031.9	207,398.7	231,472.7	232,901.3	233,812.9	233,363.2	232,839.0
2.3. Claims on other banking institutions	431.8	624.0	592.2	1,029.5	1,640.0	441.9	498.2	421.5	417.3	431.5
2.4. Claims on non-banking financial institutions	761.8	893.9	1,161.8	1,318.1	1,789.7	1,067.4	1,076.7	1,117.6	1,076.3	1,071.5
Total (1+2)	159,143.4	173,020.7	191,731.5	227,943.3	275,522.6	296,309.2	293,854.0	294,247.2	290,863.9	290,524.7
LIABILITIES										
1. Money	33,888.7	34,562.1	38,817.1	48,521.0	57,878.3	55,222.3	49,573.0	46,762.1	46,636.5	46,419.2
2. Savings and time deposits	18,370.7	22,479.2	27,992.1	44,836.8	53,644.9	50,070.3	50,497.7	49,427.2	47,233.4	46,622.8
3. Foreign currency deposits	76,035.3	81,742.9	86,760.8	88,256.7	103,090.1	117,194.8	119,323.2	123,327.6	122,865.0	123,882.8
4. Bonds and money market instruments	598.4	1,163.5	1,077.0	844.1	1,208.8	2,531.1	2,058.2	1,928.8	1,891.8	1,872.8
5. Restricted and blocked deposits	1,721.6	2,067.0	2,092.3	2,504.5	2,280.9	3,094.2	2,955.5	2,690.3	2,913.1	2,599.4
6. Other items (net)	28,528.7	31,006.1	34,992.2	42,980.2	57,419.6	68,196.5	69,446.4	70,111.2	69,324.1	69,127.6
Total (1+2+3+4+5+6)	159,143.4	173,020.7	191,731.5	227,943.3	275,522.6	296,309.2	293,854.0	294,247.2	290,863.9	290,524.7

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
1995	December	53	15	20	7	7	2	2	21	7	13	1
1996	December	57	10	26	6	9	4	2	22	10	11	1
1997	December	60	4	28	9	8	9	2	33	12	18	3
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	May	35	2	5	3	11	5	9	2	1	1	–
	June	35	2	5	3	11	5	9	2	1	1	–
	July	35	2	5	3	10	6	9	2	1	1	–
	August	36	2	7	2	10	6	9	2	1	1	–
	September	36	2	7	2	10	6	9	2	1	1	–
	October	36	2	7	2	10	6	9	2	1	1	–
	November	36	2	7	1	11	6	9	2	1	1	–
	December	36	2	7	1	11	6	9	2	1	1	–
2009	January	36	2	7	1	10	7	9	2	1	1	–
	February	36	2	7	1	11	6	9	2	1	1	–
	March	35	2	7	1	10	7	8	2	1	1	–
	April	36	3	7	1	10	7	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.

Special reporting requirements applied to savings banks until June 1995. Savings banks were not legally obliged to report on their operations, so that data up to June 1995 relate only to those savings banks that reported voluntarily to the CNB. From July 1995 on, the data cover all registered savings banks.

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

Table C1: Monetary Authorities Accounts

end of period, million kuna

	2003	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS										
1. Foreign assets	50,118.6	49,373.4	54,862.5	64,088.2	68,177.8	66,805.5	63,961.0	63,360.8	66,142.5	65,972.7
1.1. Gold	–	–	–	–	–	–	–	–	–	–
1.2. Holdings of SDRs	5.0	4.8	6.3	5.3	5.6	5.3	5.7	4.8	4.7	5.1
1.3. Reserve position in the IMF	1.5	1.4	1.4	1.3	1.3	1.3	1.3	1.4	1.3	1.3
1.4. Currency and demand deposits with foreign banks	5.8	5.7	7.7	7.2	7.2	1,472.7	1,483.6	1,489.3	1,499.7	1,577.7
1.5. Time deposits with foreign banks	25,580.7	24,337.7	28,274.1	33,243.0	33,204.4	13,189.3	13,276.9	15,716.1	14,013.6	15,381.8
1.6. Securities in f/c	24,525.5	25,023.7	26,573.0	30,831.2	34,959.3	52,136.9	49,193.4	46,149.2	50,623.0	49,006.7
1.7. Non-convertible foreign exchange	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	1.4	3.3	1.4	0.9	–	2.2	1.2	0.7	0.8	1.4
2.1. Claims in kuna	1.4	3.3	1.4	0.9	–	2.2	1.2	0.7	0.8	1.4
2.2. Claims in f/c	–	–	–	–	–	–	–	–	–	–
3. Claims on other domestic sectors	93.6	82.9	73.4	64.0	67.9	64.2	64.2	64.2	64.2	4.4
4. Claims on banks	972.0	408.9	4,215.6	3,911.5	4,178.3	13.9	8,053.2	6,963.7	1,396.7	1,614.7
4.1. Credits to banks	968.9	408.9	4,215.6	3,911.5	4,178.3	13.9	8,053.2	6,963.7	1,372.8	1,614.7
Lombard credits	954.4	–	–	–	1,349.1	–	378.8	2,887.8	–	–
Short-term liquidity credits	–	–	–	–	–	–	–	–	–	–
Other credits	14.5	15.0	14.5	14.5	14.7	13.9	13.9	13.9	14.0	13.9
Reverse repo transactions	–	394.0	4,201.1	3,897.0	2,814.5	–	7,660.6	4,062.0	1,358.8	1,600.8
4.2. Overdue claims	3.1	–	–	–	–	–	–	–	23.9	–
5. Claims on other banking institutions	–	–	–	–	–	–	–	–	–	–
Total (1+2+3+4+5)	51,185.6	49,868.5	59,153.0	68,064.6	72,424.1	66,885.8	72,079.5	70,389.4	67,604.1	67,593.1
LIABILITIES										
1. Reserve money	30,586.2	33,924.4	40,390.8	46,331.2	51,923.9	49,743.0	56,966.4	54,449.0	52,717.7	53,075.1
1.1. Currency outside banks	10,573.1	10,955.6	12,163.8	14,609.3	16,007.5	17,051.0	16,648.0	16,135.3	15,826.2	16,302.6
1.2. Banks' cash in vaults	1,683.2	1,871.0	2,210.7	2,698.0	3,305.8	3,428.3	3,089.6	2,924.7	2,934.4	3,113.9
1.3. Banks' deposits	18,329.3	21,082.6	26,016.3	29,023.9	32,610.6	29,263.7	37,228.8	35,389.0	33,957.1	33,658.6
Settlement accounts	5,616.0	6,408.2	8,411.1	8,535.7	7,553.9	9,520.3	12,993.7	10,587.0	9,307.6	9,864.1
Statutory reserves	12,603.9	14,674.4	17,605.2	20,478.2	22,275.6	19,222.7	23,728.6	24,270.1	24,079.9	23,601.4
CNB bills on obligatory basis	109.4	–	–	–	1,991.1	460.6	506.5	531.8	569.6	193.1
Overnight deposits	–	–	–	10.0	790.0	60.0	–	–	–	–
1.4. Deposits of other banking institutions	–	–	–	–	–	–	–	–	–	–
1.5. Deposits of other domestic sectors ^b	0.6	15.1	–	–	–	–	–	–	–	–
2. Restricted and blocked deposits	6,699.2	10,777.1	13,551.8	16,633.5	14,286.0	8,064.1	4,485.0	4,683.8	4,634.8	4,723.1
2.1. Statutory reserve in f/c	6,686.6	10,764.7	13,495.9	16,576.7	14,257.5	8,008.3	4,431.7	4,623.8	4,581.7	4,666.9
2.2. Restricted deposits	12.6	12.4	55.9	56.9	28.6	55.8	53.4	60.0	53.1	56.2
2.3. Escrow deposits	–	–	–	–	–	–	–	–	–	–
3. Foreign liabilities	2,798.0	18.1	18.9	18.9	17.2	16.6	16.3	15.2	14.9	14.8
3.1. Use of IMF credit	0.0	–	–	–	–	–	–	–	–	–
3.2. Liabilities to international organisations	19.6	18.1	18.9	18.9	17.2	16.6	16.3	15.2	14.9	14.8
3.3. Liabilities to foreign banks ^a	2,778.5	–	–	–	–	–	0.0	–	0.0	0.0
4. Central government and funds' deposits	1,551.1	263.2	332.2	188.0	199.1	206.9	131.2	200.0	383.4	260.3
4.1. Demand deposits	600.2	228.0	319.0	174.5	125.8	171.1	95.0	194.4	376.2	192.0
Central government demand deposits	548.5	123.0	246.3	138.6	100.3	43.0	79.4	150.6	338.4	116.3
Central government funds' demand deposits	51.7	105.0	72.7	35.9	25.4	128.2	15.6	43.9	37.7	75.7
4.2. Central government f/c deposits	950.9	35.2	13.2	13.5	73.3	35.8	36.2	5.6	7.2	68.3
4.3. CNB bills	–	–	–	–	–	–	–	–	–	–
5. CNB bills	4,920.2	–	–	–	–	–	–	–	–	–
5.1. CNB bills in kuna	–	–	–	–	–	–	–	–	–	–
5.2. CNB bills in f/c	4,920.2	–	–	–	–	–	–	–	–	–
6. Capital accounts	5,039.0	5,096.5	5,357.4	5,408.8	6,674.8	9,562.4	11,210.2	11,773.1	10,579.2	10,229.7
7. Other items (net)	–408.1	–210.8	–498.2	–515.8	–676.9	–707.1	–729.5	–731.7	–725.9	–709.9
Total (1+2+3+4+5+6+7)	51,185.6	49,868.5	59,153.0	68,064.6	72,424.1	66,885.8	72,079.5	70,389.4	67,604.1	67,593.1

^a From October 2001 to May 2003, Liabilities to foreign banks include also liabilities based on CNB bills subscribed by non-residents. ^b 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.

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 on) 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.

Table D1: Banks' Accounts

end of period, million kuna

	2003	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS										
1. Reserves with the CNB	26,783.7	33,718.2	41,775.2	48,384.7	50,178.9	40,705.6	44,756.6	42,944.0	41,454.4	41,444.7
1.1. In kuna	20,103.4	22,962.9	28,283.1	31,814.1	35,929.1	32,700.5	40,325.7	38,321.0	36,873.4	36,778.4
1.2. In f/c	6,680.2	10,755.3	13,492.1	16,570.6	14,249.8	8,005.1	4,430.9	4,623.0	4,581.0	4,666.3
2. Foreign assets	35,382.9	43,551.0	35,572.5	39,621.2	46,438.5	50,246.6	52,057.7	43,501.0	36,959.4	39,077.0
3. Claims on central government and funds	21,543.6	21,051.3	28,877.2	27,936.8	28,971.5	37,801.1	40,045.8	44,229.7	46,657.2	47,999.8
4. Claims on other domestic sectors	110,374.3	125,707.9	147,340.9	180,967.8	207,330.7	231,408.6	232,837.1	233,748.7	233,299.0	232,834.7
4.1. Claims on local government	1,563.1	1,787.9	1,767.2	1,892.0	2,140.8	2,077.4	2,099.6	2,107.8	1,994.4	1,903.6
4.2. Claims on enterprises	53,809.8	58,643.3	67,017.9	83,386.5	92,265.1	102,779.8	103,954.8	104,866.0	104,546.1	104,683.7
4.3. Claims on households	55,001.4	65,276.7	78,555.7	95,689.3	112,924.9	126,551.4	126,782.8	126,775.0	126,758.5	126,247.4
5. Claims on other banking institutions	431.8	624.0	592.2	1,029.5	1,640.0	441.9	498.2	421.5	417.3	431.5
6. Claims on non-banking financial institutions	761.8	893.9	1,161.8	1,318.1	1,789.7	1,067.4	1,076.7	1,117.6	1,076.3	1,071.5
Total (1+2+3+4+5+6)	195,278.0	225,546.2	255,319.8	299,258.1	336,349.4	361,671.2	371,272.1	365,962.6	359,863.6	362,859.1
LIABILITIES										
1. Demand deposits	23,315.0	23,591.3	26,653.3	33,911.7	41,870.8	38,171.2	32,925.1	30,626.9	30,810.3	30,116.6
2. Savings and time deposits	18,370.7	22,479.2	27,992.1	44,836.8	53,644.9	50,070.3	50,497.7	49,427.2	47,233.4	46,622.8
3. Foreign currency deposits	76,035.3	81,742.9	86,760.8	88,256.7	103,090.1	117,194.8	119,323.2	123,327.6	122,865.0	123,882.8
4. Bonds and money market instruments	598.4	1,163.5	1,077.0	844.1	1,208.8	2,531.1	2,058.2	1,928.8	1,891.8	1,872.8
5. Foreign liabilities	49,932.0	61,163.7	67,112.3	76,076.0	65,152.6	75,296.1	78,503.6	75,734.7	76,543.2	78,240.5
6. Central government and funds' deposits	5,283.3	6,821.8	9,287.0	10,800.4	13,525.8	16,007.5	18,036.7	16,247.2	16,811.2	18,352.6
7. Credit from central bank	968.9	408.9	4,215.6	3,911.4	4,178.3	14.0	8,053.3	6,963.7	1,372.8	1,614.6
8. Restricted and blocked deposits	1,709.0	2,054.6	2,036.4	2,447.6	2,252.3	3,038.4	2,902.1	2,630.3	2,860.0	2,543.2
9. Capital accounts	27,389.5	28,666.4	32,665.7	40,805.1	53,178.9	60,317.4	60,878.2	61,071.3	61,848.5	62,207.0
10. Other items (net)	-8,324.2	-2,546.3	-2,480.4	-2,631.7	-1,753.2	-969.7	-1,905.9	-1,995.0	-2,372.6	-2,593.9
Total (1+2+3+4+5+6+7+8+9+10)	195,278.0	225,546.2	255,319.8	299,258.1	336,349.4	361,671.2	371,272.1	365,962.6	359,863.6	362,859.1

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, million kuna

	2003	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Foreign assets in f/c	35,261.9	43,428.1	35,457.9	39,454.5	45,837.2	49,705.1	51,440.6	42,805.4	36,418.8	38,538.3
1.1. Claims on foreign financial institutions	31,877.6	35,911.0	27,228.5	30,404.1	37,824.9	38,038.3	39,845.8	32,243.1	25,953.3	28,424.6
Foreign currencies	1,268.6	1,190.0	1,136.1	1,232.1	1,245.5	1,973.2	1,348.0	1,354.5	1,432.4	1,630.8
Demand deposits	1,057.0	906.2	860.2	870.1	1,305.2	2,109.8	1,106.4	1,063.7	1,122.9	1,005.4
Time and notice deposits	27,969.4	30,943.7	20,874.6	23,509.4	31,726.1	31,444.5	34,746.9	27,155.7	20,865.3	23,334.7
Securities	1,364.2	2,674.1	4,197.0	4,441.5	3,210.4	2,307.1	2,431.3	2,428.4	2,302.2	2,228.3
Loans and advances	203.1	189.0	152.9	339.2	195.9	166.3	174.9	201.1	192.6	182.3
Shares and participations	15.4	8.1	7.8	11.8	141.9	37.4	38.3	39.7	37.9	43.1
1.2. Claims on foreign non-banks	3,384.4	7,517.1	8,229.4	9,050.4	8,012.3	11,666.8	11,594.8	10,562.3	10,465.5	10,113.7
Claims on foreign governments	2,905.0	7,066.6	7,735.7	8,217.0	6,696.1	9,976.8	9,893.8	8,865.6	8,801.9	8,472.2
Claims on other non-residents	478.9	450.2	493.1	798.1	1,295.2	1,613.5	1,618.8	1,605.8	1,575.1	1,546.8
Securities	32.1	77.4	68.0	141.5	180.9	235.1	239.0	228.1	227.9	220.4
Loans and advances	446.8	372.8	425.2	656.6	1,114.3	1,378.4	1,379.8	1,377.6	1,347.3	1,326.4
Shares and participations	0.4	0.3	0.5	35.3	20.9	76.5	82.2	90.9	88.4	94.8
2. Foreign assets in kuna	120.9	122.9	114.6	166.7	601.3	541.5	617.1	695.6	540.6	538.6
2.1. Claims on foreign financial institutions	99.1	77.8	71.3	96.9	408.1	144.1	207.7	286.0	133.3	153.3
2.2. Claims on foreign non-banks	21.9	45.1	43.4	69.8	193.3	397.4	409.4	409.6	407.3	385.3
o/w: Loans and advances	21.0	44.3	42.6	69.2	192.7	396.8	408.8	409.0	406.7	384.7
Total (1+2)	35,382.9	43,551.0	35,572.5	39,621.2	46,438.5	50,246.6	52,057.7	43,501.0	36,959.4	39,077.0

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 for-

eign 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, million kuna

	2003	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. In kuna	18,007.1	16,270.2	20,532.7	22,703.0	24,081.8	24,901.6	27,161.3	27,309.5	27,318.0	28,624.5
1.1. Claims on central government	16,032.6	14,465.6	17,352.6	18,361.2	19,057.3	19,899.5	21,838.4	21,654.6	21,952.4	23,645.5
Securities	11,770.0	11,779.1	16,037.7	14,546.7	16,099.8	16,969.0	16,622.8	16,683.7	16,923.2	16,817.9
o/w: Bonds (c/part to f/c savings deposits)	1,531.9	532.0	20.6	8.3	6.4	6.1	5.9	5.7	5.6	6.1
Loans and advances	4,262.6	2,686.5	1,314.9	3,814.5	2,957.5	2,930.4	5,215.6	4,970.9	5,029.2	6,827.6
1.2. Claims on central government funds	1,974.5	1,804.6	3,180.1	4,341.9	5,024.5	5,002.1	5,322.8	5,655.0	5,365.6	4,979.0
Securities	723.6	621.1	–	–	–	6.1	6.1	0.0	0.0	–
Loans and advances	1,250.9	1,183.5	3,180.1	4,341.9	5,024.5	4,996.1	5,316.7	5,654.9	5,365.6	4,979.0
2. In f/c	3,536.4	4,781.1	8,344.5	5,233.8	4,889.7	12,899.5	12,884.5	16,920.1	19,339.2	19,375.2
2.1. Claims on central government	3,196.9	3,548.4	7,241.0	4,624.4	4,388.6	9,843.6	9,901.4	13,942.2	15,170.3	15,075.6
Securities	1,805.4	1,117.0	1,248.1	429.0	268.4	300.7	317.3	264.7	197.3	200.8
Loans and advances	1,391.5	2,431.3	5,992.8	4,195.4	4,120.1	9,542.9	9,584.1	13,677.5	14,973.1	14,874.8
2.2. Claims on central government funds	339.5	1,232.8	1,103.5	609.4	501.2	3,055.9	2,983.1	2,978.0	4,168.8	4,299.6
Securities	96.4	163.1	144.2	109.2	82.1	50.9	51.2	51.5	51.5	51.8
Loans and advances	243.1	1,069.7	959.3	500.2	419.1	3,005.1	2,931.9	2,926.5	4,117.4	4,247.9
Total (1+2)	21,543.6	21,051.3	28,877.2	27,936.8	28,971.5	37,801.1	40,045.8	44,229.7	46,657.2	47,999.8

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, million kuna

	2003	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Claims in kuna	100,365.0	114,635.7	133,603.5	166,755.1	194,476.7	216,530.8	217,368.3	217,803.9	216,871.5	216,279.6
1.1. Money market instruments	1,314.1	2,510.0	2,329.9	1,980.7	2,147.4	2,674.5	2,586.8	2,578.2	2,488.9	2,427.1
1.2. Bonds	56.2	559.8	361.6	1,088.8	1,366.0	1,341.4	1,320.5	1,424.5	1,457.9	1,621.6
1.3. Loans and advances	96,081.7	109,523.9	128,882.3	161,694.2	188,462.5	210,424.0	211,378.3	211,737.6	210,733.2	210,047.3
1.4. Shares and participations	2,912.9	2,042.0	2,029.6	1,991.4	2,500.8	2,090.8	2,082.7	2,063.6	2,191.5	2,183.5
2. Claims in f/c	10,009.3	11,072.2	13,737.4	14,212.8	12,854.0	14,877.8	15,468.8	15,944.8	16,427.6	16,555.1
2.1. Securities	130.6	213.5	307.6	221.1	249.2	109.3	84.7	93.7	97.3	104.4
2.2. Loans and advances	9,878.7	10,858.6	13,429.8	13,991.6	12,604.9	14,768.5	15,384.1	15,851.1	16,330.3	16,450.7
Total (1+2)	110,374.3	125,707.9	147,340.9	180,967.8	207,330.7	231,408.6	232,837.1	233,748.7	233,299.0	232,834.7

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 forfaiting 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, million kuna

	2003	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
LOANS IN KUNA										
1. Loans to central government and funds	5,513.5	3,870.0	4,495.0	8,156.4	7,982.0	7,926.5	10,532.3	10,625.8	10,394.8	11,806.6
1.1. Loans to central government	4,262.6	2,686.5	1,314.9	3,814.5	2,957.5	2,930.4	5,215.6	4,970.9	5,029.2	6,827.6
1.2. Loans to central government funds	1,250.9	1,183.5	3,180.1	4,341.9	5,024.5	4,996.1	5,316.7	5,654.9	5,365.6	4,979.0
2. Loans to local government	1,485.1	1,701.9	1,613.9	1,720.3	1,867.5	1,786.9	1,808.6	1,817.1	1,699.7	1,625.2
3. Loans to enterprises	39,777.4	42,844.7	49,105.9	64,666.3	74,001.7	82,431.7	83,110.4	83,469.4	82,614.9	82,512.6
4. Loans to households	54,819.3	64,977.2	78,162.4	95,307.6	112,593.3	126,205.3	126,459.2	126,451.1	126,418.6	125,909.5
o/w: Housing loans	16,896.2	21,397.9	27,571.1	36,927.3	45,218.6	52,305.5	52,731.3	52,998.3	52,988.7	53,018.0
5. Loans to other banking institutions	82.3	154.5	46.5	304.4	213.6	36.1	104.4	71.3	34.2	68.1
6. Loans to non-banking financial institutions	427.9	558.0	591.8	854.4	947.6	741.4	731.5	786.7	692.8	676.1
A. Total (1+2+3+4+5+6)	102,105.4	114,106.4	134,015.6	171,009.4	197,605.7	219,128.0	222,746.5	223,221.6	221,855.1	222,598.1
LOANS IN F/C										
1. Loans to central government and funds	1,634.7	3,501.0	6,952.1	4,695.6	4,539.2	12,548.0	12,516.0	16,603.9	19,090.4	19,122.6
1.1. Loans to central government	1,391.5	2,431.3	5,992.8	4,195.4	4,120.1	9,542.9	9,584.1	13,677.5	14,973.1	14,874.8
1.2. Loans to central government funds	243.1	1,069.7	959.3	500.2	419.1	3,005.1	2,931.9	2,926.5	4,117.4	4,247.9
2. Loans to local government	47.1	31.9	63.0	11.3	8.7	5.5	5.5	5.5	5.6	5.5
3. Loans to enterprises	9,649.4	10,527.3	12,973.5	13,598.5	12,264.5	14,416.8	15,055.0	15,521.7	15,984.8	16,107.3
4. Loans to households	182.1	299.5	393.3	381.8	331.6	346.1	323.6	323.8	339.9	337.8
5. Loans to other banking institutions	174.3	52.9	19.9	68.1	74.0	1.2	27.3	5.2	22.4	–
6. Loans to non-banking financial institutions	58.8	255.3	512.3	360.5	668.0	143.5	144.5	137.7	211.6	223.6
B. Total (1+2+3+4+5+6)	11,746.4	14,667.8	20,914.1	19,115.9	17,886.0	27,461.1	28,071.9	32,597.9	35,654.7	35,797.0
TOTAL (A+B)	113,851.8	128,774.2	154,929.7	190,125.3	215,491.7	246,589.1	250,818.4	255,819.5	257,509.8	258,395.1

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 forfaiting.

Table D6: Demand Deposits with Banks

end of period, million kuna

	2003	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Local government	2,006.2	2,020.7	1,688.7	1,803.8	2,689.4	2,441.1	1,900.6	1,846.9	1,599.9	1,447.4
2. Enterprises	12,872.9	12,036.9	13,344.2	16,668.6	19,599.3	16,896.1	13,661.8	12,395.1	13,061.2	12,384.3
3. Households	7,873.1	8,773.0	10,728.3	14,257.8	17,896.7	17,620.1	16,473.7	15,633.9	15,318.0	15,390.8
4. Other banking institutions	98.9	245.4	322.1	485.1	481.1	293.6	155.7	148.3	152.9	208.4
5. Non-banking financial institutions	468.1	517.5	571.3	697.6	1,205.2	921.1	733.9	603.3	678.7	686.1
6. Less: Checks of other banks and checks in collection	-4.2	-2.2	-1.3	-1.2	-0.9	-0.7	-0.5	-0.6	-0.4	-0.4
Total (1+2+3+4+5+6)	23,315.0	23,591.3	26,653.3	33,911.7	41,870.8	38,171.2	32,925.1	30,626.9	30,810.3	30,116.6

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, million kuna

	2003	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Savings deposits	2,527.9	2,233.9	2,493.6	2,905.6	3,086.1	2,770.3	2,713.2	2,647.8	2,558.4	2,599.3
1.1. Local government	14.4	4.6	2.7	2.8	2.5	0.0	0.0	0.1	0.1	0.2
1.2. Enterprises	190.5	38.8	101.6	110.3	154.7	108.8	116.7	109.3	110.4	121.1
1.3. Households	2,288.8	2,190.5	2,388.3	2,792.4	2,929.0	2,657.7	2,587.5	2,535.9	2,447.0	2,476.1
1.4. Other banking institutions	–	–	–	–	–	–	–	–	–	–
1.5. Non-banking financial institutions	34.2	0.0	1.0	0.0	–	3.7	8.9	2.5	0.9	1.9
2. Time and notice deposits	15,842.9	20,245.4	25,498.4	41,931.3	50,558.8	47,300.1	47,784.5	46,779.4	44,675.0	44,023.5
2.1. Local government	551.6	550.8	508.7	491.8	549.5	726.0	1,236.2	1,295.9	1,340.8	1,276.9
2.2. Enterprises	7,165.3	8,698.5	8,222.5	14,715.4	18,414.8	16,268.0	15,555.1	15,551.0	13,849.9	13,664.6
2.3. Households	6,194.5	9,321.4	13,254.9	20,755.0	20,479.1	22,721.6	22,784.8	21,595.1	20,976.3	20,420.1
2.4. Other banking institutions	129.3	215.9	931.9	2,697.9	6,386.5	2,563.4	2,385.7	2,359.3	2,774.3	3,304.3
2.5. Non-banking financial institutions	1,802.2	1,458.8	2,580.4	3,271.3	4,728.9	5,021.1	5,822.7	5,978.1	5,733.8	5,357.6
Total (1+2)	18,370.7	22,479.2	27,992.1	44,836.8	53,644.9	50,070.3	50,497.7	49,427.2	47,233.4	46,622.8

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, million kuna

	2003	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Savings deposits	21,547.0	22,144.6	22,641.0	22,698.6	22,845.0	21,262.2	21,656.6	21,166.8	20,815.2	20,441.3
1.1. Local government	14.7	15.6	11.9	30.8	27.5	22.1	9.8	9.5	9.9	9.5
1.2. Enterprises	3,620.2	4,273.2	4,408.3	4,589.7	5,543.6	5,132.0	4,837.1	4,603.2	4,497.2	4,592.7
1.3. Households	17,690.2	17,708.9	17,933.6	17,609.9	16,720.8	15,682.8	15,694.6	15,930.4	15,584.0	15,416.7
1.4. Other banking institutions	9.0	15.4	116.0	276.7	251.7	121.4	154.5	109.2	77.6	118.2
1.5. Non-banking financial institutions	212.9	131.6	171.3	191.4	301.5	303.9	960.6	514.5	646.5	304.2
2. Time deposits	54,488.4	59,598.3	64,119.7	65,558.1	80,245.1	95,932.6	97,666.6	102,160.8	102,049.7	103,441.6
2.1. Local government	3.8	0.3	3.2	1.9	2.1	2.3	12.1	2.7	2.6	2.7
2.2. Enterprises	7,154.0	8,518.6	8,154.2	7,086.2	10,391.9	11,215.5	11,109.7	11,717.2	10,815.2	11,267.5
2.3. Households	46,805.1	50,636.0	55,036.1	57,210.8	66,465.7	80,419.6	82,986.3	85,347.4	86,495.8	86,874.7
2.4. Other banking institutions	21.7	20.7	242.0	366.2	1,038.6	808.2	820.7	747.1	590.7	517.1
2.5. Non-banking financial institutions	503.7	422.7	684.2	892.9	2,346.8	3,487.0	2,738.0	4,346.5	4,145.4	4,779.6
Total (1+2)	76,035.3	81,742.9	86,760.8	88,256.7	103,090.1	117,194.8	119,323.2	123,327.6	122,865.0	123,882.8

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, million kuna

	2003	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Money market instruments (net)	–	–	–	0.8	0.8	0.8	0.6	0.8	0.8	0.8
2. Bonds (net)	151.9	170.5	164.9	340.9	632.0	609.5	606.6	607.7	601.8	602.5
3. Other domestic borrowing	446.5	993.0	912.1	502.5	576.0	1,920.8	1,451.0	1,320.3	1,289.3	1,269.5
3.1. Local government	0.9	–	–	–	–	–	–	–	–	–
3.2. Enterprises	92.7	40.3	40.8	0.0	152.9	3.5	3.5	3.9	3.8	4.5
3.3. Other banking institutions	222.1	842.8	828.1	492.8	266.4	1,719.2	1,333.4	1,161.0	1,285.5	1,265.0
3.4. Non-banking financial institutions	130.9	109.9	43.2	9.6	156.6	198.0	114.1	155.4	–	–
Total (1+2+3)	598.4	1,163.5	1,077.0	844.1	1,208.8	2,531.1	2,058.2	1,928.8	1,891.8	1,872.8

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 se-

curities 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, million kuna

	2003	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Foreign liabilities in f/c	44,574.3	54,536.7	52,073.3	55,114.3	48,461.3	54,726.8	57,711.1	56,531.3	56,979.1	57,872.7
1.1. Liabilities to foreign financial institutions	38,623.1	48,967.5	45,747.7	48,561.3	41,483.1	47,878.5	50,524.9	49,266.6	49,858.0	50,517.9
Demand deposits	266.6	127.6	156.3	195.0	258.8	176.6	214.6	168.3	171.0	177.1
Time and notice deposits	12,885.2	16,056.8	12,523.1	12,174.1	10,562.9	14,016.4	16,364.4	16,155.1	17,744.1	18,595.2
Loans and advances	25,471.4	29,369.5	29,775.6	32,903.9	27,373.0	30,408.3	30,646.3	29,628.8	28,603.7	28,576.5
o/w: Subordinated and hybrid instruments	2,949.2	2,399.4	1,167.4	820.7	405.9	1,585.1	1,942.8	1,951.0	1,958.3	1,952.2
Bonds	–	3,413.6	3,292.6	3,288.3	3,288.4	3,277.1	3,299.6	3,314.5	3,339.2	3,169.2
1.2. Liabilities to foreign non-banks	5,951.2	5,569.2	6,325.6	6,553.0	6,978.2	6,848.4	7,186.2	7,264.7	7,121.1	7,354.8
Savings and time deposits	4,753.2	5,002.2	5,846.3	6,192.4	6,729.9	6,719.0	7,112.0	7,190.1	7,047.4	7,281.4
Sight deposits	898.6	1,052.5	1,172.9	1,635.8	1,537.2	1,374.5	1,465.1	1,443.8	1,420.1	1,373.2
Time and notice deposits	3,854.6	3,949.6	4,673.4	4,556.7	5,192.7	5,344.6	5,646.9	5,746.2	5,627.4	5,908.2
Loans and advances	1,198.0	567.1	479.3	360.5	248.3	129.3	74.1	74.7	73.7	73.4
o/w: Subordinated and hybrid instruments	39.1	0.2	–	–	–	–	–	–	–	–
2. Foreign liabilities in kuna	5,357.7	6,627.0	15,039.1	20,961.8	16,691.3	20,569.2	20,792.5	19,203.4	19,564.2	20,367.8
2.1. Liabilities to foreign financial institutions	5,087.8	6,103.9	14,099.6	20,087.0	16,093.8	20,061.0	20,273.4	18,711.0	19,087.8	19,894.9
Demand deposits	86.4	145.1	179.6	1,438.1	519.0	898.1	732.6	743.7	426.2	266.3
Time and notice deposits	2,664.1	2,846.9	6,979.5	11,198.8	11,423.7	15,014.2	15,392.0	13,818.5	14,512.8	15,448.1
Loans and advances	2,337.3	3,111.9	6,940.5	7,450.2	4,151.2	4,148.8	4,148.8	4,148.8	4,148.8	4,180.4
o/w: Subordinated and hybrid instruments	–	–	405.7	404.0	0.4	–	–	–	–	–
2.2. Liabilities to foreign non-banks	269.9	523.1	939.5	874.8	597.5	508.2	519.1	492.3	476.4	472.9
Demand deposits	76.8	95.9	180.3	170.1	253.2	257.0	269.3	252.1	237.6	228.8
Time and notice deposits	191.4	419.2	755.2	703.3	340.6	245.7	244.3	234.8	233.2	238.6
Loans and advances	1.7	8.0	4.0	1.4	3.7	5.5	5.5	5.5	5.5	5.5
o/w: Subordinated and hybrid instruments	1.7	8.0	4.0	1.4	3.7	5.5	5.5	5.5	5.5	5.5
Total (1+2)	49,932.0	61,163.7	67,112.3	76,076.0	65,152.6	75,296.1	78,503.6	75,734.7	76,543.2	78,240.5

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, million kuna

	2003	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. In kuna	4,104.4	5,627.2	7,596.1	9,030.0	11,535.0	14,185.1	15,903.7	14,746.8	14,752.1	16,010.6
1.1. Central government deposits	506.4	445.1	605.0	497.5	666.4	429.5	1,882.5	460.4	378.2	1,975.1
Demand deposits	448.0	373.3	458.1	366.2	454.9	176.7	214.6	196.6	154.4	159.7
Savings deposits	3.0	4.2	1.8	2.1	1.2	1.1	0.9	11.0	0.7	0.7
Time and notice deposits	54.2	66.5	144.0	128.1	209.3	251.6	1,667.0	252.7	223.1	1,814.7
Loans and advances	1.1	1.1	1.0	1.0	1.0	–	–	–	–	–
1.2. Central government funds' deposits	3,598.0	5,182.2	6,991.1	8,532.6	10,868.6	13,755.5	14,021.2	14,286.3	14,373.9	14,035.5
Demand deposits	294.8	266.3	580.2	254.6	330.1	645.6	483.4	385.4	412.9	298.1
Savings deposits	0.3	3.5	1.9	14.6	2.4	0.0	0.0	0.0	0.0	0.0
Time and notice deposits	156.2	262.3	251.7	496.7	413.6	385.8	486.4	376.9	584.7	686.5
Loans and advances	3,146.7	4,650.0	6,157.3	7,766.7	10,122.4	12,724.1	13,051.5	13,524.0	13,376.4	13,050.9
2. In f/c	1,178.9	1,194.6	1,690.9	1,770.4	1,990.8	1,822.5	2,133.0	1,500.4	2,059.1	2,342.0
2.1. Central government deposits	1,158.2	891.0	906.2	811.7	759.4	1,122.5	986.4	935.9	1,286.6	997.5
Savings deposits	198.5	189.7	340.6	264.8	527.4	666.8	542.0	479.0	754.6	385.8
Time and notice deposits	–	23.2	38.7	275.0	49.7	330.0	339.6	350.0	428.5	509.0
Refinanced loans and advances	959.6	678.1	527.0	271.9	182.3	125.7	104.8	106.9	103.6	102.7
2.2. Central government funds' deposits	20.8	303.6	784.7	958.6	1,231.4	699.9	1,146.6	564.6	772.4	1,344.6
Savings deposits	20.8	156.5	139.4	93.4	85.7	107.1	69.4	264.1	59.5	47.6
Time and notice deposits	–	147.1	25.8	356.2	153.8	519.6	561.1	248.6	563.8	325.8
Loans and advances	–	–	619.6	509.0	991.8	73.2	516.1	51.8	149.1	971.2
Total (1+2)	5,283.3	6,821.8	9,287.0	10,800.4	13,525.8	16,007.5	18,036.7	16,247.2	16,811.2	18,352.6

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, million kuna

	2003	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Restricted deposits	1,541.2	2,014.6	2,036.4	2,447.6	2,252.3	3,038.4	2,902.1	2,630.3	2,860.0	2,543.2
1.1. In kuna	730.1	1,267.4	1,277.1	1,427.0	1,322.8	1,478.8	1,539.2	1,495.6	1,430.7	1,417.5
1.2. In f/c	811.1	747.2	759.3	1,020.5	929.5	1,559.6	1,362.9	1,134.7	1,429.3	1,125.7
2. Blocked f/c deposits of households	167.8	40.0	–	–	–	–	–	–	–	–
Total (1+2)	1,709.0	2,054.6	2,036.4	2,447.6	2,252.3	3,038.4	2,902.1	2,630.3	2,860.0	2,543.2

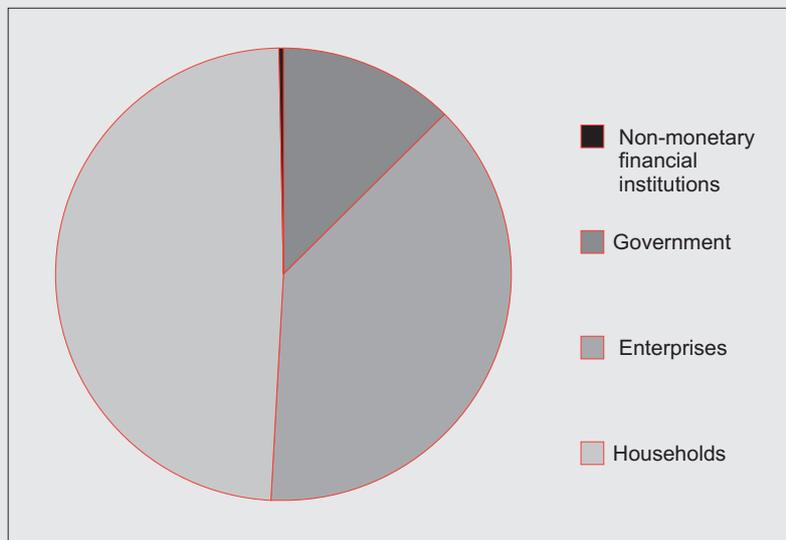
Table D12: Restricted and Blocked Deposits with Banks

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

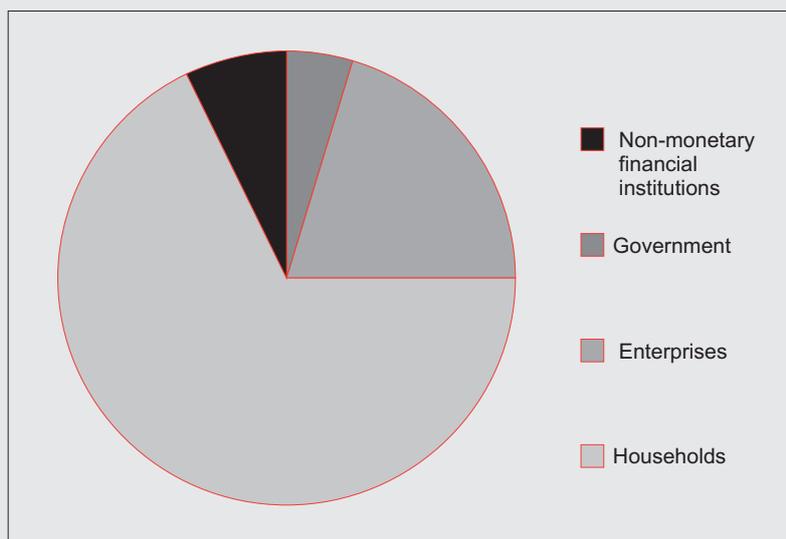
DISTRIBUTION OF BANKS' LOANS BY DOMESTIC INSTITUTIONAL SECTORS



April 2009

Figure D2

DISTRIBUTION OF BANKS' DEPOSITS BY DOMESTIC INSTITUTIONAL SECTORS



April 2009

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.

Table E1: Housing Savings Banks' Accounts

end of period, million kuna

	2003	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	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	3,033.5	3,779.1	4,274.3	4,674.8	4,036.5	3,395.5	3,389.1	3,342.7	3,257.2	3,211.2
3. Claims on other domestic sectors	187.9	373.2	575.5	1,296.0	2,220.4	2,857.9	2,902.2	2,919.9	2,962.7	2,958.5
o/w: Claims on households	187.9	373.2	575.5	1,296.0	2,220.4	2,857.9	2,902.2	2,919.9	2,962.7	2,958.5
4. Claims on banks	247.2	824.2	994.4	181.4	133.6	533.7	294.7	222.4	232.9	217.0
5. Claims on other banking institutions	–	–	–	–	–	–	–	–	–	–
Total (1+2+3+4+5)	3,468.6	4,976.6	5,844.2	6,152.3	6,390.5	6,787.1	6,586.0	6,485.0	6,452.8	6,386.8
LIABILITIES										
1. Time deposits	3,265.2	4,728.2	5,514.7	5,803.6	6,037.9	6,297.6	6,068.3	5,952.9	5,939.5	5,865.3
2. Bonds and money market instruments	11.1	10.7	10.3	61.7	40.1	91.5	120.8	133.1	102.3	128.6
3. Capital accounts	159.7	206.7	258.0	244.7	303.0	390.6	390.4	385.2	391.9	398.2
4. Other items (net)	32.6	30.8	61.1	42.2	9.6	7.4	6.5	13.9	19.0	-5.4
Total (1+2+3+4)	3,468.6	4,976.6	5,844.2	6,152.3	6,390.5	6,787.1	6,586.0	6,485.0	6,452.8	6,386.8

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 opera-

tions 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 specific reserves for unidentified losses. Other items (net) are unclassified liabilities decreased by unclassified assets.

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 refinancing 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
1995	December	8.50	–	25.49	19.00	17.00	–	19.00	22.00
1996	December	6.50	–	11.00	19.00	17.00	–	19.00	18.00
1997	December	5.90	–	9.50	19.00	17.00	–	19.00	18.00
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	May	9.00	5.05	9.00	–	–	10.00	15.00	15.00
	June	9.00	4.99	9.00	–	–	10.00	15.00	15.00
	July	9.00	4.83	9.00	–	–	10.00	15.00	15.00
	August	9.00	4.92	9.00	–	–	10.00	15.00	15.00
	September	9.00	4.98	9.00	–	–	10.00	15.00	15.00
	October	9.00	6.60	9.00	–	–	10.00	15.00	15.00
	November	9.00	7.94	9.00	–	–	10.00	15.00	15.00
	December	9.00	6.00	9.00	–	–	10.00	15.00	15.00
2009	January	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	February	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	March	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	April	9.00	6.00	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 pay-

ments 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
1995	December	5.50	16.50	12.00	25.54	27.00	–	–	–	–	–	–	–
1996	December	5.50	–	–	8.00	9.50	–	–	–	–	–	–	–
1997	December	4.50	–	–	8.00	9.00	10.00	–	–	–	–	–	–
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	May	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50
	June	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50
	July	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50
	August	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50
	September	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50
	October	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50
	November	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50
	December	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50
2009	January	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50
	February	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50
	March	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50
	April	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50

^a Breaks in the series of data are explained in notes on methodology.

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 (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

daily averages and percentages, million kuna 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
1995	December	30.90	2,431.8	2,431.8	–	826.5	2,215.9	–	7.93	–
1996	December	35.91	3,652.9	3,652.9	–	–	3,312.0	–	4.99	–
1997	December	32.02	4,348.8	4,348.8	–	–	3,914.2	–	4.05	–
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	May	17.00	46,172.4	32,701.9	13,470.5	8,075.3	22,891.3	9,851.7	0.52	1.00
	June	17.00	46,264.6	32,807.9	13,456.7	7,906.1	22,965.5	9,806.9	0.52	0.83
	July	17.00	45,952.0	32,547.1	13,404.9	6,627.5	22,783.0	9,695.6	0.52	0.80
	August	17.00	46,045.8	32,586.8	13,459.0	5,733.9	22,810.8	9,688.3	0.52	1.08
	September	17.00	46,495.1	32,862.2	13,632.9	4,741.9	23,003.5	9,731.1	0.52	0.99
	October	17.00	46,766.9	32,996.1	13,770.8	2,046.7	23,097.3	9,731.9	0.52	1.17
	November	17.00	47,233.1	33,267.0	13,966.1	463.5	23,286.9	9,917.4	0.52	1.43
	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	January	14.00	39,484.4	31,185.1	8,299.3	487.8	21,829.6	5,987.4	0.52	0.91
	February	14.00	40,527.5	34,390.5	6,137.0	520.7	24,073.3	4,489.8	0.52	0.48
	March	14.00	40,827.0	34,487.6	6,339.4	546.4	24,125.1	4,648.0	0.52	0.39
	April	14.00	40,250.8	33,875.8	6,375.0	380.4	23,707.5	4,667.4	0.52	0.31

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, 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

Table F4: Banks' Liquidity Indicators

daily averages and percentages, million kuna 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
1995	December	49.4	....	0.63	199.4	218.7	–	–
1996	December	267.9	....	2.63	98.5	780.9	–	183.8
1997	December	396.3	....	2.92	32.7	728.9	–	260.7
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	0.0	4,316.0	3,073.2
2004	December	1,495.5	26,126.1	2.64	0.0	0.0	0.0	4,581.7
2005	December	672.5	20,493.4	0.96	0.2	0.0	0.0	4,163.3
2006	December	840.8	20,239.1	0.83	0.0	0.0	0.0	5,993.7
2007	December	1,161.5	30,412.6	1.03	330.4	0.0	0.0	4,449.4
2008	May	799.1	23,353.8	0.71	0.0	0.0	0.0	6,463.4
	June	633.7	22,088.0	0.56	0.0	0.0	0.0	6,266.8
	July	517.9	24,730.7	0.46	0.0	0.0	0.0	5,786.2
	August	733.5	27,287.8	0.65	2.7	0.0	0.0	5,280.1
	September	802.7	28,409.0	0.71	0.0	0.0	0.0	6,014.5
	October	411.7	28,675.2	0.36	366.6	0.0	0.0	3,542.4
	November	469.2	26,975.7	0.41	1,711.2	0.0	0.0	3,728.7
	December	1,168.7	28,101.4	1.03	289.1	0.0	0.0	6,171.2
2009	January	737.9	30,126.4	0.65	778.7	0.0	0.0	7,020.9
	February	347.9	29,085.6	0.30	1,224.6	0.0	0.0	5,099.0
	March	293.1	25,644.7	0.27	1,266.3	0.0	0.0	6,156.5
	April	266.5	25,096.0	0.25	377.8	0.0	0.0	5,244.3

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.

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 June 2005 on, the CNB pays remuneration equalling 50% of the US Federal Funds Target Rate for the funds allocated in US dollars and 50% of the ECB Minimum Bid Refinance Rate for the funds allocated in euros. In both cases the rate in effect on the day of allocation is applied.

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 pe-

riod 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.

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	Money market interest rates			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	
1995	December	27.26	27.15	22.32	22.56	22.23	23.81	23.75	25.58	13.48	13.39	14.38	
1996	December	9.66	10.72	18.46	19.35	19.18	20.18	19.90	23.12	11.51	11.29	14.28	
1997	December	8.46	9.49	14.06	14.12	13.17	19.26	19.34	18.11	13.24	12.98	13.75	
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	1.58	1.89	10.91	11.24	7.44	15.16	15.28	9.84	7.32	6.48	7.88	
2003	December	5.47	7.02	11.45	11.80	8.02	14.89	15.01	12.38	8.51	6.14	10.69	
2004	December	3.55	6.02	11.44	11.71	8.33	14.19	14.27	12.29	9.31	6.90	11.16	
2005	December	2.29	3.61	9.91	9.99	7.71	11.26	13.18	5.35	8.75	6.48	10.35	
2006	December	2.02	3.52	9.07	9.37	6.75	11.84	13.21	4.67	7.53	5.86	9.44	
2007	December	5.33	6.71	9.32	9.74	7.39	12.34	13.19	4.95	7.50	6.66	8.01	
2008	May	2.66	5.20	9.66	9.90	7.58	11.93	12.72	5.36	8.36	7.17	9.28	
	June	3.20	5.31	9.47	9.65	7.38	11.91	12.68	5.56	8.43	7.32	9.32	
	July	3.40	5.30	9.63	9.79	7.44	12.16	12.91	5.34	8.72	7.96	9.45	
	August	3.49	5.14	10.01	10.16	7.56	12.25	12.91	4.50	8.85	7.89	9.71	
	September	4.51	5.42	10.07	10.21	7.84	12.20	12.91	5.22	8.90	7.74	9.66	
	October	9.87	9.60	10.66	10.82	8.81	12.27	12.93	4.57	9.23	8.22	9.76	
	November	17.14	15.03	10.97	11.15	9.45	12.41	13.02	4.49	9.19	8.33	9.93	
	December	5.21	7.59	10.71	10.89	8.98	12.33	12.97	4.96	9.05	8.10	10.35	
2009	January	9.88	9.80	11.02	11.09	9.24	12.44	13.03	4.45	9.60	7.84	11.06	
	February	19.92	15.89	11.53	11.59	10.24	12.54	13.10	4.52	10.38	9.57	11.08	
	March	12.99	11.83	11.61	11.69	10.25	12.53	13.15	4.48	10.29	9.26	10.97	
	April	6.32	8.96	11.38	11.44	9.96	12.36	12.93	4.48	10.43	9.63	11.03	
	Relative significance ^a	–	–	72.52	68.50	26.29	42.21	39.35	2.87	4.02	1.71	2.31	

^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 on, interest rates on the money market are 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.

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

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	Other				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1995	December	19.56	21.62	21.09	18.10	14.33	15.79	10.48	....	....	17.18	19.06	12.27
1996	December	18.97	22.56	22.40	27.00	12.12	13.15	11.30	....	....	19.50	21.46	10.77
1997	December	14.40	16.92	17.00	14.02	12.25	13.00	11.02	....	....	13.61	14.95	9.71
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	May	7.60	7.32	7.21	8.26	7.68	6.53	8.16	5.84	9.23	6.77	7.05	6.37
	June	7.67	7.47	7.35	8.70	7.73	6.74	8.25	5.85	9.46	6.97	7.22	6.69
	July	7.42	7.45	7.37	8.52	7.41	6.83	7.79	5.90	8.92	7.15	7.18	7.13
	August	7.57	7.77	7.63	8.81	7.51	7.00	7.75	5.96	8.70	7.14	7.18	7.10
	September	7.54	7.67	7.57	8.69	7.49	7.21	7.63	5.98	8.47	7.36	7.51	7.11
	October	7.79	8.26	8.23	8.68	7.62	7.40	7.74	6.04	8.52	7.61	7.87	7.13
	November	8.04	8.42	8.38	9.00	7.81	7.65	7.88	6.06	9.01	7.58	7.59	7.58
	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	January	7.48	7.59	7.54	8.59	7.39	6.61	8.07	6.18	9.33	6.49	6.69	5.84
	February	7.88	8.05	7.96	9.24	7.73	6.93	8.25	6.21	9.33	6.39	6.52	6.20
	March	8.20	8.56	8.53	9.12	7.91	7.37	8.25	6.19	9.25	6.98	7.08	6.81
	April	8.08	8.44	8.36	9.44	7.82	6.95	8.47	6.27	9.53	7.04	7.42	5.70
Relative significance ^a		21.94	8.98	8.33	0.65	12.96	5.52	7.44	2.41	5.03	5.54	4.32	1.22

^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).

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
1995	December	6.10	3.88	13.65	13.80	10.56	14.28	9.88	10.67	9.62
1996	December	4.15	2.19	10.19	10.11	9.84	10.26	12.36	15.49	9.88
1997	December	4.35	2.19	9.10	9.08	9.30	8.96	9.48	11.24	8.06
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	May	2.57	0.44	4.20	4.08	4.68	3.93	5.28	5.41	5.26
	June	2.52	0.44	4.16	4.16	4.64	4.02	4.17	5.46	3.86
	July	2.57	0.44	4.23	4.24	4.65	4.12	4.11	5.36	3.81
	August	2.39	0.42	4.01	4.31	4.61	4.23	1.96	5.26	1.37
	September	2.82	0.43	5.20	4.88	4.53	4.97	7.12	5.21	7.59
	October	3.24	0.43	7.52	7.55	4.97	8.07	7.28	5.91	7.87
	November	3.78	0.47	10.25	10.60	5.30	11.60	7.32	5.85	7.68
	December	2.92	0.43	5.65	5.60	5.34	5.64	6.58	5.88	6.85
2009	January	3.50	0.43	7.81	7.75	5.26	8.18	8.97	5.70	9.80
	February	4.41	0.47	11.83	11.96	5.68	12.73	9.67	5.67	10.24
	March	3.77	0.46	9.30	9.28	5.51	9.69	9.82	5.89	10.56
	April	3.32	0.44	6.49	6.41	5.30	6.56	8.12	6.17	8.46
Relative significance ^a		59.21	26.43	30.20	28.69	3.34	25.35	1.51	0.22	1.29

^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 on, 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				
						Households		Enterprises		
1	2	3	4	5	6	7	EUR	USD	EUR	USD
1995	December	12.69	11.46	19.36	4.57	2.82	3.53	4.20	1.10	1.53
1996	December	9.46	9.56	8.80	5.09	1.44	1.32	1.95	1.47	1.39
1997	December	7.63	7.24	11.77	4.77	1.75	1.89	2.43	0.83	1.40
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	May	4.03	3.98	5.15	3.50	0.25	0.21	0.15	0.41	0.28
	June	4.13	4.02	5.32	3.45	0.28	0.21	0.15	0.53	0.26
	July	3.95	3.80	4.49	3.57	0.24	0.21	0.15	0.38	0.26
	August	3.81	3.79	4.95	3.56	0.25	0.21	0.15	0.37	0.40
	September	4.18	3.77	4.71	3.61	0.25	0.21	0.15	0.41	0.21
	October	3.71	4.08	4.41	3.79	0.24	0.21	0.15	0.36	0.24
	November	3.75	3.94	4.35	3.79	0.23	0.20	0.15	0.34	0.32
	December	4.09	4.05	4.42	3.97	0.21	0.20	0.15	0.26	0.13
2009	January	4.25	3.87	4.55	3.99	0.24	0.20	0.15	0.41	0.31
	February	4.23	3.74	4.55	3.90	0.19	0.20	0.15	0.20	0.09
	March	3.52	3.72	4.83	3.92	0.19	0.21	0.16	0.16	0.12
	April	3.94 ^b	3.75	2.67	3.96	0.19	0.21	0.17	0.14	0.11
	Relative significance ^a	0.45	0.37	0.07	40.34	18.45	12.62	1.77	3.58	0.48

^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, 24.27% refers to enterprises.

Table G4a and b: 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 start-

ing 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.

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 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

		Interest rates on foreign currency deposits													
Year	Month	On time deposits													
		Total average	On short-term deposits				On long-term deposits								
			Total average	Households		Enterprises		Total average	Households		Enterprises				
1	2	12		13	EUR	USD	EUR		USD	18	EUR	USD	20	EUR	USD	21	22
1995	December	6.83	6.66	7.10	6.97	5.86	6.68	8.73	8.78	8.81	3.27	4.50			
1996	December	7.77	6.95	5.65	6.21	9.86	5.47	12.24	7.71	7.97	19.92	1.50			
1997	December	6.36	6.07	6.03	6.42	5.09	7.10	7.32	7.87	8.71	5.09	6.76			
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	May	4.06	3.98	3.63	2.56	4.51	3.55	4.71	4.72	3.96	5.61	3.01			
	June	4.05	3.95	3.51	2.60	4.60	3.70	4.73	4.77	3.75	4.60	2.95			
	July	4.14	4.01	3.65	2.75	4.82	3.35	5.00	4.80	3.76	6.77	5.19			
	August	4.24	4.17	3.68	2.66	5.01	3.52	4.72	4.76	3.94	4.57	3.15			
	September	4.29	4.17	3.71	2.74	4.89	3.42	4.94	4.98	4.04	4.96	1.82			
	October	4.54	4.37	3.88	2.80	5.00	4.07	5.32	5.33	3.94	6.38	3.13			
	November	4.17	3.96	3.87	2.62	4.15	3.66	5.34	5.41	3.85	4.91	3.01			
	December	4.15	3.95	4.33	2.69	4.13	1.84	5.51	5.57	3.58	5.52	2.38			
2009	January	4.18	4.02	4.38	2.70	4.04	2.33	5.38	5.47	3.95	4.82	3.13			
	February	3.74	3.52	4.18	2.72	3.62	1.85	5.48	5.57	3.68	5.11	2.00			
	March	3.88	3.71	4.11	2.67	3.68	2.18	5.17	5.44	3.78	4.59	–			
	April	3.91	3.72	4.16	2.69	3.49	2.44	5.44	5.57	3.69	5.13	3.50			
	Relative significance ^a	21.89	19.38	9.02	0.60	8.74	1.02	2.50	2.09	0.07	0.32	0.02			

^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 G5: Banks' Trade with Foreign Exchange

million euros, current exchange rate

	2003	2004	2005	2006	2007	2008	2009			
							Jan.	Feb.	Mar.	Apr.
A. Purchase of foreign exchange										
1. Legal persons	6,433.1	7,465.3	8,443.5	14,442.7	26,365.0	33,058.3	1,459.0	955.2	1,435.6	1,049.4
2. Natural persons	3,571.6	3,934.4	4,931.8	6,262.7	6,151.3	4,755.3	254.3	246.7	337.0	547.5
2.1. Residents	3,103.3	3,586.1	4,662.6	5,909.4	3,184.0	4,252.9	241.5	236.9	316.9	507.5
2.2. Non-residents	468.2	348.3	269.2	353.2	326.3	502.4	12.8	9.9	20.1	40.0
3. Domestic banks	6,324.4	10,799.3	9,069.9	14,380.1	20,141.3	20,017.6	1,280.2	436.4	425.9	823.4
4. Foreign banks	1,430.6	1,426.2	2,602.3	5,056.8	5,194.1	7,342.5	512.0	377.4	381.6	366.5
5. Croatian National Bank	438.3	33.0	0.0	125.5	0.0	420.6	328.3	446.0	261.3	288.0
Total (1+2+3+4)	18,197.9	24,110.1	25,106.0	40,439.5	57,851.7	65,594.2	3,833.8	2,461.8	2,841.4	3,074.8
B. Sale of foreign exchange										
1. Legal persons	10,852.4	11,280.3	13,022.3	17,515.0	28,564.1	35,448.8	1,792.4	1,351.2	1,360.2	1,256.4
2. Natural persons	1,403.1	1,671.1	2,722.5	4,109.1	3,712.5	4,366.4	271.7	487.8	268.4	241.3
2.1. Residents	1,393.1	1,654.5	2,693.9	4,056.4	2,071.3	4,335.2	270.2	486.4	267.3	240.0
2.2. Non-residents	10.0	16.6	28.6	52.6	40.0	31.2	1.5	1.4	1.1	1.3
3. Domestic banks	6,324.4	10,799.3	9,069.9	14,380.1	20,141.3	20,017.6	1,280.2	436.4	425.9	823.4
4. Foreign banks	765.3	1,001.1	1,407.1	3,526.1	4,072.6	6,615.7	581.5	289.7	450.3	365.6
5. Croatian National Bank	84.5	543.2	670.8	1,329.5	839.0	409.1	261.3	261.3	619.2	288.0
Total (1+2+3+4)	19,429.7	25,295.0	26,892.7	40,859.7	57,329.5	66,857.5	4,187.1	2,826.3	3,124.0	2,974.5
C. Net purchase (A-B)										
1. Legal persons	-4,419.4	-3,815.1	-4,578.8	-3,072.3	-2,199.1	-2,390.5	-333.5	-396.0	75.4	-207.0
2. Natural persons	2,168.4	2,263.3	2,209.3	2,153.6	2,438.9	388.9	-17.4	-241.0	68.6	306.3
2.1. Residents	1,710.2	1,931.6	1,968.7	1,853.0	1,112.7	-82.2	-28.7	-249.5	49.6	267.5
2.2. Non-residents	458.2	331.7	240.6	300.6	286.3	471.1	11.3	8.4	19.0	38.7
3. Foreign banks	665.3	425.1	1,195.2	1,530.7	1,121.4	726.8	-69.5	87.8	-68.7	0.9
4. Croatian National Bank	353.8	-510.2	-670.8	-1,204.0	-839.0	11.5	67.1	184.7	-357.9	-
Total (1+2+3)	-1,231.8	-1,636.9	-1,845.2	-592.1	522.2	-1,263.3	-353.4	-364.5	-282.6	100.2
Memo items: Other Croatian National Bank transactions										
Purchase of foreign exchange	570.9	145.1	-	3.1	5.1	265.4	0.3	4.5	0.2	0.2
Sale of foreign exchange	94.9	239.3	167.6	441.3	176.7	83.7	59.7	-	-	-

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 and statistical data on external payment operations.

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

Table H1: Balance of Payments – Summary^a

million euros

	2004	2005	2006	2007	2008 ^b	2008				2009
						Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^c
A. CURRENT ACCOUNT (1+6)	-1,433.7	-1,975.6	-2,715.2	-3,236.7	-4,438.1	-2,555.5	-1,802.2	1,860.8	-1,941.1	-1,819.8
1. Goods, services, and income (2+5)	-2,625.5	-3,159.5	-3,822.6	-4,279.6	-5,472.8	-2,777.0	-2,077.7	1,593.9	-2,212.1	-2,019.8
1.1. Credit	14,952.8	15,990.2	17,884.8	19,612.9	21,196.8	3,403.8	5,407.0	8,448.3	3,937.7	2,895.3
1.2. Debit	-17,578.4	-19,149.7	-21,707.3	-23,892.5	-26,669.7	-6,180.8	-7,484.7	-6,854.4	-6,149.8	-4,915.1
2. Goods and services (3+4)	-1,955.3	-2,200.2	-2,639.6	-3,168.1	-3,897.3	-2,466.0	-1,300.8	1,855.8	-1,986.3	-1,602.1
2.1. Credit	14,243.5	15,272.9	16,992.1	18,317.3	19,845.0	3,072.6	5,043.1	8,090.5	3,638.7	2,683.5
2.2. Debit	-16,198.8	-17,473.2	-19,631.7	-21,485.4	-23,742.3	-5,538.6	-6,343.9	-6,234.7	-5,625.0	-4,285.7
3. Goods	-6,724.2	-7,518.0	-8,344.2	-9,434.0	-10,866.2	-2,565.0	-3,106.6	-2,731.6	-2,463.1	-1,729.5
3.1. Credit	6,606.8	7,220.3	8,463.6	9,192.5	9,743.4	2,226.2	2,491.9	2,679.3	2,346.0	1,921.6
3.2. Debit	-13,330.9	-14,738.3	-16,807.8	-18,626.5	-20,609.6	-4,791.2	-5,598.5	-5,410.9	-4,809.0	-3,651.1
4. Services	4,768.9	5,317.7	5,704.6	6,265.9	6,968.9	99.0	1,805.7	4,587.4	476.8	127.4
4.1. Credit	7,636.7	8,052.6	8,528.5	9,124.8	10,101.6	846.5	2,551.2	5,411.2	1,292.7	761.9
4.2. Debit	-2,867.8	-2,734.9	-2,823.9	-2,858.9	-3,132.7	-747.4	-745.4	-823.9	-816.0	-634.5
5. Income	-670.2	-959.2	-1,182.9	-1,111.6	-1,575.5	-311.0	-776.9	-261.9	-225.8	-417.7
5.1. Credit	709.4	717.3	892.7	1,295.6	1,351.9	331.2	363.9	357.8	299.0	211.8
5.2. Debit	-1,379.6	-1,676.5	-2,075.6	-2,407.1	-2,927.4	-642.2	-1,140.8	-619.7	-524.8	-629.5
6. Current transfers	1,191.8	1,183.8	1,107.4	1,043.0	1,034.8	221.4	275.5	266.9	271.0	200.0
6.1. Credit	1,584.6	1,628.4	1,639.5	1,576.1	1,683.7	349.7	412.7	408.5	512.8	337.9
6.2. Debit	-392.8	-444.6	-532.1	-533.1	-649.0	-128.3	-137.2	-141.6	-241.8	-138.0
B. CAPITAL AND FINANCIAL ACCOUNT	2,561.0	3,014.3	3,670.4	4,139.5	6,004.5	2,063.1	1,658.7	46.7	2,236.0	2,027.6
B1. Capital account	31.4	53.8	-133.8	34.5	32.1	4.8	12.0	8.9	6.3	5.0
B2. Financial account, excl. reserves	2,572.6	3,782.3	5,216.4	4,826.6	5,642.1	2,754.2	1,742.4	-345.3	1,490.7	1,611.8
1. Direct investment	670.8	1,276.1	2,556.6	3,482.8	3,202.6	1,138.0	813.0	294.5	957.2	409.9
1.1. Abroad	-278.8	-191.8	-208.2	-184.1	-127.5	132.7	-150.8	-65.4	-44.0	10.9
1.2. In Croatia	949.6	1,467.9	2,764.8	3,666.9	3,330.2	1,005.3	963.8	359.9	1,001.2	399.0
2. Portfolio investment	287.1	-1,177.9	-542.3	-2.9	-596.8	160.4	-53.9	-72.3	-631.0	-491.1
2.1. Assets	-736.1	-571.2	-472.5	-413.7	-269.1	278.7	35.1	-16.4	-566.5	124.1
2.2. Liabilities	1,023.2	-606.6	-69.8	410.8	-327.7	-118.3	-89.0	-55.9	-64.5	-615.2
3. Financial derivatives	0.0	-88.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Other investment	1,614.7	3,772.5	3,202.1	1,346.7	3,036.3	1,455.8	983.4	-567.5	1,164.6	1,693.0
4.1. Assets	-498.4	982.2	-692.3	-1,653.4	-1,590.7	334.5	125.2	-779.3	-1,271.1	1,829.5
4.2. Liabilities	2,113.0	2,790.3	3,894.4	3,000.1	4,627.0	1,121.4	858.2	211.8	2,435.6	-136.5
B3. Reserve assets	-43.0	-821.8	-1,412.2	-721.6	330.4	-695.9	-95.8	383.0	739.1	410.7
C. NET ERRORS AND OMISSIONS	-1,127.3	-1,038.6	-955.2	-902.8	-1,566.4	492.4	143.5	-1,907.5	-294.9	-207.7

^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.

Table: 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, 1995). 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:

- 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 strati-

Table H2: Balance of Payments – Goods and Services

million euros

	2004	2005	2006	2007	2008 ^a	2008				2009
						Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^a	Q1 ^b
Goods	-6,724.2	-7,518.0	-8,344.2	-9,434.0	-10,866.2	-2,565.0	-3,106.6	-2,731.6	-2,463.1	-1,729.5
1. Credit	6,606.8	7,220.3	8,463.6	9,192.5	9,743.4	2,226.2	2,491.9	2,679.3	2,346.0	1,921.6
1.1. Exports (f.o.b.) in trade statistics	6,453.8	7,069.4	8,251.6	9,001.6	9,514.4	2,176.7	2,441.8	2,601.9	2,294.1	1,885.8
1.2. Adjustments for coverage	153.0	150.9	212.0	191.0	228.9	49.5	50.1	77.4	51.9	35.8
2. Debit	-13,330.9	-14,738.3	-16,807.8	-18,626.5	-20,609.6	-4,791.2	-5,598.5	-5,410.9	-4,809.0	-3,651.1
2.1. Imports (c.i.f.) in trade statistics	-13,354.4	-14,949.5	-17,104.7	-18,826.6	-20,819.0	-4,860.0	-5,657.8	-5,447.0	-4,854.2	-3,697.5
2.2. Adjustments for coverage	-474.7	-346.4	-341.1	-370.4	-421.4	-78.5	-112.2	-128.9	-101.9	-65.7
2.3. Adjustments for classification	498.1	557.6	638.0	570.4	630.8	147.3	171.4	165.0	147.1	112.0
Services	4,768.9	5,317.7	5,704.6	6,265.9	6,968.9	99.0	1,805.7	4,587.4	476.8	127.4
1. Transportation	299.3	376.1	443.5	487.6	508.5	95.8	135.8	180.3	96.6	51.4
1.1. Credit	791.3	880.3	1,006.7	1,122.4	1,209.4	246.8	320.4	371.5	270.7	173.9
1.2. Debit	-492.0	-504.2	-563.2	-634.8	-700.9	-150.9	-184.6	-191.2	-174.1	-122.5
2. Travel	4,822.3	5,394.9	5,708.7	6,035.2	6,694.0	118.9	1,723.1	4,396.4	455.7	164.5
2.1. Credit	5,505.6	5,998.9	6,293.3	6,752.6	7,459.4	307.8	1,886.6	4,612.5	652.5	289.4
2.1.1. Business	328.2	504.0	388.4	389.2	386.4	46.6	147.6	106.8	85.4	39.7
2.1.2. Personal	5,177.4	5,494.9	5,904.9	6,363.4	7,073.1	261.3	1,738.9	4,505.7	567.1	249.7
2.2. Debit	-683.3	-604.1	-584.6	-717.3	-765.5	-189.0	-163.5	-216.2	-196.8	-124.9
2.2.1. Business	-297.3	-267.4	-229.5	-266.9	-261.3	-61.7	-62.8	-66.3	-70.4	-40.2
2.2.2. Personal	-386.0	-336.7	-355.1	-450.4	-504.2	-127.2	-100.7	-149.9	-126.4	-84.8
3. Other services	-352.7	-453.3	-447.6	-256.9	-233.6	-115.7	-53.1	10.7	-75.5	-88.5
3.1. Credit	1,339.8	1,173.4	1,228.5	1,249.8	1,432.8	291.9	344.2	427.2	369.5	298.6
3.2. Debit	-1,692.5	-1,626.6	-1,676.0	-1,506.7	-1,666.3	-407.5	-397.3	-416.5	-445.0	-387.1

^a Revised data. ^b Preliminary data.

fied 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 3.05%. 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 transportation are not adopted from this research. They are compiled by using ITRS data. As regards transportation of goods, expenditures are supplemented by a portion of transportation and insurance costs related to imports of goods which belongs to non-residents and which is

estimated by adjusting the value of imports at c.i.f. parity to the value of imports f.o.b.

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 data on total 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 insurance and communication services, which have been determined by the CNB special statistical research since 2001, the values of all other services are adopted from the ITRS.

Transactions in the income account are classified into four main groups. Compensation of employees item is compiled on the basis of the ITRS. 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, mean-

Table H3: Balance of Payments – Income and Current Transfers

million euros

	2004	2005	2006	2007	2008 ^a	2008				2009
						Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^a	Q1 ^b
Income	-670.2	-959.2	-1,182.9	-1,111.6	-1,575.5	-311.0	-776.9	-261.9	-225.8	-417.7
1. Compensation of employees	233.9	259.7	373.2	494.2	564.1	130.4	138.5	140.1	155.1	146.0
1.1. Credit	268.3	289.2	404.3	527.8	599.7	137.4	147.4	149.1	165.7	154.9
1.2. Debit	-34.4	-29.5	-31.1	-33.6	-35.5	-7.0	-8.9	-9.0	-10.5	-8.9
2. Direct investment income	-441.6	-739.0	-1,002.0	-920.7	-1,143.2	-234.0	-689.5	-154.7	-65.0	-240.1
2.1. Credit	175.6	112.7	80.7	177.1	194.6	42.3	75.2	63.5	13.6	-10.3
o/w: Reinvested earnings	165.8	63.8	64.0	125.3	118.6	29.1	59.3	30.2	0.0	-18.7
2.2. Debit	-617.3	-851.8	-1,082.7	-1,097.8	-1,337.8	-276.3	-764.7	-218.2	-78.6	-229.8
o/w: Reinvested earnings	-291.7	-570.5	-717.5	-483.3	-496.3	-42.4	-360.4	-86.4	-7.0	130.7
3. Portfolio investment income	-250.0	-217.6	-175.9	-162.9	-145.1	-38.1	-38.2	-37.1	-31.7	-29.6
3.1. Credit	32.7	46.2	57.4	74.5	74.6	16.9	16.6	17.8	23.4	17.8
3.2. Debit	-282.7	-263.8	-233.3	-237.4	-219.8	-55.1	-54.8	-54.9	-55.1	-47.5
4. Other investment income	-212.5	-262.3	-378.2	-522.2	-851.3	-169.3	-187.7	-210.2	-284.2	-293.9
4.1. Credit	232.7	269.1	350.3	516.2	483.0	134.5	124.7	127.4	96.3	49.4
4.2. Debit	-445.2	-531.4	-728.6	-1,038.4	-1,334.3	-303.8	-312.4	-337.6	-380.6	-343.3
Current transfers	1,191.8	1,183.8	1,107.4	1,043.0	1,034.8	221.4	275.5	266.9	271.0	200.0
1. General government	2.6	9.7	-8.6	-16.7	-55.7	-24.7	-28.0	0.8	-3.8	-31.5
1.1. Credit	180.1	219.6	255.7	260.2	342.0	48.3	52.1	81.9	159.7	52.2
1.2. Debit	-177.5	-209.9	-264.4	-276.8	-397.7	-72.9	-80.1	-81.2	-163.5	-83.7
2. Other sectors	1,189.2	1,174.1	1,116.0	1,059.6	1,090.5	246.1	303.5	266.1	274.8	231.5
2.1. Credit	1,404.5	1,408.8	1,383.8	1,316.0	1,341.7	301.5	360.6	326.6	353.1	285.7
2.2. Debit	-215.3	-234.6	-267.7	-256.3	-251.2	-55.4	-57.1	-60.4	-78.3	-54.2

^a Revised data. ^b Preliminary data.

ing 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 research, whereas data on debt portfolio investment income have been compiled since 1999, based on statistics on foreign credit relations, which also encompass 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 methodology for compiling the statistics on debt investment income has been 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 is used as the main data source on current transfers for both sectors. In addition to taxes and excise duties, pensions, monetary support and donations, which are included in current transfers of both sectors, the government sector also encompasses data on multilateral cooperation, whereas other sectors include data on workers' remittances. 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.

Capital account is compiled on the basis of the ITRS, particularly

on their part related to transfers of migrants. In addition, capital account includes transfers that cannot be classified into current transfers, such as allocation of gold of the former SFRY or investments in patents and rights.

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 has 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 non-residents abroad are compiled on the basis of the ITRS. 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 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.

Table H4: Balance of Payments – Direct and Portfolio Investments^a

million euros

	2004	2005	2006	2007	2008 ^b	2008				2009
						Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b		Q1^{c}
Direct investment	670.8	1,276.1	2,556.6	3,482.8	3,202.6	1,138.0	813.0	294.5	957.2	409.9
1. Abroad	-278.8	-191.8	-208.2	-184.1	-127.5	132.7	-150.8	-65.4	-44.0	10.9
1.1. Equity capital and reinvested earnings	-259.6	-121.0	-211.9	-239.7	-254.0	115.0	-171.4	-108.4	-89.1	-64.5
1.1.1. Claims	-260.0	-122.2	-211.9	-243.0	-254.0	115.0	-171.4	-108.4	-89.1	-83.2
1.1.2. Liabilities	0.4	1.3	0.0	3.3	0.0	0.0	0.0	0.0	0.0	18.7
1.2. Other capital	-19.2	-70.9	3.7	55.6	126.4	17.7	20.6	43.0	45.1	75.4
1.1.1. Claims	-23.6	-59.8	-13.9	21.7	127.5	17.3	16.8	48.9	44.5	54.0
1.2.2. Liabilities	4.4	-11.1	17.6	33.9	-1.1	0.4	3.8	-5.9	0.5	21.4
2. In Croatia	949.6	1,467.9	2,764.8	3,666.9	3,330.2	1,005.3	963.8	359.9	1,001.2	399.0
2.1. Equity capital and reinvested earnings	611.4	1,363.5	2,460.9	2,682.3	2,648.0	445.3	723.0	364.8	1,114.9	24.6
2.1.1. Claims	-22.4	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-130.7
2.1.2. Liabilities	633.8	1,363.5	2,461.0	2,682.3	2,648.0	445.3	723.0	364.8	1,114.9	155.2
2.2. Other capital	338.2	104.4	303.8	984.6	682.2	560.0	240.9	-4.9	-113.7	374.4
2.2.1. Claims	-17.8	0.0	16.6	-2.6	-25.9	-2.2	-3.9	16.2	-36.1	25.8
2.2.2. Liabilities	356.0	104.4	287.3	987.2	708.1	562.2	244.8	-21.2	-77.6	348.6
Portfolio investment	287.1	-1,177.9	-542.3	-2.9	-596.8	160.4	-53.9	-72.3	-631.0	-491.1
1. Assets	-736.1	-571.2	-472.5	-413.7	-269.1	278.7	35.1	-16.4	-566.5	124.1
1.1. Equity securities	-39.1	-193.0	-320.5	-843.5	151.5	192.4	-38.8	-7.7	5.7	10.4
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
1.1.1.1. Banks	0.0	0.0	2.6	-0.6	6.8	-0.3	3.9	3.2	0.0	0.3
1.1.1.2. Other sectors	-39.1	-193.0	-323.1	-842.8	144.7	192.7	-42.7	-10.9	5.7	10.1
1.1.2. Debt securities	-696.9	-378.2	-152.0	429.7	-420.6	86.3	73.9	-8.7	-572.2	113.7
1.2.1. Bonds	-567.1	-396.5	98.7	323.0	-322.6	30.2	78.8	-27.5	-404.0	113.6
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
1.2.1.2. Banks	-575.0	-360.2	142.4	261.1	-221.0	28.9	123.1	-3.7	-369.3	189.7
1.2.1.3. Other sectors	7.9	-36.3	-43.7	61.9	-101.6	1.3	-44.3	-23.9	-34.7	-76.1
1.2.2. Money market instruments	-129.9	18.3	-250.6	106.7	-98.1	56.2	-4.9	18.8	-168.2	0.1
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
1.2.2.2. Banks	-129.9	18.3	-250.6	106.7	-98.1	56.2	0.9	13.0	-168.2	0.1
1.2.2.3. Other sectors	0.0	0.0	0.0	0.0	0.1	0.0	-5.8	5.8	0.0	0.0
1.2. Liabilities	1,023.2	-606.6	-69.8	410.8	-327.7	-118.3	-89.0	-55.9	-64.5	-615.2
2.1. Equity securities	141.6	89.2	325.7	315.7	-87.1	-34.5	61.4	-39.1	-75.0	-6.3
2.1.1. Banks	0.8	-12.8	41.7	10.4	25.6	-5.1	16.0	4.4	10.4	-1.3
2.1.2. Other sectors	140.7	102.0	284.0	305.3	-112.7	-29.4	45.5	-43.4	-85.4	-5.0
2.2. Debt securities	881.7	-695.8	-395.6	95.1	-240.6	-83.8	-150.4	-16.9	10.4	-608.9
2.2.1. Bonds	915.6	-695.8	-395.6	95.1	-240.6	-84.7	-149.5	-16.9	10.4	-608.9
2.2.1.1. General government	165.7	-705.9	-463.7	-276.4	-208.0	-96.6	-139.3	6.9	21.1	-622.6
2.2.1.2. Banks	453.2	3.2	1.2	1.0	-1.6	4.8	4.8	-14.3	3.2	4.9
2.2.1.3. Other sectors	296.7	6.9	66.9	370.5	-31.1	7.1	-15.0	-9.4	-13.8	8.8
2.2.2. Money market instruments	-34.0	0.0	0.0	0.0	0.0	0.9	-0.9	0.0	0.0	0.0
2.2.2.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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
2.2.2.3. Other sectors	-34.0	0.0	0.0	0.0	0.0	0.9	-0.9	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 Revised data. ^c Preliminary data.

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 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

Table H5: Balance of Payments – Other Investment^a

million euros

	2004	2005	2006	2007	2008 ^b	2008				2009
						Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	
Other investment (net)	1,614.7	3,772.5	3,202.1	1,346.7	3,036.3	1,455.8	983.4	-567.5	1,164.6	1,693.0
1. Assets	-498.4	982.2	-692.3	-1,653.4	-1,590.7	334.5	125.2	-779.3	-1,271.1	1,829.5
1.1. Trade credits	-188.1	-134.8	-33.3	-99.6	-126.0	-34.7	-168.7	-44.6	121.9	13.6
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
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
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
1.1.2. Other sectors	-188.1	-134.8	-33.3	-99.6	-126.0	-34.7	-168.7	-44.6	121.9	13.6
1.1.2.1. Long-term	18.1	10.4	-4.9	-63.5	26.7	3.7	3.2	12.0	7.8	18.4
1.1.2.2. Short-term	-206.1	-145.3	-28.4	-36.1	-152.7	-38.4	-171.8	-56.6	114.1	-4.9
1.2. Loans	43.8	-116.8	-153.1	-4.5	-107.5	-25.6	-21.4	-37.1	-23.4	24.9
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
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
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
1.2.2. Banks	3.7	-28.5	-80.4	-32.6	-66.7	-4.6	-7.2	-28.7	-26.2	-2.8
1.2.2.1. Long-term	-0.1	-20.5	-58.9	-25.4	-26.8	-4.1	-3.2	-16.2	-3.3	-1.3
1.2.2.2. Short-term	3.9	-8.0	-21.5	-7.3	-39.9	-0.5	-4.1	-12.5	-22.9	-1.5
1.2.3. Other sectors	40.0	-88.3	-72.7	28.1	-40.8	-21.0	-14.1	-8.4	2.8	27.7
1.2.3.1. Long-term	41.4	-89.2	-73.0	28.1	-37.6	-20.8	-11.3	-6.9	1.5	32.0
1.2.3.2. Short-term	-1.3	1.0	0.3	0.0	-3.2	-0.3	-2.8	-1.5	1.3	-4.2
1.3. Currency and deposits	-354.1	1,233.8	-505.9	-1,549.4	-1,357.2	394.8	315.2	-697.6	-1,369.6	1,791.0
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
1.3.2. Banks	-446.7	1,313.7	-462.1	-1,317.1	-136.4	498.1	428.3	-757.8	-305.0	1,752.9
1.3.3. Other sectors	92.6	-79.8	-43.8	-232.3	-1,220.8	-103.4	-113.1	60.2	-1,064.5	38.1
1.4. Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Liabilities	2,113.0	2,790.3	3,894.4	3,000.1	4,627.0	1,121.4	858.2	211.8	2,435.6	-136.5
2.1. Trade credits	-54.5	15.1	18.5	313.5	31.7	-158.0	454.5	-175.9	-88.9	-262.9
2.1.1. General government	-0.3	0.4	-0.7	-0.6	-0.5	-0.3	-0.2	-0.1	-0.1	0.0
2.1.1.1. Long-term	-0.3	0.4	-0.7	-0.6	-0.5	-0.3	-0.2	-0.1	-0.1	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
2.1.2. Other sectors	-54.2	14.7	19.2	314.2	32.2	-157.8	454.7	-175.8	-88.9	-262.9
2.1.2.1. Long-term	-16.7	27.4	-3.7	165.0	34.9	10.0	39.8	-3.9	-11.0	-2.0
2.1.2.2. Short-term	-37.5	-12.7	22.9	149.2	-2.7	-167.8	414.9	-171.9	-77.9	-261.0
2.2. Loans	1,676.4	2,405.7	3,059.2	2,890.3	3,703.9	871.7	1,019.7	647.1	1,165.4	-220.4
2.2.1. Croatian National Bank	-367.7	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
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
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
2.2.1.2. Short-term	-367.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2. General government	571.4	97.2	165.0	161.0	96.7	-32.4	90.1	-21.8	60.7	-27.8
2.2.2.1. Long-term	571.4	97.2	165.0	161.0	65.0	-32.4	90.1	-21.8	29.0	-19.3
2.2.2.1.1. Drawings	767.5	342.0	477.8	523.5	330.1	30.7	152.3	41.5	105.6	42.7
2.2.2.1.2. Repayments	-196.1	-244.8	-312.8	-362.5	-265.2	-63.1	-62.2	-63.3	-76.7	-62.0
2.2.2.2. Short-term	0.0	0.0	0.0	0.0	31.7	0.0	0.0	0.0	31.7	-8.6
2.2.3. Banks	650.4	826.0	541.2	-1,065.0	115.2	32.4	-50.3	-582.8	716.0	-341.0
2.2.3.1. Long-term	741.7	281.1	419.5	-630.8	-276.1	-56.2	-162.9	-198.8	141.9	16.1
2.2.3.1.1. Drawings	1,260.0	1,236.1	2,833.6	1,216.2	609.4	47.6	62.3	144.1	355.4	138.7
2.2.3.1.2. Repayments	-518.3	-955.0	-2,414.1	-1,847.0	-885.4	-103.8	-225.2	-342.9	-213.4	-122.6
2.2.3.2. Short-term	-91.2	544.9	121.7	-434.2	391.3	88.6	112.6	-384.0	574.0	-357.1
2.2.4. Other sectors	822.2	1,482.6	2,353.0	3,794.4	3,492.0	871.7	979.9	1,251.7	388.7	148.4
2.2.4.1. Long-term	786.7	1,428.1	2,264.1	3,184.9	3,175.7	805.6	826.5	1,130.6	413.0	157.1
2.2.4.1.1. Drawings	2,260.4	2,934.5	4,266.4	5,960.8	6,700.9	1,467.6	1,741.1	2,170.3	1,321.9	821.4
2.2.4.1.2. Repayments	-1,473.8	-1,506.4	-2,002.3	-2,775.9	-3,525.2	-661.9	-914.6	-1,039.7	-908.9	-664.4
2.2.4.2. Short-term	35.5	54.5	88.9	609.5	316.2	66.0	153.3	121.2	-24.3	-8.7
2.3. Currency and deposits	488.2	366.7	814.0	-206.4	890.2	406.9	-616.4	-259.2	1,358.8	346.6
2.3.1. General government	0.0	0.1	0.1	-0.1	-0.1	-0.6	0.3	-0.3	0.5	-0.3
2.3.2. Banks	488.2	366.6	813.9	-206.4	881.6	407.5	-636.4	-258.0	1,368.5	351.8
2.3.3. Other sectors	0.0	-0.1	0.1	0.1	8.7	0.0	19.7	-0.9	-10.2	-4.9
2.4. Other liabilities	3.0	2.8	2.7	2.7	1.3	0.8	0.3	-0.3	0.4	0.3

^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.

Table H6: Balance of Payments – Summary^a

million kuna

	2004	2005	2006	2007	2008 ^b	2008				2009
						Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^c
A. CURRENT ACCOUNT (1+6)	-11,167.8	-14,828.7	-20,050.6	-23,878.5	-32,155.5	-18,610.5	-13,079.1	13,432.0	-13,897.9	-13,494.3
1. Goods, services, and income (2+5)	-20,094.6	-23,586.8	-28,159.6	-31,529.4	-39,623.1	-20,223.2	-15,077.5	11,517.6	-15,839.9	-14,979.0
1.1. Credit	111,525.4	117,994.9	130,768.8	143,733.6	152,991.9	24,799.6	39,225.1	60,759.3	28,207.8	21,452.4
1.2. Debit	-131,620.0	-141,581.7	-158,928.4	-175,263.0	-192,614.9	-45,022.8	-54,302.6	-49,241.8	-44,047.8	-36,431.4
2. Goods and services (3+4)	-15,083.2	-16,508.1	-19,521.1	-23,353.0	-28,210.7	-17,960.4	-9,435.7	13,407.8	-14,222.4	-11,881.5
2.1. Credit	106,225.6	112,693.7	124,229.1	134,230.9	143,228.9	22,387.8	36,585.4	58,191.3	26,064.5	19,882.4
2.2. Debit	-121,308.8	-129,201.8	-143,750.2	-157,583.9	-171,439.6	-40,348.2	-46,021.1	-44,783.5	-40,286.9	-31,763.9
3. Goods	-50,327.5	-55,568.1	-61,083.9	-69,218.6	-78,503.3	-18,688.4	-22,543.4	-19,621.3	-17,650.2	-12,831.3
3.1. Credit	49,507.8	53,397.7	61,988.6	67,424.8	70,350.1	16,219.9	18,080.6	19,252.6	16,797.1	14,239.9
3.2. Debit	-99,835.3	-108,965.8	-123,072.5	-136,643.4	-148,853.4	-34,908.2	-40,624.0	-38,873.9	-34,447.3	-27,071.2
4. Services	35,244.3	39,060.0	41,562.8	45,865.6	50,292.6	728.0	13,107.7	33,029.1	3,427.8	949.8
4.1. Credit	56,717.8	59,296.0	62,240.6	66,806.1	72,878.8	6,167.9	18,504.8	38,938.7	9,267.4	5,642.4
4.2. Debit	-21,473.5	-20,236.0	-20,677.7	-20,940.5	-22,586.2	-5,439.9	-5,397.1	-5,909.6	-5,839.5	-4,692.6
5. Income	-5,011.4	-7,078.7	-8,638.5	-8,176.4	-11,412.4	-2,262.8	-5,641.8	-1,890.3	-1,617.5	-3,097.5
5.1. Credit	5,299.8	5,301.2	6,539.7	9,502.7	9,762.9	2,411.8	2,639.7	2,568.0	2,143.4	1,570.0
5.2. Debit	-10,311.1	-12,379.9	-15,178.1	-17,679.1	-21,175.4	-4,674.6	-8,281.5	-4,458.3	-3,760.9	-4,667.5
6. Current transfers	8,926.8	8,758.1	8,109.0	7,650.9	7,467.6	1,612.7	1,998.4	1,914.4	1,942.0	1,484.6
6.1. Credit	11,872.9	12,047.2	12,005.6	11,562.1	12,155.0	2,548.1	2,994.2	2,931.8	3,680.9	2,506.0
6.2. Debit	-2,946.1	-3,289.1	-3,896.5	-3,911.1	-4,687.4	-935.4	-995.8	-1,017.3	-1,738.9	-1,021.4
B. CAPITAL AND FINANCIAL ACCOUNT	18,720.3	22,085.4	26,919.8	30,251.9	42,667.0	14,876.5	11,932.0	-158.2	16,016.6	14,921.2
B1. Capital account	235.5	396.8	-980.5	253.4	231.4	35.2	87.4	64.2	44.6	34.2
B2. Financial account, excl. reserves	18,821.3	27,764.0	38,213.6	35,313.4	40,127.5	19,900.5	12,540.4	-2,977.3	10,663.9	11,877.5
1. Direct investment	4,452.8	9,093.0	18,726.0	25,591.1	22,359.4	8,107.2	5,777.5	1,627.7	6,846.9	3,040.3
1.1. Abroad	-2,077.2	-1,415.4	-1,525.6	-1,353.7	-916.2	963.3	-1,095.8	-468.8	-314.9	79.4
1.2. In Croatia	6,530.0	10,508.5	20,251.6	26,944.8	23,275.6	7,144.0	6,873.3	2,096.5	7,161.9	2,960.9
2. Portfolio investment	2,111.7	-8,713.6	-4,008.6	-29.7	-4,214.0	1,184.0	-376.6	-512.5	-4,508.9	-3,710.2
2.1. Assets	-5,563.8	-4,195.8	-3,483.3	-3,050.8	-1,881.7	2,033.3	254.2	-115.1	-4,054.2	861.0
2.2. Liabilities	7,675.5	-4,517.8	-525.3	3,021.2	-2,332.3	-849.4	-630.8	-397.4	-454.7	-4,571.2
3. Financial derivatives	0.0	-659.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Other investment	12,256.9	28,044.0	23,496.2	9,752.0	21,982.1	10,609.3	7,139.5	-4,092.6	8,325.9	12,547.4
4.1. Assets	-3,671.1	7,421.4	-5,121.6	-12,079.4	-11,371.6	2,442.2	909.9	-5,611.1	-9,112.6	13,599.4
4.2. Liabilities	15,927.9	20,622.6	28,617.9	21,831.4	33,353.7	8,167.2	6,229.6	1,518.4	17,438.5	-1,052.0
B3. Reserve assets (CNB)	-336.5	-6,075.4	-10,313.4	-5,315.0	2,308.1	-5,059.2	-695.8	2,754.9	5,308.1	3,009.5
C. NET ERRORS AND OMISSIONS	-7,552.5	-7,256.7	-6,869.2	-6,373.4	-10,511.4	3,734.0	1,147.1	-13,273.8	-2,118.7	-1,426.8

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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.

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 relate to the effect of the EMU countries' currencies changeover to the euro.

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, million euros

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	
1995	December	1,479.0	109.1	–	–	1,369.9	1,288.4	81.4	1,038.1
1996	December	1,867.7	101.3	0.0	–	1,766.3	1,627.6	138.7	1,549.2
1997	December	2,303.7	133.4	0.1	–	2,170.2	1,825.2	345.0	2,078.9
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	June	9,941.2	0.8	0.2	–	9,940.2	3,509.5	6,430.7	3,542.5
	July	9,788.8	1.0	0.2	–	9,787.7	3,296.2	6,491.4	4,027.1
	August	9,839.8	0.7	0.2	–	9,839.0	3,371.8	6,467.2	4,220.4
	September	9,808.7	0.7	0.2	–	9,807.9	3,076.3	6,731.6	4,304.8
	October	9,387.5	1.1	0.2	–	9,386.2	2,637.9	6,748.3	4,551.8
	November	9,682.0	0.8	0.2	–	9,681.0	2,413.8	7,267.2	4,342.4
	December	9,120.9	0.7	0.2	–	9,120.0	2,001.8	7,118.2	4,644.5
2009	January	8,674.7	0.8	0.2	–	8,673.7	2,001.9	6,671.8	4,859.2
	February	8,557.8	0.6	0.2	–	8,556.9	2,323.8	6,233.1	3,855.4
	March	8,869.5	0.6	0.2	–	8,868.7	2,080.3	6,788.4	3,002.2
	April	8,885.1	0.7	0.2	–	8,884.2	2,284.1	6,600.1	3,408.6
	May ^b	8,788.5	0.6	0.2	–	8,787.7	2,299.1	6,488.7	3,428.8

^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, 1995), 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.

Table H8: International Reserves and Foreign Currency Liquidity

end of period, million euros

	2003	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
I. Official reserve assets and other f/c assets (approximate market value)										
A. Official reserve assets	6,554.1	6,436.2	7,438.4	8,725.3	9,307.4	9,120.9	8,674.7	8,557.8	8,869.5	8,885.1
(1) Foreign currency reserves (in convertible f/c)	5,740.1	6,235.4	7,337.3	8,162.8	8,911.0	8,625.0	8,074.9	7,829.9	8,319.2	7,977.1
(a) Securities	3,207.2	3,262.0	3,602.8	4,197.5	4,772.5	7,118.2	6,671.8	6,233.1	6,788.4	6,600.1
o/w: Issuer headquartered in reporting country but located abroad	-	-	-	-	-	-	-	-	-	-
(b) Total currency and deposits with:	2,532.9	2,973.3	3,734.5	3,965.3	4,138.4	1,506.7	1,403.1	1,596.8	1,530.8	1,377.0
(i) Other national central banks, BIS and IMF	271.1	233.1	407.3	198.7	190.7	1,397.3	1,307.5	1,513.6	1,468.7	1,288.8
(ii) Banks headquartered in the reporting country	-	-	-	-	-	-	-	-	-	-
o/w: Located abroad	-	-	-	-	-	-	-	-	-	-
(iii) Banks headquartered outside the reporting country	2,261.8	2,740.3	3,327.2	3,766.6	3,947.7	109.5	95.6	83.2	62.1	88.2
o/w: Located in the reporting country	-	-	-	-	-	-	-	-	-	-
(2) IMF reserve position	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
(3) SDRs	0.7	0.6	0.9	0.7	0.8	0.7	0.8	0.6	0.6	0.7
(4) Gold	-	-	-	-	-	-	-	-	-	-
(5) Other reserve assets	813.1	200.0	100.0	561.6	395.5	495.0	598.8	727.0	549.5	907.1
– Reverse repo	813.1	200.0	100.0	561.6	395.5	495.0	598.8	727.0	549.5	907.1
B. Other foreign currency assets (specify)	-	-	-	-	-	-	-	-	-	-
– Time deposits	-	-	-	-	-	-	-	-	-	-
C. Total (A+B)	6,554.1	6,436.2	7,438.4	8,725.3	9,307.4	9,120.9	8,674.7	8,557.8	8,869.5	8,885.1
II. Predetermined short-term net drains on f/c assets (nominal value)										
1. F/c loans, securities, and deposits (total net drains up to one year)	-1,538.0	-988.6	-899.7	-650.5	-521.1	-1,084.1	-1,100.4	-1,050.6	-1,039.0	-1,038.0
(a) Croatian National Bank	-646.9	-1.8	-1.1	-1.6	-2.0	-0.9	-0.2	-0.2	-0.2	-0.2
Up to 1 month	Principal	-355.9	-	-	-	-	-	-	-	-
Interest	-1.9	-1.8	-1.1	-1.6	-2.0	-0.9	-0.2	-0.2	-0.2	-0.2
More than 1 and up to 3 months	Principal	-288.3	-	-	-	-	-	-	-	-
Interest	-0.7	-	-	-	-	-	-	-	-	-
More than 3 months and up to 1 year	Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
(b) Central government (excl. central government funds)	-891.1	-986.8	-898.6	-648.9	-519.1	-1,083.2	-1,100.2	-1,050.4	-1,038.8	-1,037.9
Up to 1 month	Principal	-85.9	-76.5	-77.9	-48.3	-47.6	-50.8	-492.3	-6.3	-13.9
Interest	-34.4	-13.8	-	-	-	-	-	-	-	-
More than 1 and up to 3 months	Principal	-9.3	-510.1	-603.0	-138.4	-133.2	-616.8	-149.6	-105.9	-273.2
Interest	-168.3	-169.0	-	-	-	-	-11.4	-3.9	-	-
More than 3 months and up to 1 year	Principal	-495.2	-143.7	-160.2	-399.8	-284.5	-348.3	-405.4	-878.1	-647.8
Interest	-98.0	-73.8	-57.5	-62.3	-53.8	-67.4	-41.5	-56.2	-103.9	-126.1
2. Aggregate short and long positions in forwards and futures in f/c vis-a-vis the domestic currency (including the forward leg of currency swaps)	-	-	-	-	-	-	-	-	-	-
(a) Short positions (-)	-	-	-	-	-	-	-	-	-	-
Up to 1 month	-	-	-	-	-	-	-	-	-	-
More than 1 and up to 3 months	-	-	-	-	-	-	-	-	-	-
More than 3 months and up to 1 year	-	-	-	-	-	-	-	-	-	-
(b) Long positions (+)	-	-	-	-	-	-	-	-	-	-
Up to 1 month	-	-	-	-	-	-	-	-	-	-
More than 1 and up to 3 months	-	-	-	-	-	-	-	-	-	-
More than 3 months and up to 1 year	-	-	-	-	-	-	-	-	-	-
3. Other	-363.5	-	-	-	-	-	-	-	-	-
– Outflows related to repos (-)	-363.5	-	-	-	-	-	-	-	-	-
Up to 1 month	Principal	-363.1	-	-	-	-	-	-	-	-
Interest	-0.4	-	-	-	-	-	-	-	-	-
More than 1 and up to 3 months	Principal	-	-	-	-	-	-	-	-	-
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)	-1,901.5	-988.6	-899.7	-650.5	-521.1	-1,084.1	-1,100.4	-1,050.6	-1,039.0	-1,038.0
III. Contingent short-term net drains on f/c assets (nominal value)										
1. Contingent liabilities in foreign currency	-1,300.4	-1,772.9	-2,273.1	-2,734.9	-2,607.4	-1,896.1	-1,401.3	-1,354.0	-1,399.0	-1,373.1
(a) Collateral guarantees on debt falling due within 1 year	-426.8	-370.9	-443.8	-478.9	-662.1	-803.2	-800.3	-729.6	-784.7	-744.7

– Croatian National Bank	–	–	–	–	–	–	–	–	–	–
– Central government (excl. central government funds)	–426.8	–370.9	–443.8	–478.9	–662.1	–803.2	–800.3	–729.6	–784.7	–744.7
Up to 1 month	–55.8	–62.7	–59.6	–71.9	–54.3	–91.8	–7.0	–42.6	–31.3	–22.0
More than 1 and up to 3 months	–94.9	–33.9	–53.0	–84.8	–42.4	–58.4	–90.5	–76.5	–252.0	–225.9
More than 3 months and up to 1 year	–276.1	–274.4	–331.2	–322.2	–565.3	–652.9	–702.8	–610.5	–501.4	–496.7
(b) Other contingent liabilities	–873.6	–1,402.0	–1,829.3	–2,256.0	–1,945.3	–1,092.9	–600.9	–624.4	–614.3	–628.4
– Croatian National Bank	–873.6	–1,402.0	–1,829.3	–2,256.0	–1,945.3	–1,092.9	–600.9	–624.4	–614.3	–628.4
Up to 1 month	–	–	–	–	–	–	–	–	–	–
More than 1 and up to 3 months	–873.6	–1,402.0	–1,829.3	–2,256.0	–1,945.3	–1,092.9	–600.9	–624.4	–614.3	–628.4
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)	–1,300.4	–1,772.9	–2,273.1	–2,734.9	–2,607.4	–1,896.1	–1,401.3	–1,354.0	–1,399.0	–1,373.1
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	–351.0	–	–	–	–	–6.1	–0.5	–0.8	–2.5	–0.5
– 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	785.1	180.7	88.5	559.5	389.7	478.6	568.5	707.2	528.2	847.3
(e) Financial derivative assets (net, marked to market)	–	–	–	–	–	–	–	–	–	–
(f) Currency composition of official reserves assets	–	–	–	–	–	–	–	–	–	–
– Currencies in SDR basket	6,554.1	6,436.2	7,438.1	8,725.0	9,307.1	9,120.8	8,674.6	8,557.7	8,869.5	8,885.0
– Currencies not in SDR basket	0.0	0.0	0.3	0.3	0.3	0.1	0.1	0.1	0.1	0.1
– By individual currencies										
USD	1,937.6	1,609.1	1,104.5	1,266.0	1,357.2	2,064.6	1,861.8	1,814.3	1,842.2	1,816.6
EUR	4,615.6	4,826.3	6,332.5	7,458.0	7,944.2	7,054.9	6,811.3	6,742.0	7,025.9	7,066.9
Other	0.9	0.8	1.3	1.3	6.0	1.5	1.6	1.4	1.4	1.5

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 (I.A.) 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 loans, securities and deposits (II.1.) 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 (II.2.) include future collections () or payments (–) arising from currency swaps between the CNB and domestic banks (temporary sale or purchase of foreign currency). Item Other (II.3.) 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 (III.1.) 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

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
1995		6.757247	0.518724	1.047746	0.321349	4.425013	8.250868	5.229850	3.649215
1996		6.805527	0.513812	1.062870	0.352204	4.407070	8.476847	5.433979	3.614716
1997		6.960719	0.505335	1.056368	0.362049	4.248502	10.089408	6.161849	3.556098
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	
2008	June	7.247010				4.487972	9.154517	4.665242	
	July	7.229828				4.469877	9.111242	4.580458	
	August	7.196063				4.437266	9.088553	4.797094	
	September	7.126375				4.465702	8.911952	4.955398	
	October	7.158248				4.703842	9.080911	5.355413	
	November	7.141435				4.726069	8.634967	5.609362	
	December	7.196956				4.669888	8.015481	5.377415	
2009	January	7.362986				4.930391	7.982449	5.529454	
	February	7.431246				4.983357	8.365523	5.802756	
	March	7.426911				4.936146	8.096949	5.710075	
	April	7.417872				4.893342	8.243502	5.624643	
	May	7.358491				4.867836	8.305715	5.408127	

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 I.B. 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
1995		6.812200	0.526742	1.085365	0.335800	4.618693	8.234500	5.316100	3.705900
1996		6.863600	0.506253	1.055662	0.362600	4.098835	9.359000	5.539600	3.562200
1997		6.947200	0.499445	1.050510	0.357700	4.332003	10.475600	6.303100	3.514000
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	
2008	June	7.246264				4.509187	9.127427	4.594968	
	July	7.221125				4.427965	9.180758	4.633084	
	August	7.161648				4.431987	8.895352	4.858978	
	September	7.107741				4.480139	8.929323	4.961427	
	October	7.185881				4.844850	9.097203	5.469956	
	November	7.128034				4.600512	8.531459	5.539349	
	December	7.324425				4.911107	7.484595	5.155504	
2009	January	7.373294				4.958837	8.179825	5.724163	
	February	7.403887				4.980416	8.286387	5.838567	
	March	7.457249				4.920977	8.015100	5.660151	
	April	7.425124				4.932326	8.283271	5.610218	
	May	7.326488				4.841398	8.388468	5.204211	

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 2001=100

Year	Month	Nominal effective exchange rate of the kuna	Real effective exchange rate of the kuna; deflator	
			Producer price index ^a	Consumer price index
1996	December	83.88	91.18	96.68
1997	December	87.77	94.10	98.83
1998	December	91.09	97.37	95.38
1999	December	99.25	103.19	102.09
2000	December	101.63	100.15	101.91
2001	December	99.07	98.68	98.89
2002	December	95.99	95.70	96.26
2003	December	94.18	94.84	94.71
2004	December	90.42	90.93	90.85
2005	December	91.52	95.03	90.98
2006	December	88.42	93.00	87.95
2007	December	85.58	89.69	83.09
2008	June	83.25	87.89	80.26
	July	82.69	86.57	79.64
	August	83.45	86.55	80.53
	September	83.60	86.43	80.60
	October	85.71	87.73	82.56
	November	86.62	87.38	82.78
	December	86.03	86.20	82.11
2009	January	88.13	87.78	82.91
	February	89.94	88.87	84.57
	March	89.47	88.86 ^b	84.18 ^b
	April	89.03	87.43 ^b	83.27 ^b
	May	87.59		

^a Data have been revised – producer price indices in the period between January 2005 and December 2008 have been recalculated by the CBS according to the NCEA 2007 with the implementation of the NIP 2008 and MIGs 2009 and reduced to the year 2005 (a base year). Moreover, data on producer price indices in the eurozone have been revised by the Eurostat according to the new classification (NACE Rev. 2) and reduced to the year 2005 (a base year). ^b Preliminary data.

Note: The eurozone related consumer price series includes Greece from 1 January 2001, Slovenia from 1 January 2007, Cyprus and Malta from 1 January 2008 and Slovakia from 1 January 2009, while the producer price series for the entire period includes 16 member states. Accordingly, the weight assigned to the Slovenian tolar (0.2%) has been added to the euro weight (70.6%), which now amounts to 70.8%. The weights assigned to the US dollar, pound sterling and Swiss franc have been kept at 27.2%, 1.0% and 1.0% respectively.

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 euro, US dollar, Swiss franc, pound sterling and Slovenian tolar. The series of the indices of the effective exchange rate of the kuna, calculated in accordance with the modified CNB methodology for calculating the nominal and real effective kuna exchange rates (see Box 2, Bulletin No. 64, October 2001), were first published in the CNB Bulletin No. 94 (June 2004). The weights are determined on the basis of the average share of a particular foreign currency in the structure of the current account – ITRS data between January 2000 and December 2003 (i.e. between July 1996 and January 2000 in the previous version of the notes on methodology under Table H10). The new weights have been assigned to the euro (70.6%), US dollar (27.2%), Swiss franc (1.0%) and pound sterling (1.0%), and thus replaced the old weights of 66.2%, 30.7%, 1.6% and 1.2% for the euro, US dollar, Swiss franc and pound sterling respectively. The weight assigned to the Slovenian tolar remained unchanged at 0.2%. The year 2001 is a base period for calculating the indices of the effective exchange rate

of the kuna (1995 in the previous version of the notes on methodology under Table H10). 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 price (the ratio of price indices in partner countries and domestic prices). Producer price and consumer price indices, and the total harmonised consumer price index for the eurozone countries are used as deflators. The time series for consumer prices in Croatia is constructed in the following manner: retail price indices are used until December 1997 inclusive, and consumer price indices are used as of January 1998. Data for the last two months are preliminary. The historical data may be corrected for the subsequent changes in the data published by the statistical offices of the countries whose prices are included in the calculation of the index of the real effective exchange rate of the kuna.

Table H12: Gross External Debt by Domestic Sectors^a

million euros

	2003	2004	2005	2006	2007	2008 ^b		2009		
	Dec.	Dec.	Dec.	Dec.	Dec. ^a	Dec.	Dec. ^{c*}	Jan.*	Feb.*	Mar.
1. Government	5,969.3	6,546.5	6,152.7	5,670.1	5,371.8	4,197.3	4,197.1	4,238.5	3,636.1	3,575.9
Short-term	1.3	2.7	2.0	1.3	5.3	35.7	31.9	29.6	26.1	23.4
Money market instruments	0.0	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	31.7	31.7	28.9	26.0	23.1
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	1.3	2.7	2.0	1.3	5.3	4.0	0.2	0.7	0.1	0.3
Principal arrears	0.9	2.4	1.8	0.0	1.1	3.9	0.1	0.5	0.0	0.1
Interest arrears	0.4	0.3	0.2	1.2	4.2	0.1	0.1	0.2	0.1	0.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	5,968.0	6,543.9	6,150.7	5,668.8	5,366.5	4,161.6	4,165.2	4,209.0	3,610.0	3,552.5
Bonds	4,199.6	4,291.2	3,663.4	3,109.1	2,756.9	2,621.9	2,621.9	2,631.3	2,021.4	1,981.6
Credits	1,766.1	2,250.6	2,484.8	2,557.8	2,608.4	1,538.9	1,542.5	1,576.9	1,587.8	1,570.2
Trade credits	2.3	2.1	2.6	1.9	1.2	0.7	0.7	0.7	0.7	0.7
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Croatian National Bank	365.9	2.4	2.6	2.6	2.3	2.3	2.3	2.2	2.1	2.0
Short-term	365.9	2.4	2.6	2.6	2.3	2.3	2.3	2.2	2.1	2.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	363.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	2.6	2.4	2.6	2.6	2.3	2.3	2.3	2.2	2.1	2.0
Other debt liabilities	0.0	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	0.0
Interest arrears	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
Long-term	0.0	0.0	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	0.0
Credits	0.0	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	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
3. Banks	6,140.1	7,731.7	8,978.7	10,222.6	8,879.1	10,079.1	10,079.4	10,446.9	10,019.8	10,058.0
Short-term	605.5	1,969.2	2,505.2	3,362.7	2,361.2	3,793.3	3,793.3	4,045.4	3,656.7	2,977.8
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	604.6	519.9	1,064.8	1,150.4	710.8	1,121.1	1,121.1	1,173.9	924.2	779.9
Currency and deposits	0.0	1,448.4	1,438.6	2,211.1	1,648.8	2,670.3	2,670.3	2,865.3	2,731.1	2,196.3
Other debt liabilities	0.9	0.9	1.7	1.2	1.7	2.0	2.0	6.2	1.4	1.5
Principal arrears	0.2	0.0	0.0	0.0	0.1	0.0	0.0	4.3	0.0	0.0
Interest arrears	0.7	0.9	1.7	1.2	1.5	2.0	2.0	1.9	1.4	1.5
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	5,534.7	5,762.5	6,473.6	6,859.9	6,517.9	6,285.8	6,286.1	6,401.6	6,363.1	7,080.2
Bonds	0.0	453.2	456.6	457.9	459.0	456.8	456.8	458.5	444.1	445.8
Credits	2,798.5	3,517.4	3,822.7	4,217.3	3,565.1	3,373.9	3,374.2	3,308.8	3,408.2	3,380.8
Currency and deposits	2,736.2	1,791.9	2,194.3	2,184.7	2,493.9	2,455.0	2,455.0	2,634.3	2,510.9	3,253.6
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Other sectors	5,547.2	6,606.7	8,176.4	10,500.2	14,743.1	19,835.7	20,006.7	20,135.5	20,257.0	20,268.0
Short-term	513.2	535.6	706.7	700.9	1,478.2	925.2	1,004.7	1,021.0	1,008.4	1,002.1
Money market instruments	33.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	68.1	98.5	133.0	155.0	681.0	652.9	732.3	700.9	686.3	682.8
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	22.5	23.7	27.8	35.9	31.1	39.5	37.0	36.6	36.3	36.1
Other debt liabilities	389.0	413.5	545.9	510.0	766.0	232.9	235.4	283.5	285.8	283.3
Principal arrears	356.3	377.1	502.1	460.6	683.4	170.4	186.2	223.0	226.0	224.0
Interest arrears	32.7	36.3	43.8	49.4	82.6	62.5	49.2	60.5	59.8	59.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	5,034.0	6,071.1	7,469.7	9,799.3	13,264.9	18,910.5	19,002.1	19,114.6	19,248.6	19,265.9
Bonds	451.7	749.0	763.9	837.8	1,208.3	1,186.4	1,182.7	1,191.4	1,194.0	1,199.2
Credits	4,427.3	5,192.3	6,542.1	8,816.1	11,766.9	17,391.3	17,458.0	17,521.6	17,684.4	17,702.9
Currency and deposits	0.0	0.0	0.0	0.0	0.0	10.6	10.6	5.8	5.9	5.7
Trade credits	155.0	129.8	163.7	145.4	289.8	322.2	350.7	395.7	364.2	358.1

Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Direct investment	1,861.4	2,046.1	2,450.7	2,878.4	3,932.8	5,010.2	5,066.9	5,132.2	5,272.3	5,223.8
Short-term	122.3	124.1	177.5	233.9	540.4	590.0	601.5	557.7	517.3	508.4
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	38.7	33.0	36.3	51.2	216.8	488.4	513.5	468.1	434.3	422.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	83.6	91.2	141.2	182.7	323.6	101.6	88.0	89.6	83.0	86.4
Principal arrears	73.4	78.1	121.8	158.2	293.9	85.8	65.7	68.5	62.0	61.9
Interest arrears	10.2	13.1	19.4	24.5	29.7	15.8	22.3	21.1	20.9	24.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	1,739.1	1,921.9	2,273.2	2,644.5	3,392.5	4,420.2	4,465.4	4,574.5	4,755.0	4,715.4
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	1,707.6	1,892.2	2,239.3	2,618.1	3,374.5	4,414.7	4,463.9	4,573.0	4,749.1	4,709.5
Trade credits	31.5	29.8	33.9	26.4	18.0	5.5	1.5	1.5	5.9	5.9
Other debt liabilities	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)	19,883.9	22,933.4	25,761.1	29,273.9	32,929.2	39,124.6	39,352.4	39,955.4	39,187.3	39,127.7

^a 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. ^b From January 2008 on, the data of non-financial enterprises are estimated on the basis of the data collected from the sample. ^c 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.

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).

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 accrual 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

million euros

	2003	2004	2005	2006	2007	2008 ^b		2009		
	Dec.	Dec.	Dec.	Dec.	Dec. ^a	Dec.	Dec. ^{c*}	Jan. [*]	Feb. [*]	Mar.
1. Public sector	8,327.4	8,580.3	8,501.6	8,256.8	9,259.5	10,247.8	10,434.0	10,659.0	10,138.7	10,040.1
Short-term	415.8	29.5	23.2	41.7	72.5	184.6	236.9	227.0	254.7	205.3
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	391.2	0.7	2.3	15.2	35.4	164.1	215.9	205.4	233.4	183.9
Currency and deposits	2.6	2.4	2.6	2.6	2.3	2.3	2.3	2.2	2.1	2.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	22.1	26.4	18.3	23.9	34.7	18.2	18.8	19.4	19.3	19.4
Principal arrears	20.5	25.4	17.1	20.6	29.9	17.1	14.9	15.4	15.0	15.2
Interest arrears	1.6	1.0	1.2	3.3	4.8	1.1	3.8	4.0	4.3	4.2
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	7,911.3	8,549.6	8,477.3	8,213.6	9,185.2	10,061.5	10,195.4	10,430.3	9,882.3	9,833.1
Bonds	4,306.4	4,662.3	4,052.0	3,640.5	3,859.7	3,714.5	3,711.0	3,726.7	3,111.3	3,075.9
Credits	3,554.4	3,833.2	4,314.5	4,485.2	5,120.3	6,068.5	6,184.2	6,368.9	6,467.8	6,459.2
Currency and deposits	0.0	0.0	0.0	0.0	0.0	10.6	10.6	5.8	5.9	5.7
Trade credits	50.6	54.1	110.8	87.9	205.2	267.9	289.8	328.9	297.2	292.3
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment	0.3	1.2	1.0	1.5	1.8	1.7	1.7	1.7	1.7	1.7
2. Publicly guaranteed private sector	433.7	334.1	289.7	204.2	139.9	80.3	64.1	44.0	39.3	37.7
Short-term	21.1	23.5	21.8	17.2	11.3	7.1	0.0	4.5	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
Credits	0.0	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	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	21.1	23.5	21.8	17.2	11.3	7.1	0.0	4.5	0.0	0.0
Principal arrears	14.3	15.6	14.2	14.4	9.4	7.1	0.0	4.3	0.0	0.0
Interest arrears	6.8	7.9	7.6	2.8	1.9	0.0	0.0	0.2	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
Long-term	412.6	310.6	267.9	187.0	128.6	73.2	64.1	39.5	39.3	37.7
Bonds	31.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	378.9	309.1	267.3	187.0	128.6	73.2	64.1	39.5	39.3	37.7
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	2.5	1.5	0.7	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	0.0
Direct investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Non-publicly guaranteed private sector	11,122.7	14,019.0	16,969.7	20,812.9	23,529.9	28,796.5	28,854.2	29,252.4	29,009.3	29,049.9
Short-term	1,048.8	2,456.9	3,171.4	4,008.7	3,763.3	4,564.9	4,595.3	4,866.6	4,438.6	3,800.1
Money market instruments	33.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	644.8	617.7	1,195.5	1,290.2	1,356.4	1,641.6	1,669.2	1,698.3	1,403.1	1,301.9
Currency and deposits	0.0	1,448.4	1,438.6	2,211.1	1,648.8	2,670.3	2,670.3	2,865.3	2,731.1	2,196.3
Trade credits	22.5	23.7	27.8	35.9	31.1	39.5	37.0	36.6	36.3	36.1
Other debt liabilities	347.9	367.1	509.5	471.5	727.0	213.5	218.8	266.4	268.0	265.8
Principal arrears	322.6	338.5	472.5	425.6	645.4	150.2	171.4	208.1	211.1	208.8
Interest arrears	25.3	28.6	37.0	45.8	81.7	63.3	47.4	58.3	56.9	56.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	8,212.8	9,517.3	11,348.7	13,927.4	15,835.5	19,223.1	19,193.8	19,255.3	19,300.1	20,027.8
Bonds	313.7	831.1	831.8	764.3	564.4	550.6	550.6	554.5	548.1	550.7
Credits	5,058.6	6,817.9	8,267.8	10,919.0	12,691.4	16,162.4	16,125.3	15,997.8	16,172.1	16,155.8
Currency and deposits	2,736.2	1,791.9	2,194.3	2,184.7	2,493.9	2,455.0	2,456.2	2,635.4	2,512.1	3,254.8
Trade credits	104.3	76.3	54.8	59.4	85.8	55.0	61.7	67.5	67.8	66.5
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment	1,861.1	2,044.9	2,449.6	2,876.9	3,931.1	5,008.5	5,065.2	5,130.5	5,270.7	5,222.1
Total (1+2+3)	19,883.9	22,933.4	25,761.1	29,273.9	32,929.2	39,124.6	39,352.3	39,955.4	39,187.3	39,127.7

^a 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. ^b From January 2008 on, the data of non-financial enterprises are estimated on the basis of the data collected from the sample. ^c 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.

Table H14: Gross External Debt by Domestic Sectors and Projected Future Payments^a

million euros

	Gross external debt 31/3/2009	Immediate	Projected future principal payments													
			Q2/09	Q3/09	Q4/09	Q1/10	2009	2010	2011	2012	2013	2014	2015	2016	Other	
1. Government	3,575.9	0.3	303.2	88.9	61.9	536.0	453.9	706.6	930.7	145.1	133.3	580.7	239.2	77.0	309.1	
Short-term	23.4	0.3	8.7	8.7	5.8	0.0	23.1	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	0.0	0.0	0.0	0.0	0.0	0.0	
Credits	23.1	0.0	8.7	8.7	5.8	0.0	23.1	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	0.0	0.0	0.0	0.0	0.0	0.0	
Other debt liabilities	0.3	0.3	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	0.1	0.1	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	
Interest arrears	0.3	0.3	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	3,552.5	0.0	294.5	80.2	56.1	536.0	430.8	706.6	930.7	145.1	133.3	580.7	239.2	77.0	309.1	
Bonds	1,981.6	0.0	224.2	28.4	0.0	510.5	252.6	538.9	720.5	0.0	0.0	469.6	0.0	0.0	0.0	
Credits	1,570.2	0.0	70.3	51.8	56.1	25.5	178.1	167.6	210.1	145.1	133.2	111.0	239.1	76.9	309.1	
Trade credits	0.7	0.0	0.1	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	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	
2. Croatian National Bank	2.0	0.0	2.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Short-term	2.0	0.0	2.0	0.0	0.0	0.0	2.0	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	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	0.0	0.0	0.0	0.0	0.0	0.0	
Currency and deposits	2.0	0.0	2.0	0.0	0.0	0.0	2.0	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	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	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	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	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	
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	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	
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	
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	
3. Banks	10,058.0	1.5	3,402.2	795.5	272.4	208.0	4,470.1	1,830.3	1,745.7	591.8	336.6	91.9	44.8	53.4	891.8	
Short-term	2,977.8	1.5	2,660.7	95.8	125.7	94.0	2,882.2	94.0	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	0.0	0.0	0.0	0.0	0.0	0.0	
Credits	779.9	0.0	748.0	0.0	29.9	2.0	777.9	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Currency and deposits	2,196.3	0.0	1,912.6	95.8	95.8	92.0	2,104.3	92.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other debt liabilities	1.5	1.5	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	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	
Interest arrears	1.5	1.5	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	7,080.2	0.0	741.6	699.7	146.7	114.0	1,587.9	1,736.2	1,745.7	591.8	336.6	91.9	44.8	53.4	891.8	
Bonds	445.8	0.0	13.2	432.6	0.0	0.0	445.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Credits	3,380.8	0.0	637.5	172.9	52.5	18.7	862.9	724.9	813.9	381.2	336.6	91.9	44.8	53.4	71.1	
Currency and deposits	3,253.6	0.0	90.8	94.2	94.2	95.3	279.3	1,011.3	931.7	210.6	0.0	0.0	0.0	0.0	820.7	
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	20,268.0	283.3	2,068.9	983.0	1,329.3	870.8	4,381.2	2,939.8	2,856.4	1,530.2	1,842.6	869.1	757.7	794.9	4,012.9	
Short-term	1,002.1	283.3	279.9	200.6	93.0	140.2	573.6	145.2	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	682.8	0.0	279.9	200.6	57.0	140.2	537.5	145.2	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	36.1	0.0	0.0	0.0	36.1	0.0	36.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other debt liabilities	283.3	283.3	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	224.0	224.0	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	
Interest arrears	59.3	59.3	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	19,265.9	0.0	1,789.0	782.4	1,236.2	730.6	3,807.6	2,794.6	2,856.4	1,530.2	1,842.6	869.1	757.7	794.9	4,012.9	
Bonds	1,199.2	0.0	27.7	0.0	18.3	0.0	46.0	18.3	420.9	48.3	30.0	30.0	30.0	30.0	545.9	
Credits	17,702.9	0.0	1,698.6	735.9	1,123.3	685.1	3,557.8	2,658.7	2,401.3	1,479.3	1,812.6	839.1	727.8	765.0	3,461.3	
Currency and deposits	5.7	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	5.7	
Trade credits	358.1	0.0	62.7	46.5	94.5	45.5	203.7	117.6	34.2	2.6	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
5. Direct investment	5,223.8	86.4	520.4	391.1	411.0	177.3	1,322.4	826.6	814.3	465.2	217.5	156.0	463.8	248.3	623.2
Short-term	508.4	86.4	230.0	48.1	87.4	34.9	365.5	56.4	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	422.0	0.0	230.0	48.1	87.4	34.9	365.5	56.4	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	86.4	86.4	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	61.9	61.9	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	24.4	24.4	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	4,715.4	0.0	290.4	342.9	323.6	142.4	956.9	770.2	814.3	465.2	217.5	156.0	463.8	248.3	623.2
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	4,709.5	0.0	290.1	342.9	323.2	142.4	956.1	770.0	809.6	465.1	217.3	156.0	463.8	248.3	623.2
Trade credits	5.9	0.0	0.3	0.0	0.4	0.0	0.8	0.2	4.6	0.2	0.1	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)	39,127.7	371.5	6,296.7	2,258.5	2,074.5	1,792.1	10,629.7	6,303.3	6,347.0	2,732.4	2,530.0	1,697.8	1,505.6	1,173.6	5,837.0
Supplement: Projected interest payments			253.6	241.5	254.0	239.0	749.1	812.6	640.7	441.8	370.5	292.2	228.2	184.3	629.7

^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.

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. Principal payments on Currency and deposits of non-residents are projected according to the available monetary statistics data on original and remaining maturity.

Estimated interest payments do not include interest on deposits from non-residents, repo transactions and hybrid and subordinated instruments, as well as late interest on these instruments. Future interest payments are estimated on the basis of contractual interest rates and do not reflect changes of variable interest rates.

Projected payments of accrual 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^a

million euros

	2003	2004	2005	2006	2007	2008 ^b		2009		
	Dec.	Dec.	Dec.	Dec.	Dec. ^a	Dec.	Dec. ^{c*}	Jan.*	Feb.*	Mar.
1. Other sectors	5,547.2	6,606.7	8,176.4	10,500.1	14,743.1	19,835.7	20,006.7	20,135.5	20,257.0	20,268.0
Short-term	513.2	535.6	706.7	700.9	1,478.2	925.3	1,004.7	1,021.0	1,008.4	1,002.1
Money market instruments	33.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	68.1	98.5	133.0	155.0	681.0	652.9	732.3	700.9	686.3	682.8
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	22.5	23.7	27.8	35.9	31.1	39.5	37.0	36.6	36.3	36.1
Other debt liabilities	389.0	413.5	545.9	510.0	766.0	232.9	235.4	283.5	285.8	283.3
Principal arrears	356.3	377.1	502.1	460.6	683.4	170.4	186.2	223.0	226.0	224.0
Interest arrears	32.7	36.3	43.8	49.4	82.6	62.5	49.2	60.5	59.8	59.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	5,034.0	6,071.1	7,469.7	9,799.3	13,264.9	18,910.5	19,002.1	19,114.6	19,248.6	19,265.9
Bonds	451.7	749.0	763.9	837.8	1,208.3	1,186.4	1,182.7	1,191.4	1,194.0	1,199.2
Credits	4,427.3	5,192.3	6,542.1	8,816.1	11,766.9	17,391.3	17,458.0	17,521.6	17,684.4	17,702.9
Currency and deposits	0.0	0.0	0.0	0.0	0.0	10.6	10.6	5.8	5.9	5.7
Trade credits	155.0	129.8	163.7	145.4	289.8	322.2	350.7	395.7	364.2	358.1
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1. Other banking institutions	26.3	25.4	25.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term	1.0	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	0.0
Credits	0.0	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	0.0
Other debt liabilities	1.0	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	0.0
Interest arrears	1.0	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
Long-term	25.3	25.4	25.7	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	0.0
Credits	25.3	25.4	25.7	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
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2. Non-banking financial institutions	1,286.3	1,691.8	2,132.1	2,871.4	3,922.0	4,949.7	5,149.1	5,076.4	5,101.3	5,108.8
Short-term	2.7	9.5	19.6	60.1	201.6	155.4	163.0	155.1	176.6	175.9
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	5.4	14.3	46.5	184.5	144.5	157.8	149.9	171.3	171.1
Currency and deposits	0.0	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	0.0
Other debt liabilities	2.7	4.0	5.3	13.6	17.1	10.9	5.3	5.2	5.3	4.8
Principal arrears	1.5	1.5	2.9	6.4	2.9	4.2	1.4	1.3	1.3	1.3
Interest arrears	1.2	2.5	2.4	7.2	14.2	6.7	3.9	4.0	4.0	3.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	1,283.7	1,682.4	2,112.5	2,811.3	3,720.4	4,794.3	4,986.0	4,921.3	4,924.7	4,933.0
Bonds	106.8	371.1	388.6	531.4	806.7	791.5	791.5	795.2	788.2	791.5
Credits	1,176.2	1,311.3	1,723.8	2,279.9	2,913.7	3,992.3	4,184.0	4,120.3	4,130.6	4,135.7
Currency and deposits	0.0	0.0	0.0	0.0	0.0	10.6	10.6	5.8	5.9	5.7
Trade credits	0.7	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	0.0
1.3. Public enterprises	1,005.9	972.4	1,121.9	1,168.5	1,997.4	3,945.4	4,873.5	5,055.1	5,114.3	5,077.3
Short-term	41.8	20.6	13.3	31.6	48.3	145.1	202.7	195.2	196.1	149.6
Money market instruments	0.0	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	15.2	35.4	132.4	184.2	176.5	177.3	130.6
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	16.2	20.6	13.3	16.4	12.9	12.7	18.6	18.7	18.8	19.0
Principal arrears	15.5	20.0	12.5	14.5	12.5	11.8	14.8	14.9	14.9	15.1
Interest arrears	0.7	0.6	0.8	1.9	0.5	0.9	3.7	3.8	3.9	3.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	964.0	951.9	1,108.6	1,136.9	1,949.0	3,800.4	4,670.8	4,859.9	4,918.1	4,927.7
Bonds	0.0	0.0	0.0	0.0	296.2	301.2	297.6	300.2	301.7	302.8

Credits	929.6	919.4	1,026.8	1,066.8	1,470.2	3,254.7	4,084.2	4,231.5	4,320.0	4,333.4
Trade credits	34.4	32.5	81.8	70.1	182.7	244.5	289.0	328.2	296.5	291.6
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.4. Mixed enterprises	384.9	347.1	328.8	416.5	594.9	741.6	0.0	0.0	0.0	0.0
Short-term	6.8	3.9	5.3	6.3	16.5	1.2	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
Credits	2.2	0.7	2.3	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
Other debt liabilities	4.6	3.2	3.0	6.3	16.5	1.2	0.0	0.0	0.0	0.0
Principal arrears	4.1	3.0	2.9	6.1	16.4	1.1	0.0	0.0	0.0	0.0
Interest arrears	0.6	0.1	0.2	0.2	0.1	0.2	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
Long-term	378.1	343.2	323.5	410.2	578.4	740.4	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	0.0
Credits	364.3	323.6	297.1	394.3	557.1	717.7	0.0	0.0	0.0	0.0
Trade credits	13.8	19.6	26.4	15.9	21.3	22.7	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
1.5. Other enterprises	2,764.1	3,473.6	4,454.5	5,929.1	8,062.2	9,933.4	9,718.6	9,734.4	9,771.4	9,812.8
Short-term	454.6	483.4	653.7	578.8	1,174.3	619.2	634.6	666.2	632.2	671.8
Money market instruments	33.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	39.8	81.7	114.8	86.9	451.2	373.8	388.2	372.3	336.4	378.5
Trade credits	22.5	23.7	27.8	35.9	31.1	39.5	37.0	36.6	36.3	36.1
Other debt liabilities	358.6	378.1	511.1	456.0	692.0	205.9	209.4	257.3	259.4	257.3
Principal arrears	330.7	346.8	473.4	420.3	630.2	151.2	167.8	204.6	207.6	205.3
Interest arrears	27.9	31.3	37.7	35.7	61.8	54.7	41.6	52.7	51.8	51.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	2,309.6	2,990.2	3,800.9	5,350.3	6,887.9	9,314.2	9,084.0	9,068.2	9,139.2	9,141.0
Bonds	344.8	377.9	375.3	306.4	105.4	93.8	93.7	96.0	104.1	104.9
Credits	1,874.6	2,545.3	3,377.5	4,989.1	6,701.7	9,168.7	8,931.9	8,907.9	8,970.4	8,972.4
Trade credits	90.1	67.1	48.1	54.8	80.8	51.7	58.4	64.3	64.7	63.6
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.6. Non-profit institutions	2.8	4.0	4.9	5.3	5.4	3.8	3.8	3.8	3.9	3.7
1.7. Craftsmen and sole traders	50.0	42.7	35.2	26.8	24.1	17.1	17.1	16.8	16.4	15.8
1.8. Households	26.9	49.7	73.3	82.7	137.2	244.7	244.7	249.0	249.9	249.7

^a 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. ^b From January 2008 on, the data of non-financial enterprises are estimated on the basis of the data collected from the sample. ^c 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.

Table H16: International Investment Position – Summary^a

million euros

	2004	2005	2006	2007	2008 ^b	2008				2009
						Q1	Q2	Q3 ^b	Q4 ^b	Q1 ^c
1. International investment position (net)	-15,371.4	-20,246.8	-29,972.2	-39,924.5	-35,588.8	-38,950.6	-37,624.1	-36,969.6	-35,588.8	-36,653.2
2. Assets	15,118.2	16,042.5	18,242.8	21,148.7	21,117.8	20,480.4	20,486.3	21,059.5	21,117.8	18,810.1
2.1. Direct investment abroad	1,563.4	1,729.8	1,833.1	2,315.9	2,598.5	2,236.5	2,481.5	2,566.2	2,598.5	2,596.1
2.2. Portfolio investment	1,506.0	2,136.8	2,575.9	3,021.2	2,413.5	2,413.4	2,355.8	2,042.5	2,413.5	2,143.7
2.2.1. Equity securities	176.8	418.0	720.4	1,601.6	543.1	1,075.7	1,116.3	817.3	543.1	450.4
2.2.2. Debt securities	1,329.1	1,718.8	1,855.4	1,419.6	1,870.4	1,337.7	1,239.5	1,225.2	1,870.4	1,693.3
Bonds	1,168.7	1,571.6	1,464.0	1,139.2	1,488.0	1,116.3	1,018.6	1,024.6	1,488.0	1,328.1
Money market instruments	160.4	147.1	391.4	280.4	382.4	221.4	221.0	200.6	382.4	365.1
2.3. Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4. Other investment	5,612.7	4,737.6	5,108.5	6,504.2	6,984.8	5,988.9	5,707.8	6,642.1	6,984.8	5,200.8
2.4.1. Trade credits	222.2	262.9	230.5	248.9	224.7	232.2	233.0	231.2	224.7	152.6
2.4.2. Loans	102.2	146.2	239.5	296.4	435.9	325.1	362.3	412.3	435.9	408.7
2.4.3. Currency and deposits	5,288.2	4,328.5	4,638.3	5,958.9	6,324.2	5,430.6	5,112.4	5,998.7	6,324.2	4,639.5
2.4.4. Other assets	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.5. Reserve assets (CNB)	6,436.1	7,438.4	8,725.3	9,307.4	9,120.9	9,841.7	9,941.2	9,808.7	9,120.9	8,869.5
3. Liabilities	30,489.5	36,289.4	48,215.0	61,073.2	56,706.5	59,431.1	58,110.4	58,029.1	56,706.5	55,463.3
3.1. Direct investment in Croatia	9,114.2	12,332.4	20,782.0	30,660.4	22,013.3	27,769.5	26,363.0	25,756.5	22,013.3	21,052.2
3.2. Portfolio investment	5,981.5	5,530.4	5,442.4	5,840.7	4,854.7	5,486.0	5,214.5	5,091.1	4,854.7	4,120.3
3.2.1. Equity securities	488.1	646.5	1,037.5	1,416.6	589.5	1,106.4	1,003.5	871.9	589.5	493.7
3.2.2. Debt securities	5,493.4	4,883.8	4,404.8	4,424.2	4,265.2	4,379.7	4,211.0	4,219.2	4,265.2	3,626.6
Bonds	5,493.4	4,883.8	4,404.8	4,424.2	4,265.2	4,378.8	4,211.0	4,219.2	4,265.2	3,626.6
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.0	0.0
3.3. Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.4. Other investment	15,393.9	18,426.6	21,990.6	24,572.1	29,838.6	26,175.5	26,532.8	27,181.5	29,838.6	30,290.8
3.4.1. Trade credits	209.4	249.5	244.9	337.8	367.5	323.9	364.7	375.3	367.5	400.5
3.4.2. Loans	11,941.7	14,541.4	17,347.4	20,088.8	24,343.4	21,230.5	22,224.4	23,077.7	24,343.4	24,438.1
3.4.3. Currency and deposits	3,242.7	3,635.6	4,398.4	4,145.5	5,127.8	4,621.1	3,943.7	3,728.6	5,127.8	5,452.2
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

^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 H16: International Investment Position

This table is made in accordance with the recommendations of the IMF (Balance of Payments Manual, Fifth Edition, 1995). 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.

The source of data on foreign direct and portfolio equity investment is the statistical research of the Croatian National Bank. The equity investments have been monitored since the beginning of 2001 and are corrected for changes in the official index of the Zagreb Stock Exchange (CROBEX).

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, which also comprises claims and liabilities arising from bonds and money market instruments.

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.

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

million euros

	2004	2005	2006	2007	2008 ^a	2008				2009
						Q1	Q2	Q3 ^a	Q4 ^a	Q1 ^b
Direct investment (net)	-7,550.7	-10,602.7	-18,948.9	-28,344.5	-19,414.7	-25,533.0	-23,881.5	-23,190.3	-19,414.7	-18,456.2
1. Abroad	1,563.4	1,729.8	1,833.1	2,315.9	2,598.5	2,236.5	2,481.5	2,566.2	2,598.5	2,596.1
1.1. Equity capital and reinvested earnings	1,502.3	1,610.4	1,725.0	2,214.9	2,408.8	2,078.1	2,301.0	2,381.2	2,408.8	2,477.3
1.1.1. Claims	1,502.3	1,610.4	1,725.0	2,214.9	2,408.8	2,078.1	2,301.0	2,381.2	2,408.8	2,477.3
1.1.2. Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2. Other capital	61.2	119.3	108.2	101.0	189.7	158.4	180.5	185.0	189.7	118.8
1.1.1. Claims	89.6	138.0	144.8	175.4	220.2	189.8	215.5	214.1	220.2	213.7
1.2.2. Liabilities	28.4	18.7	36.6	74.4	30.5	31.4	35.1	29.1	30.5	94.9
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
2. In Croatia	9,114.2	12,332.4	20,782.0	30,660.4	22,013.3	27,769.5	26,363.0	25,756.5	22,013.3	21,052.2
2.1. Equity capital and reinvested earnings	7,116.4	9,920.6	17,961.3	26,826.1	17,057.8	23,420.8	21,788.9	20,973.0	17,057.8	15,950.9
2.1.1. Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2. Liabilities	7,116.4	9,920.6	17,961.3	26,826.1	17,057.8	23,420.8	21,788.9	20,973.0	17,057.8	15,950.9
2.2. Other capital	1,997.8	2,411.8	2,820.7	3,834.3	4,955.5	4,348.7	4,574.1	4,783.5	4,955.5	5,101.4
2.2.1. Claims	19.9	20.1	21.1	24.2	24.3	28.0	30.0	13.7	24.3	34.1
2.2.2. Liabilities	2,017.7	2,431.9	2,841.8	3,858.5	4,979.8	4,376.7	4,604.1	4,797.2	4,979.8	5,135.5
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

^a Revised data. ^b Preliminary data.**Table H18: International Investment Position – Portfolio Investment^a**

million euros

	2004	2005	2006	2007	2008 ^b	2008				2009
						Q1	Q2	Q3 ^b	Q4 ^b	Q1 ^c
Portfolio investment (net)	-4,475.5	-3,393.6	-2,866.5	-2,819.5	-2,441.2	-3,072.7	-2,858.7	-3,048.6	-2,441.2	-1,976.6
1. Assets	1,506.0	2,136.8	2,575.9	3,021.2	2,413.5	2,413.4	2,355.8	2,042.5	2,413.5	2,143.7
1.1. Equity securities	176.8	418.0	720.4	1,601.6	543.1	1,075.7	1,116.3	817.3	543.1	450.4
1.1.1. Banks	5.1	5.9	6.7	8.3	9.7	6.6	15.2	10.7	9.7	11.1
1.1.2. Other sectors	171.8	412.1	713.7	1,593.3	533.4	1,069.0	1,101.1	806.6	533.4	439.3
1.2. Debt securities	1,329.1	1,718.8	1,855.4	1,419.6	1,870.4	1,337.7	1,239.5	1,225.2	1,870.4	1,693.3
2. Liabilities	5,981.5	5,530.4	5,442.4	5,840.7	4,854.7	5,486.0	5,214.5	5,091.1	4,854.7	4,120.3
2.1. Equity securities	488.1	646.5	1,037.5	1,416.6	589.5	1,106.4	1,003.5	871.9	589.5	493.7
2.1.1. Banks	64.7	84.0	156.7	168.0	68.5	141.5	113.3	93.2	68.5	64.3
2.1.2. Other sectors	423.4	562.6	880.8	1,248.5	521.0	964.8	890.2	778.6	521.0	429.4
2.2. Debt securities	5,493.4	4,883.8	4,404.8	4,424.2	4,265.2	4,379.7	4,211.0	4,219.2	4,265.2	3,626.6
2.2.1. Bonds	5,493.4	4,883.8	4,404.8	4,424.2	4,265.2	4,378.8	4,211.0	4,219.2	4,265.2	3,626.6
2.2.1.1. General government	4,291.2	3,663.4	3,109.1	2,756.9	2,621.9	2,695.0	2,537.6	2,569.2	2,621.9	1,981.6
2.2.1.2. Banks	453.2	456.6	457.9	459.0	456.8	463.8	468.6	454.2	456.8	445.8
2.2.1.3. Other sectors	749.0	763.9	837.8	1,208.3	1,186.4	1,220.0	1,204.8	1,195.8	1,186.4	1,199.2
2.2.2. Money market instruments	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.0	0.0
2.2.2.1. Other sectors	0.0	0.0	0.0	0.0	0.0	0.9	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.

Table H19: International Investment Position – Other Investment^a

million euros

	2004	2005	2006	2007	2008 ^b	2008				2009
						Q1	Q2	Q3 ^b	Q4 ^b	Q1 ^c
Other investment (net)	-9,781.2	-13,689.0	-16,882.1	-18,067.8	-22,853.8	-20,186.6	-20,825.1	-20,539.4	-22,853.8	-25,090.0
1. Assets	5,612.7	4,737.6	5,108.5	6,504.2	6,984.8	5,988.9	5,707.8	6,642.1	6,984.8	5,200.8
1.1. Trade credits	222.2	262.9	230.5	248.9	224.7	233.2	233.0	231.2	224.7	152.6
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
Long-term	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	222.2	262.9	230.5	248.9	224.7	233.2	233.0	231.2	224.7	152.6
Long-term	181.4	190.9	177.5	228.8	202.6	216.6	213.6	210.6	202.6	138.4
Short-term	40.8	72.0	53.0	20.1	22.1	16.6	19.4	20.5	22.1	14.2
1.2. Loans	102.2	146.2	239.5	296.4	435.9	325.1	362.3	412.3	435.9	408.7
1.2.1. Croatian National Bank	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.6
Long-term	0.6	0.6	0.6	0.6	0.6	0.5	0.5	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	0.7
Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
1.2.3. Banks	81.6	113.2	188.5	214.8	285.3	220.6	226.7	258.8	285.3	293.7
Long-term	62.6	85.3	140.0	160.0	193.6	168.6	171.2	190.4	193.6	199.7
Short-term	19.0	27.9	48.5	54.8	91.7	52.0	55.5	68.4	91.7	94.1
1.2.4. Other sectors	20.0	32.3	50.4	81.1	150.0	104.0	135.1	152.9	150.0	113.6
Long-term	18.7	32.0	50.2	81.0	146.8	103.6	132.0	148.3	146.8	107.5
Short-term	1.3	0.3	0.2	0.1	3.3	0.3	3.1	4.6	3.3	6.1
1.3. Currency and deposits	5,288.2	4,328.5	4,638.3	5,958.9	6,324.2	5,430.6	5,112.4	5,998.7	6,324.2	4,639.5
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
1.3.2. Banks	4,319.7	3,112.2	3,499.9	4,715.1	4,863.6	4,171.1	3,739.0	4,558.3	4,863.6	3,156.8
1.3.3. Other sectors	968.5	1,216.3	1,138.3	1,243.8	1,460.5	1,259.4	1,373.4	1,440.4	1,460.5	1,482.7
1.4. Other assets	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Liabilities	15,393.9	18,426.6	21,990.6	24,572.1	29,838.6	26,175.5	26,532.8	27,181.5	29,838.6	30,290.8
2.1. Trade credits	209.4	249.5	244.9	337.8	367.5	323.9	364.7	375.3	367.5	400.5
2.1.1. General government	2.2	2.6	1.9	1.2	0.7	1.0	0.8	0.7	0.7	0.7
Long-term	2.2	2.6	1.9	1.2	0.7	1.0	0.8	0.7	0.7	0.7
Short-term	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	207.2	246.9	243.0	336.6	366.7	323.0	363.9	374.5	366.7	399.8
Long-term	183.6	219.1	207.0	305.5	327.2	288.5	328.6	335.1	327.2	356.8
Short-term	23.7	27.8	35.9	31.1	39.5	34.5	35.3	39.4	39.5	43.0
2.2. Loans	11,941.7	14,541.4	17,347.4	20,088.8	24,343.4	21,230.5	22,224.4	23,077.7	24,343.4	24,438.1
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
o/w: IMF	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	2,253.1	2,486.7	2,559.0	2,613.7	1,574.6	1,409.0	1,500.4	1,510.1	1,574.6	1,594.3
Long-term	2,253.1	2,486.7	2,559.0	2,613.7	1,542.9	1,409.0	1,500.4	1,510.1	1,542.9	1,571.2
Short-term	0.0	0.0	0.0	0.0	31.7	0.0	0.0	0.0	31.7	23.1
2.2.3. Banks	4,038.1	4,889.2	5,368.9	4,276.8	4,496.7	4,373.7	4,316.2	3,766.7	4,496.7	4,161.3
Long-term	3,517.4	3,822.9	4,217.4	3,565.2	3,374.7	3,571.4	3,401.6	3,222.3	3,374.7	3,380.6
Short-term	520.7	1,066.3	1,151.6	711.7	1,122.0	802.3	914.6	544.4	1,122.0	780.7
2.2.4. Other sectors	5,650.5	7,165.5	9,419.4	13,198.2	18,272.0	15,447.8	16,407.8	17,800.8	18,272.0	18,682.4
Long-term	5,499.9	6,964.8	9,187.2	12,371.2	17,589.5	15,027.5	15,833.0	17,099.2	17,589.5	17,936.8
Short-term	150.6	200.8	232.2	827.1	682.5	420.3	574.8	701.6	682.5	745.6
2.3. Currency and deposits	3,242.7	3,635.6	4,398.4	4,145.5	5,127.8	4,621.1	3,943.7	3,728.6	5,127.8	5,452.2
2.3.1. Croatian National Bank	2.4	2.6	2.6	2.3	2.3	1.7	2.0	1.8	2.3	2.0
2.3.2. Banks	3,240.3	3,633.0	4,395.8	4,143.2	5,125.5	4,619.3	3,941.7	3,726.8	5,125.5	5,450.2
2.4. Other liabilities	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.

Table I1: Consolidated Central Government According to the Government Level^a

million kuna

	2004	2005	2006	2007	2008					
					Mar.	Jun.	Sep.	Oct.	Nov.	Dec.
1. REVENUE (A+B)	87,019.3	92,642.5	100,392.6	113,386.2	8,983.3	9,802.8	9,802.1	10,407.9	8,939.3	10,507.1
A) Budgetary central government	80,463.5	85,653.0	95,234.1	108,297.0	8,729.1	9,467.2	9,447.3	10,079.3	8,585.7	9,754.2
B) Extrabudgetary users	6,555.8	6,989.5	5,158.5	5,089.2	254.2	335.6	354.9	328.6	353.6	752.9
1. Croatian Pension Insurance Administration	129.9	38.0	293.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Croatian Institute for Health Insurance	663.1	863.9	848.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Croatian Employment Service	15.5	18.9	18.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Croatian Waters	1,224.4	1,227.8	1,526.9	2,041.2	174.3	170.2	229.1	197.4	145.3	264.8
5. Fund for Environmental Protection and Energy Efficiency	170.7	214.7	659.8	1,102.9	66.3	72.5	111.2	91.1	132.2	140.8
6. Croatian Motorways Ltd.	2,295.4	2,547.0	1,271.1	1,375.3	0.0	0.0	0.0	0.0	0.0	0.0
7. Croatian Roads Ltd.	1,417.8	1,474.7	64.7	119.9	3.0	3.0	3.0	4.4	4.8	13.1
8. State Agency for Deposit Insurance and Bank Rehabilitation	575.9	367.4	409.6	391.4	1.9	82.0	9.8	30.5	70.9	330.0
9. Croatian Privatisation Fund	62.9	237.0	65.9	58.3	8.7	8.0	1.8	5.2	0.4	4.2
2. EXPENSE (A+B)	86,941.4	92,332.1	98,751.4	109,075.0	9,209.2	9,524.9	9,870.4	9,575.8	9,513.5	14,868.8
A) Budgetary central government	81,861.2	86,715.6	91,979.7	103,004.9	8,963.0	8,984.7	9,317.7	9,085.2	8,917.2	13,821.6
B) Extrabudgetary users	5,080.3	5,616.5	6,771.7	6,070.1	246.2	540.2	552.7	490.7	596.3	1,047.2
1. Croatian Pension Insurance Administration	587.4	382.2	565.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Croatian Institute for Health Insurance	831.3	914.3	931.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Croatian Employment Service	141.3	145.9	155.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Croatian Waters	1,426.3	1,489.5	1,779.1	2,099.0	87.1	275.9	243.7	258.3	328.3	337.2
5. Fund for Environmental Protection and Energy Efficiency	32.4	172.0	734.8	1,083.3	73.1	58.2	119.1	103.6	107.4	191.2
6. Croatian Motorways Ltd.	752.3	1,085.1	1,272.7	1,509.8	0.0	0.0	0.0	0.0	0.0	0.0
7. Croatian Roads Ltd.	934.6	1,062.4	1,226.9	1,241.9	65.2	196.1	171.1	121.4	152.7	293.0
8. State Agency for Deposit Insurance and Bank Rehabilitation	314.5	183.0	27.4	47.8	14.5	1.0	9.5	1.3	0.9	214.5
9. Croatian Privatisation Fund	60.1	182.1	78.4	88.2	6.3	9.0	9.4	6.0	7.0	11.2
NET/GROSS OPERATING BALANCE (1–2)	77.8	310.3	1,641.2	4,311.2	-225.9	277.9	-68.2	832.1	-574.2	-4,361.7
3. CHANGE IN NET WORTH: TRANSACTIONS (3.1.+3.2.–3.3.)	77.8	310.3	1,641.2	4,311.2	-225.9	277.9	-68.2	832.1	-574.2	-4,361.7
3.1. CHANGE IN NET ACQUISITION OF NON-FINANCIAL ASSETS	8,373.5	6,699.4	6,108.6	7,811.0	70.7	313.0	406.4	310.2	445.7	1,176.2
Acquisition	8,648.4	7,024.2	6,836.4	8,378.6	116.4	337.8	427.5	334.6	479.0	1,230.6
A) Budgetary central government	1,663.9	1,828.8	1,908.5	3,043.9	69.6	128.4	331.8	242.9	343.9	946.9
B) Extrabudgetary users	6,984.5	5,195.4	4,927.9	5,334.7	46.7	209.3	95.7	91.7	135.1	283.7
Disposals	274.9	324.8	727.7	567.7	45.7	24.8	21.1	24.3	33.3	54.4
A) Budgetary central government	244.4	275.1	352.7	498.7	23.7	23.9	23.2	24.2	31.0	41.6
B) Extrabudgetary users	30.5	49.6	375.1	69.0	22.0	0.9	-2.1	0.1	2.3	12.8
NET LENDING/BORROWING (1–2–3.1.)	-8,295.6	-6,389.1	-4,467.4	-3,499.8	-296.6	-35.0	-474.7	521.8	-1,020.0	-5,537.9
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING) (3.3.–3.2.)	8,295.6	6,389.1	4,467.4	3,499.8	296.6	35.0	474.7	-521.8	1,020.0	5,537.9
3.2. CHANGE IN NET ACQUISITION OF FINANCIAL ASSETS	28.4	1,609.8	-2,576.7	-2,939.2	676.8	31.1	-465.0	617.7	980.7	-1,762.8
3.2.1. Domestic	18.6	1,614.6	-2,593.4	-2,957.2	676.8	29.3	-465.0	617.7	975.4	-1,762.8
A) Budgetary central government	138.6	1,747.7	-3,063.9	-3,752.8	604.2	-52.2	-374.6	565.6	1,018.9	-1,806.7
B) Extrabudgetary users	-120.0	-133.1	470.5	795.6	72.6	81.5	-90.4	52.1	-43.5	43.9
3.2.2. Foreign	9.8	-4.9	16.7	18.0	0.0	0.0	0.0	0.0	5.3	0.0
A) Budgetary central government	9.8	-4.9	16.7	18.0	0.0	1.8	0.0	0.0	5.3	0.0
B) Extrabudgetary users	0.0	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	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	8,324.0	7,998.8	1,890.7	560.6	973.4	66.2	9.6	95.9	2,000.7	3,775.1
3.3.1. Domestic	4,107.7	12,041.7	5,282.8	2,017.1	1,034.1	1,408.1	-75.9	-3.8	1,997.8	3,701.8
A) Budgetary central government	4,038.7	10,591.6	3,166.3	1,477.6	1,063.3	1,068.3	-37.1	9.2	1,814.7	3,289.9
B) Extrabudgetary users	69.0	1,450.1	2,116.5	539.5	-29.2	339.8	-38.8	-13.0	183.1	411.8
3.3.2. Foreign	4,216.3	-4,042.8	-3,392.1	-1,456.5	0.0	0.0	0.0	99.7	2.9	73.3
A) Budgetary central government	270.3	-5,080.6	-3,943.2	-2,980.2	-60.7	-1,341.9	85.6	26.7	-4.8	83.7
B) Extrabudgetary users	3,946.0	1,037.8	551.2	1,523.7	-58.9	-1,339.7	9.4	73.0	7.7	-10.4

^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

million kuna

	2004	2005	2006	2007	2008					
					Mar.	Jun.	Sep.	Oct.	Nov.	Dec.
1. REVENUE	80,463.5	85,653.0	95,235.6	108,320.6	8,729.1	9,467.2	9,447.3	10,079.3	8,588.0	9,757.8
1.1. Taxes	47,149.9	50,687.6	58,469.1	64,234.5	5,190.2	5,626.6	5,655.4	6,026.1	4,908.5	5,353.5
1.2. Social contributions	29,477.6	31,301.3	33,877.1	37,203.5	3,202.5	3,424.4	3,446.2	3,482.7	3,379.2	3,713.9
1.3. Grants	10.1	27.5	196.0	428.0	38.3	20.4	33.7	36.6	38.7	52.7
1.4. Other revenue	3,825.9	3,636.6	2,693.3	6,454.5	298.1	395.9	312.0	533.8	261.7	637.7
2. EXPENSE	83,131.1	87,857.5	95,950.0	108,007.6	9,083.4	9,141.6	9,485.6	9,330.9	9,060.8	14,032.8
2.1. Compensation of employees	22,268.3	23,182.6	24,313.9	27,545.1	2,362.8	2,472.8	2,506.7	2,499.8	2,492.8	2,828.2
2.2. Use of goods and services	4,358.7	4,951.9	6,069.1	7,162.4	480.2	533.4	573.7	732.4	599.5	1,666.3
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	3,972.5	4,387.0	4,713.6	4,535.0	354.6	354.9	386.9	169.3	208.4	484.2
2.5. Subsidies	4,968.1	5,248.7	5,670.8	6,492.0	884.3	389.7	672.1	489.2	254.4	1,012.2
2.6. Grants	3,420.3	3,796.8	6,653.0	8,363.2	314.3	425.1	419.4	582.4	568.9	976.0
2.7. Social benefits	39,730.9	41,358.5	43,444.6	48,176.0	4,208.3	4,323.6	4,332.3	4,323.9	4,390.4	5,827.6
2.8. Other expense	4,412.4	4,931.9	5,085.0	5,733.9	479.0	642.1	594.5	534.0	546.3	1,238.3
3. CHANGE IN NET WORTH: TRANSACTIONS	-2,667.6	-2,204.5	-714.4	313.0	-354.3	325.6	-38.3	748.4	-472.7	-4,275.1
3.1. Change in net acquisition of non-financial assets	1,419.5	1,553.7	1,555.8	2,545.2	45.9	104.6	308.6	218.7	312.9	905.3
3.1.1. Fixed assets	1,384.6	1,517.0	1,595.1	2,625.7	42.3	87.2	300.2	215.8	271.9	799.3
3.1.2. Inventories	0.0	0.0	-80.2	-161.4	0.7	0.0	7.5	0.0	-0.3	67.1
3.1.3. Valuables	7.5	7.2	7.8	9.6	0.4	1.3	0.0	2.4	1.4	0.5
3.1.4. Non-produced assets	27.3	29.5	33.1	71.3	2.6	16.1	0.9	0.5	39.9	38.4
3.2. Change in net acquisition of financial assets	222.0	1,752.8	-3,047.2	-3,734.8	604.2	-50.4	-374.6	565.6	1,024.3	-1,806.7
3.2.1. Domestic	212.2	1,757.7	-3,063.9	-3,752.8	604.2	-52.2	-374.6	565.6	1,018.9	-1,806.7
3.2.2. Foreign	9.8	-4.9	16.7	18.0	0.0	1.8	0.0	0.0	5.3	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	4,309.0	5,510.9	-777.0	-1,502.6	1,004.4	-271.4	-27.7	36.0	1,809.9	3,373.6
3.3.1. Domestic	4,038.7	10,591.6	3,166.3	1,477.6	1,063.3	1,068.3	-37.1	9.2	1,814.7	3,289.9
3.3.2. Foreign	270.3	-5,080.6	-3,943.2	-2,980.2	-58.9	-1,339.7	9.4	26.7	-4.8	83.7

^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, million kuna

	2002	2003	2004	2005	2006	2007	2008	2009		
	Dec. ^b	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.
1. Domestic debt of central government	30,979.2	34,408.3	41,134.9	54,494.6	59,385.0	62,839.1	66,965.2	70,313.6	74,696.3	76,944.0
1.1. Domestic debt of the Republic of Croatia	23,320.0	28,160.8	37,223.7	50,559.5	54,216.7	56,506.5	63,960.8	67,008.5	71,069.8	72,985.0
Treasury bills	5,632.7	6,548.1	9,022.5	12,533.4	12,662.2	11,975.3	16,775.2	17,384.6	17,334.7	17,870.8
Money market instruments	0.1	0.3	–	0.9	–	–	10.7	10.7	7.0	7.0
Bonds	15,887.9	17,422.0	23,080.1	30,716.0	34,827.9	38,795.2	36,108.3	36,229.1	36,482.5	36,491.5
Credits from the CNB	0.5	1.4	3.3	1.4	0.9	1.0	2.2	1.2	0.7	0.8
Credits from banks	1,798.8	4,189.1	5,117.8	7,307.8	6,725.7	5,735.0	11,064.4	13,382.9	17,244.8	18,614.9
1.2. Domestic debt of central government funds	7,659.1	6,247.5	3,911.2	3,935.0	5,168.2	6,332.6	3,004.4	3,305.1	3,626.5	3,959.0
Money market instruments	–	–	–	–	–	–	–	–	–	–
Bonds	4,108.1	3,418.2	1,726.0	–	–	–	–	–	–	–
Credits from banks	3,551.0	2,829.3	2,185.1	3,935.0	5,168.2	6,332.6	3,004.4	3,305.1	3,626.5	3,959.0
2. External debt of central government	40,017.1	45,327.4	49,978.2	45,164.3	41,494.8	39,610.7	30,477.2	30,976.1	26,643.4	26,389.8
2.1. External debt of the Republic of Croatia	37,432.1	41,041.9	42,231.2	36,414.5	32,556.6	29,424.0	28,651.6	29,165.1	24,841.2	24,587.0
Money market instruments	–	–	–	–	–	–	–	–	–	–
Bonds	28,719.3	32,115.1	32,919.3	27,020.1	22,836.9	20,397.3	19,204.2	19,401.5	14,966.3	14,777.0
Credits	8,712.8	8,926.8	9,311.9	9,394.5	9,719.7	9,026.7	9,447.4	9,763.6	9,874.9	9,810.0
2.2. External debt of central government funds	2,585.1	4,285.6	7,747.0	8,749.8	8,938.2	10,186.7	1,825.6	1,811.0	1,802.3	1,802.9
Money market instruments	–	–	–	–	–	–	–	–	–	–
Bonds	–	–	–	–	–	–	–	–	–	–
Credits	2,585.1	4,285.6	7,747.0	8,749.8	8,938.2	10,186.7	1,825.6	1,811.0	1,802.3	1,802.9
3. Total (1+2)	70,996.3	79,735.8	91,113.1	99,658.9	100,879.7	102,449.8	97,442.4	101,289.7	101,339.7	103,333.8
Supplement: Central government guaranteed debt										
– guarantees for domestic debt	7,970.4	7,223.5	5,024.2	5,880.2	7,660.3	8,110.6	13,276.5	13,496.0	13,512.6	13,971.3
– guarantees for external debt	12,147.1	13,310.2	13,247.0	13,853.9	14,303.7	19,024.2	30,901.5	31,449.7	31,676.5	31,601.7

^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. ^b 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.

Table I3: Central Government Debt

Data on the central government debt are based on the available data and are not reconciled with the Ministry of Finance of the Republic of Croatia. The central government debt comprises the domestic and external debt. The Ministry of Finance Monthly Statistical Review, Monetary Authorities Accounts and Banks' Accounts are

the sources of data on the domestic central government debt. 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. Banks 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.

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 ^b
		Total	Goods	Services	Total	Goods	Services		Total	Goods	Services	
1995	December	....	....	....	100.2	100.2	99.8	100.5	103.7	102.4	109.3	101.6
1996	December	....	....	....	100.0	100.2	99.5	100.3	103.4	102.3	108.7	101.5
1997	December	....	....	....	100.7	100.3	102.3	99.9	103.8	102.7	108.2	101.6
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	June	113.8	113.8	113.4	100.7	100.7	100.8	101.2	107.6	108.5	104.7	109.4
	July	113.9	113.7	114.3	100.1	99.9	100.8	102.5	108.4	109.6	104.6	111.8
	August	113.6	113.1	114.7	99.7	99.5	100.3	99.7	107.4	108.3	104.4	110.6
	September	113.8	113.8	113.5	100.2	100.6	98.9	99.9	106.4	107.0	104.4	110.0
	October	113.7	113.8	112.9	99.9	100.0	99.5	98.9	105.9	106.4	104.3	108.4
	November	113.5	113.2	114.2	99.9	99.5	101.1	98.5	104.7	104.6	105.1	106.2
	December	112.8	112.2	114.7	99.4	99.1	100.5	98.7	102.9	102.4	104.3	104.3
2009	January	114.2	114.1	115.3	101.2	101.0	102.2	99.9	103.4	102.9	105.6	101.8
	February	114.9	114.9	115.7	100.6	100.7	100.3	100.2	104.2	103.9	105.4	101.8
	March	115.2	115.2	115.6	100.2	100.3	99.9	98.8	103.8	103.5	105.0	99.9
	April	116.0	116.4	115.3	100.8	101.0	99.8	100.5	103.9	103.7	104.4	99.9
	May	116.0	116.3	115.7	100.0	99.9	100.3	100.6	102.7	102.4	104.2	99.3

^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 con-

sumer 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

Year	Month	Basic indices, 2005 = 100 ^a			Chain indices			Monthly 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	June	112.4	112.2	112.8	101.0	100.7	102.3	106.5	106.7	105.7
	July	112.1	111.6	115.2	99.8	99.4	102.1	106.8	107.0	105.8
	August	112.5	111.9	116.0	100.4	100.3	100.7	106.6	106.8	105.3
	September	113.1	113.0	113.2	100.5	101.0	97.6	106.3	106.6	105.2
	October	113.5	113.7	112.0	100.3	100.6	99.0	105.9	106.0	105.3
	November	114.0	114.3	112.3	100.5	100.5	100.2	105.6	105.6	105.2
	December	113.3	113.5	112.5	99.4	99.3	100.2	104.2	104.0	105.0
2009	January	113.2	113.3	112.9	99.9	99.8	100.4	104.2	104.1	104.3
	February	113.4	113.4	113.6	100.2	100.1	100.6	104.3	104.3	104.4
	March	113.9	114.1	113.0	100.5	100.6	99.5	104.2	104.4	103.6
	April	115.4	115.9	112.7	101.3	101.6	99.7	104.8	105.1	103.2
	May	115.8	116.3	113.3	100.4	100.3	100.6	104.1	104.4	102.8

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

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 accounted for a total of 30.06% in the basket in 2005 (agricultural products 6.93 percentage points, and administrative products 23.13 percentage points). A total of 111 goods and services are excluded from the coverage of the CPI basket and assigned a zero weight.

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
1996	December	2,217.0	104.4	117.7	111.8
1997	December	2,544.0	100.8	114.8	116.9
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	May	5,174.0	102.7	106.1	106.2
	June	5,167.0	99.9	106.6	106.2
	July	5,234.0	101.3	107.8	106.5
	August	5,184.0	99.0	106.5	106.5
	September	5,203.0	100.4	109.7	106.8
	October	5,263.0	101.2	108.1	107.0
	November	5,397.0	102.5	105.2	106.8
	December	5,410.0	100.3	109.1	107.0
2009	January	5,307.0	98.1	105.7	105.7
	February	5,230.0	98.6	104.8	105.3
	March	5,367.0	102.6	106.5	105.6

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	July	-30.5	-26.3	-35.0	-29.1	-17.4	-48.2	-35.1	13.5	-27.8	-56.0
	August	-29.5	-24.7	-34.4	-25.8	-17.5	-45.6	-31.8	15.6	-31.8	-53.2
	September	-29.3	-22.8	-36.4	-30.2	-17.3	-48.5	-28.2	15.1	-30.6	-56.7
	October	-28.0	-19.5	-33.7	-25.9	-10.9	-44.3	-28.1	20.0	-30.8	-53.1
	November	-32.4	-24.3	-30.9	-25.5	-17.6	-45.8	-30.9	28.0	-21.5	-53.0
	December	-42.0	-33.3	-40.9	-30.7	-25.9	-51.8	-40.6	43.4	-40.3	-57.9
2009	January	-40.8	-31.3	-35.8	-23.1	-18.5	-50.0	-44.0	49.1	-34.4	-51.7
	February	-44.1	-31.3	-41.7	-30.4	-20.8	-55.8	-41.7	56.6	-38.9	-57.4
	March	-45.3	-35.0	-41.7	-31.1	-23.8	-57.7	-46.1	59.6	-36.4	-51.6
	April	-44.3	-32.2	-43.6	-32.0	-20.7	-58.3	-43.6	54.3	-40.6	-58.6
	May	-38.9	-26.5	-39.2	-31.5	-16.6	-54.4	-36.4	47.8	-31.7	-54.6
	June	-45.0	-32.4	-42.4	-33.4	-21.7	-60.3	-43.1	55.5	-33.6	-59.7

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 ques-

tionnaire, 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 2009

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. Obrtnička štedna banka d.d., Zagreb
2. A štedna banka malog poduzetništva 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. Bank für Kärnten und Steiermark AG, Zagreb
2. Commerzbank Aktiengesellschaft, Zagreb
3. Deutsche Bank AG, Zagreb
4. Komercijalna banka a.d., Zagreb
5. LHB Internationale Handelsbank AG, Zagreb
6. 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. Cibalee 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. Primus banka d.d., Zagreb	23/12/2004
4. Štedionica Dora d.d., Zagreb	1/1/2002
5. 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 2009

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, Analysis 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

Abbreviations and Symbols

Abbreviations

bn	– billion	ILO	– International Labour Organization
b.p.	– basis points	IMF	– International Monetary Fund
BOP	– balance of payments	IPO	– initial public offering
c.i.f.	– cost, insurance and freight	m	– million
CBRD	– Croatian Bank for Reconstruction and Development	MIGs	– main industrial groupings
CBS	– Central Bureau of Statistics	MM	– monthly maturity
CCI	– consumer confidence index	MoF	– Ministry of Finance
CDA	– Central Depository Agency	NCS	– National Clearing System
CEE	– Central and Eastern European	n.e.c.	– not elsewhere classified
CEFTA	– Central European Free Trade Agreement	OG	– Official Gazette
CEI	– consumer expectations index	R	– Republic
CES	– Croatian Employment Service	o/w	– of which
CM	– Croatian Motorways	PPI	– producer price index
CIHI	– Croatian Institute for Health Insurance	RTGS	– Real-Time Gross Settlement
CLVPS	– Croatian Large Value Payment System	Q	– quarterly
CNB	– Croatian National Bank	RR	– reserve requirement
consump.	– consumption	SDR	– special drawing rights
CPF	– Croatian Privatisation Fund	SITC	– Standard International Trade Classification
CPI	– consumer price index	VAT	– value added tax
CPIA	– Croatian Pension Insurance Administration	WTO	– World Trade Organization
CR	– Croatian Roads	ZMM	– Zagreb Money Market
CSI	– consumer sentiment index	ZSE	– Zagreb Stock Exchange
DAB	– State Agency for Deposit Insurance and Bank Rehabilitation		
dep.	– deposit		
DVP	– delivery versus payment		
ECB	– European Central Bank		
EFTA	– European Free Trade Association		
EMU	– Economic and Monetary Union		
ESI	– economic sentiment index		
EU	– European Union		
excl.	– excluding		
f/c	– foreign currency		
FDI	– foreign direct investment		
Fed	– Federal Reserve System		
FINA	– Financial Agency		
f.o.b.	– free on board		
GDP	– gross domestic product		
GVA	– gross value added		
HANFA	– Croatian Financial Services Supervisory Agency		
HICP	– harmonised index of consumer prices		
IEMP	– index of exchange market pressure		

Three-letter currency codes

ATS	– Austrian schilling
CHF	– Swiss franc
DEM	– German mark
EUR	– euro
FRF	– French franc
GBP	– pound sterling
HRK	– Croatian kuna
ITL	– Italian lira
JPY	– Japanese yen
USD	– US dollar

Symbols

–	– no entry
....	– data not available
0	– value is less than 0.5 of the unit of measure being used
∅	– average
a, b, c,...	– indicates a note beneath the table and figure
*	– corrected data
()	– incomplete or insufficiently verified data

