

Bulletin 138

year xiii • june 2008 quarterly report



CROATIAN NATIONAL BANK

Croatian National Bank

BULLETIN

PUBLISHER Croatian National Bank
Publishing Department
Trg hrvatskih velikana 3, 10002 Zagreb
Phone: 385-1-4564-555
Contact phone: 385-1-4565-006
Fax: 385-1-4564-687

WEBSITE <http://www.hnb.hr>

Release dates are disseminated on the advance release calendar posted for Croatia on the IMF's DSBB (<http://dsbb.imf.org>).

Those using data from this publication are requested to cite the source.

Any additional corrections that might be required will be made in the website version.

Printed in 550 copies

ISSN 1331-6028

Croatian National Bank

BULLETIN

Zagreb, 2008

General Information on Croatia

Economic Indicators

	1999	2000	2001	2002	2003	2004	2005	2006	2007
Area (square km)	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538
Population (million)	4.554	4.381	4.437	4.443	4.442	4.439	4.442	4.441	4.436
GDP (million HRK, current prices)	141,579	152,519	165,639	181,231	198,422	214,983	231,349	250,590	275,078
GDP (million EUR, current prices) ^a	18,673	19,977	22,171	24,468	26,232	28,681	31,263	34,220	37,497
GDP per capita (in EUR)	4,100	4,560	4,997	5,507	5,905	6,461	7,038	7,706	8,452
GDP – year-on-year rate of growth (in %, constant prices)	-0.9	2.9	4.4	5.6	5.3	4.3	4.3	4.8	5.6
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
Current account balance (million EUR)	-1,429	-568	-821	-2,099	-1,889	-1,434*	-1,976*	-2,692*	-3,226
Current account balance (as of % GDP)	-7.7	-2.8	-3.7	-8.6	-7.2	-5.0*	-6.3*	-7.9*	-8.6
Exports of goods and services (as of % GDP)	41.0	47.1	48.8	45.5	50.1	49.7	48.9	49.7	49.0
Imports of goods and services (as of % GDP)	49.3	52.3	54.6	56.4	57.9	56.5	55.9	57.4	57.3
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
External debt (as of % GDP)	54.5	61.4	61.4	61.9	75.8	80.0	82.4	85.5	87.8
External debt (as of % exports of goods and services)	133.0	130.2	125.9	136.1	151.3	161.0	168.6	172.2	179.3
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
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
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
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
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
Average exchange rate (HRK : 1 EUR)	7.5818	7.6339	7.4710	7.4070	7.5642	7.4957	7.4000	7.3228	7.3360
Average exchange rate (HRK : 1 USD)	7.1220	8.2874	8.3392	7.8725	6.7044	6.0312	5.9500	5.8392	5.3660
Consolidated general government balance (as % of GDP) ^e	-7.1	-7.5	-6.8	-4.9	-6.2	-4.8	-4.0	-3.0	-2.3
Public debt (as % of GDP) ^f	....	48.7	49.8	48.8	48.6	48.9	49.2	46.7	44.3
Unemployment rate (ILO, persons above 15 years of age) ^g	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) ^g	44.8	42.6	41.8	43.3	43.1	43.5	43.3	43.6	44.2

^a Calculated by applying the average annual exchange rate (HRK/1 EUR) to the GDP in kuna terms.

^b From 1996 to 1998, the rate of inflation was measured by the retail price index. From 1999 on, it is measured by the consumer price index.

^c In accordance with the obligations assumed during the pre-accession negotiations with the European Commission, the new legislative provisions governing the monitoring of foreign borrowing entered into force early in 2008. The new system of reporting, applied to all non-banking financial institutions, public and mixed enterprises, and the selected sample of other non-financial enterprises, led to an upward adjustment in the external debt balance at the end of 2007, increasing it by EUR 297m or to EUR 33,226m.

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

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

^f Public debt includes general government debt and issued government guarantees.

^g Employment and unemployment rates as at November 1996 and as at June 1997.

Sources: CBS, MoF and CNB.

Contents

Quarterly Report

Introduction / 3

Demand / 5

Domestic Demand / 5

 Personal Consumption / 5

 Investment Consumption / 7

 Government Consumption / 7

Net Foreign Demand / 7

Output / 8

Industry / 9

Trade / 10

Construction / 10

Hotels and Restaurants / 11

Transport and Communications / 11

Labour Market / 11

Unemployment and Employment / 12

Employment / 12

Wages and Labour Costs / 13

Prices / 14

Box 1: Trends in the CPI Excluding Food and Energy Prices
in Croatia and Selected Countries / 17

Exchange Rate / 18

Monetary Policy and Instruments / 20

Monetary Environment / 20

Uses of Instruments of Monetary Policy / 20

Reserve Money and International Reserves / 22

Monetary Developments / 22

 Total Liquid Assets / 23

 Money / 23

 Non-Monetary Deposits / 23

 Placements / 24

 Banks' Placements to the Central Government / 24

 Foreign Assets and Liabilities / 25

Money Market / 25

Money Market Interest Rates / 25

Banks' Interest Rates / 27

Capital Market / 29

Equity Securities Market / 30

Debt Securities Market / 31

International Transactions / 33

Current Account / 33

Trade in Goods / 34

Capital and Financial Account / 36

External Debt / 37

Box 2: Methodological Changes in the External Debt
Statistics / 38

International Liquidity / 38

Government Finance / 39

Fiscal Policy Features in 2007 / 39

Consolidated General Government Revenues / 39

Consolidated General Government Expenditures / 40

Operating Balance and Transactions in Non-Financial
Assets and Financial Assets and Liabilities / 41

Balance of the Consolidated General Government on a Cash
Basis and a Modified Accrual Basis / 41

Government Debt / 42

Statistical Survey

A. Monetary and Credit Aggregates

Table A1: Monetary and Credit Aggregates / 48

B. Monetary Institutions

Table B1: Monetary Survey / 49

Table B2: Number of Reporting Banks and Savings Banks
and their Classification by Total Assets / 50

C. Monetary Authorities

Table C1: Monetary Authorities Accounts / 51

D. Banks

Table D1: Banks' Accounts / 53

Table D2: Banks' Foreign Assets / 54

Table D3: Banks' Claims on the Central Government and
Funds / 55

Table D4: Banks' Claims on Other Domestic Sectors / 55

Table D5: Distribution of Banks' Loans by Domestic
Institutional Sectors / 56

Table D6: Demand Deposits with Banks / 56

Table D7: Time and Savings Deposits with Banks / 57

Table D8: Foreign Currency Deposits with Banks / 57

Table D9: Bonds and Money Market Instruments / 58

Table D10: Banks' Foreign Liabilities / 58

Table D11: Central Government and Funds' Deposits with
Banks / 59

Table D12: Restricted and Blocked Deposits with
Banks / 59

Figure D1: Distribution of Banks' Loans by
Domestic Institutional Sectors / 60

Figure D2: Distribution of Banks' Deposits
by Domestic Institutional Sectors / 60

E. Housing Savings Banks

Table E1: Housing Savings Banks' Accounts / 61

F. Monetary Policy Instruments and Liquidity

Table F1: Credit Rates of the Croatian National Bank / 62

Table F2: Deposit Rates of the Croatian National Bank / 63

Table F3: Banks' Reserve Requirements / 64

Table F4: Banks' Liquidity Indicators / 65

G. Financial Markets

Table G1: Banks' Interest Rates on Kuna Credits Not
Indexed to Foreign Currency / 66

Table G2: Banks' Interest Rates on Kuna Credits Indexed to Foreign Currency and on Credits in Euros / 67
Table G3: Banks' Interest Rates on Kuna Deposits Not Indexed to Foreign Currency / 68
Table G4a: Banks' Interest Rates on Kuna Deposits Indexed to Foreign Currency and on Foreign Currency Deposits / 69
Table G4b: Banks' Interest Rates on Kuna Deposits Indexed to Foreign Currency and on Foreign Currency Deposits / 70
Table G5: Banks' Trade with Foreign Exchange / 71

H. International Economic Relations

Table H1: Balance of Payments – Summary / 72
Table H2: Balance of Payments – Goods and Services / 73
Table H3: Balance of Payments – Income and Current Transfers / 74
Table H4: Balance of Payments – Direct and Portfolio Investments / 75
Table H5: Balance of Payments – Other Investment / 76
Table H6: Balance of Payments – Summary / 77
Table H7: International Reserves and Banks' Foreign Currency Reserves^a / 78
Table H8: International Reserves and Foreign Currency Liquidity / 79
Table H9: Midpoint Exchange Rates of the Croatian National Bank (period average) / 81
Table H10: Midpoint Exchange Rates of the Croatian National Bank (end of period) / 82
Table H11: Indices of the Effective Exchange Rate of the Kuna / 83
Table H12: Gross External Debt by Domestic Sectors / 84

Table H13: Public Sector Gross External Debt, and Publicly Guaranteed and Non-Publicly Guaranteed Private Sector Gross External Debt / 86
Table H14: Gross External Debt by Domestic Sectors and Projected Future Payments / 87
Table H15: Gross External Debt by Other Sectors / 89
Table H16: International Investment Position – Summary / 91
Table H17: International Investment Position – Direct Investment / 92
Table H18: International Investment Position – Portfolio Investment / 92
Table H19: International Investment Position – Other Investment / 93

I. Government Finance – Selected Data

Table I1: Consolidated Central Government According to the Government Level / 94
Table I2: Budgetary Central Government Operations / 95
Table I3: Central Government Debt / 96

J. Non-Financial Statistics – Selected Data

Table J1: Consumer Price and Producer Price Indices / 97
Table J2: Core Consumer Price Indices / 98
Table J3: Average Monthly Net Wages / 98
Table J4: Consumer Confidence Index, Consumer Expectations Index and Consumer Sentiment Index / 99

List of Banks and Savings Banks / 101
Management of the Croatian National Bank / 102
List of Abbreviations and Symbols / 103

Quarterly Report

Introduction

Croatia's economic growth stood at a high 5.6% in 2007, which was primarily a result of the accelerated growth of final consumption. However, economic activity decelerated gradually during the year, with the result the quarterly rate of real GDP growth was only 3.7% higher in the last quarter of 2007 than in the same period in the previous year. The moderation of economic growth at the end of 2007 was principally caused by a sharp decline in foreign demand for domestic goods and, consequently, low annual rate of change in total exports in the said period. Goods and services imports continued to grow at a relatively high rate in the same period, which resulted in a large negative contribution of net foreign demand to real GDP growth. The decline in the economic activity in the observed period was also due to the slowdown in the annual growth of other aggregate demand components, primarily investment and personal consumption. As shown by the GDP estimate by the production method, the GVA growth rate also declined continuously during 2007, predominantly due to a decline in economic activity in industry and trade, which was in contrast with the acceleration in the annual GVA growth rate in construction and public and social activities.

Most monthly indicators of economic trends in the first quarter of the current year point to economic recovery on the back of growing domestic demand and, to a smaller extent, foreign demand. Industrial production increased markedly in the observed period, with an especially sharp rise in the production of investment goods. Construction activity also grew markedly in the first two months of 2008, with the strongest growth, apparently, observed in construction of non-residential buildings. Trends in these activities point to strong investment activity of economic subjects in the first quarter. In addition, volume and financial indicators of tourist demand show its continuing strong growth, partially spurred by favourable developments in transport. In contrast, real retail trade turnover continued slowing down, which was mainly because of unfavourable real changes in the main regular and irregular sources of financing personal consumption and the evident weakening of consumer optimism.

Labour market trends remained positive in the first quarter, as suggested by CES data on employment and CBS and CPIA data on unemployment. Registered unemployment continued the downward trend from early 2005, while total annual employment increased in the same period. However, as the increase in consumer prices was sharper than that in nominal wages, the annual growth of the average real wage decelerated considerably in the first three months of 2008.

Standing at a relatively high 6.2% in January 2008, the consumer price inflation rate dropped to 5.7% in April. The slowdown in overall inflation in the first four months was predominantly due to the decrease in the annual growth rate of fresh food products prices caused by a slowdown in the growth of vegetable prices. In contrast, the increase in world prices of food products, coupled by energy price growth, continued to put upward pressures on the domestic prices of these products, with the price increase in bread and cereal products contributing the most to these pressures. The

annual growth rate of services prices also accelerated from January to April. The price increase in food products thus spilled over to hotel and restaurant services prices. In addition, administrative prices also increased, mainly due to the price growth of public utilities services and health services. Furthermore, the increase in the annual rate of change in energy prices resulted from the increase in refined petroleum products prices caused by the continued growth of crude oil prices on the world market. The annual rate of change in the prices of industrial non-food products excluding energy only edged up, so that there is no indication of a significant spillover of costs from the energy price increase to industrial non-food products prices in the observed period.

The annual core inflation rate, calculated by excluding the prices of agricultural products and administrative prices from the CPI, increased by 0.3 percentage points in the first four months of this year, reaching 5.3% in April 2008. The annual growth rate of domestic industrial products prices also markedly accelerated in the same period (from 5.8% in December 2007 to 7.7% in April 2008). Intermediate products prices accelerated the most, indicating a possible spillover of costs from the price increase in world raw materials prices on the domestic producer prices of intermediate goods.

As exchange rate trends have a stabilising effect on inflationary expectations and the prices of goods imported from the eurozone, the CNB continued to maintain the stability of the exchange rate of the domestic currency. Having markedly appreciated in January, the kuna/euro exchange rate fluctuated within a narrow band between HRK 7.25/EUR and HRK 7.28/EUR. The central bank intervened only once in the foreign exchange market in the observed period, purchasing from banks EUR 189.1m at the end of January.

In addition to the exchange rate stability, the continued implementation of monetary policy instruments in 2008 also resulted in a stable macroeconomic environment and favourable trends in monetary and credit aggregates. The Decision on the purchase of compulsory CNB bills further slowed bank lending in the first quarter and at the beginning of the second quarter, with the annual growth rate of lending to the non-banking sector reducing to 11.4% at the end of April 2008. At the end of May, the central bank adopted an amendment to the Decision on the minimum required amount of foreign currency claims, providing for the reduction of the rate of minimum required foreign currency claims from 32.0% to 28.5%. This change will enable the release of foreign currency required for bank financing of the central government, without any risk of squeezing out other domestic sectors. Due to the continued implementation of the marginal reserve requirement, banks persisted in their efforts to substitute foreign for domestic or permanent financing sources, which favourably impacted their liabilities structure at the end of the first and the beginning of the second quarter. This primarily refers to the strong growth of household savings and time deposits, continuing recapitalisation and decrease in foreign liabilities.

While a moderate growth of savings and time deposits of all domestic sectors is a common characteristic of monetary trends early in a year, the beginning of 2008 also saw an especially sharp increase in household deposits. These trends

can in part be attributed to capital market trends. In other words, the domestic capital market was strongly affected by adverse global financial developments the first quarter of 2008. Specifically, share turnover dropped considerably at the beginning of the year compared with the last quarter in the previous year and the prices of most shares listed on the ZSE declined sharply, as evident from the sharp decrease in the CROBEX. This was the reason why households opted for the less risky saving with banks. Deposits of other domestic sectors, and especially of the corporate sector, reduced significantly in the first four months of 2008. In overall, total liquid assets, the broadest monetary aggregate, slowed down considerably since the beginning of the year, predominantly due to a slowdown in money supply.

In line with seasonal trends, banks' foreign liabilities dipped at the beginning of the second quarter of this year. Specifically, banks' foreign liabilities usually increase at the beginning of the calendar year, dropping considerably following the inflow of domestic deposits during the summer months, which has an effect on marginal reserve requirement trends. Accordingly, after having increased in the first few months of 2008, the marginal reserve requirement held steady at HRK 7.6bn at the end of the first and at the beginning of the second quarter.

Reverse repo auctions were the main instrument for reserve money creation in the first two months of the second quarter. The central bank, having issued limited amounts of liquidity due to inflation growth early in the year, carried out repo operations in tune with banks' liquidity requirements, which increased sharply in May when, due to the increase in reserve requirements, subscription of compulsory CNB bills and seasonal growth of currency outside banks, their liquidity surpluses considerably reduced. The average balance of reverse repo placements was higher in May (HRK 1.3bn) than in the previous part of the year. The weighted interest rate on accepted bids also increased in the first two months of the second quarter, whereas the central bank's marginal interest rate remained unchanged at 4.80%.

CNB's international reserves increased further in the first two months of the second quarter. The increase in gross reserves was in that period mainly due to the increase in the foreign exchange reserve requirement (including the marginal reserve requirement), whereas the growth of net usable reserves primarily resulted from transactions with the central government. At the end of May, CNB's gross international reserves exceeded EUR 10bn, while net usable reserves amounted to EUR 7.5bn.

The liquidity of the banking system remained good for the most part of the first quarter and April 2008, while interest rates in overnight money trading decreased and became less volatile than at the end of 2007. The weighted monthly interest rate on overnight loans in direct interbank trading thus dropped from 6.23% in December 2007 to 3.23% in March and 3.10% in April 2008. In contrast, interest rates at MoF T-bills auctions rose continuously in the observed period.

In the first four months of 2008, bank lending rates continued the upward trend, with the sharpest increase observed in interest rates on long-term household loans. Although interest rates on short-term loans grew at slower pace, some of

these rates hit their record highs in the last two years. Interest rates on household time deposits edged up, while interest rates on corporate time deposits fell sharply from the high levels reached at the end of 2007.

The current account deficit rose at an annual rate of 22.5% in the first quarter of 2008, which was predominantly due to the continued decrease of the trade in goods balance. In addition, the balances in the factor income account and current transfer account dropped due to the expenditure growth. The balance in the services account was similar to that in the first quarter of 2007, with an improved performance of tourism, and a decrease in trade in other services.

The deterioration in the balance of trade in goods in the first quarter of 2008 was due to stronger growth in imports than in exports. Total goods exports (in US dollar terms, at the constant exchange rate) rose at an annual rate of 11.9%, increasing by 7.2 percentage points relative to the first quarter of 2007. However, it should be stressed that the accelerated export growth primarily resulted from an increase in the exports of ships and oil and refined petroleum products. If these two divisions are excluded, the export growth is half slower than in the same period in the previous year. Imports also increased at an accelerated rate of 18.5% (in US dollar terms, at the constant exchange rate), compared with 10.8% in the first quarter of 2007, which could also be ascribed to the rise in imports of other transport equipment and oil and refined petroleum products. The decelerated import growth in other SITC divisions may be attributed to a slowdown in imports of iron and steel, non-ferrous metals and non-metal mineral products. In contrast, road vehicles imports continued to increase sharply, and the growth of capital goods imports doubled on the annual level.

In the first quarter of 2008, the capital and financial account recorded net inflows from direct, portfolio and other investments. Half of the inflow from direct investments was accounted for by the increase in debt to ownership-related companies, while the remainder mostly included direct equity investments, primarily recapitalisations of some foreign-owned banks. The net inflows from portfolio investments were mostly related to the withdrawal of the funds invested by domestic investment funds in shares and equity stakes in foreign markets. The net capital inflows arising from other investments mainly resulted from a drop in foreign assets and parallel growth of banks liabilities.

Due to the introduction of a new monitoring system for external debt of domestic sectors at the beginning of 2008, the stock of external debt at the end of 2007 was revised upwards from EUR 32.9bn, recorded under the previous system, to EUR 33.2bn. In the first quarter of 2008, external debt increased by EUR 1.6bn (4.8%), reaching EUR 34.8bn at the end of March. The debt increase was primarily caused by the increase in debt of banks, and in a smaller measure by debt of companies. External debt of the government sector continued to decline.

In 2007, fiscal developments were marked by a sharp increase in general government revenues, which was a result of strong economic growth and favourable trends on the domestic labour market. At the same time, this led to an increase in government's current and investment expendi-

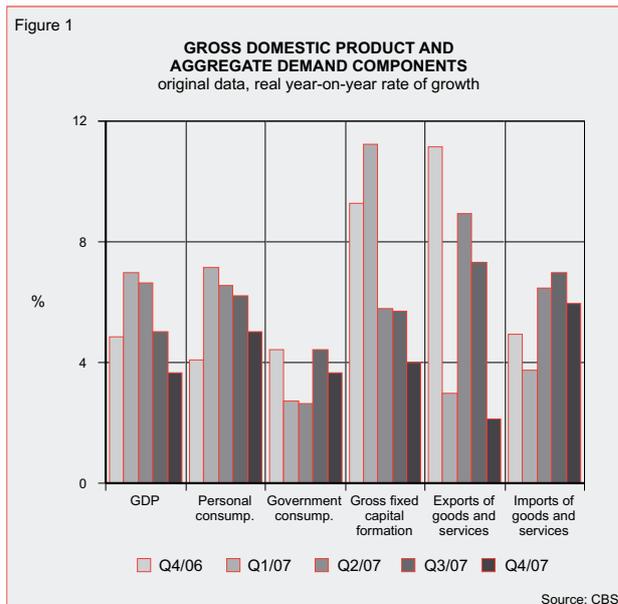
tures (investments in infrastructure), which was coupled by a continued decrease in the consolidated general government deficit. It should be stressed that the originally planned deficit of 2.8% of GDP for 2007 dropped to 2.6% due to a sharp increase in revenues provided for by the budget revision from July. However, as general government revenues continued to surge in the second half of the year, and capital expenditures were lower than planned, the final deficit was 2.3% of GDP. The deficit was primarily financed by the disposal of financial and non-financial assets, which led to a moderate increase in general government debt, standing at HRK 104.5bn (38% of GDP) at the end of the year.

Demand

Real GDP rose by 5.6% in 2007 relative to the year before.¹ The overall economic activity growth was largely driven by stronger final consumption. In 2007, personal consumption contributed 3.7 percentage points to real GDP formation, whereas the contribution of government consumption stood at 0.7 percentage points. Heightened investment activity of the general government sector mitigated the effects of the private capital investment slowdown, so that gross fixed capital formation made a noticeable contribution to economic growth of 2.0 percentage points. Foreign trade was slightly more moderate last year, particularly as concerns trade in goods, with the net foreign demand making a negative contribution of -0.8 percentage points.

Due to a gradual slowdown in overall economic activity during the year, the annual growth rate of GDP stood at 3.7% in the last quarter. Moderate growth of economic activity recorded at end-2007, was largely the result of foreign demand weakening, although a slowdown was observed in all aggregate demand components, except the change in inventories. Real GDP growth in the last quarter of 2007 mainly relied on increased household consumption which contributed 3.3 percentage points to its total growth. As a result of more moderate investment activity of the private sector during the fourth quarter, the growth of gross fixed capital formation slowed down annually in the fourth quarter. Concurrently, the annual growth in government consumption remained relatively strong at the end of the year, its contribution equalling that in the previous quarter (0.8 percentage points). Due to this foreign demand weakening, goods and services exports rose by as little as 2.1% in the last quarter of 2007 relative to the same period in 2006. Given the relatively fast growth of total imports, net foreign demand contributed negatively to the overall economic activity growth (2.9 percentage points).

Most economic activity indicators available for the first quarter of 2008 point to a strong economic revival, fuelled by rising domestic and, to a smaller extent, foreign demand. In the observed period, total industrial production, notably the manufacture of investment goods, rose markedly, accom-



panied by a noticeable strengthening of construction activity. Such movements in industry and construction point to strong investment consumption by economic agents. Moreover, tourist arrivals and overnight stays in the first quarter of 2008, suggest a continuation of favourable trends in tourist consumption, as confirmed by the data on financial revenues presented in the balance of payments. By contrast, a marked slowdown in the annual growth of real retail trade turnover was due to the base period effect.

Domestic Demand

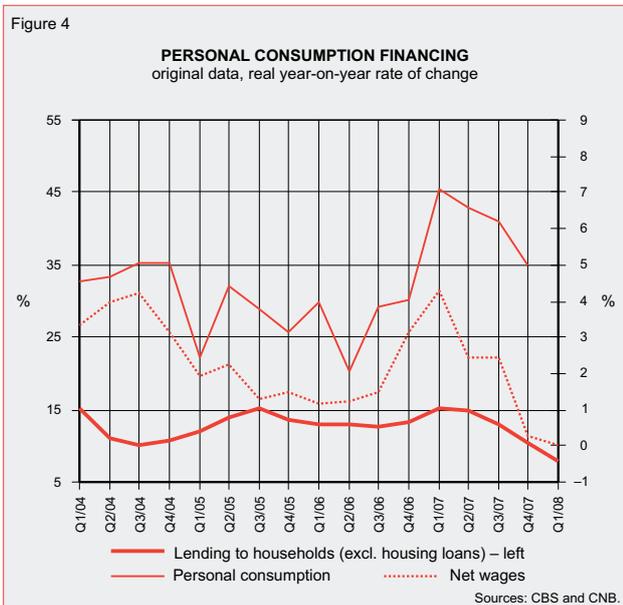
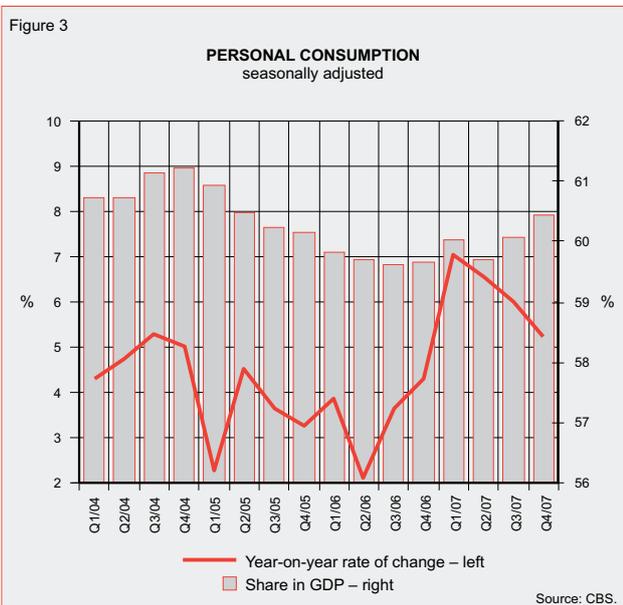
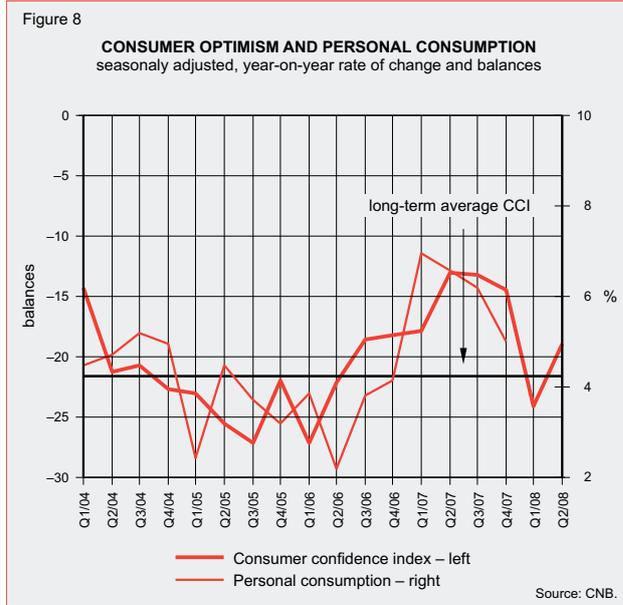
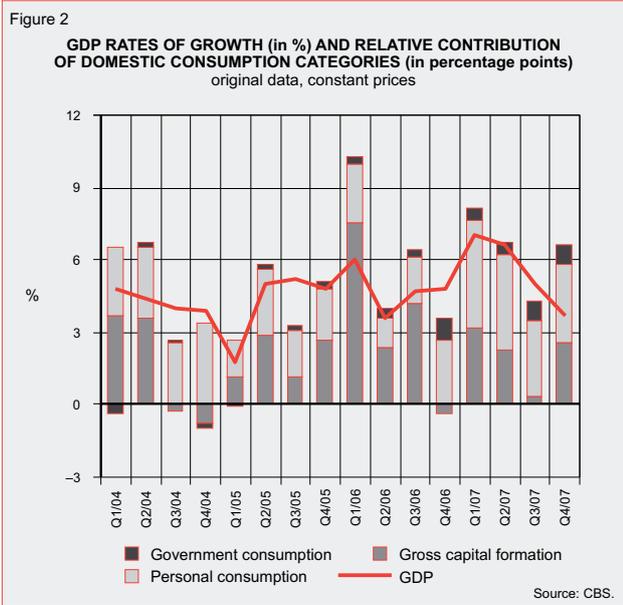
A further slowdown in domestic demand over the last quarter was the result of a decline in all of its components, except the change in inventories. Concurrently, the contribution of the domestic aggregate demand component to total real GDP growth rose sharply relative to the previous period, reaching 6.6 percentage points. This was partly due to a larger share of personal consumption in total GDP on account of seasonally strong household consumption in December and partly to the noticeable growth in the change in inventories, whose contribution to GDP formation reached 1.3 percentage points in the observed period. However, it should be noted that this aggregate demand component includes statistical discrepancy arising from a mismatch between the expenditure and production GDP calculation methods.

Personal Consumption

The annual growth rate of personal consumption declined gradually during 2007, falling to 5.0% in the last quarter. However, with its contribution of 3.3 percentage points to real GDP growth, this aggregate demand component remained the main generator of total economic growth.

A drop in retail trade turnover recorded in the first quarter of 2008 (seasonally adjusted) and relatively unfavourable movements of the main sources of personal consumption financing, accompanied by a decline in consumer optimism suggest a further slowdown in the annual rate of personal consumption growth.

¹ The data for 2005, 2006 and 2007 are preliminary and are based on the CBS's quarterly GDP estimate.



The average real net wage in the economy in the first quarter remained at the level of the same period last year, whereas employment, estimated by the number of persons insured with the CPIA, grew at a rate of 2.7%.² This led to a slowdown in real net wage bill and in the total disposable household income. Furthermore, real bank placements to the household sector (excluding home loans) continued downwards in the observed period, thus additionally curbing private consumption. In contrast to this, the regular semi-annual pension indexation by 2.6%³ and 0.6% in nominal and real terms respectively, which took place in March, is likely to have had a positive influence on personal consumption growth in the observed period.

Worth noting is the volatile personal consumption in the first quarter of 2008, probably as a result of adverse movements in the capital market.

This year's results of the CNB's Consumer Confidence Survey confirm the expectations about a decline in personal consumption. The Survey results for April point to a renewed strengthening of consumer optimism, which is likely to be the result of the dividend payment to the owners of T-HT shares and of receiving invitation for joining the NATO. Positive consumer sentiment was short-lived, given that the May Survey again indicated a noticeable fall in consumer confidence index. Such developments point to a continuation of more moderate consumption growth towards mid-year.

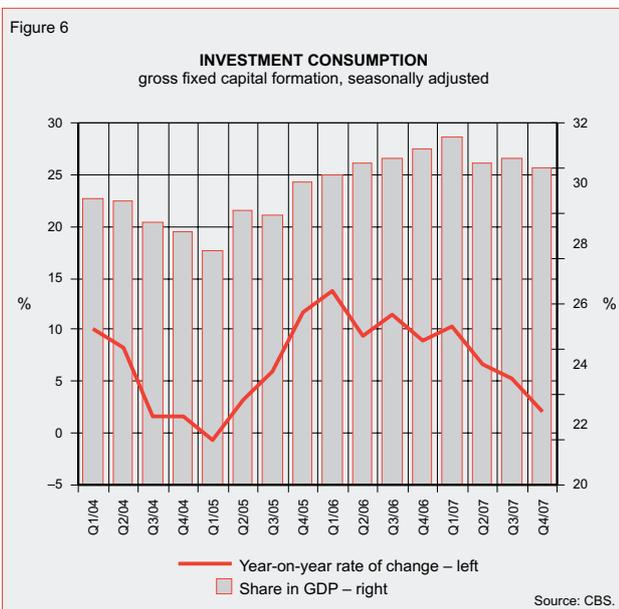
2 The number of persons insured with the CPIA represents a more reliable short-term indicator of employment, given the preliminary nature of the recent CBS data on employment by activity, which will be published in April 2009.

3 The semi-annual pension indexing has been carried out since 2005, by adjusting the current value of pension to a rate which equals half the sum of the rate of change in average consumer price index in the previous semi-annual period and the rate of change in average gross wage of all employees in the Republic of Croatia in the previous semi-annual period relative to the previous semi-annual period (Act on Amendments to the Pension Insurance Act, OG 92/2005).

Investment Consumption

Gross fixed capital formation rose by 4.0% in the last quarter of 2007 relative to the same period in 2006, contributing 1.2 percentage points to real GDP growth. Like personal consumption, investment consumption slowed down continuously towards the end of 2007. The growth rate of gross fixed capital formation in the last quarter of 2007 was largely driven by government investments in construction, primarily in traffic infrastructure.

High growth rates of the manufacture and imports of investment goods, paralleled with intense construction activity recorded in January and February, suggest a revival of investment consumption during the first quarter of 2008. The exceptionally high increase in construction works on buildings in the observed period shows that strong investment activity was mostly fuelled by enterprises. Given the continuous slowdown in real domestic bank placements to this sector over the last year, it seems that the observed growth of gross fixed capital formation was financed from other sources (foreign



borrowing, recapitalisation and own funds). However, the concurrent strengthening of works on other structures suggests that the rise in investment consumption may be partly attributed to the government. A contrary effect was produced by the decline in investment in residential buildings, suggested by a deceleration of housing loans in the observed period, a drop in building permits issued for flats, and a decline in planned households' investment in real estate (according to the Consumer Confidence Survey).

Government Consumption

The fourth quarter of 2007 saw a slowdown in the annual government consumption growth (3.7%) relative to the previous period (4.4%). However, this growth was still relatively high as compared with historical data. Given the accelerated annual growth in real compensation of employees, the decline in government consumption was fully attributable to the movements of expenditures for the use of goods and services. Concurrently, the contribution of government expenditures

Figure 7



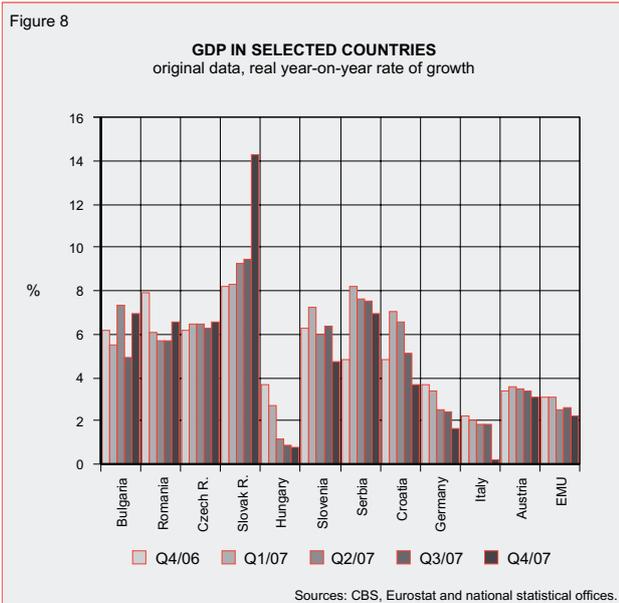
for current consumption remained the same as in the third quarter, as a result of an increase in the share of government consumption in total GDP towards year-end.

The central government expenditure data for January and February 2008, suggest a marked slowdown in government consumption. Specifically, real expenditures for the compensation of employees and for the use of goods and services recorded negative annual growth rates. Such trend was anticipated, as pursuant to the Budget Act, the government was financed on a temporary basis, implying that government expenditures were restricted to one fourth of total revenues collected in the previous year. Consequently, the contribution of government consumption to real GDP growth in the first quarter of 2008 is likely to be negative.

Net Foreign Demand

During the last quarter of 2007, a slowdown in economic growth accompanied by a fall in consumer optimism was observed in almost all Croatia's major trading partners. As suggested by the available data from national statistical offices and the Eurostat, real GDP in the eurozone grew at an annual rate of 2.2% in the fourth quarter of 2007, down 0.4 percentage points from the previous period. Among the countries in the area, the fastest growing economies at the annual level in the observed period were Slovakia and Bulgaria. By contrast, given the importance of Slovenia and Serbia for the Croatian exports, special emphasis should be given to a slowdown in the GDP dynamics of these countries.

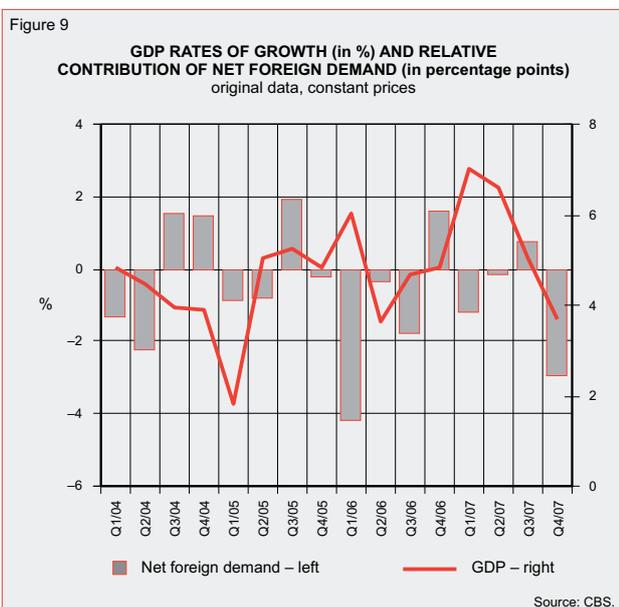
As a result of the described movements, foreign demand for domestic goods weakened in the fourth quarter of 2007, which led to a sharp decline in total real exports. As expected, foreign demand for domestic services, though relatively strong, could not offset unfavourable movements in goods exports, which resulted in an annual growth rate of goods and services exports as low as 2.1% in the observed period. Concurrently, domestic demand for foreign-produced goods and services remained relatively stable, so that total imports rose by 6.0% annually in the observed period. Given such



trends in foreign trade, net exports made a sizeable negative contribution to GDP growth in the fourth quarter of 2007 (2.9 percentage points).

According to the Eurostat’s flash estimate of real GDP growth, total economic activity in the first quarter of 2008 grew at the same pace as in the last quarter of 2007 (2.2%). By contrast, the annual GDP growth estimate for the EU shows its mild decline, to 2.4% in the first quarter of the current year (from 2.7% in the last quarter of 2007). The results of the Consumer Confidence Survey and Business Climate Survey for the eurozone, carried out in the first months of 2008, suggest a continuous decline in consumer and business optimism in the region, which is likely to influence the demand for domestic goods and services in the short run.

However, the nominal CBS data on foreign trade in goods in the first quarter of 2008 suggest a mild recovery of foreign demand for domestic goods, which is mostly attributable to new EU Member States and countries in the area. Nevertheless, despite the strong growth in seasonally adjusted goods



exports over the observed period, it is worth noting that this was partly due to the base period effect. Viewed by product category, the strongest acceleration of exports was observed in non-durable consumer goods. Moreover, the intermediate goods exports were also high, thus breaking up the stagnancy in these goods’ exports observed in most of 2007. Concurrently, volume and financial indicators of tourist demand suggest a continuation of favourable movements in services exports. By contrast, owing to stronger domestic demand for imported investment and consumer goods and a rise in oil prices on the global market, the annual growth in goods imports accelerated in the first quarter of 2008. Given these trends in foreign trade and the predominant share of total imports in GDP during the first quarter, the contribution of net exports to real GDP growth in the observed period is going to be negative.

Output

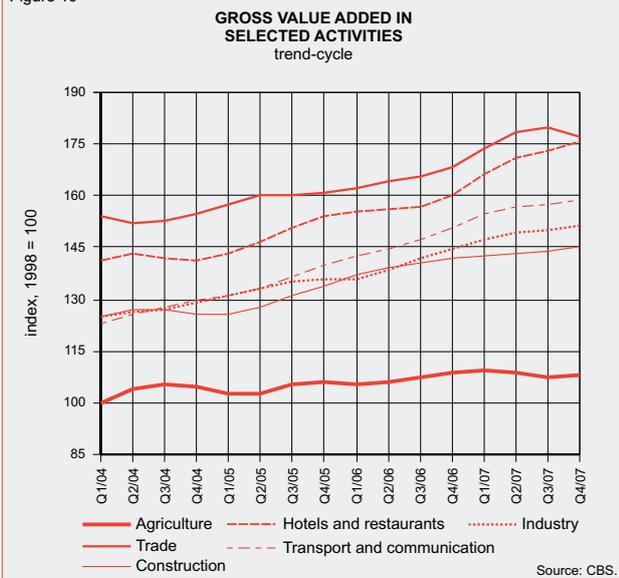
According to quarterly GDP estimate based on production method, GVA⁴ in the economy stood at 5.6% during 2007, slowing down continuously from 6.9% in the first quarter to 3.9% in the fourth quarter. A markedly slower GVA formation during the last quarter of 2007 was mostly due to an economic activity slowdown in industry and trade, resulting from weakened domestic and foreign demand for almost all categories of goods. By contrast, GVA growth accelerated in construction and in public and social activities.⁵ As a result of markedly slower annual increase in revenues from indirect taxes during the last quarter of the year, accompanied by a sharp rise in subsidies to public and private companies, GVA growth exceeded the growth of GDP in the observed period.

Favourable movements in most economic activities over the first quarter of 2008, fuelled by strong domestic and foreign demand, suggest an acceleration of the annual GVA growth early in 2008. The overall GVA growth in the observed period seems to be greatly the result of a boost in industrial production and construction. Moreover, a sharp rise in volume and financial indicators of tourist demand, which are likely to result in accelerated GVA growth in hotels and restaurants, as well as in goods and passenger transport impacted positively on GVA dynamics in the first quarter of the current year. At the same time, the opposite effect was probably produced by the weakening of GVA growth in trade, as suggested by the apparent slowdown in the real annual growth of retail trade turnover.

4 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 ‘indirect taxes’ category is not included in the CBS’s GDP calculation at constant prices, this value can be calculated as a GDP and GVA residual at constant 1997 prices.

5 Including the activities classified under Sections L, M, N, O and P of the NCEA 2002.

Figure 10



the beginning of the year, paralleled with a downturn in its annual growth rates.

Manufacturing was the main generator of total industrial production growth in the first four months of 2008, its annual increase reaching 5.5% in this period. The largest contributions to this growth came from publishing and printing and the manufacture of food products and beverages, whereas the largest negative contribution was made by the manufacture of radio, television and communication equipment and apparatus. Driven by stronger construction activity, production in mining and quarrying climbed mildly in the observed period relative to the last quarter of 2007. This was primarily the result of production growth in other mining and quarrying. The opposite effect was produced by adverse movements in the extraction of crude oil and natural gas, which is partly attributable to the weakening demand in energy supply thanks to the relatively favourable weather conditions early in the year. The volume of production in this industrial section decreased in the first four months of 2008 relative to its level at the end

Figure 11

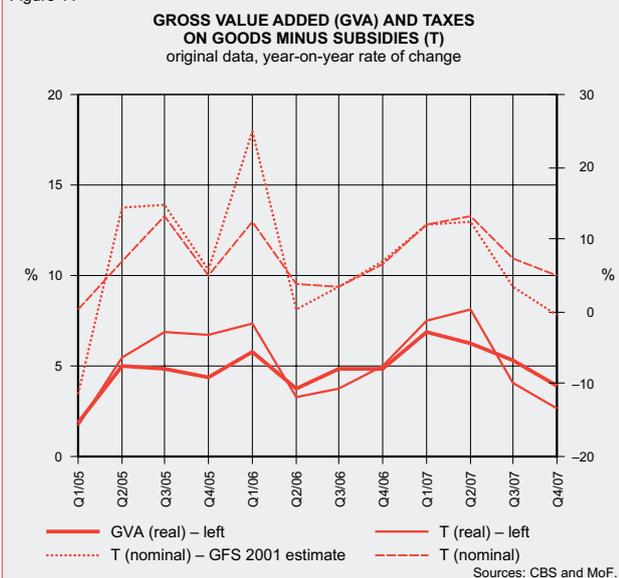
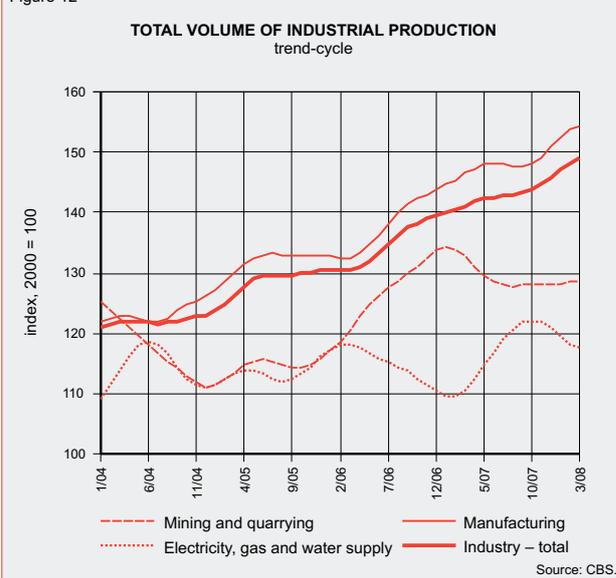


Figure 12

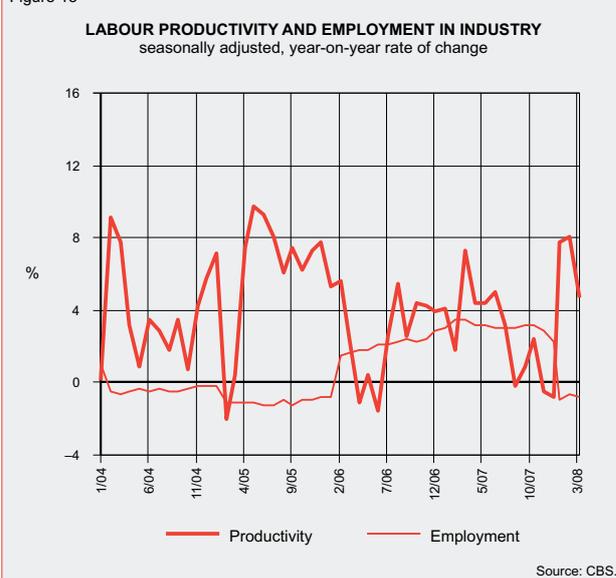


Industry

The last quarter of 2007 saw a further slowdown in GVA in industry, influenced by the weakening of all aggregate demand components, which resulted in its moderate annual growth over the last three months of 3.8%. Industry contributed 1.1 percentage points to the real growth of overall GVA, markedly less compared with the average contribution of this activity in the first three quarters of 2007 (2.1 percentage points). A slowdown in industry, being the most important economic activity, was the main cause of the decline in overall GVA in the economy during the observed period.

Monthly indicators of the total volume of production in industry, seasonally and calendar adjusted, point to relatively strong growth of industrial production over the first four months of 2008 (5.3%), mostly driven by stronger domestic, and, to a smaller extent, foreign demand. However, March and April saw a decline in industrial production relative to

Figure 13



of the last year. However, due to a pronounced base period effect, its annual growth rate was relatively high.

Labour productivity in industry has grown continuously since 2006, paralleled with relatively steady growth in the number of employed persons in this activity. The beginning of 2008 saw exceptionally high annual growth of labour productivity in industry (6.9%, seasonally adjusted), which partly reflected the base period effect arising from the difference between final and preliminary data on the number of employed persons. It should be born in mind that the CBS data on the number of employed persons by activity generally underestimates the actual number of employed persons, so that the labour productivity dynamics in industry are likely to be adjusted downwards.

Trade

The movements of GVA in trade during the last quarter of 2007 were mostly the result of household consumption weakening. Real GVA growth in trade thus reached 4.8% during the last quarter, markedly less than in the first three quarters last year. Consequently, the contribution of trade to total GVA formation in the observed period (0.7 percentage points) was also much smaller than in the rest of the year.

Due to the base period effect, the annual growth of total retail trade turnover slowed down in the first quarter of 2008, its annual growth rate (seasonally adjusted) falling to a low of 1.8% in this period.

The sale of fuels and lubricants grew strongly in real terms during the first quarter of the current year, making the largest contribution to total real retail trade growth in this period. Concurrently, the annual turnover growth rate in the sale of motor vehicles recovered, apparently under the influence of stronger demand by both natural and legal persons. Among other branches dealing with retail trade as their prevailing activity, a sizeable contribution was made by the sale of food-stuffs and clothing.

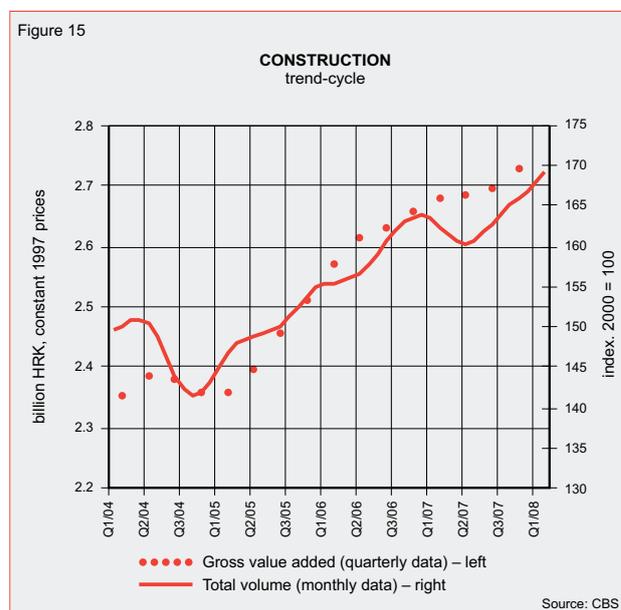
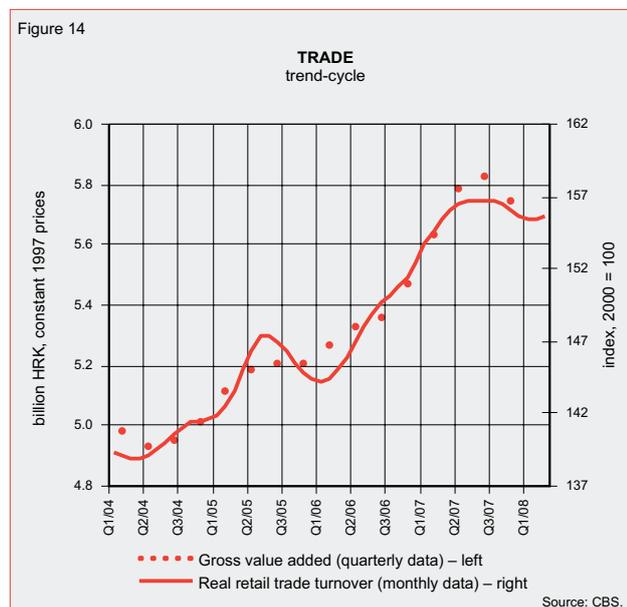
Stronger volatility of total retail trade turnover levels, observed at the end of the last year and in the first quarter of

2008, can be partly attributed to growing inflationary pressures and unfavourable movements in the capital markets. It seems that, due to their strong price adjustment, many small investors decided to withdraw their funds from this kind of saving. The major portion of these funds was held with banks as time deposits and a smaller portion thereof was allocated for current consumption financing.

Construction

GVA formation in construction during the last quarter of 2007 was mostly driven by increased government investment (primarily in traffic infrastructure). As a result, the GVA growth rate in construction went up from 2.3% in the third quarter to 3.0% in the last quarter of 2007. However, the contribution of this activity to real growth of total GVA remained relatively low (0.2 percentage points).

Total volume of construction works,⁶ seasonally adjusted, increased considerably in the first two months of 2008 rela-



tive to the same period last year (by 12.0%), and was accompanied by a marked annual rise in the number of persons employed in this activity. This was primarily attributable to a pronounced strengthening of the works on buildings, primarily for non-residential purposes (including business premises, as well as tourist, health care, cultural and sports facilities). Given the high values of net construction project orders at end-2007, accompanied by a rise in business optimism in construction at the beginning of the year (as suggested by the business survey conducted by Privredni vjesnik), favourable movements in construction might continue into the coming months. However, a continuous slowdown in the housing loan growth and a decline in planned household investments in real estate, accompanied with a sharp decrease in the number of residential building permits issued, point to a

6 The total volume index of construction works represents the hours actually worked at building sites.

further weakening of investment in housing stock. Moreover, government investment consumption is expected to decrease in 2008, thus leading to a marked weakening of the currently positive trend in this activity in the second half of the year.

Hotels and Restaurants

Gross value added in hotels and restaurants continued strongly upwards in the last quarter of 2007 (9.5% annually), suggesting a good tourist year. However, as the trends in this activity do not fully reflect the impact of tourist consumption on overall GVA formation, the contribution of hotels and restaurants (0.2 percentage points) underestimates the actual economic significance of tourism.

Volume and financial indicators of tourist demand point to its further strengthening in the period from January to March 2008, which creates expectations of strong GVA growth in hotels and restaurants in this period. Total number of tourist arrivals and nights rose by 14.1% and 21.8% respectively,

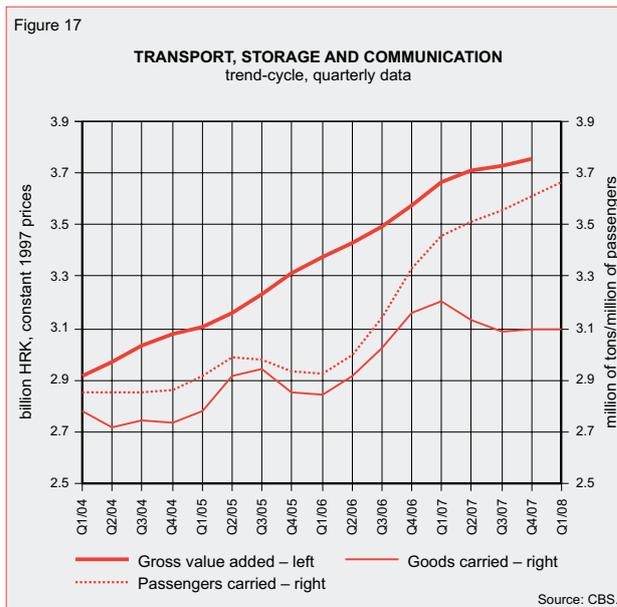


relative to the same period last year. Revenues from tourism recorded in the balance of payments, expressed in euro, rose by 17.3%. However, the strong performance recorded in the first quarter of the year was partly attributable to the fact that Easter fell in March rather than in April, as last year. As a result, the share of foreign tourists in the total number of tourists increased in the observed period relative to last year.

Transport and Communications

GVA in transport, storage and communications continued its downward trend in the fourth quarter of 2007, mostly due to the weakening of goods transport. GVA in this activity thus grew at a moderate rate of 4.8% from October to December 2007, contributing 0.5 percentage points to the real growth of overall gross value added.

In the first quarter of 2008, passenger transport, measured by both the number of persons carried and passenger kilometres, grew at relatively high annual rates (4.3% and 9.6% re-



spectively), seasonally adjusted, which was partly attributable to favourable movements in tourism. Particularly sharp was the increase in railway and air transport. Concurrently, goods transport, as measured by tonne-kilometres,⁷ grew steeply, which can be accounted for by stronger industrial production and foreign trade in the observed period.

Telecommunications services were marked by further acceleration of an already sharp decline in the number of minutes spent in the fixed network. By contrast, minutes spent in the mobile network continued strongly upwards, driven by intense competition among mobile network providers, accompanied by heightened marketing activity, as well as by lower prices of telephone calls and introducing additional user services.

Labour Market

The Labour Force Survey results for the last quarter of 2007 point to an increase in unemployment and a decrease in employment relative to the previous quarter. Viewed annually, however, the outturns for 2007 confirm a downward trend in the number of unemployed persons and an upward tendency in the number of employed persons observed since 2001. Positive movements continued early in 2008, as shown by the available administrative data for this period. According to the CES data, unemployment continued its downward trend, whereas the preliminary CBS data and the CPIA data

⁷ In January 2008, a revision was made of the statistical survey results on road transport of goods for hire or reward or for own account. The data were fully harmonised with the EU regulations and are not comparable with the data from previous years (see the CBS's First Release: "Transport, Storage and Communications in the first quarter of 2008", published on 12 May 2008.) Given the relatively low share of road transport in goods transport, as measured by tonne-kilometres (about 7.0%), as opposed to its share in goods transport measured by tonnes carried (about 50.0%), this time series may be used as a relatively reliable indicator of the movements in the goods component of transport.

on the number of insured persons suggest an increase in total employment, reflecting a continuation of good performances observed in the previous periods.

Accelerated annual growth in nominal wages and a marked annual increase in consumer price index led to a mild annual decline in both gross and net real wages.

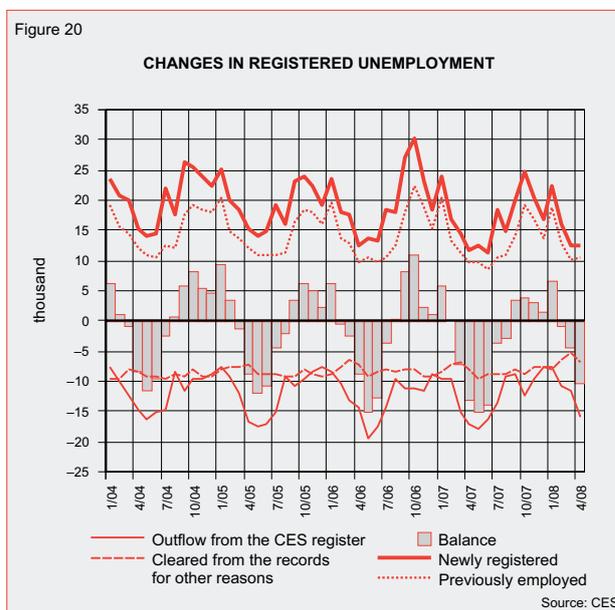
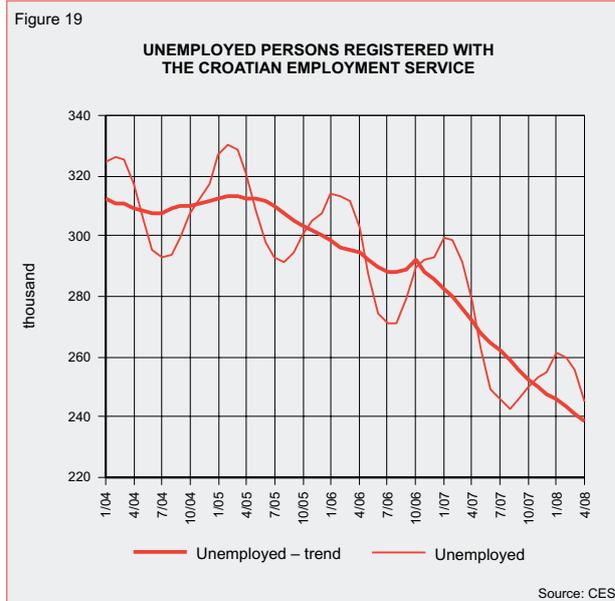
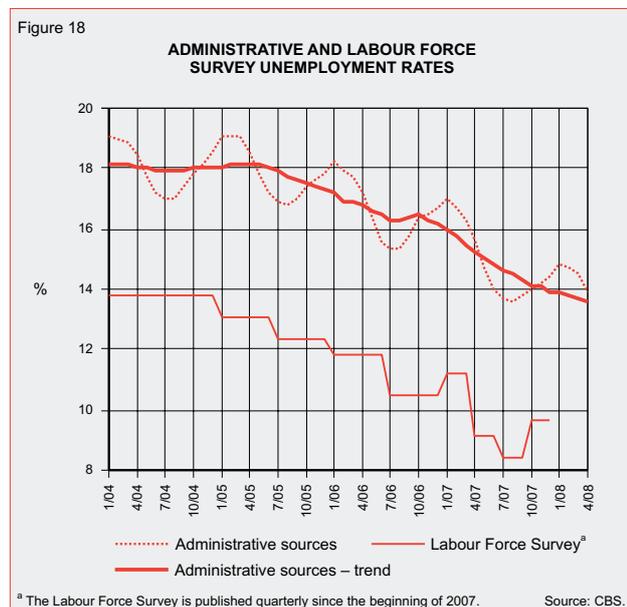
Unemployment and Employment

According to the Labour Force Survey results published at end-May 2008, the fourth quarter of 2007 was marked by stronger unemployment and reduced employment relative to the quarter before. However, for the entire 2007, unemployment stood at an average of 171,000, down 27,500 or 13.9% from 2006, suggesting a continuation of the downward trend in unemployment observed since 2001. The Labour Force Survey unemployment rate stood at 9.7% in the last quarter of 2007, so the annual average rate dropped to 9.6% (from 11.2% in 2006).

The downward trend in registered unemployment, observed since early 2005, continued at the beginning of 2008. Thus, the number of unemployed persons registered with the CES fell by 37,600 (12.7%) relative to the same period last year. The average registered unemployment rate stood at 14.7% in the first quarter of 2008, down 2 percentage points from the first quarter of 2007. At end-April, the number of unemployed persons registered with the CES stood at 245,205. So, April was the third consecutive month to show a decline in unemployment at the monthly level.

Over the first quarter of 2008, registered unemployment was influenced by reduced inflows of unemployed persons into the CES register. The number of the unemployed registered with the CES in this period was 50,900, which is less than in both the first and the last quarter of 2007.

By contrast, outflows from the register for employment and clearings from the records for non-employment reasons increased in the first quarter of 2008 relative to end-2007. This was mainly due to stronger employment from the register in this period (30,200 in total), which can be attrib-

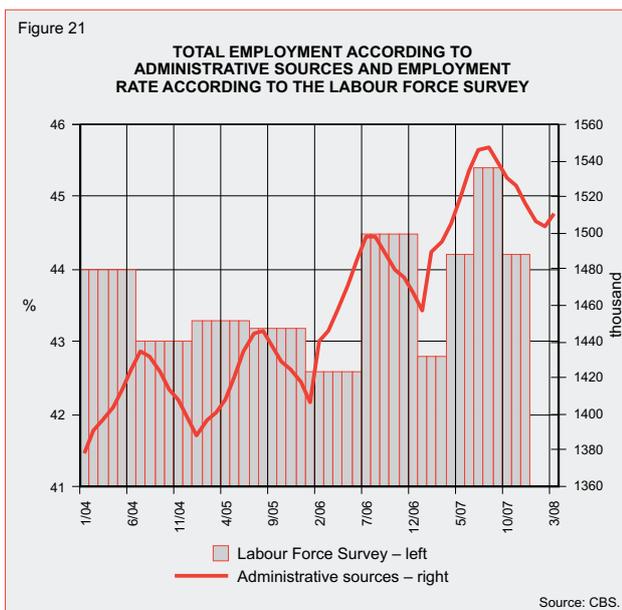


uted to common seasonal effects, but was still not enough to produce any remarkable effect at the annual level. Clearings from the records for non-employment reasons remained low in the first quarter of this year.

Employment

Besides the quarterly increase in unemployment, the latest available Labour Force Survey results suggest a decline in employment having no significant impact on the upward annual trend in total employment. Thus, average employment stood at 1,615,000, up 28,500 (1.8%) relative to the year before. The Labour Force Survey employment rate also rose, from 43.6% in 2006 to 44.1% in 2007.

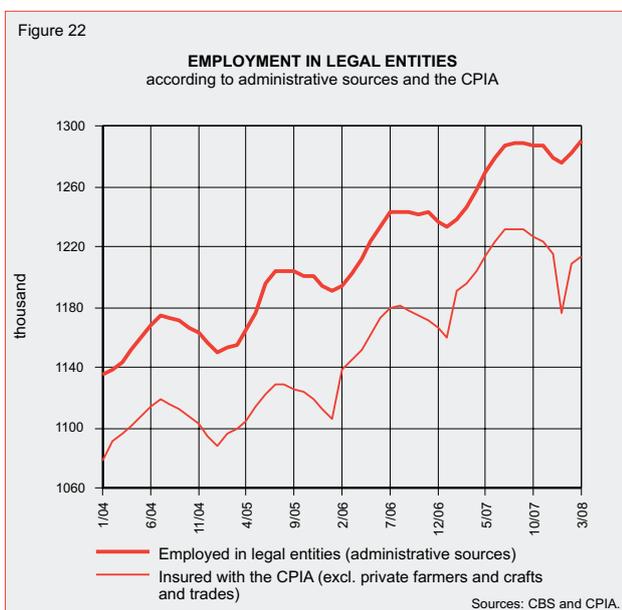
As suggested by preliminary CBS data which, in the previous years, greatly underestimated employment growth, total employment rose by 1.8% in the first quarter of 2008 relative to the same period in 2007. Average employment stood at 1,507,000. However, as the stated annual growth rate re-



sulted from revised data on employment in the period ended January 2008, and from preliminary data for the period afterwards, this rate is likely to be higher following a revision expected in April 2009. Besides the preliminary CBS data, employment growth is also suggested by the data on the number of persons insured with the CPIA which point to its growth in the observed period at the same rate as in the whole 2007 (2.7% annually).

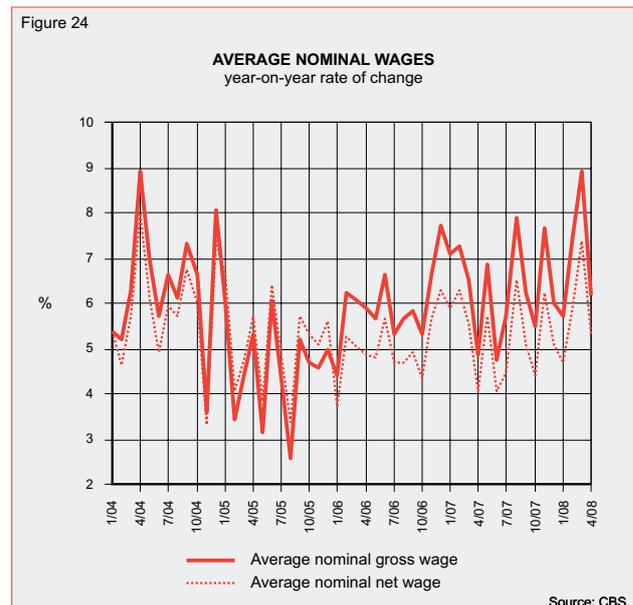
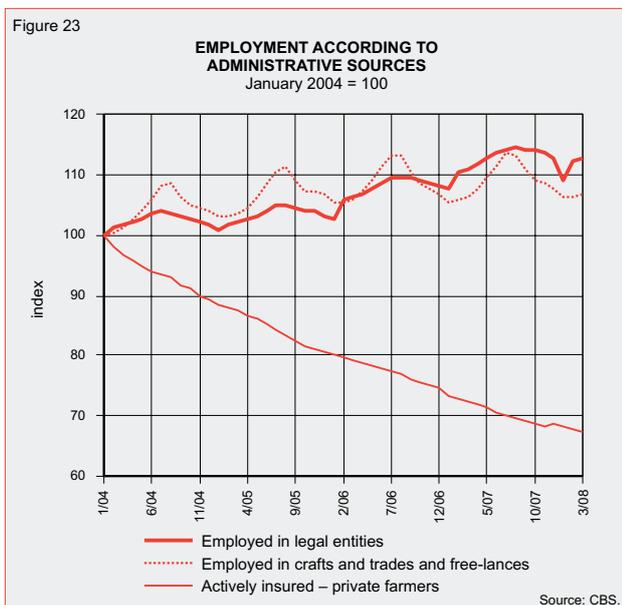
Like in 2007, the largest contribution to total employment growth, according to CBS data, came from the growth of employment in legal entities, recorded in the period from January to March 2008. Employment in crafts and trades and free-lances rose mildly in annual terms over this period, whereas the number of individual farmers actively insured with the CPIA continued to fall, thus offsetting the small but positive contribution of employment growth in crafts and trades and free-lances to total employment growth.

Viewed by activity, the largest annual increase in employment during the first quarter of 2008 was noticed in real estate, rental and other business services, wholesale and retail trade and financial intermediation. Strong annual growth was recorded in total public administration (5,100 or 1.7%), fuelled by positive movements in all its three components (narrowly defined public administration, education, health care and social welfare). By contrast, the sharpest annual decline in employment was observed in mining and quarrying and manufacturing.



Wages and Labour Costs

Following a slowdown in January, nominal wages paid in February and March accelerated at the annual level. Viewed quarterly, the annual growth rates of average nominal wage paid in the first quarter stood at 7.3% and 6% (in gross and net terms respectively), and were higher relative to those observed in the last quarter of 2007. Besides the nominal wage growth, consumer price index also accelerated annually in this period, leading to a mild decline in real wage growth compared with end-2007.



The annual growth rate of average real gross wage paid in the first quarter of 2008 stood at 1.3%, slightly below the rate in the last three months of 2007, whereas the annual growth of average real net wage decelerated noticeably in this period.

The first quarter of 2008 saw a marked annual slowdown in average real gross wage in the private sector, i.e. in hotels and restaurants, as well as in mining and quarrying and financial intermediation, with the negative annual rates of change observed in the former two activities. By contrast, the growth of real gross wages accelerated in real estate, rental and other business services and in manufacturing. Real gross wages also slowed down in public administration (including education, health care and social welfare) over the first quarter of the current year, but less markedly than in the private sector.

The growth of average real gross wage in industry accelerated annually from 0.2% in the last quarter of 2007 to 1.9% in the first quarter of 2008, thanks to the good performance

in manufacturing, as well as in electricity, gas and water supply. Labour productivity growth in industry, measured by the growth of GVA in this activity at constant prices per employee, stood at 1.2% in the last quarter last year, exceeding the growth of real gross wages in this period.

Prices

Having reached 6.2% in January 2008, the annual consumer price inflation rate stabilised at 5.7% in April, dropping slightly from the end of 2007. The annual rate of change of core inflation, which excludes agricultural product prices and administrative prices, increased by 0.3 percentage points in the first four months of this year, rising from 5.0% in December 2007 to 5.3% in April 2008. The acceleration in the annual growth rate of bread and cereal products prices had the largest impact on the increase in core inflation.

An analysis of the CPI based on its five main categories⁸

Figure 25

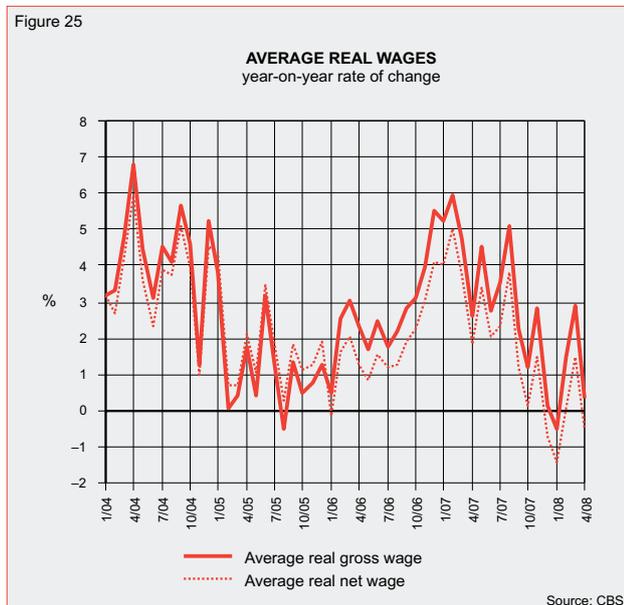


Figure 27

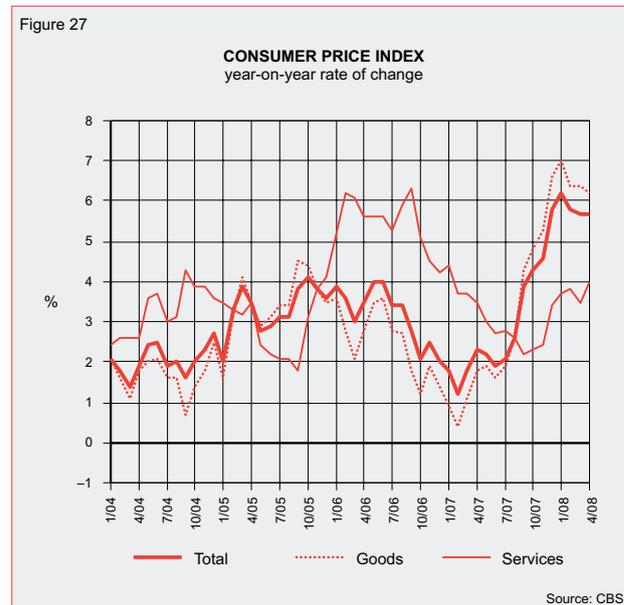
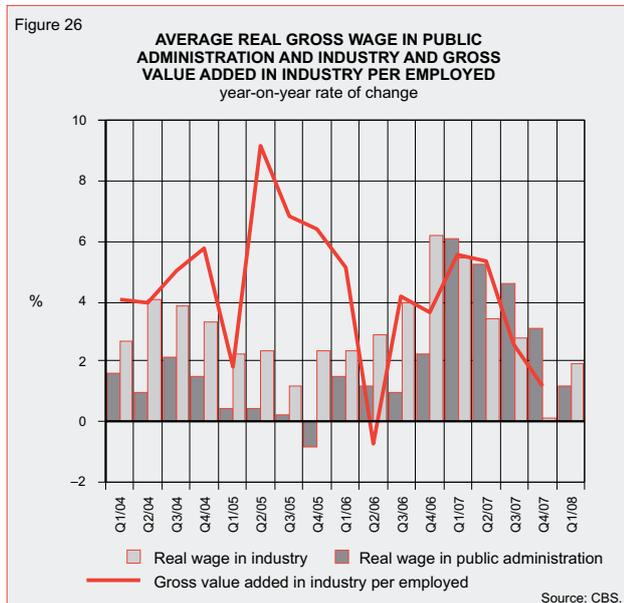


Figure 26



shows that the drop in the annual growth rate of fresh food products prices⁹ had the strongest effect on a slight deceleration in overall inflation in the first four months of 2008. The opposite effect on inflation trends was produced by the increase in the annual rate of change in the prices of processed food products, services, energy and non-food industrial products excluding energy. Imported inflationary pressures, very strong in the first four months of this year, resulted from the

8 The goods and services included in the CPI computation can be grouped into several classifications. The Classification of Individual Consumption by Purpose (COICOP) divides the product basket into twelve basic product groups. In addition, another classification divides the product basket into five main categories consisting of relatively homogenous products, including fresh food products, processed food products, energy, non-food industrial products excluding energy and services. This classification is also used by the ECB for the analysis of consumer price inflation trends. The CNB used it for the first time in this Bulletin issue.

9 Fresh food products include meat, fish, fruit and vegetables.

increase in world prices of crude oil and some other raw materials, which was sharper than in the same period in 2007. These pressures were partly offset by a marked appreciation of the exchange rate of the kuna against the US dollar. Consumer price inflation trends in the domestic economy were also positively influenced by a slight appreciation of the kuna exchange rate against the euro. Such exchange rate trends have a stabilising effect on inflationary expectations and the prices of consumer goods, intermediate goods and raw materials imported from the eurozone. According to the latest available data, the annual growth rate of industrial labour productivity exceeded the annual growth rate of the average nominal net wage in the first quarter of this year, so that there were no inflationary pressures from this source.

The increase in the prices of fresh food products in the first four months of 2008 was weaker than in the same period in 2007, with the result that their annual rate of change reduced from 9.3% in December 2007 to 5.7% in April 2008, which was primarily due to a sharp slowdown in the annual growth rate of vegetable prices. The contribution of fresh food products prices to overall consumer price inflation decreased by 0.5 percentage points in the observed period.

The increase in world prices of food products, coupled by energy price growth, which significantly contributed to the price increase in domestic processed food products in the second half of 2007, continued to drive up these products

Table 1: Consumer Price Index, classification of personal consumption by purpose, year-on-year rate of change

	Weight 2008	12/07	1/08	2/08	3/08	4/08
Total	100.0	5.8	6.2	5.8	5.7	5.7
Food and non-alcoholic beverages	31.8	10.7	11.2	9.9	9.6	9.6
Alcoholic drinks and tobacco	5.5	6.4	6.5	6.4	6.6	7.1
Clothing and footwear	8.4	5.1	3.9	3.8	3.8	3.2
Housing, water, energy, gas and other fuels	14.2	3.9	4.9	4.8	4.7	4.6
Furniture, equipment and maintenance	5.3	3.0	3.4	3.8	4.0	4.5
Health	2.8	1.3	4.2	3.8	3.9	5.5
Transport	11.4	4.7	5.7	5.5	5.7	5.0
Communication	4.2	-0.3	-1.3	-1.3	-1.3	-1.3
Recreation and culture	6.1	1.8	1.9	1.2	0.3	0.2
Education	1.0	2.3	2.3	2.8	2.8	2.8
Catering services	3.5	2.4	3.0	3.8	5.0	5.2
Miscellaneous goods and services	5.8	4.4	3.7	3.9	4.0	4.4
Goods	76.9	6.6	7.0	6.4	6.4	6.2
Services	23.1	3.4	3.7	3.8	3.5	4.0

Source: CBS.

Table 2: Consumer Price Index, the five main categories of products, year-on-year rate of change

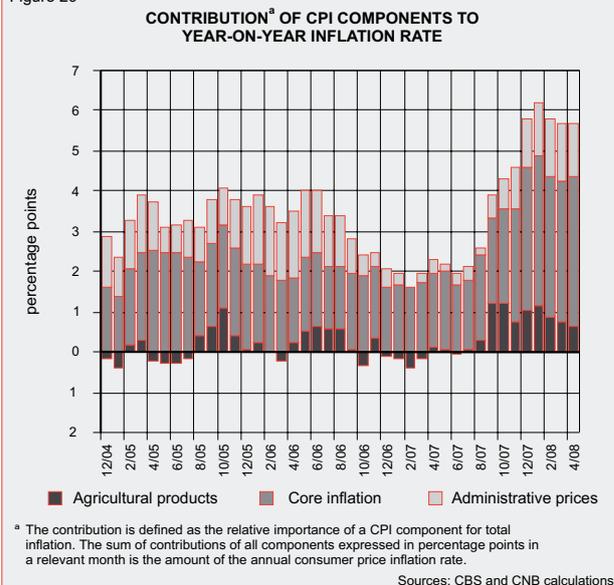
	12/07	1/08	2/08	3/08	4/08
Total	5.8	6.2	5.8	5.7	5.7
Energy	5.2	6.4	6.2	6.3	5.6
Fresh food	9.3	9.1	6.7	5.9	5.7
Processed food	10.5	11.4	11.2	11.4	11.6
Industrial non-food without energy	2.8	3.3	3.3	3.2	3.1
Services	3.4	3.7	3.8	3.5	4.0

^a Preliminary data for the five main CPI categories. Source: CBS.

Figure 28



Figure 29

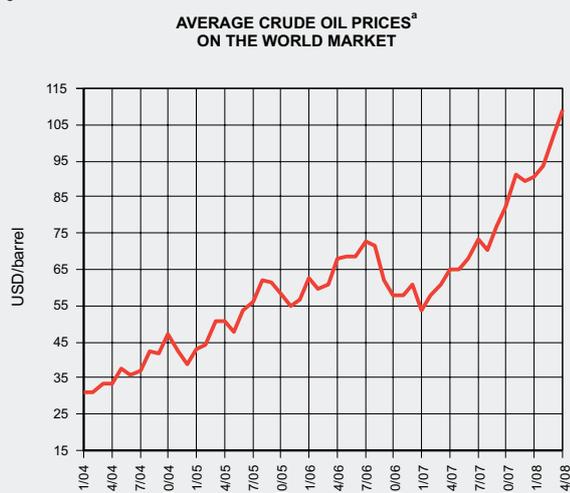


prices in the first four months of 2008. The annual rate of change in processed food products prices increased from 10.5% in December 2007 to 11.6% in April 2008. The largest contribution to this price increase came from the rise in prices of bread and cereals, whose annual growth rate accelerated from 10.0% in December 2007 to 17.1% in April 2008. In contrast, the annual growth rate of prices of oil and fats, and of milk and dairy products slightly decelerated, but these prices still remained very high.¹⁰

In addition, the price increase in food products had a spillover effect on hotel and restaurant services prices. The annual growth rate of hotel and restaurant services prices accelerated in the first four months of 2008 (with the annual rate

¹⁰ The prices of oil and fats and the prices of milk and dairy products were higher by an average of 26.1% and 14.3% respectively in April 2008 than in the same period in 2007.

Figure 30



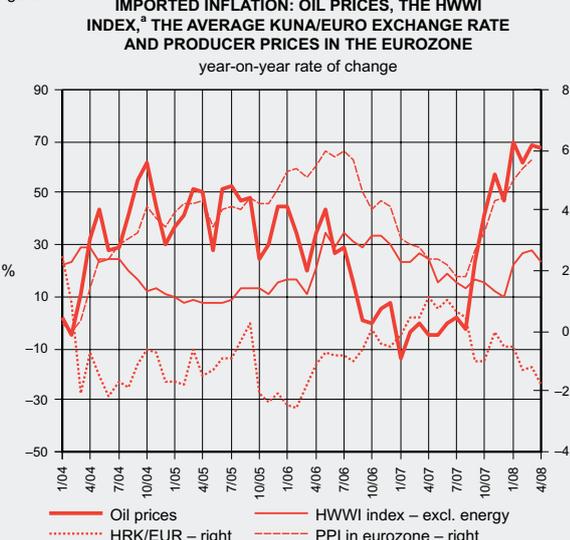
^a Calculated as an average of the following oil prices (prompt delivery): Dubai Fateh, UK Brent and West Texas Intermediate. Source: Bloomberg.

of the kuna exchange rate against the US dollar. The price increase in refined petroleum products and the mentioned growth for prices of public utilities services were the main reasons for the acceleration of the annual growth rate of administrative prices from 5.1% in December 2007 to 5.7% in April 2008.

The annual rate of change in the prices of industrial non-food products excluding energy drifted up from 2.8% in December 2007 to 3.1% in April 2008, which equals the average for 2007, so that there is no indication that the energy price rise resulted in any significant spillover of costs to the prices of industrial non-food products excluding energy.

Having surged in 2007, world crude oil prices continued to grow in the first four months of this year. The average price of crude oil increased by 21.5%: from USD 89.5 per barrel in December 2007 to USD 108.8 per barrel in April 2008, with the daily price of Brent crude reaching USD 116.5 at the end of April. This increase was considerably lower in kuna terms, 11.4%, due to the nominal appreciation of the kuna exchange rate against the US dollar. The oil price increase was also related to the escalation of geopolitical tensions and growing market concerns over the decrease in the US reserves of crude oil and refined petroleum products, intensified funds' investments in commodity markets and the OPEC's decision from March to keep production levels steady. Besides the increase in world oil prices, imported inflationary pressures were also generated by the rise in world prices of other raw materials. The annual growth rate of the HWWI Index, which measures commodity price trends in the world market (excluding energy, in US dollar terms), went up from 10.0% in December 2007 to 23.5% in April 2008. Especially sharp was the price increase in iron ore and cereals. Cereals prices, after having surged in 2007, grew further in the first four months of this year, increasing by 89.3% over the same period in the previous year. In addition, the latest available data show that the annual rate of change in producer prices in the eurozone increased from 4.4% in December 2007 to 5.7% in March 2008, primarily as a result of the price rise in energy and food products.

Figure 31

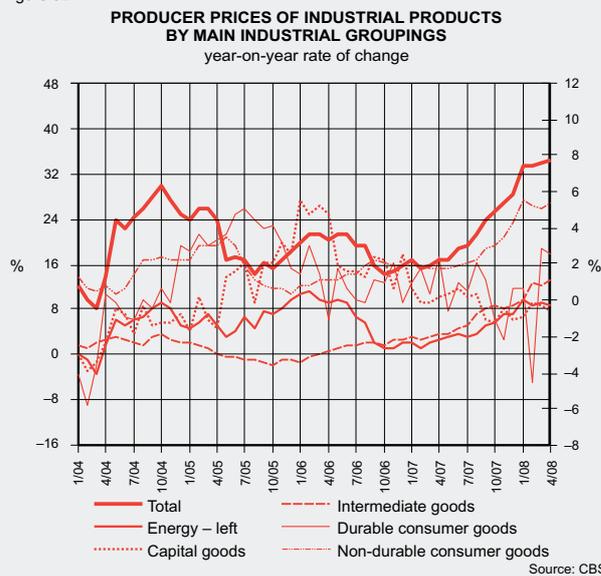


^a The Hamburg Institute of International Economics (HWWI) constructed the aggregate index of raw materials prices in the world market, the so-called HWWI index. The HWWI index is the indicator of movements in costs for imported raw materials (it includes a total of 29 raw materials or 27 excluding energy) 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.

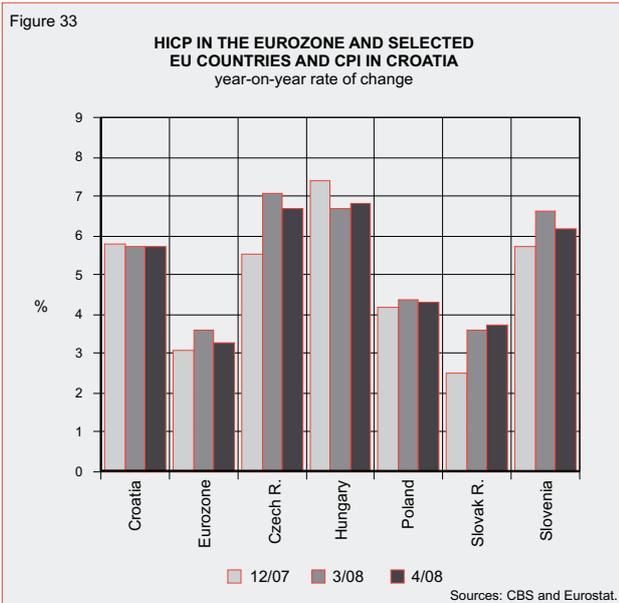
of change in prices of food and beverages accelerating from 2.9% in December 2007 to 5.9% in April 2008). Administratively regulated services prices also grew in the observed period, primarily as a result of the price growth of public utilities services (especially of water supply and garbage and waste disposal, as well as of local rates) and price increases in health services. The drop in the annual rate of change of package holidays and communication services prices had the opposite effect on price trends in services. In overall, the annual growth rate of services prices accelerated from 3.4% in December 2007 to 4.0% in April 2008.

The annual rate of change in energy prices increased from 5.2% in December 2007 to 5.6% in April 2008, as a result of the price increase in refined petroleum products, caused by the rise in world crude oil prices, whose pressures on the growth of domestic prices were alleviated by the appreciation

Figure 32



Source: CBS.



The annual growth rate of domestic industrial producer prices accelerated considerably from 5.8% in December 2007 to 7.7% in April 2008. Intermediate products prices recorded

Box 1: Trends in the CPI Excluding Food and Energy Prices in Croatia and Selected Countries

The consumer price index (CPI) which excludes food and energy prices is one of the most widely used measures of core inflation and, as such, an appropriate tool for international comparisons. This index is computed exclusive of food and energy prices, which have proved to be extremely variable and in a large number of cases caused by supply-side shocks, which include drought, OPEC's crude oil production cuts and disruptions in crude oil supply caused by political tensions.

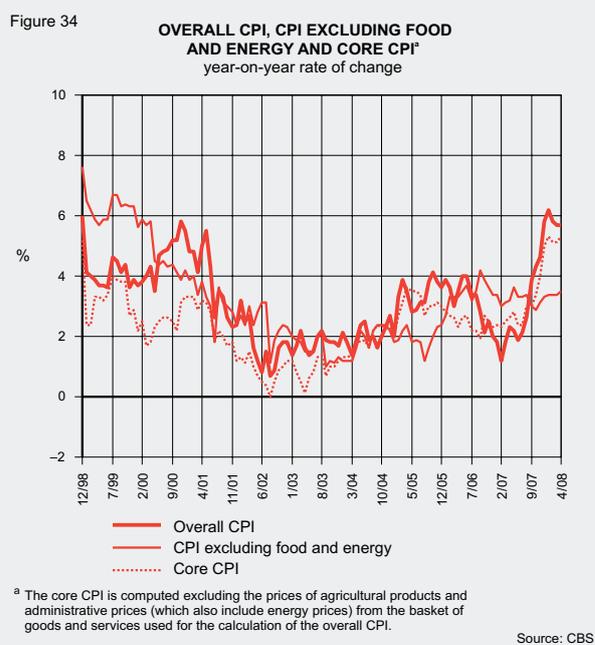
The widespread use of the CPI excluding food and energy prices is due to the simplicity of its computation, intelligibility to the general public, simplicity of replication and testing, measuring transparency and timeliness. Monitoring the CPI excluding food and energy prices is also useful for decision-makers in that it helps them to determine whether consumer price changes arise from short-term disturbances or make a long-term trend, which is of significant importance for monetary policy creation. However, the CPI excluding food and energy prices also has a disadvantage of neglecting two important economic segments, food and energy prices, which in 2008 jointly accounted for 42.7% of the overall CPI basket in Croatia. Furthermore, volatile and quickly changing prices can be a source of important information on future price trends, as opposed to prices that, due for example to the features of the sector in which they are formed, change at a much slower pace.

Croatia's annual growth rate of the CPI excluding food and energy prices stood at 3.4% in March 2008, equalling the average annual growth rate of this index in the previous two years. In contrast with the surge in the overall CPI and core inflation, the CPI excluding food and energy prices in-

the sharpest increase in the annual rate of change, which points to a possible spillover of costs of growing world raw materials prices to domestic producer prices of intermediate goods. The annual growth rate of durable consumer goods and energy prices also accelerated markedly in the first four months of this year. The energy price growth in the observed period mostly resulted from the increase in producer prices of refined petroleum products, caused by the growth of world crude oil prices. The annual rate of change in non-durable consumer goods prices also accelerated in the same period, to the largest extent due to the increase in producer prices of food and tobacco products. The annual rate of change in capital goods prices also slightly increased in the first four months of 2008, but remained negative.

While domestic consumer price inflation slightly decelerated in the first four months of this year (from 5.8% in December 2007 to 5.7% in April 2008), eurozone inflation edged up, with its annual rate of change rising from 3.1% in December 2007 to 3.3% in April 2008. Croatia's annual consumer price inflation rate exceeded those recorded in the eurozone, Slovakia (3.7%) and Poland (4.3%) in April this year, and stood below the rates for Slovenia (6.2%), the Czech Republic (6.7%) and Hungary (6.8%).

creased modestly over the last year, from 3.1% in March 2007 to 3.4% in March 2008, with the largest contribution to the increase coming from the price rise of tobacco products. The annual rate of change in tobacco products prices grew from 0.0% in March 2007 to 8.5% in March 2008, and their contribution to the CPI excluding food and energy prices increased by 0.5 percentage points.¹¹ The increase in the CPI excluding food and energy prices in the



¹¹ Tobacco products weight in the overall CPI excluding food and energy prices is a considerable 6.4%.

said period can partly be attributed to indirect effects of the price increase in food and refined petroleum products, which in some measure spilled over to domestic consumer prices due to growing expenses of companies. For example, the spillover is evident in the increase in restaurant and public transport prices in the last year.

In the past year, developments in inflation of consumer prices excluding food and energy prices in selected countries varied; in some of these countries inflation measured by the said indicator increased considerably (e.g. the Czech Republic), while in some other countries it decreased (Austria, Germany, Hungary, Slovakia). In addition, the annual

Table 3: Food and Energy Weights in the Overall CPI in Croatia

	Weight 2008
Food	29.1
Bread and cereals	5.3
Meat	7.9
Fish	1.4
Milk, cheese and eggs	5.2
Oils and fats	1.5
Fruit	1.8
Vegetables	3.5
Sugar, jam, honey, chocolate and confectionary	1.5
Food products, n.e.c.	1.2
Energy	13.6
Electricity	4.0
Gas	2.1
Liquid fuels (heating oil)	0.8
Solid fuels	1.2
Heat energy	0.6
Fuels and lubricants for personal transport equipment	4.9
Total food and energy	42.7

Source: CBS.

growth rate of the CPI excluding food and energy went up to 2% in March 2008 in the selected eurozone countries, while in most other countries it was higher. The fact that the growth rate of this index in the eurozone was relatively modest despite the growing costs of input production factors and a high degree of utilisation of industrial capacities can be ascribed to the favourable effect of the appreciation of the euro exchange rate on import price trends and to strong market competition.

Table 4: Overall CPI and its Components, year-on-year rate of change

		Overall CPI	Food	Energy	CPI – excluding food and energy
Austria	3/07	1.8	3.1	1.9	1.7
	3/08	3.5	7.8	13.8	1.7
Italy	3/07	1.7	2.4	1.8	1.6
	3/08	3.3	5.5	8.9	2.3
Germany	3/07	1.9	2.0	3.5	1.7
	3/08	3.1	8.2	9.8	1.6
Czech R.	3/07	2.0	3.4	0.8	1.8
	3/08	7.1	10.8	11.3	5.7
Croatia	3/07	1.8	0.1	-0.1	3.1
	3/08	5.7	10.2	6.7	3.4
Hungary	3/07	9.1	12.5	18.8	6.2
	3/08	6.8	13.1	11.7	3.8
Poland	3/07	2.5	4.2	4.9	1.1
	3/08	4.1	6.6	7.7	2.0
Slovak R.	3/07	2.7	2.9	1.1	3.2
	3/08	4.2	8.6	3.7	3.0
Eurozone (HICP)^a	3/07	1.9	1.9	1.8	1.9
	3/08	3.6	6.2	11.3	2.0

^aHICP excluding energy, alcoholic drinks and tobacco.
Sources: CBS and OECD.

Exchange Rate

In the first three months of 2008, the nominal exchange rate of the kuna appreciated by 0.9% against the euro, rising from HRK 7.33/EUR on 31 December 2007 to HRK 7.26/EUR on 31 March 2008. When the kuna exchange rate strengthened in the second half of January due to a drop in kuna liquidity, the CNB, in an effort to curb its nominal appreciation, intervened by purchasing EUR 189.1m from banks on 31 January and issuing a total of HRK 1.4bn. The nominal kuna/euro exchange rate was relatively stable in February and March 2008, with the kuna exchange rate oscillating around an average value of HRK 7.27/EUR and the central bank held no foreign exchange interventions in that period. In the first quarter, in order to settle its foreign liabilities, the MoF purchased a net amount of EUR 83.4m directly from the CNB, thus withdrawing HRK 0.6bn from circulation.

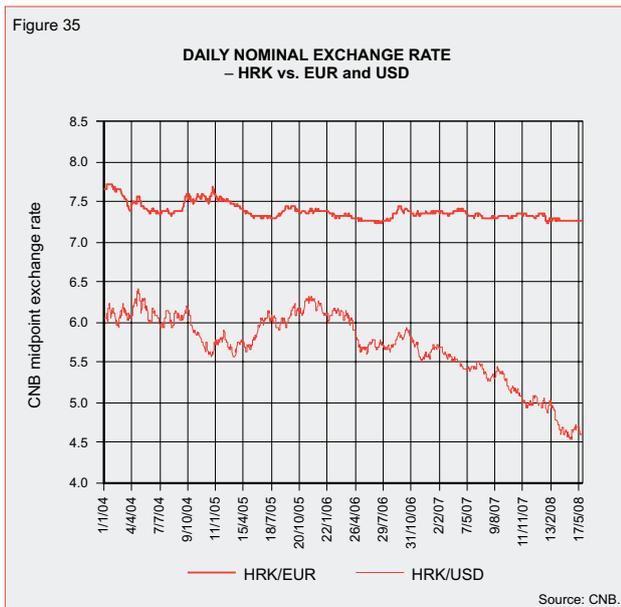
In April and May, the kuna/euro exchange rate moved within a narrow band between HRK 7.25/EUR and HRK 7.28/EUR. There was no need for central bank interventions either in April or in May, while banks met their kuna liquid-

ity needs through reverse repo auctions. However, the CNB purchased a considerable amount of foreign exchange (EUR 102.2m) from the MoF, which received an inflow of foreign exchange from PAL 2.

A proof of the stability of the nominal kuna/euro exchange rate was its relatively low volatility. Specifically, the average absolute change in the daily exchange rate of the kuna versus the euro, a measure of exchange rate volatility, stood at a very low 0.08% in the first quarter of this year (only slightly exceeding the 2007 average of 0.07%) and fell to 0.04% in the first two months of the second quarter.

In the first three months of 2008, the US dollar exchange rate continued to appreciate against the euro in the world's foreign exchange market. Downward pressures on the US dollar/euro exchange rate were predominantly due to negative economic indicators related to a drop in personal consumption in the US, adverse trends on the real-estate market and expectations of further cuts in the benchmark interest rate. As anticipated, the Fed decreased its key interest rate three times in the first quarter, reducing it by a total of 2.0 percentage points, to 2.25%. Also in the first quarter, the ECB kept its key interest rate unchanged at 4.0%. Trends in the global

Figure 35



foreign exchange market were in April marked by a brief recovery of the US dollar against the euro, which was primarily caused by the release of adverse economic indicators in the eurozone (including, for example, those showing a decrease in the retail trade turnover in the eurozone and a business confidence fall in Germany). In line with expectations, the Fed reduced the key interest rate by 0.25 percentage points, to 2.0%, on 30 April. The US dollar/euro exchange rate continued to strengthen versus the euro in the first half of May and then reversed the trend, standing at USD 1.55/EUR at the end of May, which was a decrease of 5.5% compared with the end of 2007. Global foreign exchange market trends also had an impact on the movements of the kuna exchange rate versus the US dollar, which appreciated by 6.2% in the said period, rising from HRK 4.99/USD on 31 December 2007 to HRK 4.68/USD on 31 May 2008.

In the first five months of 2008, in addition to the nominal appreciation against the euro (1.0%) and the US dollar (6.2%), the exchange rate of the kuna appreciated by a

Figure 36

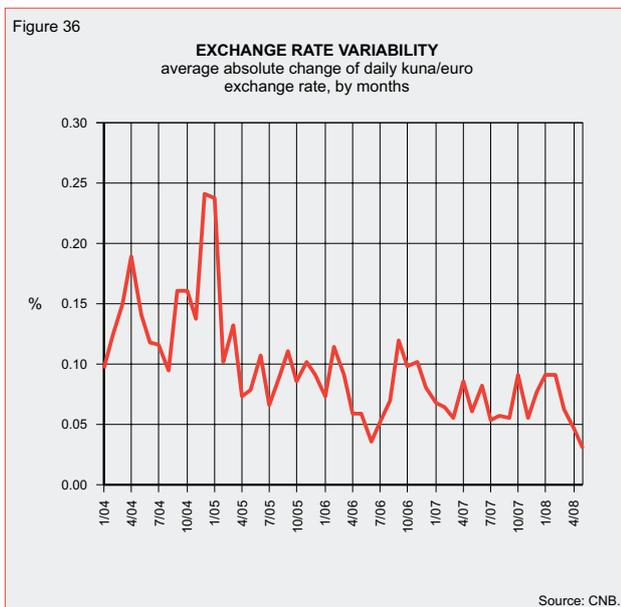


Figure 38

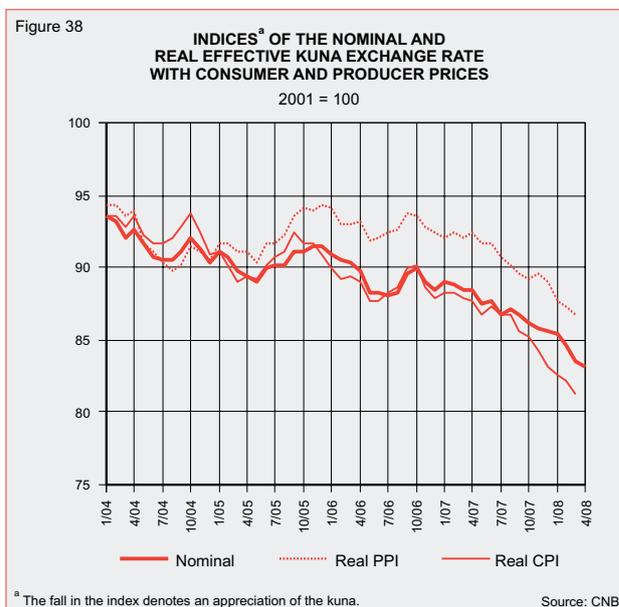
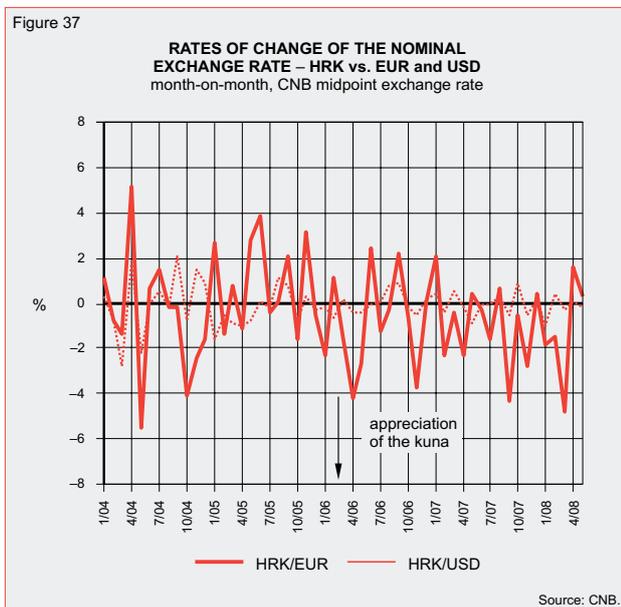


Figure 37



sharp 7.3% against the pound sterling, while it depreciated by 0.9% versus the Swiss franc. Due to such kuna exchange rate movements, the index of the daily nominal exchange rate of the kuna appreciated by 2.5% versus the currency basket from 31 December 2007 to 31 May 2008.

According to the latest available data, the index of the real effective exchange rate of the kuna, a measure of export price competitiveness, worsened. In the first quarter of 2008, the nominal effective exchange rate of the kuna appreciated by 2.3% (due primarily to the sharp appreciation of the kuna exchange rate against the US dollar) and the index of the real effective exchange rate of the kuna deflated by consumer prices appreciated by 2.1% (March 2008 relative to December 2007). The kuna exchange appreciated less in real than in nominal terms because domestic consumer prices grew at a slower rate than foreign consumer prices (in the eurozone and US). In contrast, the appreciation of the index of the real effective exchange rate of the kuna deflated by producer prices was sharper in the said period (2.6%) due to a faster

growth of domestic producer prices compared to foreign prices (the eurozone, Switzerland, Great Britain).

Monetary Policy and Instruments

Monetary Environment

In 2008, the Croatian National Bank continued to use the same instruments of monetary policy as in 2007. These include a Decision on the purchase of compulsory CNB bills, which is aimed at keeping banks' credit activities within a range that will be sustainable over a long-term and the instrument of marginal reserve requirements which makes foreign borrowing of banks more expensive and encourages banks to replace their foreign liabilities with domestic and permanent sources of funds. In addition to the described measures, the central bank continued to pursue the policy of stable exchange rate of the domestic currency, which, following a somewhat more pronounced appreciation in January of this year, moved within a narrow range of HRK 7.25/ EUR and HRK 7.28 /EUR. The stability of the exchange rate of the kuna and restriction of credit activities of banks are the main elements which marked CNB's anti-inflationary monetary policy activities.

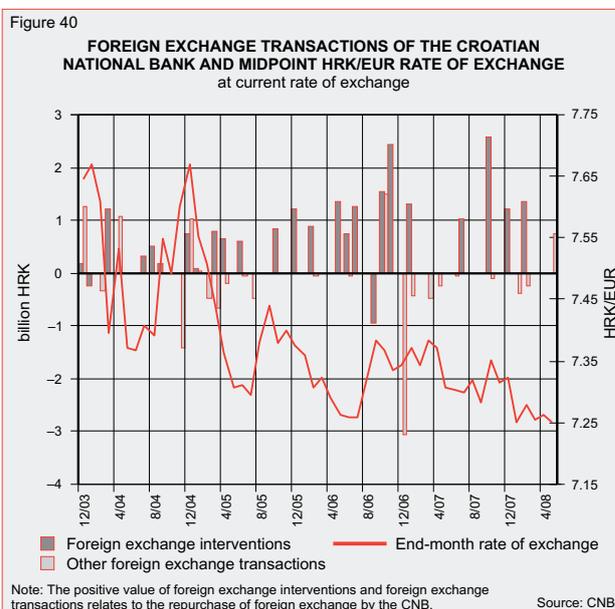
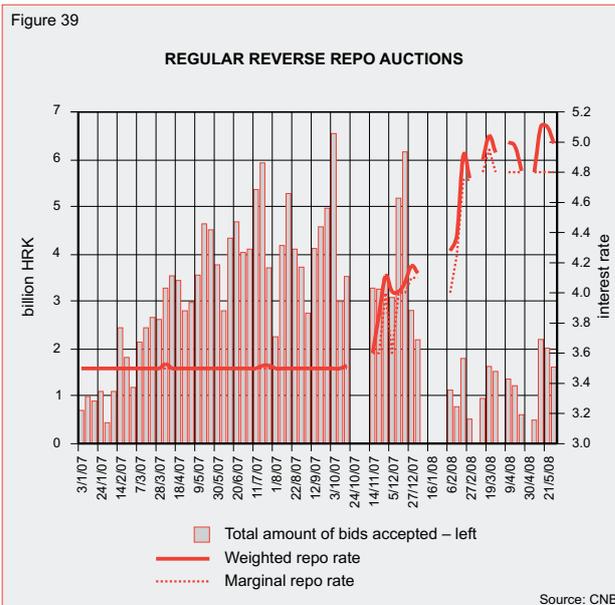
Following temporary orientation of banks towards foreign borrowing earlier this year, as a result of banks' adjustment with the new prudential measures and smooth operations in an environment characterised by limited liquidity, the first quarter and the beginning of the second quarter of the year were marked by favourable changes in the structure of banks' liabilities. This refers most notably to a sharp increase in household savings and time deposits and further bank recapitalisation efforts leading to improved financial stability.

Towards the end of May, the central bank amended its Decision on the minimum required amount of foreign currency claims, cutting the rate of the minimum required foreign currency claims from 32.0% to 28.5%. The amendment is expected to release the foreign currency needed for domestic financing of the central government without squeezing out other domestic sectors.

Uses of Instruments of Monetary Policy

Reverse repo operations were the main instrument of reserve money creation in the first two months of the second quarter of the year. After central bank's restricted liquidity creation at the beginning of the year due to growing inflation, repo operations in the remaining part of the year were conducted in accordance with the banks' liquidity needs. These activities were particularly intensive in the second half of May with increased demand of banks for kuna liquidity.

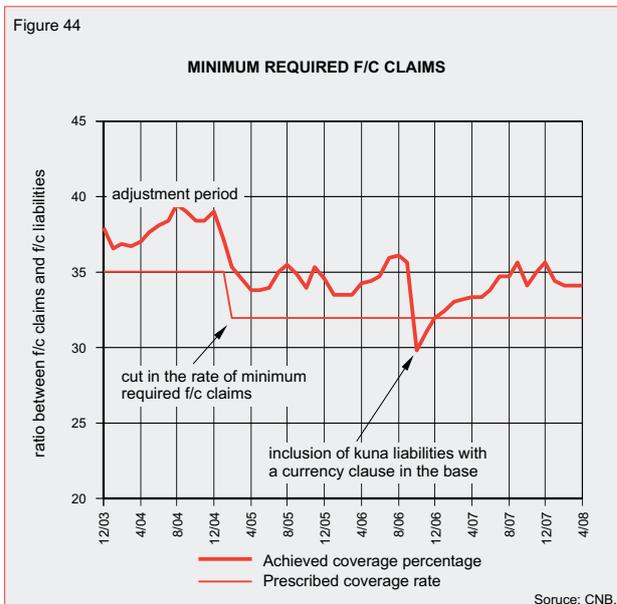
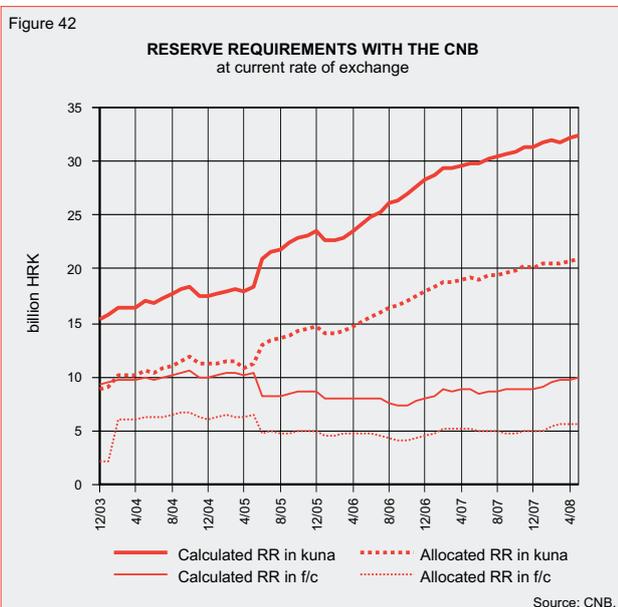
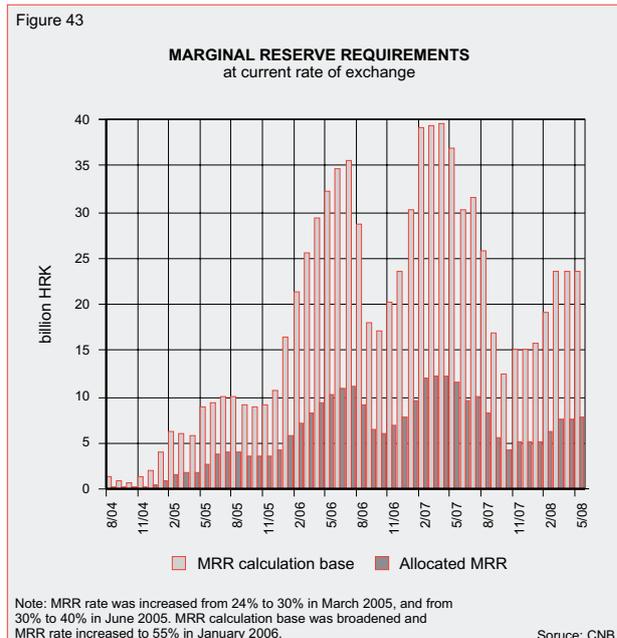
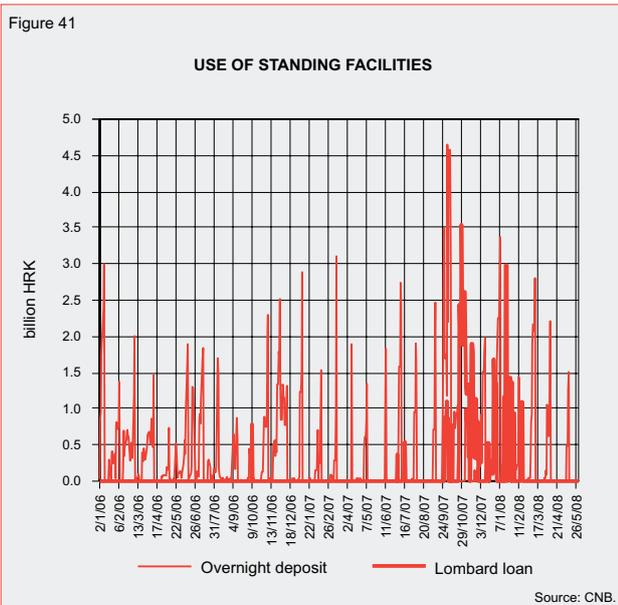
The average daily balance of funds placed at reverse repo auctions in May was HRK 1.4bn, an increase of HRK 0.6bn compared with the preceding period. However, increased reserve requirements and compulsory CNB bills in May



sterilised a part of the free reserves of banks. A similar effect was produced by increased government kuna deposits and a seasonal increase in currency outside banks. Average daily surplus liquidity (including overnight deposits), despite somewhat larger auction turnover, fell from HRK 1.3bn in the first four months to HRK 1.0bn in May.

The marginal repo rate held steady at 4.80% in the first two months of the second quarter, with the central bank accepting all the received bids at that rate. As a rule the banks also offered higher interest rates, so that the weighted repo rate of the bids accepted ranged between 4.81% and 5.10%.

In contrast with their intensive use of the Lombard facility in the first quarter, the banks did not use this facility in the first two months of the second quarter. The banks deposited their surplus liquidity with the CNB as overnight deposits, as usual at the end of reserve requirements periods, after the banks have met their average account balance maintenance and have not placed their surpluses on the money market. The average daily balance of overnight deposits fell from



HRK 477m in the first quarter to HRK 262m in the first two months of the second quarter, in line with somewhat smaller surplus liquidity of banks.

The growth of kuna reserve requirements in the first quarter of 2008 continued into April and May particularly when they reached HRK 32.8bn, with almost HRK 23.0bn being allocated to the special account. Such developments in kuna reserve requirements is the result of an increase in the kuna sources of funds (both domestic and foreign) and a fast growth in foreign currency deposits given that a part of foreign currency reserve requirements is calculated in kuna. The fast growth in foreign sources of funds led to an increase in foreign currency reserve requirements. According to May calculation, foreign currency reserve requirements reached HRK 13.5bn.

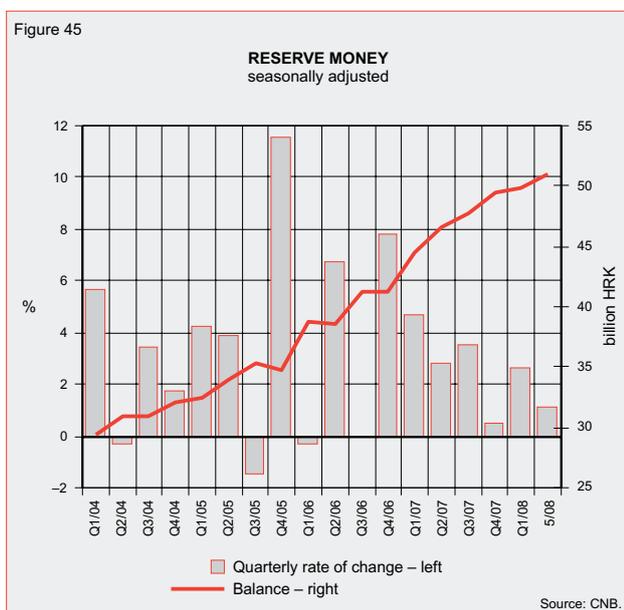
Following an increase in the marginal reserve requirements in the first quarter of the year as a result of banks' foreign borrowing, the base for the calculation of this requirement held steady in the first two months of the second quarter,

causing the allocated marginal reserve requirements to stagnate at HRK 7.6bn. Developments in marginal reserve requirements reflect developments in foreign liabilities of banks which commonly increase at the beginning of the year and decrease during the summer months due to higher inflows of domestic deposits.

The coverage of total foreign liabilities of banks by foreign currency claims in the first four months of this year was above the minimum prescribed level of 32% and stood at 34.1% in April. To ensure funds for short-term government financing without resorting to foreign borrowing of banks and excluding other domestic sectors, the foreign currency loan of EUR 200m granted to the government at the beginning of March was included in liquid foreign currency claims of banks until end-May this year.

Reserve Money and International Reserves

Following its seasonal decline in the first quarter of 2008, reserve money grew sharply in the second quarter of the year. A characteristic decline in currency in the first quarter followed by its recovery in April and May had a significant influence on developments of the whole aggregate given that currency accounts for one third of reserve money. As regards banks deposits, strong demand for reserve money was generated by an increase in the instruments of sterilisation. The growth of reserve requirements and compulsory CNB bills in April and May absorbed a significant portion of liquidity generated through repo operations. Thus, one billion kuna more was required to meet the reserve requirements (both allocated and maintained) and CNB bills purchase requirements at the end of May compared with the end of the first quarter. Of that amount, HRK 0.4bn went to compulsory CNB bills subscription. At the end of May, reserve money was HRK 51.2bn, growing annually by 9.9%.

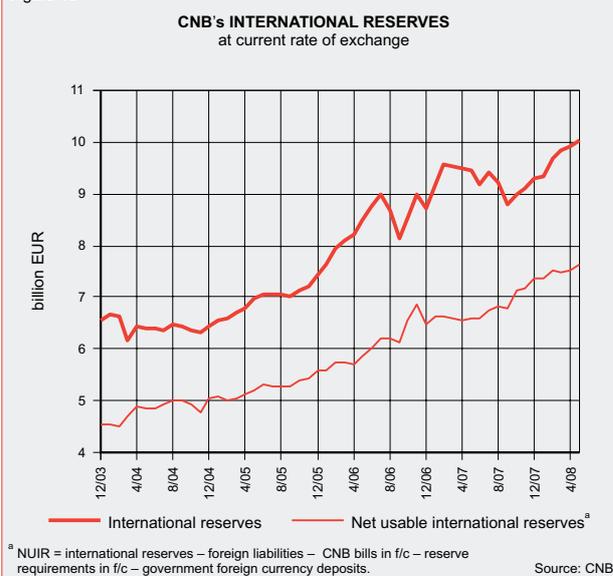


The May growth in government deposits was mainly due to foreign currency inflows under the Programmatic Adjustment Loan – PAL. EUR 100m were deposited in the central bank account on 9 May whose withdrawal and use is planned in accordance with PAL terms. Kuna government deposits with the central bank also rose slightly in May and ranged around HRK 450m.

The first two months of the second quarter were marked by further growth in gross international reserves of the CNB. Following their increase in the first quarter, gross international reserves continued to grow steadily, rising by a total EUR 0.7bn in the first five months of this year and reaching over EUR 10bn at end-May 2008. The increase was mainly due to increased foreign currency reserve requirements (including the marginal reserve requirements).

The absence of foreign currency interventions in the first two months of the second quarter led to a slower growth of net international reserves. Net usable foreign currency reserves at the end of May were EUR 7.6bn, an increase of EUR

Figure 46

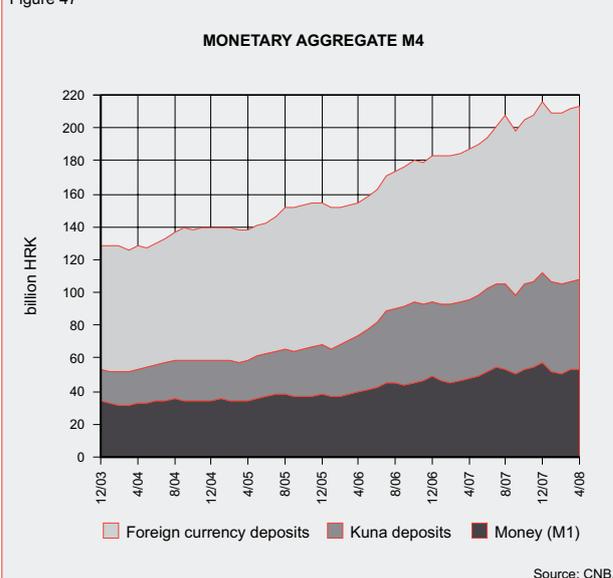


275m compared with the end of 2007. Their developments in the first five months were influenced by end-January foreign exchange intervention of EUR 189m and transactions with the government involving a net purchase of EUR 20m.

Monetary Developments

Monetary developments in the first quarter of 2008 were marked by a fall in net foreign assets and moderate growth in net domestic assets resulting in a fall in total liquid assets. Such developments are common for the beginning of the year when the banks usually finance their credit activities by foreign sources. Banks' credit activities later on in the year are expected to be moderate as a result of the effects of monetary policy instruments and the expected growth in domestic deposits. The banks are also expected to continue substituting their foreign sources of funding by domestic deposits and recapitalisation funds. Developments in monetary and credit aggregates at the beginning of the second quarter of 2008

Figure 47



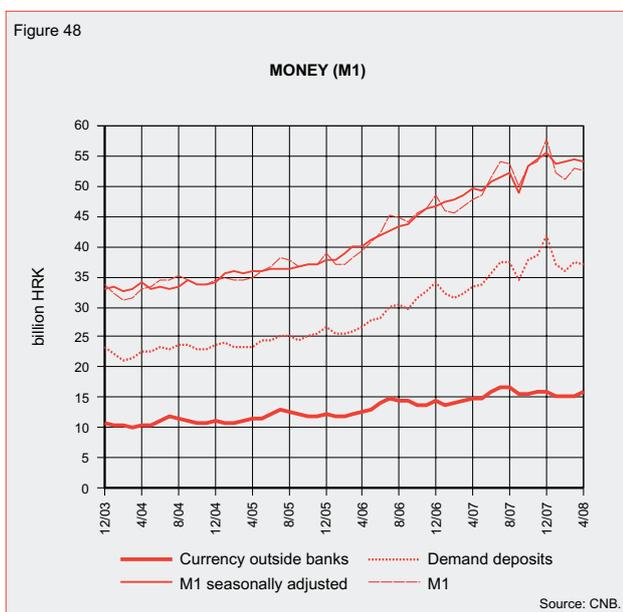
and recapitalisation efforts towards the end of the first quarter seem to support such expectations.

Total Liquid Assets

In the first quarter of 2008, total liquid assets fell by HRK 4.2bn or 1.9% as a result of a large fall in money (M1). Quasi money rose slightly during that period while further growth of savings and time deposits at the beginning of the second quarter was accompanied by a recovery in total liquid assets. On an annual level, M4 growth slowed down compared with 2007. Its annual growth rate at end-April 2004 was 13.8%, a fall of 6.8 percentage points compared with the end of the same month previous year.

Money

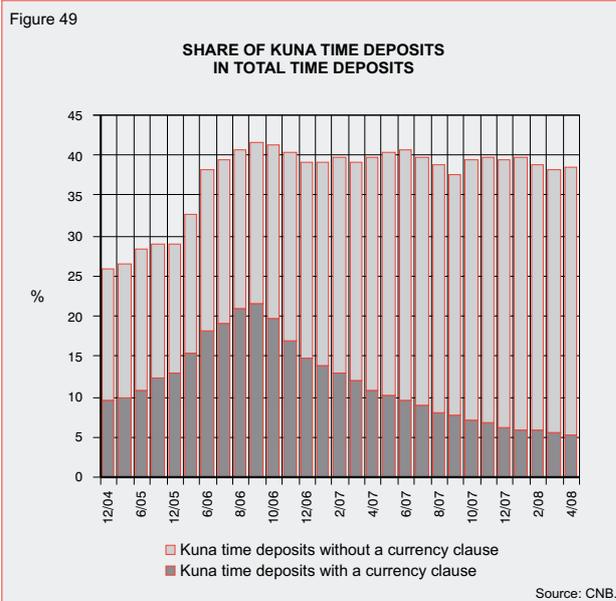
Money (M1) commonly falls at the beginning of each year. The fall was particularly evident in the first quarter of 2008 when it stood at HRK 5.1bn. The fall in demand deposits



accounted for the largest share of this fall, though currency outside banks also fell. Balances in current and giro accounts of domestic sectors fell mainly as a result of a fall in corporate demand deposits (particularly at the beginning of the year). At the beginning of the second quarter, demand deposits started falling slightly, while currency outside banks rose by approximately the same amount, resulting in stagnation of this monetary aggregate. Such developments had an impact on the annual growth rate of money which fell additionally, reaching 10.2% at the end of April, half the rate achieved at the end of the same month previous year.

Non-Monetary Deposits

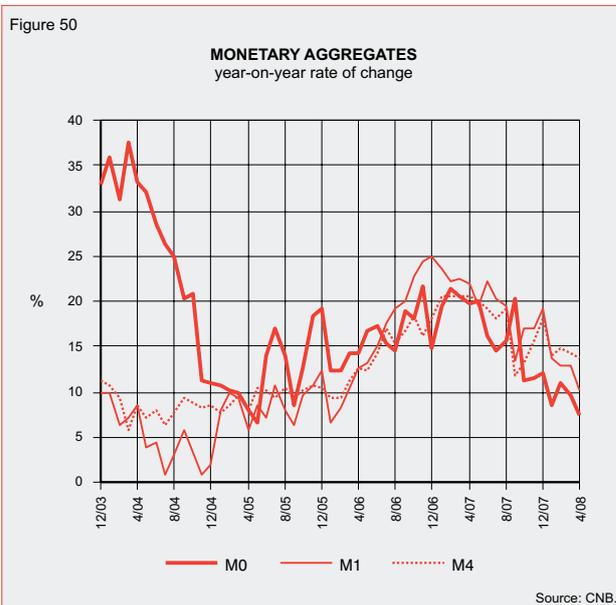
Although monetary developments at the beginning of the year are commonly characterised by slower growth or stagnation in savings and time deposits of all domestic sectors, the first and the second quarters of 2008 were marked by opposite developments. Household kuna and foreign currency deposits rose by HRK 6.5bn (6.1%) in the first four months



of the year. The effects of appreciation of the exchange rate of the kuna, which cause a fall in the kuna amount of foreign currency deposits, excluded, the growth of household savings and time deposits since the beginning of the year has been even stronger.

The growth of household deposits at the beginning of the year is usually slower than the growth of loans granted to that sector as a result of a seasonally slower growth in household savings. However, the increase in household deposits in the first quarter of 2008 largely exceeded the increase in loans granted to that sector.

The growth of household deposits is the continuation of the trend which began towards the end of the previous year, partly attributable to developments in the capital market and preference of households for safer savings in the banks. Their growth can also partly be attributed to efforts of banks to attract household deposits through an offer of more favourable savings terms and thus secure the funds needed to finance loans and to reduce their foreign liabilities.



Savings and time deposits of other sectors fell in the first and at the beginning of the second quarter 2008. The most prominent decline was observed in corporate deposits and deposits of other banking institutions, including deposits of investment funds.

Looking by currencies, the beginning of 2008 saw further rapid growth in foreign currency deposits which continued into the second quarter when the annual growth of foreign currency deposits steadily held at a high level, reaching 16.1% at the end of April. Unlike foreign currency deposits, kuna non-monetary deposits fell in the first quarter but recovered at the beginning of the second quarter. Overall, kuna deposits held steady from the beginning of the year, with their annual growth rate falling slightly and standing at 13.6% at the end of April. As regards the structure of kuna deposits in 2008, the share of foreign currency-indexed kuna deposits fell steadily in favour of “pure” kuna deposits.

Placements

The growth of bank placements to the non-banking sector slowed down considerably in 2007. This trend continued in early 2008 as a result of the use of the same measures of monetary policy as in the previous year, reflecting again CNB’s efforts to restrict bank placements growth and discourage foreign borrowing of banks and contribute to a reduction in total external debt of the Republic of Croatia.

Bank placements to the non-banking sector rose by HRK 4.2bn or 2.0% in the first quarter, which is below the permissible cumulative growth of 3% for the first three months as defined under the Decision on the purchase of compulsory CNB bills. Looking at banks individually, only two banks recorded growth of placements in excess of the permissible amount. With moderate growth of placements at the beginning of the second quarter, their annual growth rate fell additionally and stood at 11.4% at the end of April.

The structure of bank placements by sectors shows that the banks have largely continued to focus their credit activities on the household sector. Bank loans to the households rose by HRK 4.1bn (3.6%) in the first quarter, with the larg-

est share of the total increase going to housing and other general-purpose loans. On an annual level, however, the growth of household loans also slowed down, falling to 15.5% at the end of April, which is a decrease of 7.7 percentage points compared with the same month previous year.

Banks’ corporate placements also rose, albeit more moderately, by HRK 2.1bn or 2.2% in the first quarter. Such developments were also reflected in their annual growth rate which fell to 7.2% at the end of April. In contrast with the increase in household and corporate placements, bank placements to other banking and non-banking financial institutions fell from the beginning of the year. Their fall was observed early at the beginning of the year, confirming that increased placements to those sectors towards the end of 2007 were only temporary and made with the intention of increasing the base for the calculation of the permissible growth of bank placements in 2008.

Figure 52

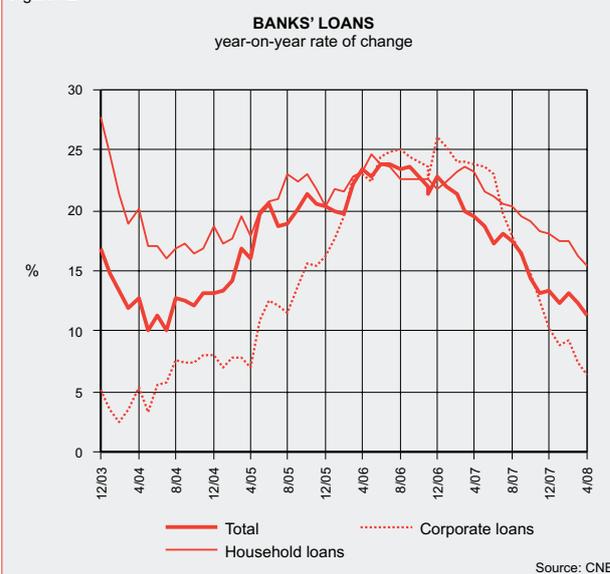
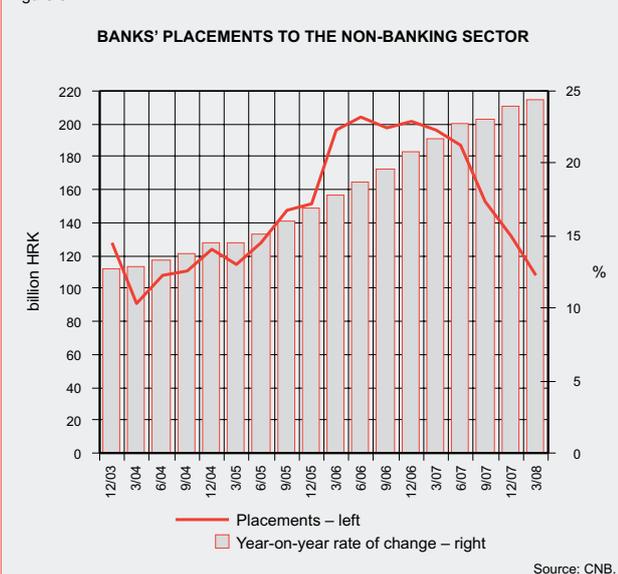


Figure 51



Banks’ Placements to the Central Government

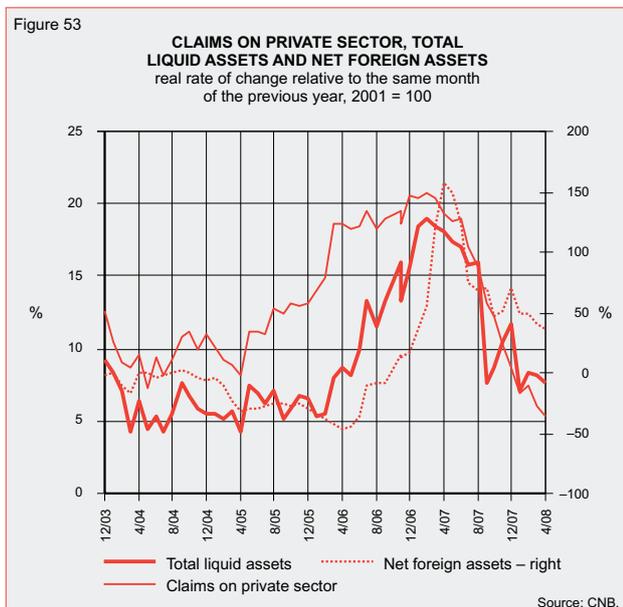
Banks’ placements to the central government rose by HRK 0.7bn in the first and at the beginning of the second quarter. Their sharpest increase took place in early March and involved a short-term syndicated foreign currency loan to the Ministry of Finance of EUR 200m while their most significant fall, associated with the purchase of T-bills of the Ministry of Finance, took place in February. The increase in bank claims on the central government was in line with its orientation towards domestic borrowing to reduce external debt.

Since the beginning of the year, banks’ liabilities towards the government arising under received deposits rose by HRK 0.8bn. The bulk of the increase went to CBRD placements recorded by the monetary statistics as part of government deposits. Since the increase in placements in the first four months was close to the increase in liabilities under received deposits, net bank claims on the central government remained almost unchanged during that period.

Foreign Assets and Liabilities

In the environment marked by a fall in money and slower growth of savings and time deposits, the banks temporarily turned to foreign financing in the first quarter of the year. Their foreign liabilities rose by HRK 4.2bn during that period. Inflows from recapitalisation of individual banks towards the end of the first quarter and the system's somewhat more moderate credit activity early in the second quarter, led to a fall in banks' foreign liabilities of HRK 1.2bn in April. Banks' total foreign liabilities fell by 8% at end-April compared with the same month previous year.

The increase in foreign liabilities from the beginning of the year was accompanied by a decrease in foreign assets of banks which fell by HRK 6.3bn in the first four months of the year. The largest share of the decrease took place in March as a result of amendment to the Decision on the minimum required amount of foreign currency claims which enabled the banks to finance a short-term foreign currency loan to the government from foreign currency assets. With a fall in foreign assets and

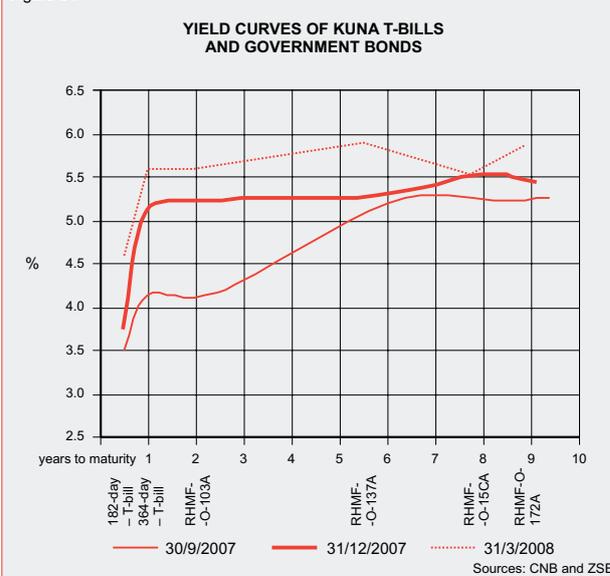


an increase in foreign liabilities of banks, banks' net foreign assets declined by HRK 9.3bn from the beginning of the year. However, on an annual level, net foreign assets of banks rose by HRK 11.3bn or 28.7% at end-April 2008, compared with the end of the same month previous year.

Money Market

Most of the first quarter of 2008 and April 2008 were marked by good banking system liquidity and lower and less volatile interest rates on the overnight money market compared with their high values at the end of 2007. Such developments are partly due to this year's first foreign exchange intervention of the central bank which resulted in a creation of almost HRK 1.4bn at the end of January. Favourable system liquidity was not even undermined by the usual increase in currency in circulation around Easter holidays nor by foreign exchange transactions between the central bank and the

Figure 54

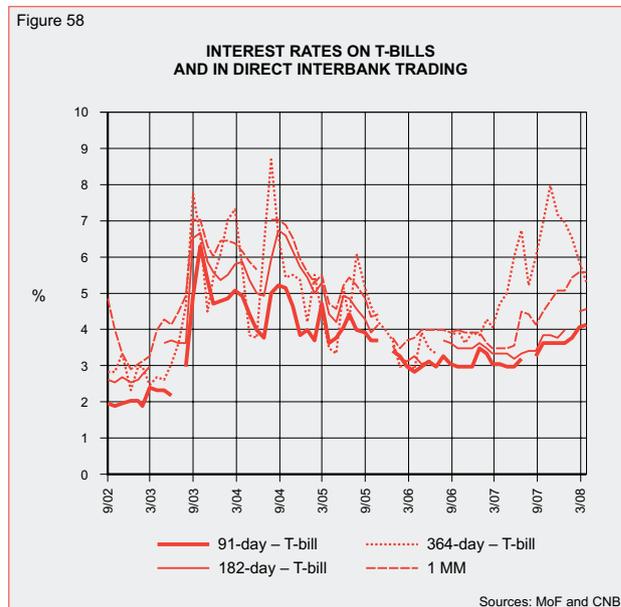
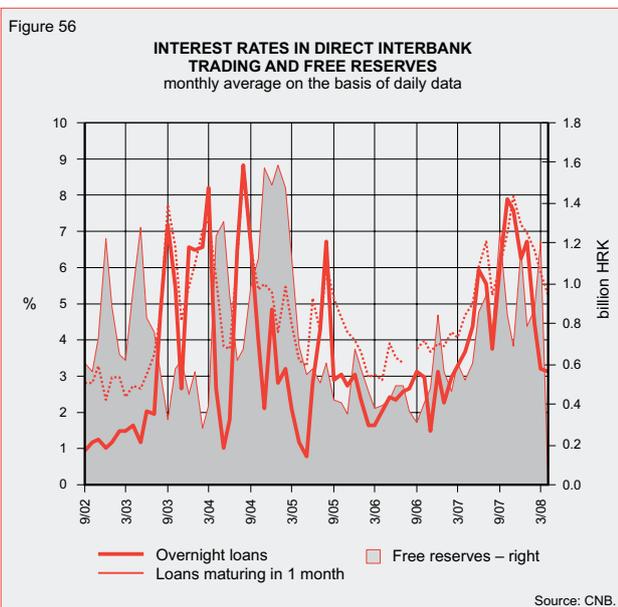
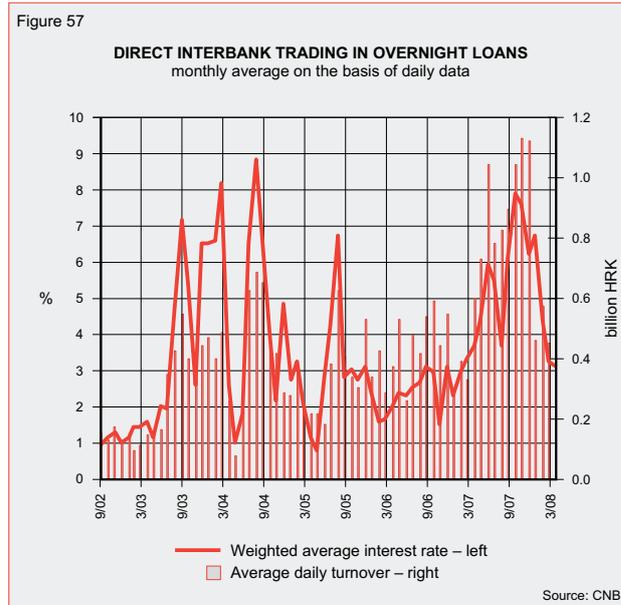
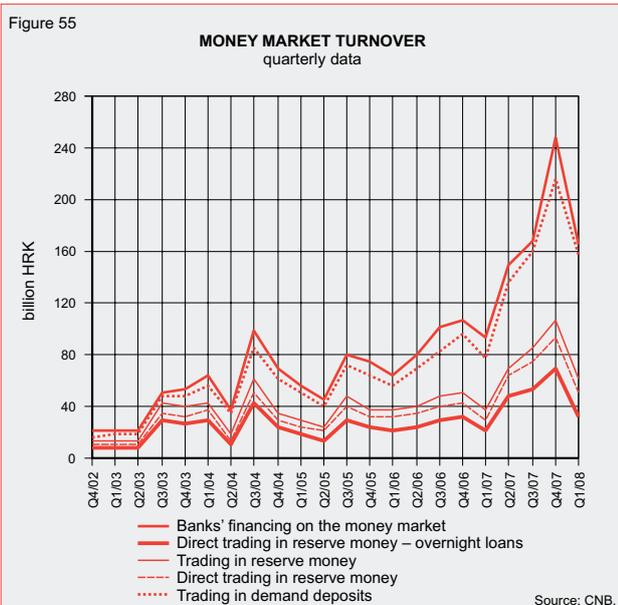


government which withdrew from the market HRK 603.2m in the first four months of 2008. As a result of such developments, the amount of bids and funds placed at regular reverse repo auctions of the central bank fell considerably compared with the previous quarter.

In contrast with money market interest rates developments, other interest rates mostly rose. Thus, as a result of somewhat poorer investor interest in the first four months of 2008, interest rates at T-bills auctions continued to grow steadily, reaching their maximum monthly levels since 2005. Banks' lending interest rates also continued to trend upwards in the first four months of 2008, with the trend being particularly evident in case of interest rates on long-term household loans. Despite smaller increase in interest rates on short-term loans, some of the rates on these types of loans reached their peak values in the past two years. Deposit rates on household time deposits rose slightly, while those on corporate time deposits fell considerably from their extreme monthly highs at end-2007.

Money Market Interest Rates

Good liquidity of the banking system in the first quarter led to a smaller turnover on the money market, with the banks meeting their primary liquidity needs on this market in the average daily amount of HRK 2.6bn (a total of HRK 165.8bn throughout the period). This is close to their daily average in 2007, though HRK 1.4bn less compared with their record daily turnover in the last quarter of that year. A smaller reliance of banks on the money market compared with the last quarter of 2007 led to a fall in most trading categories on that market. Traditionally the most significant category of reserve money interbank trading fell the most (HRK 44.9bn). This provided the largest single contribution to total fall in trading of HRK 83.4bn. Demand deposits trading with other (non-banking) financial institutions was the only trading category which continued to grow steadily from last year. The largest share of the total of HRK 165.8bn in loans received by the banks on the money market, as usual went to loans in



demand deposits trading (HRK 158.3bn), while the purchase of repo agreements and the sale of securities raised HRK 5.4bn and HRK 2.1bn, respectively. As a result, the share of loans received by banks in demand deposits trading fell to its record low of 38.7%. By contrast, record 34.2% went to loans received from other financial institutions, while 27.1% went to loans received from other legal persons.

The dominance of direct interbank trading in demand deposits trading was halted after its quarterly turnover halved to HRK 49.7bn. Bank trading with ZMM intermediation also fell slightly, from HRK 13.6bn in the fourth quarter of 2007 to HRK 11.6bn in the first quarter of 2008.

Overnight loans were again the most liquid instrument in direct interbank trading in reserve money. They accounted for HRK 31.3bn of the total, although average daily turnover in these loans more than halved (from HRK 1.1bn in December 2007 to HRK 451.2m in March and HRK 452.5m in April 2008). Smaller volume of bank financing on the money market was accompanied by a fall in the interest rates in di-

rect interbank trading, so that the weighted monthly interest rate on overnight loans fell from 6.23% in December 2007 to 3.23% and 3.10% in March and April 2008, respectively, and was followed by its decreased volatility on the daily level.

The average daily turnover in overnight loans intermediated by the ZMM also fell from HRK 175.3m in December 2007 to HRK 80.4m in March 2008, rising again to HRK 91.5m in April. The weighted monthly interest rate on these loans fell from 5.33% in December 2007 to 2.67% and 2.44% in March and April 2008, respectively.

The Ministry of Finance held ten T-bills auctions in the first quarter of 2008 which, good liquidity of the financial system notwithstanding, attracted poorer investor interest, with the average amount of bids received per auction falling by HRK 80.6m compared with the previous quarter and standing at HRK 344.7m. As the planned amount of issue was also below that in the last quarter of 2007, the same amount of bids were accepted on average (83.3%). The total amount of T-bills of the Ministry of Finance subscribed was HRK 2.9bn, a fall of

HRK 0.9bn compared with the fourth quarter of 2007 and HRK 276.0m below the planned amount of issue.

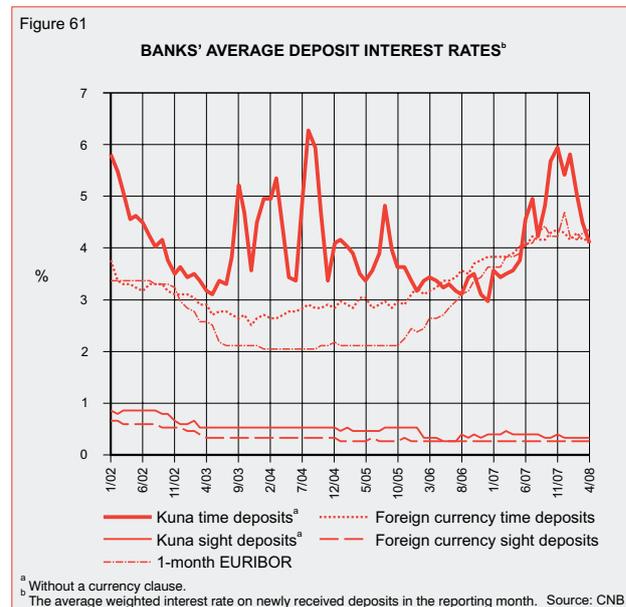
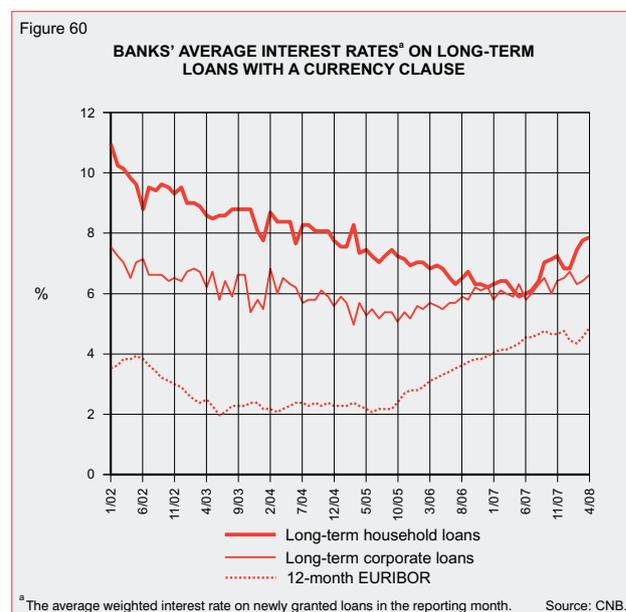
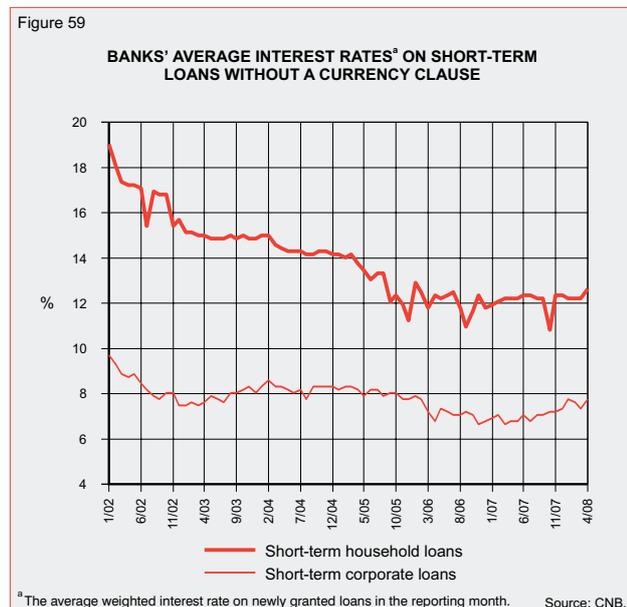
Interest rates at T-bills auctions of the Ministry of Finance moved in the opposite direction than those on the money market, and growing steadily throughout the observed period, reached their highest monthly levels since mid-2005. The largest increase was seen in weighted interest rates on 182-day T-bills, which rose from 3.75% in December 2007 to 4.52% and 4.60% in March and April, respectively. Weighted interest rates on 91 and 364 day T-bills rose moderately from 3.60% and 5.05%, respectively, in December, to 4.03% and 5.60%, respectively in March 2008. The weighted interest rate on shortest maturity T-bills rose additionally to 4.10% in April, while that on longest maturity T-bills did not change.

The stock of subscribed T-bills of the Ministry of Finance did not change much in relation to its end-December 2007 stock of HRK 11.7bn. Although the share of one-year bills in the structure of total T-bills subscriptions continued to fall steadily in the first quarter of 2008, these bills still accounted for the largest share of the total (89.9% at end-March 2008). The share of 91 and 182 day T-bills grew slightly compared with the end of the previous year and stood at 4.1% and 6.0%, respectively, at the end of March 2008.

Banks' Interest Rates

Banks' lending rates on short-term loans continued to grow steadily and, following fluctuations in the first quarter and recovery in April 2008, they reached their highest values in the past two years. After reaching a high 7.81% in January 2008, its record level since January 2006, the weighted interest rate on short-term corporate loans without a currency clause fluctuated somewhat below that level due to a fall in the interest rates on its most widely represented subcategory, overdraft facilities. The weighted interest rate on short-term household loans without a currency clause also fluctuated with the similar dynamics, rising to 12.59% in April, its record high since January 2006.

Interest rates on long-term corporate loans continued to trend upwards in the first quarter of 2008. In January 2008, the weighted interest rate on long-term kuna corporate loans with a currency clause reached 6.75%, its highest level since February 2004 and fluctuated around this level till April. Interest rates on long-term household loans grew at an accelerated rate, in line with the acceleration in the growth of these types of loans which started in mid-2007. The growth was particularly evident in case of the weighted interest rate on long-term kuna household loans with a currency clause which was up from 6.80% in December 2007 to 7.90% in April. Such developments can largely be attributed to a simultaneous considerable decrease in the share of loans indexed to the Swiss franc in total newly granted long-term household loans with a currency clause, and the convergence of these interest rates and interest rates on comparable euro-indexed loans. A contribution to the increase in this interest rate was also provided by a change in the structure of newly-granted long-term household loans in terms of their purpose,

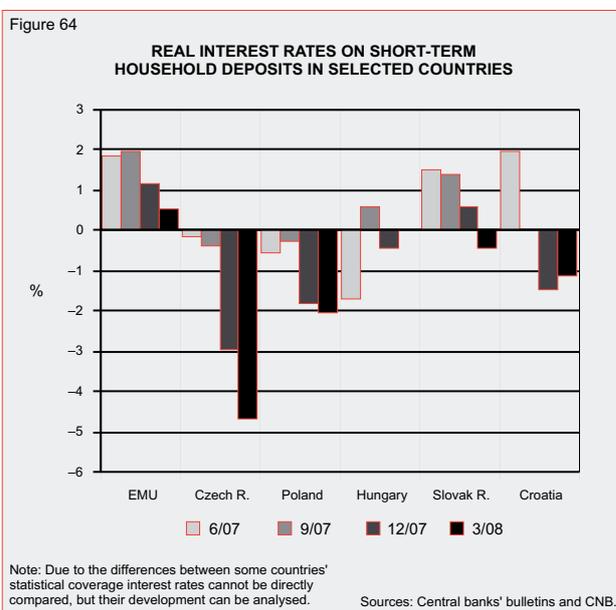
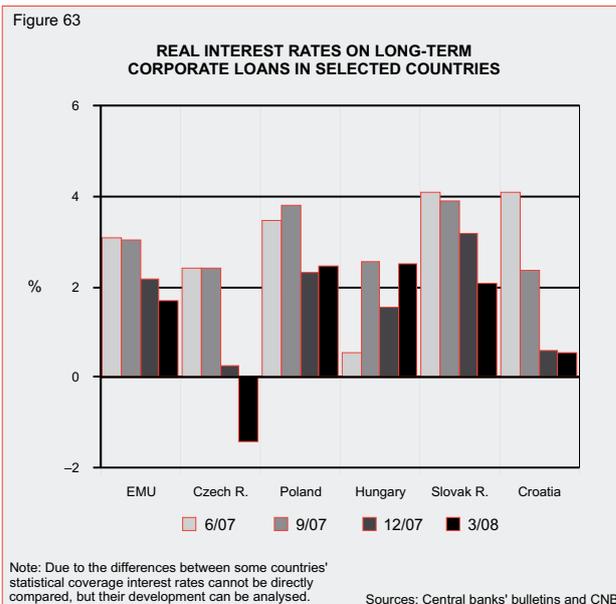
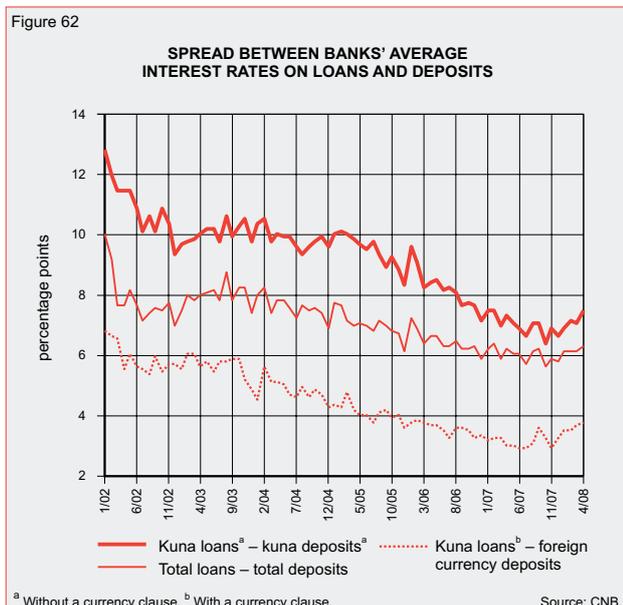


with a rising share of the more expensive long-term loans and a falling share of the cheapest, housing loans.

Deposit interest rates on household time deposits rose slightly in the first quarter of 2008 and in April 2008, compared with the last quarter of 2007. By contrast, interest rates on corporate time deposits fell considerably, leading to a fall in the weighted interest rates on time deposits. Previously very high, the weighted interest rate on kuna time deposits without a currency clause fell the most, from 5.42% in December 2007 to 4.13% in April, in line with interest rate developments on the money market. The weighted interest rates on foreign currency time deposits fell from 4.32% in December 2007 to 4.15% in April. Such developments are the result of a considerable fall in interest rates on the most widely represented 1-month corporate euro time deposits. Interest rates on sight deposits held steady, with the weighted interest rate on kuna sight deposits without a currency clause and the weighted interest rate on foreign currency sight deposits in April holding steady at their December 2007 level of 0.36%, and 0.25%, respectively.

The trend of lending and deposit rates' spread narrowing in the past several years came to a halt towards the end of 2007 and was followed by their renewed widening in the first quarter of the year and April 2008. The spread between weighted interest rates on total loans and weighted interest rate on total deposits thus rose from 5.78 percentage points in December 2007 to 6.34 percentage points in April. The spread between the weighted interest rate on kuna loans without a currency clause and the weighted interest rate on kuna deposits without a currency clause rose considerably, from 6.65 percentage points in December 2007 to 7.49 percentage points in April 2008. The spread between the weighted interest rate on kuna loans with a currency clause and the weighted interest rate on foreign deposits rose from 3.29 percentage points in December 2007 to 3.75 percentage points in April 2008, its early 2006 level.

The high level of inflation from the end of the last year that continued into the first quarter of 2008 helped keep the real interest rate on long-term kuna corporate loans low in



Croatia. In selected countries of Central and Eastern Europe, as well as in EMU Member States, the real interest rate on long-term corporate loans followed a similar dynamics, decreasing due to an increase in the rate of inflation compared with the previous quarter. The effect was most evident in the Czech Republic, where the observed interest rate turned negative. By contrast, the increase in the observed interest rate was seen only in Poland and Hungary.

Although the slight increase in nominal interest rates on three-month kuna household deposits in Croatia partly compensated for acceleration in inflation from the end of the previous year, the real interest rate on these deposits continued to be negative for the second consecutive quarter. At the same time, the real interest rates on short-term household deposits decreased compared with the end of 2007 in most of the selected countries, with the most evident decrease taking place in the Czech Republic. By contrast, this interest rate rose only in Hungary.

Capital Market

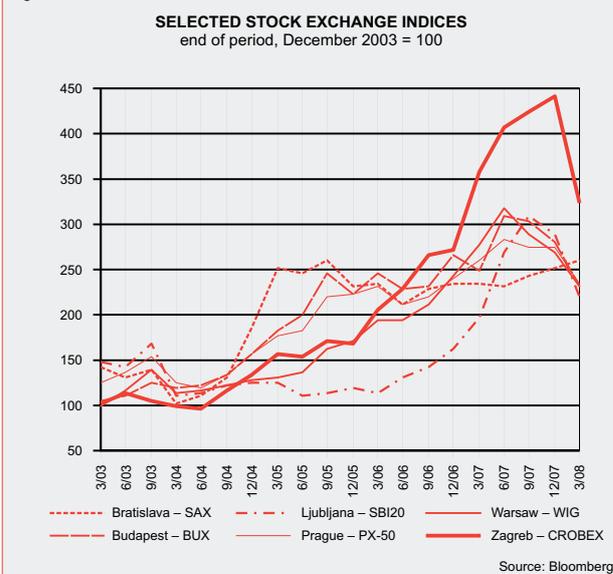
In the first quarter of 2008, the domestic capital market was under the strong influence of adverse global and regional financial market trends, as well as of some domestic factors. These include a marked drop in turnover of shares and bonds compared with the last quarter of the previous year, coupled by a marked downfall in the prices of most shares listed on the ZSE, which resulted in a sharp decrease in the ZSE share index, CROBEX.

Other influences came from pessimistic expectations caused by global financial market disturbances, losses generated by some of the world's major financial institutions, mounting inflationary pressures in Croatia and most other countries, a large number of inexperienced small investors and regional instability. Domestic financial market trends were also influenced by the sale of shares pledged as collateral for margin loans and investment instruments, such as various certificates and derivative financial instruments based on shares listed on the ZSE, sold to their clients by foreign banks. Due to all these factors, the CROBEX value decreased considerably in the observed period and its daily volatility increased. The CROBEX continued to fall until mid-April, reaching the lowest level in over a year. Mid-April also marked the end of the three-year period during which war veterans were prohibited from selling their shares in the War Veterans Fund (WVF), which increased the uncertainty owing to concerns that a large-scale sale of WVF shares might have a negative impact on the price of its portfolio shares, as well as on the market value of other shares on the domestic capital market. However, most share prices on the ZSE recovered in late April and early May.

The turnover in the domestic market for debt securities also decreased in the first quarter of 2008, partly due to a lack of new government and municipal bond issues in the observed period, which resulted in a drop in the value of the ZSE bond index, CROBIS.

In the first quarter of 2008, other capital markets in the region also experienced negative developments. Most major stock exchange indices in CEE countries continued to fall

Figure 65



at an even faster rate in the first few months of 2008. The ZSE index dropped by 26.6%, while the LJSE, BSE, PSE and WSE indices decreased by -23.7%, -17.2%, -14.5% and -13.7% respectively in the first quarter of 2008. The only index rising in the observed period was the Bratislava Stock Exchange index, which edged up 3.3%.

All reference CEE stock exchanges had a lower share turnover in March 2008 than in December 2007 and a considerably reduced bond turnover. Due to the drop in value of almost all reference stock exchange indices, most major stock exchanges in CEE countries, except the one in Slovakia, recorded a decrease in market capitalisation of shares at the end of March 2008 relative to the end of the previous year. Bond market capitalisation dropped in that period at the Bratislava, Budapest and Zagreb Stock Exchange, and increased slightly at the Ljubljana Stock Exchange. The ZSE's share market capitalisation to GDP ratio, despite a sharp drop, still exceeded the ratios of all reference stock exchanges in the first quarter of 2008, but its bond market capitalisation to GDP ratio remained the lowest.

Table 5: Comparison of Capital Market Indicators

March 2008	Bratislava	Budapest	Ljubljana	Prague	Warsaw	Zagreb
Average daily turnover, shares (million EUR)	0.1	99.8	5.7	112.5	523.5	10.3
Average daily turnover, bonds (million EUR)	14.4	9.3	1.0	126.2	5.0	9.1
Turnover ^a /GDP ^c , annual level (%)	0.1	24.9	4.3	22.1	42.9	6.9
Turnover ^b /GDP ^c , annual level (%)	6.6	2.3	0.8	24.8	0.4	6.1
Turnover velocity ^d	0.6	95.4	9.6	1.7	....	6.7
Market capitalisation ^a (million EUR), end month	4,752	26,372	15,050	66,729	....	38,589
Market capitalisation ^b (million EUR), end month	12,856	39,200	6,908	....	....	5,420
Market capitalisation ^a /GDP ^c , end month (%)	8.7	26.1	44.7	52.0	....	102.9
Market capitalisation ^b /GDP ^c , end month (%)	23.4	38.8	20.5	....	....	14.5
Share index movement from the beginning of the year (%)	3.3	-17.2	-23.7	-14.5	-13.7	-26.6
Share index movement from the beginning of the month (%)	3.1	-7.6	-13.6	-0.9	1.0	-9.1

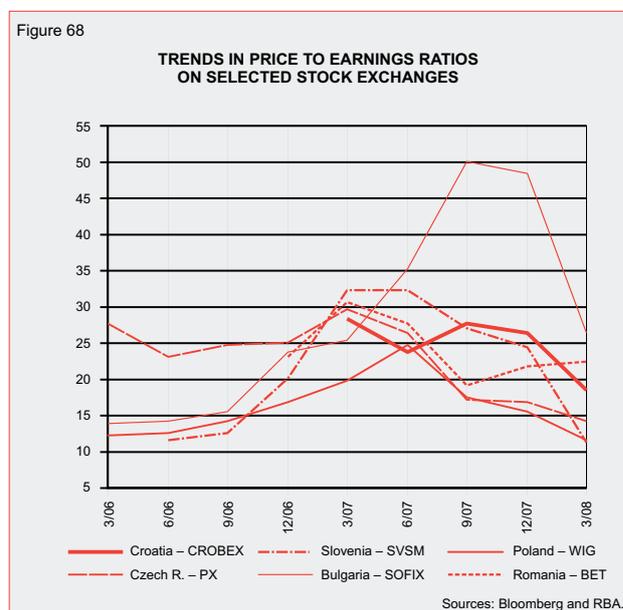
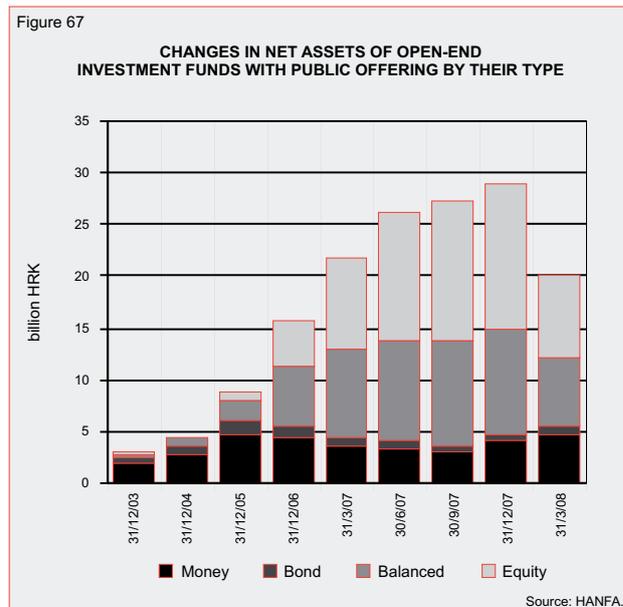
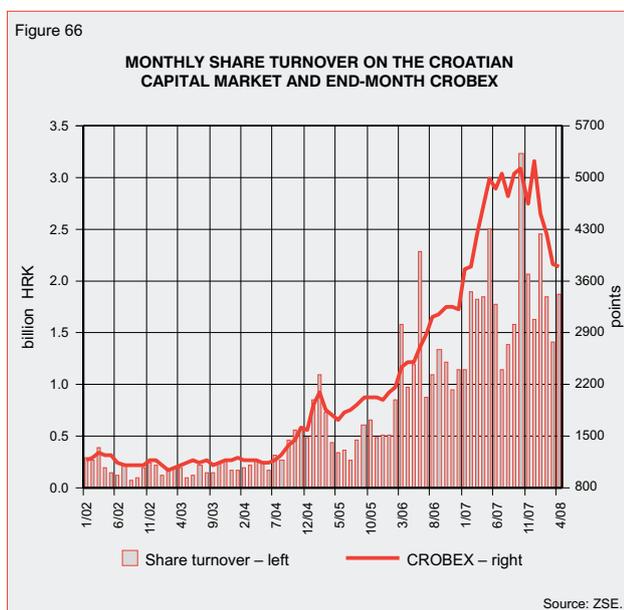
^a Shares. ^b Bonds. ^c 2006. ^d Annualised monthly share turnover × 100/market capitalisation of shares. Sources: Bloomberg, BSSE, BSE, PSE, LJSE, WSE and ZSE.

Equity Securities Market

Share turnover¹² at the Croatian capital market reduced by a considerable HRK 1.2bn in the first quarter of 2008 relative to the previous quarter, remaining, however, at a relatively high level of HRK 5.7bn. Accounting for 11.8% of the total share turnover, T-HT shares were the most traded in the observed quarter, while the second most traded were the shares of Ericsson Nikola Tesla d.d. (6.8%) and Atlantska plovidba d.d. (6.8%). In addition to T-HT shares (13.5%), the most traded shares in April were those of Beliše d.d. (11.6%) and Atlantska plovidba d.d. (7.5%).

Due to the decrease in most share prices in the first few months of 2008, the CROBEX,¹³ decreased by 26.6% at the end of March compared with the end of the previous quarter, standing at 3845 points. In April 2008, the CROBEX fell by a further -1.4% and at the end of the month hit 3793 points, its record low since February 2007.

Having grown for several years, and especially fast in



2007, the net assets of open-end investment funds with a public offering decreased for the first time in the first quarter of 2008 relative to the previous quarter. This was predominantly due to the decline in net assets of the riskiest funds, equity and balanced funds, that were the most affected by negative trends in the domestic capital market, started in late 2007. The decrease in net assets of investment funds was also due to mandatory pension funds, which increased their direct

investments in the domestic capital market.¹⁴ Only money investment funds recorded a slight increase in the net assets at the end of March 2008 compared with the end of December 2007.

Due to the drop in prices of most shares listed on the ZSE, market capitalisation of shares¹⁵ decreased by 20.5% at the end of the first quarter of 2008 compared with the end of 2007, standing at HRK 280.0bn, its lowest level in the last year. The prices of most shares continued to drop in most of April 2008, further reducing share market capitalisation to HRK 241.9bn at the end of the observed month.

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

13 Since 19 March 2007, the CROBEX has been calculated based on the 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.

14 Pursuant to an Ordinance issued by HANFA in December 2007, mandatory pension funds are permitted to invest directly in the shares of companies listed outside the ZSE Official Market.

15 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.

The price/earnings ratio for the CROBEX was 18.50 at the end of March 2008, which was a drop of 29.8% relative to the end of December 2007. The P/E ratio reduced in the last quarter of 2007 for the indices of all other reference stock exchanges, except for the Bucharest Stock Exchange index.

Debt Securities Market

In the first quarter of 2008, the domestic debt securities market saw the issue of two new corporate bonds, while no new government and municipal bonds were issued. On the last day of April 2008, twenty corporate bonds were listed on the domestic capital market, while the number of other bonds remained unchanged from the end of the previous quarter (ten government bonds, seven municipal bonds and one CBRD bond).

In late January 2008, Rijeka promet d.d. issued a ten-year kuna bond, nominally valued at HRK 192m and having a

yield to maturity at issue of 6.85%, while early March saw the issue of a five-year kuna bond by Plodine d.d., nominally worth HRK 100m and with a yield to maturity at issue of 9.08%.

At the end of March 2008, there were 22 commercial paper issues listed at the ZSE by 17 issuers, which was three issues and one issuer fewer than at the end of the previous quarter, with a total nominal value of HRK 910.6m.

Total turnover of bonds¹⁶ fell sharply in the first quarter of 2008, and especially in February and March, dropping by HRK 4.6bn to HRK 6.1bn from the previous quarter and hitting a record quarterly low since mid-2005. The largest share in bond turnover in the observed period (20%) was accounted for by a kuna bond of the RC due in 2017, and the second and third largest share came from by the government bonds maturing in 2014 (18%) and 2019 (15%). A foreign currency indexed kuna government bond due 2019 again marked the turnover of debt securities in April 2008. The

Table 6: Bond Issues in the Domestic Market, stock as at 30 April 2008

Series	Issuer	Issue date	Maturity	Currency	Issue nominal value	Nominal interest rate	Last price ^a	Current yield 30/4/2008
RHMF-O-08CA	Republic of Croatia	14/12/2001	14/12/2008	EUR	200,000,000	6.875%	100.75	6.824%
RHMF-O-125A	Republic of Croatia	23/5/2002	23/5/2012	EUR	500,000,000	6.875%	103.50	6.643%
RHMF-O-085A	Republic of Croatia	28/5/2003	28/5/2008	HRK	1,000,000,000	6.125%	100.02	6.124%
RHMF-O-142A	Republic of Croatia	10/2/2004	10/2/2014	EUR	650,000,000	5.500%	99.65	5.519%
RHMF-O-19BA	Republic of Croatia	29/11/2004	29/11/2019	EUR	500,000,000	5.375%	98.55	5.454%
RHMF-O-103A	Republic of Croatia	8/3/2005	8/3/2010	HRK	3,000,000,000	6.750%	102.15	6.608%
RHMF-O-157A	Republic of Croatia	14/7/2005	14/7/2015	EUR	350,000,000	4.250%	98.90	4.297%
RHMF-O-15CA	Republic of Croatia	15/12/2005	15/12/2015	HRK	5,500,000,000	5.250%	97.20	5.401%
RHMF-O-137A	Republic of Croatia	11/7/2006	11/7/2013	HRK	4,000,000,000	4.500%	94.10	4.782%
RHMF-O-172A	Republic of Croatia	8/2/2007	8/2/2017	HRK	5,500,000,000	4.750%	92.25	5.149%
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%	97.50	5.641%
GDRI-O-167A	City of Rijeka	18/7/2006	18/7/2016	EUR	16,383,008	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%	–	–
HBOR-O-112A	CBRD	11/2/2004	11/2/2011	EUR	300,000,000	4.875%	–	–
BLSC-O-091A	Belišće d.d.	14/1/2005	14/1/2009	EUR	8,000,000	5.500%	101.60	5.413%
HYBA-O-086A	Hypo Alpe-Adria-Bank d.d.	6/6/2003	6/6/2008	HRK	150,000,000	6.500%	100.05	6.497%
PLVA-O-115A	Pliva d.d.	12/5/2004	12/5/2011	EUR	75,000,000	5.750%	99.00	5.808%
MDKA-O-087A	Medika d.d.	11/7/2005	11/7/2008	EUR	16,500,000	4.500%	99.10	4.541%
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%	94.40	5.429%
NEXE-O-116A	Nexe grupa d.d.	14/6/2006	14/6/2011	HRK	750,000,000	5.500%	96.60	5.694%
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%	100.10	8.242%
HEP-O-13BA	Hrvatska elektroprivreda d.d.	29/11/2006	29/11/2013	HRK	500,000,000	5.000%	92.30	5.417%
ATGR-O-11CA	Atlantica grupa d.d.	6/12/2006	6/12/2011	HRK	115,000,000	5.750%	98.35	5.846%
INGR-O-11CA	Ingra d.d.	6/12/2006	6/12/2011	HRK	200,000,000	6.125%	98.20	6.237%
OPTE-O-142A	Optima telekom d.o.o.	1/2/2007	1/2/2014	HRK	250,000,000	9.125%	97.97	9.314%
JDGL-O-126A	Jadran Galenski laboratorij d.d.	11/6/2007	11/6/2012	HRK	125,000,000	5.650%	–	–
JDRA-O-129A	Jadranka 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%	–	–
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%	–	–

^a Regularly traded shares.
Source: ZSE.

¹⁶ The data on the total bond turnover from January 2004 to February 2007 are the sum of the respective bond turnovers on the VSE and ZSE, with the unified ZSE data used since the VSE and ZSE merger in March 2007. It needs emphasising that the bond turnover on the VSE had been negligible, standing below 0.4% of the total turnover on both stock exchanges in all the observed years.

Table 7: Republic of Croatia International Bond Issues, stock as at 31 March 2008

Bonds	Issue date	Currency	Amount	Nominal interest rate	Yield on issue date	Spread on issue date	Spread ^a 30/6/2007	Spread ^a 30/9/2007	Spread ^a 31/12/2007	Spread ^a 31/3/2008
London Club A, 2010	31/7/1996	USD	857,796,000	6-month LIBOR + 81.25 b.p.			100	134	142	176
Eurobonds, 2011	14/3/2001	EUR	750,000,000	6.75%	6.90%	215	22	74	112	157
Eurobonds, 2009	11/2/2002	EUR	500,000,000	6.25%	6.45%	158	26	64	94	154
Eurobonds, 2010	14/2/2003	EUR	500,000,000	4.625%	4.65%	102	17	64	95	126
Eurobonds, 2014	15/4/2004	EUR	500,000,000	5.000%	5.11%	101	34	79	147	179
Samurai bonds, 2008	26/6/2002	JPY	25,000,000,000	2.15%	2.15%	144	41	65	67	101
Samurai bonds, 2009	26/6/2003	JPY	25,000,000,000	1.23%	1.23%	99	47	63	66	96

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

share of all government bonds in the total quarterly turnover slightly dropped from the previous quarter, to 91.7%, and reduced further to 90.1% in April 2008. Despite a slight increase in March 2008, the ZSE bond index, CROBIS, stood at 95.6 points at the end of the first quarter, a decrease of 0.9 points compared with the end of the previous quarter. The CROBIS increased slightly to 95.8 in April 2008.

Due to the drop in the CROBIS early in the year, the market capitalisation of government bonds, municipal bonds and the CBRD bond decreased by 6.7% relative to December 2007, amounting to EUR 4.8bn at the end of April, or approximately 12.7% of GDP for 2007. The market capitalisation of corporate bonds, thanks to new issues, rose by 23.1% from the end of 2007, standing at EUR 672m (about 1.8% of GDP).

With a Samurai bond issued in 2000 falling due in July 2007, the number of Croatian bonds listed on foreign markets fell to seven, including four euro-denominated bonds, two yen-denominated bonds, and one bond denominated in US dollars. Their total nominal value at the end of April 2008 was EUR 3.1bn.

The consequences of the US subprime mortgage market crisis continued to impact financial markets in the first quarter of 2008. At the same time, the price rise in energy products, especially oil, spurred inflationary pressures in most countries. However, in an effort to improve the weakened US economy and minimise the risk of recession, the

Fed continued to lower its key interest rate in the first few months of 2008, cutting it four times by the end of April and reducing it to a record low since November 2004 (2.00%). In contrast, the ECB, due to strong inflationary pressures in the eurozone, kept its key interest rate at 4.00%. Due to a reassessment of investment risk by investors on all global markets, and especially on developing markets, there was a growth of interest in less risky investments and demand for developed countries' government bonds, with the result that required yields on these bonds continued to decrease in the beginning of 2008. Having drifted down in the first two months of 2008, required yields on Croatian eurobonds increased by the end of March and the yield spreads between Croatian eurobonds and benchmark German bonds widened. The spreads between required yields on Croatian eurobonds due in 2009, 2011 and 2014 and benchmark German bonds widened to 154, 157 and 179 basis points respectively by the end of the first quarter 2008, which was a marked increase compared with 94, 112 and 147 basis points at the end of December 2007. In April 2008, required yields on Croatian eurobonds edged down, whereas yields on benchmark German bonds grew, so that their spread narrowed to 115, 119 and 29 basis points.

In the first quarter of 2008, Croatian eurobond yields were in line with eurobond yields of new EU member states. As the drop in required yields on eurobonds of new EU member states was in the first two months of 2008 lower than the drop

Figure 69

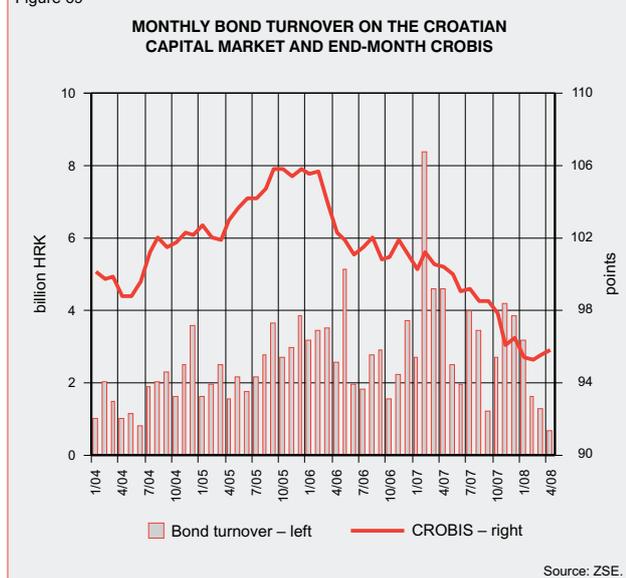
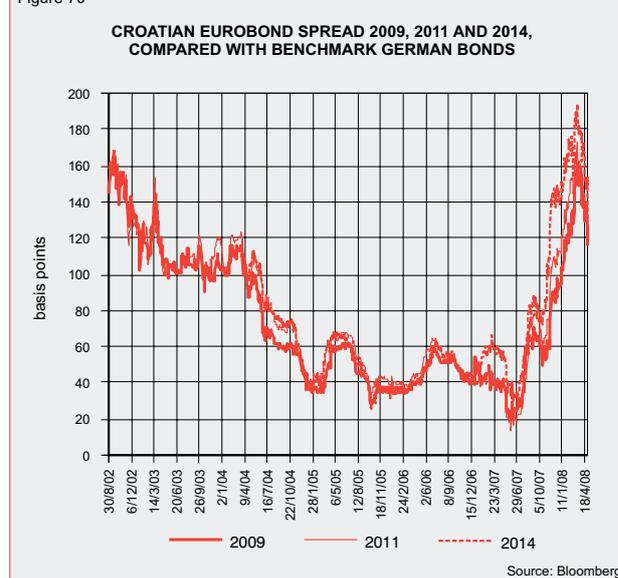
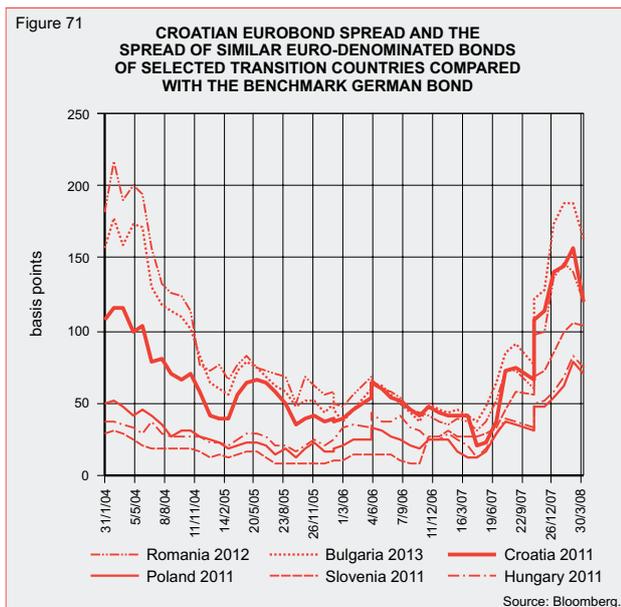


Figure 70





in required yields on the benchmark German bond, and since these yields grew at a stronger pace in March than the yields of the said German bond, their yield spreads widened further by the end of the first quarter 2008 compared with the end of the previous year. The highest increase in yield spreads was recorded by Bulgarian, Croatian and Romanian bonds. Having peaked in March, yield spreads for all observed countries declined in April due to a strong growth of required yields on the benchmark German bond, which outstripped the growth of required eurobond yields of all observed new EU member states. Required yields on the Croatian eurobond even reduced in that period.

International Transactions

The current account deficit rose by almost one-fourth in the first quarter of 2008 relative to the same period in 2007. Further widening of the international trade imbalance, to a large extent, and deterioration of the balance in the accounts of fac-

tor income and current transfers, to a smaller extent, led to its substantial acceleration in the reference period. Despite strong growth in revenues, the balance in the account of services remained at the level recorded in the first quarter of 2007.

Gross external debt grew at an accelerated pace in the first quarter of 2008 relative to the same period in 2007. In contrast to the first quarter of 2007, the principal contributors to debt growth in the first quarter of 2008 were banks which increased their foreign borrowing in January and February in order to offset the seasonal fall in domestic sources of finance. However, banks decreased their external debt already in March, largely benefiting from the inflow of recapitalisation funds. The external debt of enterprises grew at a rate similar to that observed in the first quarter of 2007, while the government continued to decrease its external debt level. According to the index of exchange market pressure (IEMP), Croatia encountered no difficulties in the settlement of their international payments in the first quarter of 2008.

Current Account

According to the preliminary data, the current account deficit stood at EUR 2.5bn in the first quarter of 2008, increasing by 23.0% over the same period in 2007. The most pronounced deterioration was noted in international trade in goods due to accelerated growth in goods imports. This was only to some extent offset by better export results. The factor income deficit continued to rise, and the positive balance in the account of current transfers deteriorated following its improvement in the last quarter of 2007.

Broken down by individual types of goods, the main contributors to the accelerated growth of deficit (from 16.2% in the first quarter of 2007 to 18.2% in the same quarter in 2008) were the deterioration in the trade balance in oil and refined petroleum products, caused by their surging world market prices, and the strong growth in net imports of capital goods (machinery and transport equipment, excluding other transport equipment and road vehicles). These two SITC divisions excluded, the deficit in international trade in goods grew at a considerably lower rate in the first quarter of 2008

Table 8: Current Account, in million EUR

	2006	2007	Jan.–Mar. 2007	Jan.–Mar. 2008 ^a	Indices	
					2007/2006	Jan.–Mar. 2008 ^a / Jan.–Mar. 2007
CURRENT ACCOUNT	-2,696	-3,226	-2,023	-2,488	119.6	123.0
1. Goods	-8,344	-9,434	-2,159	-2,552	113.1	118.2
1.1. Credit (f.o.b.)	8,464	9,193	2,046	2,225	108.6	108.7
1.2. Debit (f.o.b.)	-16,808	-18,626	-4,205	-4,777	110.8	113.6
2. Services	5,710	6,309	99	99	110.5	100.9
2.1. Credit	8,534	9,171	772	842	107.5	109.1
2.2. Debit	-2,824	-2,862	-673	-742	101.4	110.3
3. Income	-1,170	-1,144	-210	-259	97.8	123.6
3.1. Credit	892	1,290	312	331	144.7	106.1
3.2. Debit	-2,061	-2,435	-522	-590	118.1	113.1
4. Current transfers	1,107	1,043	248	224	94.2	90.4
4.1. Credit	1,640	1,576	358	350	96.1	97.6
4.2. Debit	-532	-533	-111	-126	100.2	113.8

^a Preliminary data. Source: CNB.

compared with the same period in 2007.

The balance in the account of services remained almost unchanged in the first quarter of 2008 relative to the first quarter of 2007, reflecting strong growth in both revenues and expenditures of domestic sectors. The good performance in revenues (up 9.1% annually) is mostly attributed to tourism service revenues. The upward trends were also observed in revenues from transportation services (mainly sea cargo transport) and in revenues from other services (mostly other business services). Similarly, expenditures grew mostly on account of tourism expenditures. In addition, a slight increase was observed in expenditures on other services provided by non-residents.

Strong increase in foreign tourist arrivals and nights stayed in commercial accommodation facilities made a key contribution to the growth in tourism revenues in the first quarter of 2008 (up 17.3% annually). According to the CBS data, foreign tourist arrivals and nights went up by 29.9% and 38.2% respectively in the first quarter of 2008 relative to same period in 2007. The observed growth is largely attributed to increased tourist arrivals during the Easter holiday which came earlier in 2008 (the first quarter) than in the previous year. Shown by the country of residence, the number of nights stayed by tourists from old EU Member States grew at the highest rate in the reference period. This especially relates to Germany and Italy that are also the main issuing markets for Croatian tourism.

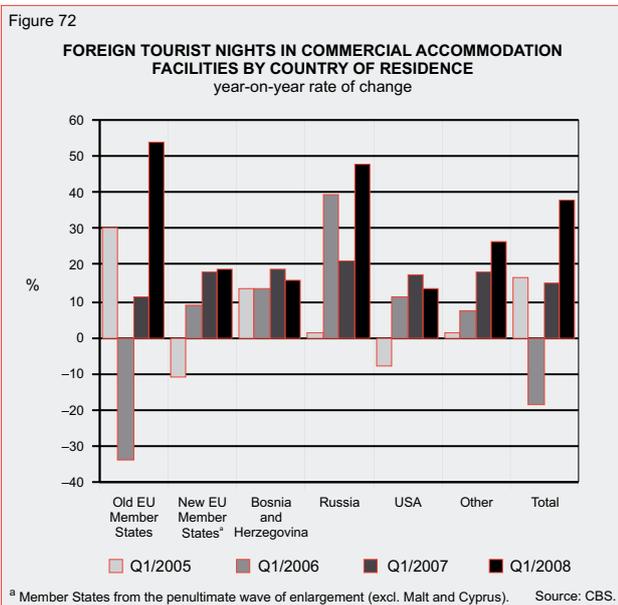
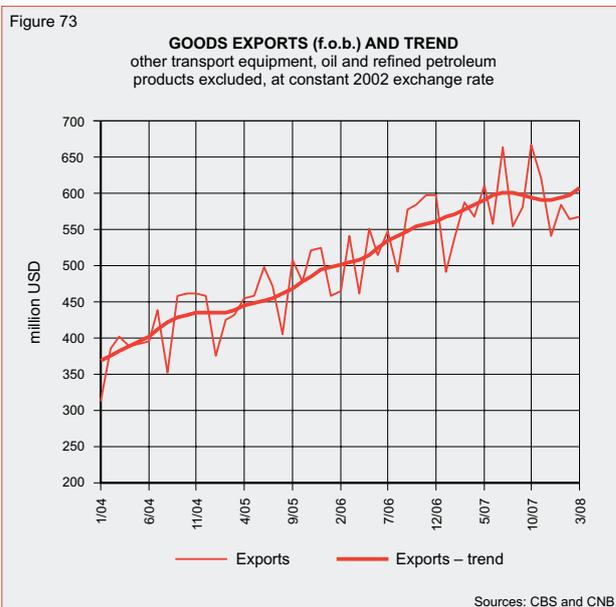
The negative balance in the account of factor income rose by 23.6% year-on-year in the first quarter of 2008 as a result of stronger growth in expenditures than in revenues. The weak growth of revenues (6.1% compared with 89.9% in the first quarter of 2007) was largely the consequence of the fall in direct investment revenues, i.e. retained earnings abroad. Expenditures, on the other hand, were marked by a continued strong growth of interest expenditures on foreign borrowings (predominantly enterprises' foreign borrowings) and lower direct investment expenditures (mostly retained earnings of foreign owners of domestic enterprises).

The positive balance in the account of current transfers

fell by 9.6% in the first quarter of 2008 relative to the same period in 2007 due mainly to large expenditures for non-resident pensions. The observed deterioration may also be attributed to the decrease in revenues of domestic sectors (mainly worker's remittances from abroad) that was to some extent offset by the growth in revenues from other transfers.

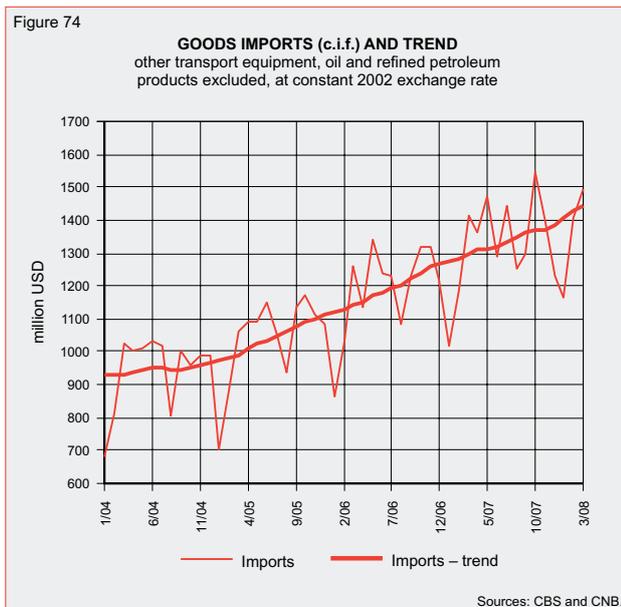
Trade in Goods

Total exports of goods (in constant US dollars) grew by 11.9% year-on-year in the first quarter of 2008, increasing by 7.2 percentage points over the same period in 2007. To a large extent, this was due to stronger exports of other transport equipment (ships). However, it should be noted that the developments in this SITC division tend to be highly unstable in shorter time periods due to high delivery values of individual ships and reporting of finishing operations on a gross basis. Another positive contribution to the growth of total exports came from the growth of exports of oil and refined



petroleum products, which, although being largely based on their high prices in the first quarter of 2008, was somewhat offset by the fall in the volume of exports.

If we exclude these two SITC divisions, the growth rate of total exports of goods stood at 6.2% in the first quarter of 2008, decreasing by 4.2 percentage points over the same period in 2007. Specifically, exports of cork and wood, cork and wood manufactures, and non-ferrous metals decelerated substantially in the reference period. Another contributor to the decelerated growth of exports was the decrease in exports of cereals and cereal preparations. The reason for this is to be found in export taxes on wheat and maize that were introduced as a result of the shortage in these products on the domestic market after last year's drought and higher exports of some cereals stimulated by the increase in their prices on the world market. The downward trend in exports of fish and preparations, present throughout the entire 2007, continued in the first quarter of 2008. In part, this is related to the adoption of amendments to the Ordinance on tuna fishing,



farming and trade, which, inter alia, regulated the minimum export weight for tuna.

In contrast, sugar, sugar preparations and honey and electrical machinery, apparatus and appliances posted very good export results in the first quarter of 2008. Exports of natural and manufactured gas rebounded in the reference quarter, after trending down in 2007 on account of the construction of the North Adriatic pipeline.

Total imports of goods (in constant US dollars) also accelerated in the first quarter of 2008, growing annually by 18.5% or 7.8 percentage points more than in first quarter of 2007. This was also due to the growth in imports of oil and refined petroleum products and imports of other transport equipment. Specifically, the substantial increase in imports of other transport equipment is attributed to a larger import of fishing-boats intended for finishing operations in the domestic market early in the year. In addition to ships which constitute the major component of trade conducted within the SITC division of other transport equipment, imports of aircraft and similar equipment rose significantly in the first

quarter of 2008. This is related to the delivery of helicopters from Russia, aimed at compensating a portion of the Russian clearing debt. The growth in the value of imports of oil and refined petroleum products is attributed to the high increase in their prices in the first quarter of 2008 (up 69.8% annually). It was only to some extent offset by the fall in the volume of imports of these products (-20.2%).

Looking beyond these two components, the growth of imports decelerated to 12.6% (measured in constant exchange rate terms) in the first quarter of 2008 relative to the same quarter in 2007 (14.3%). This was due to the slowdown in the growth of imports of iron and steel, non-ferrous metals and non-metallic mineral manufactures which however grew at exceptionally high rates in the first quarter of 2007. By contrast, imports of machinery specialised for particular industries accelerated substantially in the reference period and made, together with imports of telecommunication apparatus, the major contribution to the growth in the rate of imports of capital goods (18.1%). Imports of road vehicles and electric current also grew at accelerated rates in the first quarter.

According to the geographic structure of Croatia's exports of goods, the share of exports to developed countries continued to trend downward in the first quarter of 2008, despite an accelerated growth of exports to these countries. The reason for this lies in the fact that exports to developing countries have grown two times faster than exports to developed countries. Above all, this was the result of stronger exports to the countries in the region and especially high exports of oil and refined petroleum products, and metalliferous ores and metal scrap to Bosnia and Herzegovina. Exports to old EU Member States accelerated mostly on account of stronger exports to Italy and Germany. The share of exports to new EU Member States in total Croatia's exports of goods also trended up in the first quarter of 2008. Within this, exports to Malta and Cyprus (due largely to exports of ships) and to the Czech Republic accelerated most in the first quarter of 2008 relative to the same period in 2007.

Similarly, the share of imports from developed countries in total Croatia's imports of goods decelerated slightly in the first quarter of 2008 relative to the same period of 2007, not-

Table 9: Exports and Imports by Economic Classification of Countries, in %

	Exports				Imports			
	2006	2007	Jan.–Mar. 2007	Jan.–Mar. 2008 ^a	2006	2007	Jan.–Mar. 2007	Jan.–Mar. 2008 ^a
Developed countries	71.7	69.3	72.3	69.2	72.6	71.8	72.1	71.8
EU-25	63.2	59.1	60.5	61.4	65.0	63.3	64.0	62.2
Slovenia	8.2	8.3	8.7	8.6	6.3	5.9	6.0	5.5
Hungary	1.7	2.2	1.8	2.4	3.0	2.9	2.6	3.5
EU-15	48.8	43.7	47.3	44.9	50.1	48.7	50.2	48.1
Austria	6.0	6.1	6.7	6.1	5.4	5.3	5.4	4.9
Italy	23.1	19.1	22.1	19.4	16.7	16.0	16.8	16.1
Germany	10.3	10.0	11.1	11.3	14.5	14.4	14.5	13.9
EFTA	1.5	1.2	1.2	1.1	1.7	1.9	1.9	1.6
Developing countries	28.3	30.7	27.7	30.8	27.4	28.2	27.9	28.2
Bosnia and Herzegovina	12.6	14.4	12.7	14.1	2.8	2.8	3.0	2.6
Serbia, Montenegro	5.4	6.6	5.9	6.5	1.1	1.3	1.2	1.3
Russia	1.2	1.3	1.1	1.3	10.1	10.1	10.5	10.1
China	0.2	0.2	0.2	0.2	5.3	6.2	6.0	6.3

^a Preliminary data.
 Source: CBS.

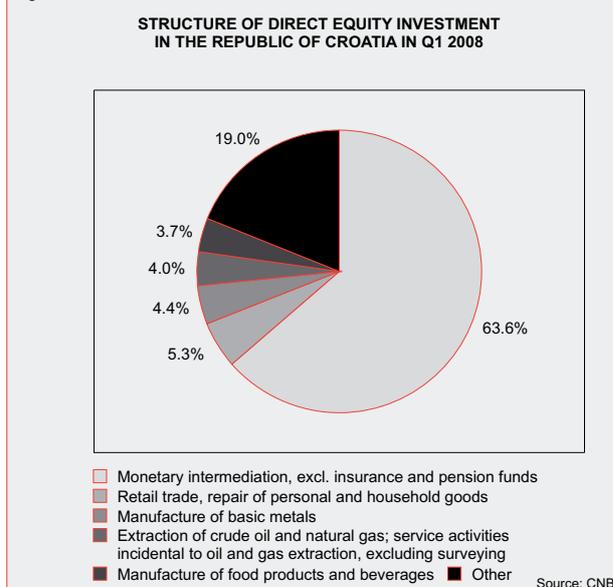
withstanding an acceleration of the growth of imports from these countries. This development is attributed to a several-fold increase in imports from developing countries, primarily from China (telecommunication apparatus, and office machines and automatic data processing machines and various finished products). Largely stimulated by the growth in import prices of oil and refined petroleum products, imports from Russia continued to strengthen in the first quarter of 2008 and accounted for about two-thirds of Croatia's imports from this country. Imports from old Member States accelerated modestly due mostly to stronger imports from Germany and Italy. Imports from new Member States grew at high rates, with Hungary and the Czech Republic making the greatest contribution to the accelerated growth of imports.

Capital and Financial Account

In the first quarter of 2008, the capital and financial account saw net inflows from direct, portfolio and other investment. The most significant change occurred in the account of portfolio investment which generated a net inflow in the first quarter of 2008 relative to the same period in 2007. In contrast, net inflow from direct investment fell considerably in the first quarter relative to the same period in 2007, while net inflow from other investment exceeded that observed in the first quarter of 2007. International reserves rose by EUR 0.7bn in the first three months of 2008, due largely to the growth in allocated foreign currency reserve requirements.

Net FDI to Croatia stood at EUR 0.8bn in the first quarter of 2008. FDI to Croatia generated a net inflow of EUR 0.7bn. Of this, more than a half came from the increase in debt to affiliated enterprises, while the remaining portion was mainly accounted for by direct equity investment of non-residents. The decrease in direct equity investment was caused by the payment of dividend from Pliva's retained earnings from 2002, amounting to about EUR 200m. With reference to this, it should be noted that the transaction involving the withdrawal of Pliva's retained earnings was not realised in the form of cash payment but through the decrease in Pliva's equity capital in its affiliated company in Hungary in favour of Barr. As a result, the stock of Croatia's direct investment into foreign countries fell by the amount of withdrawn retained earnings, decreasing the stock of Croatia's equity investment into foreign countries by a total of EUR 0.1bn. This transaction excluded, more than two-thirds of investment into Croatia in the first quarter of 2008 were accounted for the recapitalisations of foreign-owned banks, while the remaining portion of investment was made in retail trade, manufacture of basic metals and extraction of crude oil and natural gas.

Figure 75



Net inflow from portfolio investment (EUR 0.5bn) in the first quarter of 2008 was primarily generated by a substantial decrease in foreign assets of domestic sectors, including, for the most part, the withdrawal of funds invested by domestic investment funds in shares and equity stakes in foreign markets. The decrease in liabilities of domestic sectors, largely effected through the government's settlement of the regular semi-annual instalment to the London Club, produced an opposite effect.

Table 10: Capital and Financial Account, in million EUR

	2006	2007	Jan.–Mar. 2007	Jan.–Mar. 2008 ^a	Indices	
					2007/2006	Jan.–Mar. 2008 ^a / Jan.–Mar. 2007
CAPITAL AND FINANCIAL ACCOUNT	3,680	4,071	1,356	2,309	110.6	170.2
1. Capital account	-134	35	7	5	-	69.0
2. Financial account, excl. reserves	5,226	4,758	2,158	3,000	91.1	139.1
2.1. Direct investment	2,571	3,416	1,278	837	132.9	65.5
2.1.1. Abroad	-175	-180	-85	149	103.3	-
2.1.2. In Croatia	2,745	3,597	1,363	688	131.0	50.5
2.2. Portfolio investment	-543	-4	-387	477	0.8	-
2.2.1. Assets	-472	-413	-315	595	87.4	-
2.2.2. Liabilities	-70	409	-72	-118	-	163.1
2.3. Financial derivatives	0	0	0	0	-	-
2.4. Other investment	3,198	1,346	1,267	1,686	42.1	133.1
2.4.1. Assets	-692	-1,653	362	604	238.8	166.8
2.4.2. Liabilities	3,891	3,000	905	1,082	77.1	119.6
3. Reserve assets (CNB)	-1,412	-722	-808	-696	51.1	86.1

^a Preliminary data.
Source: CNB.

Table 11: Composition of CNB Reserve Assets, end of period, in million EUR and %

	2005	2006	2007	Mar. 2008
Balance	7,438	8,725	9,307	9,842
Share				
1. Foreign currency reserves	98.6	93.6	95.7	91.9
1.1. Securities	48.4	48.1	51.3	49.6
1.2. Total currency and deposits with:	50.2	45.4	44.5	42.2
1.2.1. Other national central banks, BIS and IMF	5.5	2.3	2.0	2.0
1.2.2. Banks headquartered outside Croatia	44.7	43.2	42.4	40.2
2. IMF reserve position	0.0	0.0	0.0	0.0
3. SDRs	0.0	0.0	0.0	0.0
4. Gold	0.0	0.0	0.0	0.0
5. Reverse repo	1.3	6.4	4.2	8.1

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

Other investment (loans, trade credits, currency and deposits) showed larger net inflow in the first quarter of 2008 than in the same quarter in 2007. This was due to an almost twofold reduction in foreign assets of domestic sectors, largely contributed to by the withdrawal of banks' currency and deposits. In addition, the growth in liabilities of domestic sectors was somewhat higher in the first quarter of 2008 than in the same period of 2007 due to the increase in banks' liabilities, while the growth in liabilities of enterprises decreased.

According to the balance of payments data (cross-currency changes excluded), international reserves went up by EUR 0.7bn in the first quarter of 2008. The increase in reserves was to a large extent accounted for by the growth in the allocated foreign currency reserve requirements, a large contribution to which was made by the growth in marginal reserve requirements caused by the increase in banks' foreign liabilities. In addition, the central bank intervened in the foreign exchange market at the end of January, purchasing from banks a total of EUR 189m. According to the monetary statistics data (cross-currency changes included), international

reserves amounted to EUR 9.8bn at end of the first quarter of 2008, increasing by 5.7% over the end of 2007.

External Debt

The new method of reporting on the external debt balance of domestic sectors was adopted early in 2008 (see Box 2). As a result, the external debt balance as at 31 December 2007 was adjusted upward from the previously reported EUR 32.9bn to EUR 33.2bn.

Gross external debt rose by EUR 1.6bn in the first quarter of 2008, i.e. by 4.8% (compared with the debt balance at the end of 2007 calculated in the accordance with the new method of reporting), reaching a total of EUR 34.8bn at end-March. Banks contributed most to the rise in external debt in the first three months of 2008. In contrast, the external debt of enterprises to foreign banks and to their affiliated enterprises abroad remained at the level reported in the same period last year. The external debt of the government sector continued to trend downward at the pace similar to that observed in the first quarter of 2007.

The external debt of banks went up by EUR 0.5bn in the first quarter of 2008, ending March at EUR 9.4bn and slightly increasing its share in total external debt (from 26.8% at the end of 2007 to 27.1% at the end of March 2008). The observed upward movement is consistent with stronger foreign borrowing of banks in January and February, aimed at offsetting the seasonal fall in domestic sources of finance. However, banks decreased their debt liabilities to foreign creditors in March after a strong inflow of recapitalisation funds. The described changes in the structure of financing sources mostly affected the balance in currency and deposits of non-residents.

The external debt of other sectors (mainly enterprises) grew by EUR 0.8bn in the first quarter of 2008, which was slightly above the level reported in the same period of 2007 (EUR 0.7bn). Hence, the external debt of other sectors

Table 12: Gross External Debt by Domestic Sectors, end of period, in million EUR and %

	2006	2007 ^a	2007 ^b	Mar. 2008	Structure		Indices	
					2007 ^b	Mar. 2008	2007 ^a /2006	Mar. 2008/2007 ^b
1. Government	6,668	6,663	6,722	6,596	20.3	19.0	99.9	98.1
2. Croatian National Bank (CNB)	3	2	2	2	0.0	0.0	91.4	73.8
3. Banks	10,223	8,879	8,884	9,420	26.8	27.1	86.9	106.0
4. Other sectors	9,503	13,452	13,683	14,490	41.2	41.7	141.6	105.9
5. Direct investment	2,878	3,933	3,882	4,244	11.7	12.2	136.6	109.3
o/w: Hybrid and subordinated instruments	167	56	56	193	0.2	0.6	33.5	344.7
Total (1 + 2 + 3 + 4 + 5)	29,274	32,929	33,173	34,752	100.0	100.0	112.5	104.8

^a Old reporting system. ^b New reporting system.
Source: CNB.

Table 13: Current and Contingent External Debt of the Public Sector and the Private Sector Debt, end of period, in million EUR and %

	2006	2007 ^a	2007 ^b	Mar. 2008	Structure		Indices	
					2007 ^b	Mar. 2008	2007 ^a /2006	Mar. 2008/2007 ^b
1. Public sector debt	8,257	9,259	9,397	9,311	28.3	26.8	112.1	99.1
2. Publicly guaranteed private sector debt	204	140	136	108	0.4	0.3	68.5	79.3
3. Non-publicly guaranteed private sector debt	20,813	23,530	23,641	25,333	71.3	72.9	113.1	107.2
Total (1 + 2 + 3)	29,274	32,929	33,173	34,752	100.0	100.0	112.5	104.8

^a Old reporting system. ^b New reporting system.
Source: CNB.

Box 2: Methodological Changes in the External Debt Statistics

In accordance with the obligations assumed during the pre-accession negotiations with the European Commission, the new legislative provisions governing the collection of external debt data entered into force in early 2008. Specifically, pursuant to Article 35 of the Foreign Exchange Act,¹⁷ the performance of credit transactions (utilisations and repayments) is no longer conditioned by the need to register them with the CNB. In turn, this also resulted in compliance with the obligation to remove restrictions to the free movement of capital in the segment of credit transactions. Against this background, the need also arose to address the method of data collection, previously based on residents' obligation to register each concluded credit transaction with the CNB.

In line with the Decision on collecting data for the compilation of the balance of payments, external debt and international investment position,¹⁸ data on credit transactions are collected from all entities included in the broadly defined government sector (central government, central government funds, CBRD, local government), banks, other banking and non-banking financial institutions, and all public and mixed enterprises. Furthermore, data on credit trans-

actions of non-financial enterprises are obtained from the selected sample of enterprises, while data on credit transactions of the household sector are obtained from the reports on credit transaction exceeding 500,000 kuna.

The selected sample of non-financial enterprises covers 90% of their gross external debt at the end of 2007 and is used to estimate the data on credit transactions performed by all non-financial enterprises. In order to avoid any divergence of the estimate from the actual amount of gross external debt, the initially selected sample of enterprises may be adjusted over the year by including the data submitted by new enterprises (Article 47 of the Decision).¹⁹

In line with the new methodological framework, gross external debt data, published from early 2008, are based on the data collected from the government sector and the financial sector and on data on the debt stock of non-financial enterprises estimated on the basis of the selected sample. In order to ensure the methodological consistency in the data for 2008, the external debt balance for 31 December 2007 was estimated by applying the new methodology. This led to an upward adjustment in the external debt balance, increasing it by EUR 244m or from EUR 32.9bn (reported under the old system of reporting) to EUR 33.2bn (reported under the new system of reporting).

reached a total of EUR 14.5bn at end-March, increasing by 5.9% over the end of 2007. Specifically, the external debt of enterprises in majority private ownership and non-banking financial institutions (mainly leasing companies) grew at the fastest rate in the reference period, while the external debt of public and mixed enterprises, taken together, accelerated modestly.

However, the debt arising from direct investment (i.e. the debt of domestic sectors to their affiliated enterprises abroad) grew at an accelerated pace in the first quarter of 2008. To a large extent, this was due to an increase in hybrid and subordinated instruments of banks, subscribed by their majority foreign owners, while the growth in the debt of enterprises to their foreign owners was only slightly higher in the reference quarter than in the first quarter of 2007. The debt arising from direct investment went up by EUR 0.4bn in the first three months of 2008, reaching a total of EUR 4.2bn, while its share in total external debt rose from 11.7% at the end of 2007 to 12.2%.

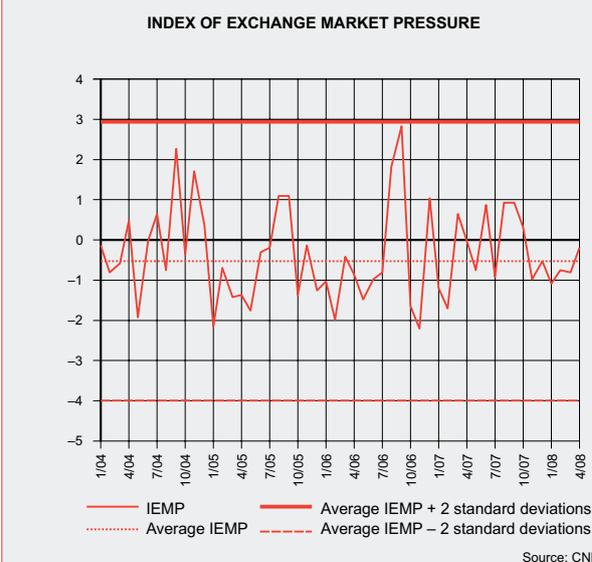
The external debt of the government sector (central government, central government funds, CBRD, local government) went down by EUR 0.1bn in the first quarter of 2008 to reach EUR 6.6bn at end-March. With no new borrowing in the reference period, the key factors contributing to the decrease in the government sector external debt were the payments made by the central government to the London and Paris clubs. The external debt of the public sector (government sector, public enterprises and mixed enterprises) trended downward in the first quarter of 2008 due to only minor changes being observed in the debt of public and mixed enterprises. The downward movement was also observed in the

publicly guaranteed private sector debt (i.e. the contingent debt of the public sector).

International Liquidity

Further growth of international reserves and slight appreciation of the kuna exchange rate pushed the IEMP slightly below its long-term average value in the first quarter of 2008.

Figure 76



¹⁹ All enterprises and enterprises connected by ownership with non-resident creditors (or debtors) are obliged to submit a list of concluded credit transactions, including data on utilised principal amounts, to the Statistics Department, if their external debt level exceeds EUR 2.0m and EUR 0.5m respectively.

¹⁷ OG 132/06.

¹⁸ OG 121/07.

There were two main factors contributing to reserves increase in the first quarter of 2008 (EUR 0.5bn). The first factor included higher allocations of foreign currency reserve requirements (marginal reserve requirements included), stimulated by the increase in banks' foreign liabilities. The second factor was the foreign exchange intervention held at end-January at which a total of EUR 189m were purchased from banks. The kuna/euro exchange rate strengthened by a total 0.9% in the first quarter of 2008, while its strong appreciation trend in January 2008 prompted the CNB to organise the said auction. The IEMP did not change substantially in April 2008 due to moderate movements in international reserves and the kuna exchange rate.

Government Finance

Fiscal Policy Features in 2007

Fiscal developments in 2007 were marked by strong growth in general government revenues and noticeable growth in its current and investment consumption. Fast economic growth which was followed by favourable trends on the domestic labour market enabled accelerated growth of revenues from taxes and social contributions. Robust growth in current expenditures and investment in infrastructure notwithstanding, the consolidated general government deficit on a modified accrual basis continued to narrow. It should be noted that the initially planned deficit of 2.8% of GDP for 2007 was reduced to 2.6% of GDP under the revised budget. With steady high growth in revenues continuing into the second half of the year, and somewhat lower than planned capital expenditures, the final deficit stood at 2.3% of GDP. With the bulk of the deficit being financed by the disposal of financial and non-financial assets, public debt growth in the previous year was moderate and stood at 44.3% of GDP at the end of December.

The area of public finance in 2007 was marked by legislative amendments to two tax laws. The first one, which entered into force in early 2007, was the amended Act on the Financing of Local and Regional Self-Government Units,²⁰ which provided that the entire profit tax revenues belong to the budgetary central government and that income tax revenues are either directly or through the budgetary central government in their entirety transferred to the cities, municipalities and counties. However, these changes did not bring about increased fiscal decentralisation as they involved only different distribution of funds between the budgetary central government and local government authorities rather than a transfer of additional functions to lower levels of government authority. Under the second legislative amendment, the amended Value Added Tax Act, in force since August 2007,²¹ the scope of the reduced 10% VAT has been extended to cover not only services in tourism but also magazines and newspapers. The

reduced VAT did not bring about a fall in the prices of these products, though it led to a fall in budget revenues. In addition to tax system changes described above, the Government also indirectly intervened in the market on two occasions in 2007 with the aim of its stabilisation. Excises in May were thus cut for all types of unleaded gas to restrain the growth of refined petroleum products prices on the domestic market. However, the effects of this measure proved to be short-lived in the environment of rising crude oil prices on the world market. Last year's drought of global proportions also caused a rapid growth in the world prices of agricultural products in the second half of the year, prompting the Government to introduce protective export taxes on maize in August and wheat in September.

During the last fiscal year the government had to ensure HRK 3.4bn for two repayments of debt to pensioners.²² The bulk of the funds for the repayment of the first tranche in June was obtained through a short-term credit facility with Hrvatska poštanska banka (HPB) and the funds for the repayment of the second tranche in November and repayment of the credit to HPB were obtained through the third phase of privatisation of T-HT.

Consolidated General Government Revenues

According to preliminary MoF data, consolidated general government revenues reached HRK 126.7bn in 2007, an increase of HRK 0.2bn over the planned amount. Compared with the year before, revenue growth accelerated considerably, from 8.9% in 2006 to 12.8% in 2007. Given somewhat lower annual growth of nominal GDP, the share of general government revenues in GDP rose to 46.1%.

Tax revenues which account for approximately 60% of total revenues at this level of government authority, grew the most in absolute terms. Robust growth of personal consumption and accelerated inflation as measured by the consumer price index influenced VAT revenue dynamics and revenues from excises. The amount collected through VAT in 2007 stood at HRK 37.7bn, or one third of the total general government revenues. Compared with the year before, VAT revenues rose by 8.1%, with their somewhat faster growth in the first half of 2007 reflecting developments in household consumption. Conversely, revenues from excises (to ensure their comparability with earlier data, they include revenues from levies for public road construction and maintenance) reached HRK 12.2bn, an increase of 5.2% compared with 2006. The structure of contributions to total growth of revenues from excises did not change considerably compared with the previous years, with revenues from excises on refined petroleum products and tobacco products still prevailing. Revenues from excises on cars also provided considerable contribution to total growth of revenues from excises, pointing to continued high import rates of road vehicles.

Strong economic activity was also seen in developments on the labour market, with growing employment and rising

20 OG 152/2006.

21 OG 76/2007.

22 Pursuant to the Act on the Enforcement of the Decision of the Constitutional Court of the Republic of Croatia of 12 May 1998 (OG 105/2004) and the Act on the Pensioners' Fund (OG 93/2005).

Table 14: Operating Balance and Transactions in Non-Financial Assets and Financial Assets and Liabilities, GFS 2001, in million HRK

	Consolidated general government		
	2006	2007	2007/2006
1. Change in net worth (net operating balance)	4,572	7,946	173.8
1.1. Revenue	112,294	126,716	112.8
1.2. Expense	107,722	118,770	110.3
2. Change in net non-financial assets	9,083	11,015	121.3
2.1. Acquisition of non-financial assets	10,350	12,319	119.0
2.2. Disposal of non-financial assets	1,267	1,304	102.9
3. Net lending (+) / borrowing (-) (1 - 2)	-4,511	-3,069	68
3. Financing (5 - 4) Transactions in financial assets and liabilities	4,511	3,069	68.0
	(1.80%)	(1.12%)	
4. Change in financial assets	-2,630	-2,403	91.4
4.1. Domestic	-2,647	-2,421	91.5
4.2. Foreign	17	18	108.1
5. Change in liabilities	1,881	666	35.4
5.1. Domestic	5,364	2,148	40.0
5.2. Foreign	-3,483	-1,481	42.5

Note: On a cash basis.
Source: MoF.

average nominal gross wage and considerable growth of revenues from income taxes (basic revenue of the local government since 2007) and revenues from social contributions. Collection of income tax generated HRK 9.9bn, an increase of 12.8% compared with 2006. Revenues from social contributions also rose sharply, reaching HRK 37.2bn, an increase of 9.8% compared with the previous year. Contributions for pension insurance account for the bulk of these strictly earmarked revenues while the rest is accounted for by health insurance contributions and, to a lesser extent, revenues from employment contributions.

Collection of profit taxes in 2007 generated HRK 8.8bn, an increase of 23.3% compared with the year before, in continuation of the high growth of this type of revenues which started in 2005 as a result of steady growth of profit before tax reported by Croatian entrepreneurs.

Other revenues, which include property income and income from the sale of goods and services, were HRK 15.7bn in 2007, an increase of one third compared with the year before. Almost one half of this amount can be attributed to revenues from administrative fees, whose growth further accelerated in 2007 (from 26.6% in 2006 to 34.6% in 2007). Dividend revenues rose considerably too, almost entirely due to T-HT dividend payouts of HRK 2.41bn, of which 42% went to the government.

Consolidated General Government Expenditures

Consolidated general government expenditures stood at HRK 118.8bn in 2007, half a billion less than planned under the revised budget. As their annual growth of 10.3% was somewhat higher than the growth of GDP, general government expenditures to GDP ratio started growing slightly again after falling for several consecutive years. The largest contribution to the annual increase in expenditures came from social benefits and employee compensations which combined account for almost 70% of all expenditures at this level of government authority.

Expenditures for social benefits, the largest individual item of the general government budget were HRK 48.7bn in 2007, with their annual growth accelerating significantly

(from 5.6% in 2006 to 8.7% in 2007). The structure of this category of expenditures shows that HRK 34.2bn go to social security benefits which comprise the bulk of the pensions and health care expenditures. They rose by 9.2% on an annual level, partly due to the increase in the number of pension beneficiaries and an increase in the average pension paid, and partly to increased health care expenditures. Expenditures for social assistance benefits, including maternity allowances, Croatian war veterans' permanent rights and some pensions stood at HRK 14.4bn, an increase of 7% compared with the previous year.

Expenditures for employee compensations in 2007 were HRK 31.1bn, which is an increase of 10.3% compared with 2006. Salaries and wages of civil servants and employees accounted for the major share of that amount and social contributions paid by units of central government accounted for only a small share of the total. During that period, there was an increase in the number of employed in education, health care and social welfare and a decrease in the number of employed in public administration in the narrow sense and defence. Also, as a result of an increase in the basis for the calculation of wages in the 2007-2009 period as agreed between the Government of the Republic of Croatia and the trade unions of public service employees, there was an increase in the gross wages paid in all the mentioned activities. In addition, an agreement was signed between the Government and seven trade unions of civil servants toward end-June, providing for a 25% increase in annual leave bonuses, Christmas bonuses and gifts for children in 2007. The same increases also apply to public service employees, with funds earmarked for that purpose under the revised budget.

Expenditures for the use of goods and services (including the use of telephone, postal services, transport, energy and intellectual and personal services) were HRK 15.2bn in 2007, an increase of 14.2% compared with the previous year. For the sake of comparison, the growth rate of these expenditures in 2006 was a much faster 22.3%.

Expenditures for subsidies in 2007 were HRK 7.5bn, a high HRK 0.9bn over the plan. Compared with the previous year, they were up 14.4%, a significant acceleration compared with 9.4% in 2006. The acceleration is the result of

further relatively heavy subsidising of public sector corporations and of companies outside the public sector. Subsidies to public sector corporations, most notably the Croatian Railways which account for their major share, were HRK 3.8bn, growing annually by 11.1%. By contrast, subsidies to companies outside the public sector rose by 17.9% in 2007, reaching HRK 3.7bn.

Interest expenses were HRK 5.5bn in 2007, only a slight increase compared with the previous year. This is partly due to changes in the structure of general government debt, or growing preference for longer-term instruments. Foreign interest paid reached HRK 2.2bn, a decrease of 6.5% compared with 2005 owing to a fall in general government external debt. Domestic interest reached HRK 3.3bn, their annual growth slowing down from 13.9% in 2006 to 7.8% in 2007.

Operating Balance and Transactions in Non-Financial Assets and Financial Assets and Liabilities

Faster growth of revenues compared with expenditures in 2007 resulted in a significant increase in the positive net operating balance compared with the previous year (HRK 7.9bn compared with HRK 4.6bn in 2006). Accelerated investment activity of government units led to a large increase in their non-financial assets of HRK 11bn. The government financed its investment activity mainly by the surplus of revenues over expenditures, and met its additional funding requirements through net borrowing of HRK 3.1bn or 1.1% of GDP. The latter amount, which was much smaller than that in the previous year, was secured through the disposal of non-financial assets (privatisation) and by domestic borrowing.

The acquisition of non-financial assets, mainly reflecting developments in general government capital investments, stood at HRK 12.3bn in 2007, an increase of one-fifth compared with the year before. With infrastructure investment accounting for the bulk of government investment, the largest share of the funds was spent for the acquisition of buildings and structures, categories which under GFS 2001 include dwellings, office buildings, schools, hospitals, highways, roads, bridges, tunnels, railways, etc. Investment into traffic infrastructure construction and maintenance were highly dominant, with the funds for the acquisition of buildings and structures on CM and CR level alone standing at HRK 4.6bn. These units of consolidated general government spent HRK 0.3bn for land purchases in 2007 in anticipation of signifi-

cant investment activity in 2008, albeit somewhat slower than that in 2007.

Financial assets of the consolidated general government fell by HRK 2.4bn in 2007. This was entirely due to a fall in domestic financial assets, while foreign financial assets rose slightly. The decrease in domestic financial assets resulted from the sale of 32.5% of the total amount of T-HT share issue through a public offering. Even though the value of this transaction was over HRK 7bn, only about HRK 2bn were allocated to the budget and the rest was allocated to the Pensioners' Fund and largely used for the repayment of the two tranches of debt repayment to pensioners in 2007. The remaining funds will be used to finance the repayment of the tranches falling due in 2008 and 2009. In addition to the third phase of T-HT privatisation, the sale of 7% of Ina shares to the company's present and previous employees in November, generated some HRK 0.9bn. The fall in government financial assets in the form of shares was only partly mitigated by an increase in the financial assets of the government in the form of net loans granted.

Given that a significant portion of the net acquisitions of non-financial assets in 2007 was financed by net operating balance and a decrease in the financial assets, the units of general government had to rely much less on borrowing. As a result, total liabilities of the consolidated general government rose by HRK 0.7bn in 2007, a fall of HRK 1.2bn compared with the previous year. While domestic liabilities rose by HRK 2.1bn as a result of an increase in liabilities arising from new bond issues, foreign liabilities fell by HRK 1.5bn as new foreign borrowing was smaller than repayments due.

Balance of the Consolidated General Government on a Cash Basis and a Modified Accrual Basis

The consolidated general government deficit, exclusive of capital revenues (on a cash basis, GFS 1986) stood at HRK 5.6bn or 2.0% of GDP in 2007. Looking by levels of government authority, budgetary central government deficit accounts for HRK 3.6bn or 1.3% of GDP of the total, extrabudgetary users' account for HRK 1.5bn or 0.6% of GDP of the total (mainly CM and CR) and units of local and regional self-government units account for the rest.

The total deficit of the consolidated general government fell by HRK 1.3bn on an annual level in 2007. The largest fiscal adjustment took place at the level of extrabudgetary users

Table 15: Consolidated General Government Balance, on a cash and modified accrual basis, in million HRK and %

	2006		2007	
	Amount	As % of GDP	Amount	As % of GDP
1. Net lending (+) / borrowing (–) GFS 2001	–4,511	–1.80	–3,069	–1.12
2. Disposal of non-financial assets	1,267	0.51	1,304	0.47
3. Lending minus repayments ^a	1,185	0.47	1,247	0.45
4. Balance without capital revenues, on a cash basis (1 – 2 – 3)	–6,963	–2.78	–5,620	–2.04
5. Balance without capital revenues, on a cash basis (CM and CR reported on an accrual basis)	–6,975	–2.78	–6,445	–2.34
6. Change in non-paid and non-recorded liabilities (negative change denotes increase)	–482	–0.19	155	0.06
7. Balance without capital revenues, on a modified accrual basis (5 + 6 + 7)	–7,458	–2.98	–6,290	–2.29

^a GFS 1986 category; calculated based on GFS 2001 data.
Source: MoF.

as a result of a sharp increase in revenues from administrative fees (pay toll) and revenues from grants within the general government (including, among others, the transfer of funds from pay toll collection).

The deficit of the consolidated general government is also monitored on a modified accrual basis. Thus defined, the deficit is intended to provide a better picture of fiscal policy character as cash data are adjusted for data on expenditures on an accrual basis, i.e. on the basis of contracted CM and CR liabilities and changes in central and local government arrears. According to preliminary MoF data, the consolidated general government deficit on a modified accrual basis stood at HRK 6.3bn or 2.3% of GDP in 2007. For the first time in several years, government arrears fell (HRK 0.2bn).

Government Debt

As shown by CNB data, general government debt, CBRD debt excluded, stood at HRK 104.6bn at the end of last year, an increase of 1.8% compared with 2006. Debt to GDP ratio shown in current prices fell from 41.0% in 2006 to 38.0% in 2007. At the same time, as a result of an increase in the amount of guarantees issued by the Republic of Croatia, or contingent general government debt, public debt reached HRK 121.9bn. However, sharp economic growth and accelerated price growth caused the public debt to nominal GDP ratio to fall from 46.7% in 2006 to 44.3% in 2007.

Increased general government debt in 2007 was fully generated by borrowing on the domestic financial market, in line with the trend of decline in the share of the external component in total debt stock. Debt increase was smaller than that of consolidated general government partly financed last year through financial and non-financial assets disposal. Note

should also be taken of the appreciation of the exchange rate of the kuna against the euro, the American dollar and the Japanese yen, currencies in which the major share of public debt is denominated, which resulted in a statistical fall of public debt during the observed period.

Government debt restructuring initiated with the aim of replacing short-term borrowing instruments by longer maturity instruments, continued into 2007. This was evidenced primarily by changes in the structure of general government domestic debt. At the level of the Republic of Croatia, the full amount of the new domestic debt of HRK 2.3bn in 2007 was generated by bond issues, with liabilities arising from issued T-bills of the Ministry of Finance and bank loans falling significantly. There were three government bond issues on the domestic capital market during the observed period. These included the February issue of the first tranche of a ten-year kuna bond totalling HRK 2.5bn nominally, and the second tranche of HRK 3bn that was placed on the market in July. To refinance a short-term foreign currency loan granted by a domestic bank syndicate in July of the previous year, the government issued a bond totalling EUR 300m nominally on the domestic market. Central government funds again relied exclusively on bank loans for borrowing. Their debt of HRK 6.3bn at the end of the observed period was almost entirely generated by new CM and CR borrowing. The bodies of local and regional self-government borrowed additional HRK 0.3bn in 2007, mainly also through newly issued bonds. Split, Osijek and Vinkovci were the towns which issued such debt securities in 2007. As a result, general government domestic debt rose by a total HRK 3.7bn or 6.1%, reaching HRK 64.8bn at end-2007.

By contrast, the external component of the general government debt fell by HRK 1.9bn in 2007, entirely as a result of a

Table 16: General Government Debt, end of period, in million HRK and %

	2006		2007		2007/2006
	Amount	As % of GDP	Amount	As % of GDP	
A. Public debt (A + D)	116,913	46.7	121,869	44.3	4.2
B. Total general government debt (1 + 2)	102,725	41.0	104,574	38.0	1.8
1. General government domestic debt	61,078	24.4	64,794	23.6	6.1
1.1. Domestic debt of the Republic of Croatia	54,217	21.6	56,506	20.5	4.2
1.2. Domestic debt of central government funds	5,168	2.1	6,333	2.3	22.5
1.3. Domestic debt of local government	1,693	0.7	1,955	0.7	15.5
2. General government external debt	41,647	16.6	39,780	14.5	-4.5
2.1. External debt of the Republic of Croatia	32,557	13.0	29,397	10.7	-9.7
2.2. External debt of central government funds	8,938	3.6	10,158	3.7	13.7
2.3. External debt of local government	152	0.1	224	0.1	47.2
C. Total CBRD debt (1 + 2)	7,686	3.1	9,662	3.5	25.7
1. CBRD domestic debt	348	0.1	191	0.1	-45.1
2. CBRD external debt	7,339	2.9	9,471	3.4	29.1
Supplement:					
D. Total guarantees issued by the Republic of Croatia	14,188	5.7	17,295	6.3	21.9
1. Domestic	7,252	2.9	7,868	2.9	8.5
2. Foreign	6,936	2.8	9,427	3.4	35.9

Source: CNB.

fall in the external debt at the level of the Republic of Croatia. The largest contribution in this context was provided by a Samurai bond repayment of JPY 40bn in July and by EUR 60m paid for the liabilities arising under the series A bonds issued for liabilities under the London Club. Worth noting is also the fall in liabilities based on loans received of HRK 0.8bn of which one part is due to the repayment of regular obligations towards the Paris Club. At the same time, central government funds borrowed intensively on the foreign markets, causing their external debt to increase by HRK 1.2bn.

Despite increased foreign borrowing of the local government in 2007, these amounts, due to their small share in the structure of total external debt of the government sector, did not affect significantly the level of external debt which stood at HRK 39.8bn (a decline of 4.5% compared with 2006).

CBRD debt rose by 25.7% or almost HRK 2.0bn in absolute terms in 2007, standing at HRK 9.7bn at the end of the year. Almost the entire debt increase was generated by a new foreign bond issue.

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, and the subsector central government funds included 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
1994	December	4,714.2	6,642.6	6,996.7	17,679.9	16,540.1	27,661.5	11.73	2.20	3.83	2.26	11.84	3.45
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	May	46,564.7	48,677.0	49,327.4	189,643.1	159,479.1	196,560.0	2.14	1.72	1.72	1.38	1.96	1.25
	June	48,416.1	51,560.7	52,188.8	194,446.1	162,586.3	199,620.1	3.98	5.92	5.80	2.53	1.95	1.56
	July	48,931.4	54,142.1	54,918.2	201,254.3	163,498.0	199,132.8	1.06	5.01	5.23	3.50	0.56	-0.24
	August	48,791.2	53,735.4	54,528.0	207,386.8	163,275.5	200,401.2	-0.29	-0.75	-0.71	3.05	-0.14	0.64
	September	50,941.0	49,909.0	50,584.4	197,707.5	152,725.9	202,290.3	4.41	-7.12	-7.23	-4.67	-6.46	0.94
	October	48,280.0	53,183.8	53,952.0	204,409.6	158,467.2	204,273.4	-5.22	6.56	6.66	3.39	3.76	0.98
	November	50,055.2	54,237.8	55,022.9	207,629.0	160,693.7	205,380.1	3.68	1.98	1.98	1.57	1.41	0.54
	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	January	47,405.3	52,247.9	53,025.1	208,400.5	164,016.4	209,357.2	-8.70	-9.73	-9.61	-3.44	-1.42	-0.70
	February	49,095.1	51,224.9	51,909.7	209,602.6	165,568.9	211,926.6	3.56	-1.96	-2.10	0.58	0.95	1.23
	March	49,977.8	52,807.2	53,387.0	211,620.2	168,073.0	215,026.9	1.80	3.09	2.85	0.96	1.51	1.46
	April	49,011.4	52,720.0	53,290.5	212,882.5	168,815.9	216,245.9	-1.93	-0.17	-0.18	0.60	0.44	0.57

^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 4,055.8m. 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

	2002	2003	2004	2005	2006	2007	2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS										
1. Foreign assets (net)	32,817.4	32,771.4	31,742.6	23,303.8	27,614.5	49,446.5	44,384.1	44,033.7	43,547.2	44,066.5
2. Domestic credit	112,518.9	126,372.0	141,278.1	168,427.7	200,328.9	226,076.1	224,205.6	226,518.9	231,039.6	231,348.9
2.1. Claims on central government and funds (net)	15,055.2	14,710.6	13,969.6	19,259.4	16,949.4	15,247.7	14,848.4	14,592.3	16,012.7	15,103.0
2.2. Claims on other domestic sectors	96,329.0	110,467.8	125,790.7	147,414.3	181,031.9	207,398.7	207,881.5	210,287.5	213,428.2	214,562.7
2.3. Claims on other banking institutions	219.5	431.8	624.0	592.2	1,029.5	1,640.0	509.8	644.1	657.6	695.5
2.4. Claims on non-banking financial institutions	915.3	761.8	893.9	1,161.8	1,318.1	1,789.7	965.9	995.1	941.1	987.8
Total (1+2)	145,336.3	159,143.4	173,020.7	191,731.5	227,943.3	275,522.6	268,589.7	270,552.6	274,586.8	275,415.4
LIABILITIES										
1. Money	30,869.8	33,888.7	34,562.1	38,817.1	48,521.0	57,878.3	52,247.9	51,224.9	52,807.2	52,720.0
2. Savings and time deposits	13,001.1	18,370.7	22,479.2	27,992.1	44,836.8	53,644.9	53,463.8	53,551.9	53,120.9	53,674.0
3. Foreign currency deposits	72,054.6	76,035.3	81,742.9	86,760.8	88,256.7	103,090.1	101,837.9	103,849.8	104,760.9	105,536.8
4. Bonds and money market instruments	216.3	598.4	1,163.5	1,077.0	844.1	1,208.8	850.9	975.9	931.1	951.6
5. Restricted and blocked deposits	1,729.5	1,721.6	2,067.0	2,092.3	2,504.5	2,280.9	2,557.9	2,644.9	2,388.8	2,624.1
6. Other items (net)	27,465.1	28,528.7	31,006.1	34,992.2	42,980.2	57,419.6	57,631.3	58,305.2	60,577.8	59,908.9
Total (1+2+3+4+5+6)	145,336.3	159,143.4	173,020.7	191,731.5	227,943.3	275,522.6	268,589.7	270,552.6	274,586.8	275,415.4

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
1994	December	50	13	21	6	6	2	2	33	22	9	2
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	May	35	2	5	5	11	4	8	3	2	1	–
	June	35	2	5	5	11	3	9	2	1	1	–
	July	35	2	5	5	10	4	9	2	1	1	–
	August	35	2	5	5	9	5	9	2	1	1	–
	September	35	2	5	5	9	5	9	2	1	1	–
	October	35	2	6	3	10	5	9	2	1	1	–
	November	35	2	5	4	10	5	9	2	1	1	–
	December	35	2	5	2	12	5	9	2	1	1	–
2008	January	35	2	5	3	11	5	9	2	1	1	–
	February	35	2	5	4	10	5	9	2	1	1	–
	March	35	2	5	3	11	5	9	2	1	1	–
	April	35	2	5	3	11	5	9	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

	2002	2003	2004	2005	2006	2007	2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS										
1. Foreign assets	42,058.8	50,118.6	49,373.4	54,862.5	64,088.2	68,177.8	67,661.5	70,423.3	71,417.7	72,118.4
1.1. Gold	–	–	–	–	–	–	–	–	–	–
1.2. Holdings of SDRs	17.4	5.0	4.8	6.3	5.3	5.6	7.5	4.4	8.3	8.3
1.3. Reserve position in the IMF	1.6	1.5	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.3
1.4. Currency and demand deposits with foreign banks	6.4	5.8	5.7	7.7	7.2	7.2	9.5	9.4	9.3	9.2
1.5. Time deposits with foreign banks	28,183.2	25,580.7	24,337.7	28,274.1	33,243.0	33,204.4	32,813.1	32,818.5	35,943.9	35,984.8
1.6. Securities in f/c	13,850.0	24,525.5	25,023.7	26,573.0	30,831.2	34,959.3	34,830.1	37,589.7	35,454.9	36,114.7
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	0.5	1.4	3.3	1.4	0.9	–	–	–	–	0.0
2.1. Claims in kuna	0.5	1.4	3.3	1.4	0.9	–	–	–	–	0.0
2.2. Claims in f/c	–	–	–	–	–	–	–	–	–	–
3. Claims on other domestic sectors	110.6	93.6	82.9	73.4	64.0	67.9	67.9	67.9	67.8	67.8
4. Claims on banks	17.9	972.0	408.9	4,215.6	3,911.5	4,178.3	15.7	538.0	1,538.0	14.4
4.1. Credits to banks	17.6	968.9	408.9	4,215.6	3,911.5	4,178.3	14.6	533.2	1,538.0	14.4
Lombard credits	–	954.4	–	–	–	1,349.1	–	–	–	–
Short-term liquidity credits	–	–	–	–	–	–	–	–	–	–
Other credits	17.6	14.5	15.0	14.5	14.5	14.7	14.6	14.5	14.4	14.4
Reverse repo transactions	–	–	394.0	4,201.1	3,897.0	2,814.5	–	518.7	1,523.6	–
4.2. Overdue claims	0.3	3.1	–	–	–	–	1.2	4.8	–	–
5. Claims on other banking institutions	–	–	–	–	–	–	–	–	–	–
Total (1+2+3+4+5)	42,187.7	51,185.6	49,868.5	59,153.0	68,064.6	72,424.1	67,745.2	71,029.2	73,023.5	72,200.5
LIABILITIES										
1. Reserve money	23,027.9	30,586.2	33,924.4	40,390.8	46,331.2	51,923.9	47,405.3	49,095.1	49,977.8	49,011.4
1.1. Currency outside banks	9,680.9	10,573.1	10,955.6	12,163.8	14,609.3	16,007.5	15,316.2	15,239.2	15,336.6	15,787.5
1.2. Banks' cash in vaults	1,214.8	1,683.2	1,871.0	2,210.7	2,698.0	3,305.8	2,835.2	2,802.4	2,959.3	2,825.5
1.3. Banks' deposits	12,109.4	18,329.3	21,082.6	26,016.3	29,023.9	32,610.6	29,253.8	31,053.5	31,681.9	30,398.4
Settlement accounts	3,923.4	5,616.0	6,408.2	8,411.1	8,535.7	7,553.9	6,550.7	8,320.8	8,913.8	7,237.0
Statutory reserves	8,186.0	12,603.9	14,674.4	17,605.2	20,478.2	22,275.6	22,553.2	22,659.9	22,623.7	22,780.0
CNB bills on obligatory basis	–	109.4	–	–	–	1,991.1	–	27.8	0.3	381.5
Overnight deposits	–	–	–	–	10.0	790.0	150.0	45.0	144.0	–
1.4. Deposits of other banking institutions	19.1	–	–	–	–	–	–	–	–	–
1.5. Deposits of other domestic sectors ^b	3.5	0.6	15.1	–	–	–	–	–	–	–
2. Restricted and blocked deposits	7,091.2	6,699.2	10,777.1	13,551.8	16,633.5	14,286.0	14,351.6	15,654.1	17,056.6	17,548.6
2.1. Statutory reserve in f/c	7,042.3	6,686.6	10,764.7	13,495.9	16,576.7	14,257.5	14,298.2	15,613.8	17,001.4	17,495.0
2.2. Restricted deposits	49.0	12.6	12.4	55.9	56.9	28.6	53.4	40.3	55.2	53.6
2.3. Escrow deposits	–	–	–	–	–	–	–	–	–	–
3. Foreign liabilities	195.7	2,798.0	18.1	18.9	18.9	17.2	15.9	14.1	12.6	11.5
3.1. Use of IMF credit	2.8	0.0	–	–	–	–	–	–	–	–
3.2. Liabilities to international organisations	12.6	19.6	18.1	18.9	18.9	17.2	15.9	14.1	12.6	11.5
3.3. Liabilities to foreign banks ^a	180.2	2,778.5	–	–	–	–	–	–	–	–
4. Central government and funds' deposits	768.1	1,551.1	263.2	332.2	188.0	199.1	172.2	177.5	307.7	321.9
4.1. Demand deposits	608.3	600.2	228.0	319.0	174.5	125.8	131.2	136.0	266.1	285.8
Central government demand deposits	569.5	548.5	123.0	246.3	138.6	100.3	71.4	105.6	120.4	135.3
Central government funds' demand deposits	38.7	51.7	105.0	72.7	35.9	25.4	59.9	30.4	145.6	150.5
4.2. Central government f/c deposits	–	950.9	35.2	13.2	13.5	73.3	41.0	41.5	41.6	36.1
4.3. CNB bills	159.9	–	–	–	–	–	–	–	–	–
5. CNB bills	6,212.4	4,920.2	–	–	–	–	–	–	–	–
5.1. CNB bills in kuna	4,986.2	–	–	–	–	–	–	–	–	–
5.2. CNB bills in f/c	1,226.3	4,920.2	–	–	–	–	–	–	–	–
6. Capital accounts	5,353.5	5,039.0	5,096.5	5,357.4	5,408.8	6,674.8	6,484.8	6,772.4	6,250.5	5,994.5
7. Other items (net)	–461.1	–408.1	–210.8	–498.2	–515.8	–676.9	–684.6	–684.0	–581.7	–687.4
Total (1+2+3+4+5+6+7)	42,187.7	51,185.6	49,868.5	59,153.0	68,064.6	72,424.1	67,745.2	71,029.2	73,023.5	72,200.5

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

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

	2002	2003	2004	2005	2006	2007	2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS										
1. Reserves with the CNB	20,373.5	26,783.7	33,718.2	41,775.2	48,384.7	50,178.9	46,391.8	49,462.9	51,640.1	50,717.4
1.1. In kuna	13,340.0	20,103.4	22,962.9	28,283.1	31,814.1	35,929.1	32,102.7	33,854.7	34,645.7	33,229.6
1.2. In f/c	7,033.5	6,680.2	10,755.3	13,492.1	16,570.6	14,249.8	14,289.1	15,608.2	16,994.4	17,487.7
2. Foreign assets	25,977.8	35,382.9	43,551.0	35,572.5	39,621.2	46,438.5	44,246.3	43,847.3	41,544.2	40,137.1
3. Claims on central government and funds	21,917.7	21,543.6	21,051.3	28,877.2	27,936.8	28,971.5	28,291.9	28,323.1	29,984.5	29,620.7
4. Claims on other domestic sectors	96,218.4	110,374.3	125,707.9	147,340.9	180,967.8	207,330.7	207,813.5	210,219.6	213,360.3	214,494.9
4.1. Claims on local government	1,422.4	1,563.1	1,787.9	1,767.2	1,892.0	2,140.8	2,103.8	2,031.3	2,029.2	2,067.4
4.2. Claims on enterprises	51,723.4	53,809.8	58,643.3	67,017.9	83,386.5	92,265.1	91,793.5	92,928.9	94,325.3	94,718.4
4.3. Claims on households	43,072.6	55,001.4	65,276.7	78,555.7	95,689.3	112,924.9	113,916.2	115,259.5	117,005.8	117,709.1
5. Claims on other banking institutions	219.5	431.8	624.0	592.2	1,029.5	1,640.0	509.8	644.1	657.6	695.5
6. Claims on non-banking financial institutions	915.3	761.8	893.9	1,161.8	1,318.1	1,789.7	965.9	995.1	941.1	987.8
Total (1+2+3+4+5+6)	165,622.2	195,278.0	225,546.2	255,319.8	299,258.1	336,349.4	328,219.2	333,492.0	338,127.9	336,653.3
LIABILITIES										
1. Demand deposits	21,166.2	23,315.0	23,591.3	26,653.3	33,911.7	41,870.8	36,931.7	35,985.7	37,470.7	36,932.5
2. Savings and time deposits	13,001.1	18,370.7	22,479.2	27,992.1	44,836.8	53,644.9	53,463.8	53,551.9	53,120.9	53,674.0
3. Foreign currency deposits	72,054.6	76,035.3	81,742.9	86,760.8	88,256.7	103,090.1	101,837.9	103,849.8	104,760.9	105,536.8
4. Bonds and money market instruments	216.3	598.4	1,163.5	1,077.0	844.1	1,208.8	850.9	975.9	931.1	951.6
5. Foreign liabilities	35,023.5	49,932.0	61,163.7	67,112.3	76,076.0	65,152.6	67,507.8	70,222.8	69,402.1	68,177.4
6. Central government and funds' deposits	6,094.9	5,283.3	6,821.8	9,287.0	10,800.4	13,525.8	13,271.3	13,553.3	13,664.1	14,195.8
7. Credit from central bank	17.6	968.9	408.9	4,215.6	3,911.4	4,178.3	14.6	533.2	1,538.0	14.4
8. Restricted and blocked deposits	1,680.5	1,709.0	2,054.6	2,036.4	2,447.6	2,252.3	2,504.5	2,604.6	2,333.7	2,570.5
9. Capital accounts	26,323.2	27,389.5	28,666.4	32,665.7	40,805.1	53,178.9	53,361.2	53,747.4	56,451.5	56,761.9
10. Other items (net)	-9,955.6	-8,324.2	-2,546.3	-2,480.4	-2,631.7	-1,753.2	-1,524.4	-1,532.5	-1,545.1	-2,161.7
Total (1+2+3+4+5+6+7+8+9+10)	165,622.2	195,278.0	225,546.2	255,319.8	299,258.1	336,349.4	328,219.2	333,492.0	338,127.9	336,653.3

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

	2002	2003	2004	2005	2006	2007	2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Foreign assets in f/c	25,924.4	35,261.9	43,428.1	35,457.9	39,454.5	45,837.2	43,817.8	43,420.9	40,997.4	39,779.2
1.1. Claims on foreign financial institutions	21,333.5	31,877.6	35,911.0	27,228.5	30,404.1	37,824.9	36,270.9	35,711.4	33,070.0	31,768.8
Foreign currencies	1,019.8	1,268.6	1,190.0	1,136.1	1,232.1	1,245.5	1,073.2	1,024.3	1,254.3	1,168.8
Demand deposits	757.7	1,057.0	906.2	860.2	870.1	1,305.2	812.8	1,014.8	879.0	805.2
Time and notice deposits	17,569.8	27,969.4	30,943.7	20,874.6	23,509.4	31,726.1	30,994.3	30,522.0	27,877.8	26,752.1
Securities	1,690.2	1,364.2	2,674.1	4,197.0	4,441.5	3,210.4	3,061.5	2,823.7	2,739.2	2,696.7
Loans and advances	278.7	203.1	189.0	152.9	339.2	195.9	188.6	185.5	179.0	173.0
Shares and participations	17.2	15.4	8.1	7.8	11.8	141.9	140.5	141.0	140.7	172.9
1.2. Claims on foreign non-banks	4,590.8	3,384.4	7,517.1	8,229.4	9,050.4	8,012.3	7,546.9	7,709.5	7,927.3	8,010.5
Claims on foreign governments	3,855.5	2,905.0	7,066.6	7,735.7	8,217.0	6,696.1	6,197.4	6,344.7	6,436.7	6,474.4
Claims on other non-residents	733.7	478.9	450.2	493.1	798.1	1,295.2	1,327.2	1,342.7	1,448.1	1,456.9
Securities	191.3	32.1	77.4	68.0	141.5	180.9	178.6	187.5	193.7	205.1
Loans and advances	542.4	446.8	372.8	425.2	656.6	1,114.3	1,148.6	1,155.2	1,254.5	1,251.7
Shares and participations	1.6	0.4	0.3	0.5	35.3	20.9	22.2	22.1	42.4	79.2
2. Foreign assets in kuna	53.4	120.9	122.9	114.6	166.7	601.3	428.5	426.4	546.8	357.9
2.1. Claims on foreign financial institutions	19.6	99.1	77.8	71.3	96.9	408.1	235.7	234.1	327.7	139.6
2.2. Claims on foreign non-banks	33.8	21.9	45.1	43.4	69.8	193.3	192.9	192.2	219.2	218.3
o/w: Loans and advances	33.0	21.0	44.3	42.6	69.2	192.7	192.3	191.6	218.6	217.7
Total (1+2)	25,977.8	35,382.9	43,551.0	35,572.5	39,621.2	46,438.5	44,246.3	43,847.3	41,544.2	40,137.1

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

	2002	2003	2004	2005	2006	2007	2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.*	Apr.
1. In kuna	18,444.4	18,007.1	16,270.2	20,532.7	22,703.0	24,081.8	23,534.9	23,562.3	24,396.2	23,690.2
1.1. Claims on central government	16,443.4	16,032.6	14,465.6	17,352.6	18,361.2	19,057.3	18,556.4	18,535.1	18,977.9	18,274.6
Securities	13,989.1	11,770.0	11,779.1	16,037.7	14,546.7	16,099.8	15,641.5	15,233.2	15,258.8	15,341.9
o/w: Bonds (c/part to f/c savings deposits)	2,473.5	1,531.9	532.0	20.6	8.3	6.4	5.9	5.7	5.3	6.2
Loans and advances	2,454.3	4,262.6	2,686.5	1,314.9	3,814.5	2,957.5	2,914.9	3,302.0	3,719.1	2,932.7
1.2. Claims on central government funds	2,001.0	1,974.5	1,804.6	3,180.1	4,341.9	5,024.5	4,978.5	5,027.2	5,418.2	5,415.6
Securities	560.7	723.6	621.1	–	–	–	–	–	–	4.2
Loans and advances	1,440.3	1,250.9	1,183.5	3,180.1	4,341.9	5,024.5	4,978.5	5,027.2	5,418.2	5,411.5
2. In f/c	3,473.3	3,536.4	4,781.1	8,344.5	5,233.8	4,889.7	4,757.1	4,760.8	5,588.3	5,930.5
2.1. Claims on central government	2,359.1	3,196.9	3,548.4	7,241.0	4,624.4	4,388.6	4,297.3	4,298.1	5,128.9	5,471.3
Securities	1,733.4	1,805.4	1,117.0	1,248.1	429.0	268.4	249.7	250.0	227.7	228.3
Loans and advances	625.7	1,391.5	2,431.3	5,992.8	4,195.4	4,120.1	4,047.6	4,048.1	4,901.2	5,243.0
2.2. Claims on central government funds	1,114.2	339.5	1,232.8	1,103.5	609.4	501.2	459.7	462.7	459.4	459.2
Securities	195.0	96.4	163.1	144.2	109.2	82.1	66.4	66.7	65.8	65.8
Loans and advances	919.2	243.1	1,069.7	959.3	500.2	419.1	393.3	396.0	393.7	393.4
Total (1+2)	21,917.7	21,543.6	21,051.3	28,877.2	27,936.8	28,971.5	28,291.9	28,323.1	29,984.5	29,620.7

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

	2002	2003	2004	2005	2006	2007	2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Claims in kuna	85,418.7	100,365.0	114,635.7	133,603.5	166,755.1	194,476.7	194,923.8	197,186.1	200,365.0	201,282.0
1.1. Money market instruments	1,394.7	1,314.1	2,510.0	2,329.9	1,980.7	2,147.4	2,167.2	2,200.2	2,384.7	2,516.4
1.2. Bonds	72.4	56.2	559.8	361.6	1,088.8	1,366.0	1,685.8	1,648.4	1,575.2	1,331.7
1.3. Loans and advances	80,887.6	96,081.7	109,523.9	128,882.3	161,694.2	188,462.5	188,701.1	191,007.0	194,078.4	195,112.5
1.4. Shares and participations	3,064.0	2,912.9	2,042.0	2,029.6	1,991.4	2,500.8	2,369.8	2,330.5	2,326.8	2,321.5
2. Claims in f/c	10,799.8	10,009.3	11,072.2	13,737.4	14,212.8	12,854.0	12,889.7	13,033.5	12,995.3	13,212.9
2.1. Securities	243.2	130.6	213.5	307.6	221.1	249.2	213.0	198.0	180.6	173.1
2.2. Loans and advances	10,556.6	9,878.7	10,858.6	13,429.8	13,991.6	12,604.9	12,676.7	12,835.5	12,814.7	13,039.8
Total (1+2)	96,218.4	110,374.3	125,707.9	147,340.9	180,967.8	207,330.7	207,813.5	210,219.6	213,360.3	214,494.9

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

	2002	2003	2004	2005	2006	2007	2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
LOANS IN KUNA										
1. Loans to central government and funds	3,894.6	5,513.5	3,870.0	4,495.0	8,156.4	7,982.0	7,893.3	8,329.1	9,137.3	8,344.1
1.1. Loans to central government	2,454.3	4,262.6	2,686.5	1,314.9	3,814.5	2,957.5	2,914.9	3,302.0	3,902.1	2,932.7
1.2. Loans to central government funds	1,440.3	1,250.9	1,183.5	3,180.1	4,341.9	5,024.5	4,978.5	5,027.2	5,235.2	5,411.5
2. Loans to local government	1,202.9	1,485.1	1,701.9	1,613.9	1,720.3	1,867.5	1,841.2	1,776.4	1,776.6	1,778.4
3. Loans to enterprises	36,708.1	39,777.4	42,844.7	49,105.9	64,666.3	74,001.7	73,287.0	74,311.7	75,635.8	75,963.8
4. Loans to households	42,976.6	54,819.3	64,977.2	78,162.4	95,307.6	112,593.3	113,572.9	114,918.9	116,666.0	117,370.4
o/w: Housing loans	12,363.4	16,896.2	21,397.9	27,571.1	36,927.3	45,218.6	45,937.2	46,663.6	47,476.4	47,345.7
5. Loans to other banking institutions	17.6	82.3	154.5	46.5	304.4	213.6	40.5	89.5	95.2	141.1
6. Loans to non-banking financial institutions	521.3	427.9	558.0	591.8	854.4	947.6	614.9	672.2	654.5	712.1
A. Total (1+2+3+4+5+6)	85,321.1	102,105.4	114,106.4	134,015.6	171,009.4	197,605.7	197,249.7	200,097.8	203,965.4	204,309.8
LOANS IN F/C										
1. Loans to central government and funds	1,544.9	1,634.7	3,501.0	6,952.1	4,695.6	4,539.2	4,440.9	4,444.1	5,294.8	5,636.4
1.1. Loans to central government	625.7	1,391.5	2,431.3	5,992.8	4,195.4	4,120.1	4,047.6	4,048.1	4,901.2	5,243.0
1.2. Loans to central government funds	919.2	243.1	1,069.7	959.3	500.2	419.1	393.3	396.0	393.7	393.4
2. Loans to local government	152.3	47.1	31.9	63.0	11.3	8.7	7.4	7.4	7.4	7.4
3. Loans to enterprises	10,308.3	9,649.4	10,527.3	12,973.5	13,598.5	12,264.5	12,326.0	12,487.5	12,467.5	12,693.7
4. Loans to households	96.0	182.1	299.5	393.3	381.8	331.6	343.3	340.6	339.8	338.7
5. Loans to other banking institutions	1.2	174.3	52.9	19.9	68.1	74.0	45.2	0.0	0.0	10.9
6. Loans to non-banking financial institutions	28.3	58.8	255.3	512.3	360.5	668.0	174.4	154.1	104.4	98.1
B. Total (1+2+3+4+5+6)	12,131.0	11,746.4	14,667.8	20,914.1	19,115.9	17,886.0	17,337.2	17,433.8	18,214.0	18,785.2
TOTAL (A+B)	97,452.1	113,851.8	128,774.2	154,929.7	190,125.3	215,491.7	214,586.9	217,531.6	222,179.4	223,095.0

Table D5: Distribution of Banks' Loans by Domestic Institutional Sectors

The table shows data on kuna and foreign currency loans granted

by banks to domestic sectors, including acceptances, financial leases, payments made on the basis of guarantees and similar instruments, purchased claims, and until December 2003 factoring and forfaiting.

Table D6: Demand Deposits with Banks

end of period, million kuna

	2002	2003	2004	2005	2006	2007	2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Local government	1,910.4	2,006.2	2,020.7	1,688.7	1,803.8	2,689.4	2,304.8	2,062.5	1,974.4	1,992.5
2. Enterprises	12,344.5	12,872.9	12,036.9	13,344.2	16,668.6	19,599.3	15,676.4	15,021.2	16,179.8	15,552.8
3. Households	6,307.4	7,873.1	8,773.0	10,728.3	14,257.8	17,896.7	17,477.3	17,182.8	17,418.4	17,597.3
4. Other banking institutions	42.1	98.9	245.4	322.1	485.1	481.1	329.4	365.2	556.9	661.1
5. Non-banking financial institutions	568.1	468.1	517.5	571.3	697.6	1,205.2	1,145.0	1,354.6	1,342.1	1,133.2
6. Less: Checks of other banks and checks in collection	-6.4	-4.2	-2.2	-1.3	-1.2	-0.9	-1.2	-0.7	-0.9	-4.4
Total (1+2+3+4+5+6)	21,166.2	23,315.0	23,591.3	26,653.3	33,911.7	41,870.8	36,931.7	35,985.7	37,470.7	36,932.5

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

	2002	2003	2004	2005	2006	2007	2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Savings deposits	2,236.2	2,527.9	2,233.9	2,493.6	2,905.6	3,086.1	3,055.2	3,119.0	3,022.1	3,033.3
1.1. Local government	14.8	14.4	4.6	2.7	2.8	2.5	2.8	2.7	2.4	2.0
1.2. Enterprises	213.3	190.5	38.8	101.6	110.3	154.7	115.6	160.8	158.7	182.7
1.3. Households	1,996.3	2,288.8	2,190.5	2,388.3	2,792.4	2,929.0	2,936.8	2,955.5	2,860.9	2,848.5
1.4. Other banking institutions	0.0	–	–	–	–	–	–	–	–	–
1.5. Non-banking financial institutions	11.8	34.2	0.0	1.0	0.0	–	–	–	–	–
2. Time and notice deposits	10,764.9	15,842.9	20,245.4	25,498.4	41,931.3	50,558.8	50,408.6	50,432.9	50,098.8	50,640.7
2.1. Local government	482.8	551.6	550.8	508.7	491.8	549.5	1,110.1	1,209.3	1,336.8	1,405.6
2.2. Enterprises	4,633.6	7,165.3	8,698.5	8,222.5	14,715.4	18,414.8	17,861.2	17,476.3	16,543.1	16,506.9
2.3. Households	3,793.8	6,194.5	9,321.4	13,254.9	20,755.0	20,479.1	21,134.4	21,959.1	22,779.2	23,278.6
2.4. Other banking institutions	58.4	129.3	215.9	931.9	2,697.9	6,386.5	5,190.8	4,435.5	4,537.5	4,105.7
2.5. Non-banking financial institutions	1,796.3	1,802.2	1,458.8	2,580.4	3,271.3	4,728.9	5,112.1	5,352.7	4,902.2	5,343.8
Total (1+2)	13,001.1	18,370.7	22,479.2	27,992.1	44,836.8	53,644.9	53,463.8	53,551.9	53,120.9	53,674.0

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

	2002	2003	2004	2005	2006	2007	2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Savings deposits	21,074.4	21,547.0	22,144.6	22,641.0	22,698.6	22,845.0	23,430.9	22,187.5	22,321.8	21,416.5
1.1. Local government	12.2	14.7	15.6	11.9	30.8	27.5	14.5	14.5	9.8	9.8
1.2. Enterprises	3,346.7	3,620.2	4,273.2	4,408.3	4,589.7	5,543.6	6,472.8	5,176.3	5,326.3	4,795.8
1.3. Households	17,537.3	17,690.2	17,708.9	17,933.6	17,609.9	16,720.8	16,409.5	16,300.3	16,139.1	16,091.2
1.4. Other banking institutions	34.7	9.0	15.4	116.0	276.7	251.7	231.7	261.6	355.8	249.8
1.5. Non-banking financial institutions	143.5	212.9	131.6	171.3	191.4	301.5	302.4	434.7	490.8	270.0
2. Time deposits	50,980.3	54,488.4	59,598.3	64,119.7	65,558.1	80,245.1	78,407.1	81,662.3	82,439.1	84,120.3
2.1. Local government	9.5	3.8	0.3	3.2	1.9	2.1	2.0	2.0	1.9	3.9
2.2. Enterprises	6,009.6	7,154.0	8,518.6	8,154.2	7,086.2	10,391.9	8,218.5	9,708.7	9,597.6	9,929.1
2.3. Households	44,159.2	46,805.1	50,636.0	55,036.1	57,210.8	66,465.7	67,096.1	68,665.8	69,660.4	70,853.9
2.4. Other banking institutions	41.5	21.7	20.7	242.0	366.2	1,038.6	899.7	940.9	1,039.3	1,160.0
2.5. Non-banking financial institutions	760.5	503.7	422.7	684.2	892.9	2,346.8	2,190.7	2,344.9	2,139.9	2,173.4
Total (1+2)	72,054.6	76,035.3	81,742.9	86,760.8	88,256.7	103,090.1	101,837.9	103,849.8	104,760.9	105,536.8

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

	2002	2003	2004	2005	2006	2007	2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Money market instruments (net)	5.1	–	–	–	0.8	0.8	0.8	0.8	0.8	0.8
2. Bonds (net)	92.8	151.9	170.5	164.9	340.9	632.0	629.7	619.4	637.8	638.5
3. Other domestic borrowing	118.4	446.5	993.0	912.1	502.5	576.0	220.4	355.7	292.5	312.3
3.1. Local government	–	0.9	–	–	–	–	–	–	–	–
3.2. Enterprises	46.3	92.7	40.3	40.8	0.0	152.9	0.0	0.0	0.0	0.0
3.3. Other banking institutions	10.0	222.1	842.8	828.1	492.8	266.4	202.4	336.0	265.8	285.3
3.4. Non-banking financial institutions	62.0	130.9	109.9	43.2	9.6	156.6	18.0	19.7	26.6	27.0
Total (1+2+3)	216.3	598.4	1,163.5	1,077.0	844.1	1,208.8	850.9	975.9	931.1	951.6

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

	2002	2003	2004	2005	2006	2007	2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Foreign liabilities in f/c	34,198.5	44,574.3	54,536.7	52,073.3	55,114.3	48,461.3	50,261.8	52,465.8	51,479.8	49,905.3
1.1. Liabilities to foreign financial institutions	28,662.3	38,623.1	48,967.5	45,747.7	48,561.3	41,483.1	43,509.4	45,611.0	44,727.4	43,127.7
Demand deposits	130.9	266.6	127.6	156.3	195.0	258.8	211.7	207.4	245.8	227.8
Time and notice deposits	9,002.9	12,885.2	16,056.8	12,523.1	12,174.1	10,562.9	13,014.2	14,405.6	12,694.1	10,093.1
Loans and advances	19,528.5	25,471.4	29,369.5	29,775.6	32,903.9	27,373.0	27,028.5	27,730.5	28,528.7	29,544.4
o/w: Subordinated and hybrid instruments	2,801.4	2,949.2	2,399.4	1,167.4	820.7	405.9	401.8	403.3	1,396.3	1,368.6
Bonds	–	–	3,413.6	3,292.6	3,288.3	3,288.4	3,255.1	3,267.5	3,258.7	3,262.4
1.2. Liabilities to foreign non-banks	5,536.2	5,951.2	5,569.2	6,325.6	6,553.0	6,978.2	6,752.5	6,854.9	6,752.5	6,777.6
Savings and time deposits	4,160.2	4,753.2	5,002.2	5,846.3	6,192.4	6,729.9	6,559.8	6,662.3	6,562.9	6,588.4
Sight deposits	875.6	898.6	1,052.5	1,172.9	1,635.8	1,537.2	1,532.9	1,574.3	1,582.6	1,541.4
Time and notice deposits	3,284.6	3,854.6	3,949.6	4,673.4	4,556.7	5,192.7	5,026.9	5,087.9	4,980.2	5,047.0
Loans and advances	1,376.0	1,198.0	567.1	479.3	360.5	248.3	192.7	192.6	189.6	189.2
o/w: Subordinated and hybrid instruments	39.7	39.1	0.2	–	–	–	–	–	–	–
2. Foreign liabilities in kuna	825.0	5,357.7	6,627.0	15,039.1	20,961.8	16,691.3	17,246.0	17,756.9	17,922.2	18,272.1
2.1. Liabilities to foreign financial institutions	690.9	5,087.8	6,103.9	14,099.6	20,087.0	16,093.8	16,494.8	17,071.1	17,198.1	17,592.8
Demand deposits	53.6	86.4	145.1	179.6	1,438.1	519.0	373.2	829.5	640.3	925.1
Time and notice deposits	635.8	2,664.1	2,846.9	6,979.5	11,198.8	11,423.7	11,970.4	12,090.4	12,406.6	12,489.6
Loans and advances	1.5	2,337.3	3,111.9	6,940.5	7,450.2	4,151.2	4,151.2	4,151.2	4,151.2	4,178.2
o/w: Subordinated and hybrid instruments	–	–	–	405.7	404.0	0.4	0.4	0.4	0.4	29.4
2.2. Liabilities to foreign non-banks	134.1	269.9	523.1	939.5	874.8	597.5	751.2	685.8	724.1	679.3
Demand deposits	56.2	76.8	95.9	180.3	170.1	253.2	301.7	254.2	250.7	294.9
Time and notice deposits	77.9	191.4	419.2	755.2	703.3	340.6	445.8	427.9	469.7	382.2
Loans and advances	–	1.7	8.0	4.0	1.4	3.7	3.7	3.7	3.7	2.2
o/w: Subordinated and hybrid instruments	–	–	–	–	–	–	–	–	–	–
Total (1+2)	35,023.5	49,932.0	61,163.7	67,112.3	76,076.0	65,152.6	67,507.8	70,222.8	69,402.1	68,177.4

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

	2002	2003	2004	2005	2006	2007	2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. In kuna	4,036.8	4,104.4	5,627.2	7,596.1	9,030.0	11,535.0	11,346.7	11,515.6	11,746.5	13,203.4
1.1. Central government deposits	634.3	506.4	445.1	605.0	497.5	666.4	684.0	661.1	590.0	1,706.9
Demand deposits	476.4	448.0	373.3	458.1	366.2	454.9	457.5	436.4	352.8	337.6
Savings deposits	3.3	3.0	4.2	1.8	2.1	1.2	1.2	1.1	1.1	1.0
Time and notice deposits	153.6	54.2	66.5	144.0	128.1	209.3	224.2	222.5	235.1	1,367.4
Loans and advances	1.1	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0
1.2. Central government funds' deposits	3,402.5	3,598.0	5,182.2	6,991.1	8,532.6	10,868.6	10,662.8	10,854.5	11,156.5	11,496.4
Demand deposits	553.2	294.8	266.3	580.2	254.6	330.1	319.7	248.4	227.0	232.9
Savings deposits	0.0	0.3	3.5	1.9	14.6	2.4	2.3	2.2	2.2	2.2
Time and notice deposits	144.3	156.2	262.3	251.7	496.7	413.6	273.7	438.5	481.9	462.8
Loans and advances	2,705.0	3,146.7	4,650.0	6,157.3	7,766.7	10,122.4	10,067.1	10,165.5	10,445.5	10,798.5
2. In f/c	2,058.1	1,178.9	1,194.6	1,690.9	1,770.4	1,990.8	1,924.5	2,037.7	1,917.6	992.4
2.1. Central government deposits	1,938.9	1,158.2	891.0	906.2	811.7	759.4	600.4	580.7	686.8	678.9
Savings deposits	263.0	198.5	189.7	340.6	264.8	527.4	275.6	269.9	264.7	262.8
Time and notice deposits	293.1	–	23.2	38.7	275.0	49.7	175.6	163.8	282.1	273.9
Refinanced loans and advances	1,382.8	959.6	678.1	527.0	271.9	182.3	149.2	147.0	140.0	142.2
2.2. Central government funds' deposits	119.2	20.8	303.6	784.7	958.6	1,231.4	1,324.1	1,457.0	1,230.8	313.5
Savings deposits	114.1	20.8	156.5	139.4	93.4	85.7	91.3	93.1	125.7	71.3
Time and notice deposits	5.0	–	147.1	25.8	356.2	153.8	170.4	355.2	174.2	242.2
Loans and advances	–	–	–	619.6	509.0	991.8	1,062.5	1,008.7	931.0	–
Total (1+2)	6,094.9	5,283.3	6,821.8	9,287.0	10,800.4	13,525.8	13,271.3	13,553.3	13,664.1	14,195.8

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

	2002	2003	2004	2005	2006	2007	2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Restricted deposits	1,361.2	1,541.2	2,014.6	2,036.4	2,447.6	2,252.3	2,504.5	2,604.6	2,333.7	2,570.5
1.1. In kuna	789.6	730.1	1,267.4	1,277.1	1,427.0	1,322.8	1,295.0	1,520.6	1,296.2	1,457.5
1.2. In f/c	571.6	811.1	747.2	759.3	1,020.5	929.5	1,209.5	1,084.0	1,037.5	1,113.0
2. Blocked f/c deposits of households	319.3	167.8	40.0	–	–	–	–	–	–	–
Total (1+2)	1,680.5	1,709.0	2,054.6	2,036.4	2,447.6	2,252.3	2,504.5	2,604.6	2,333.7	2,570.5

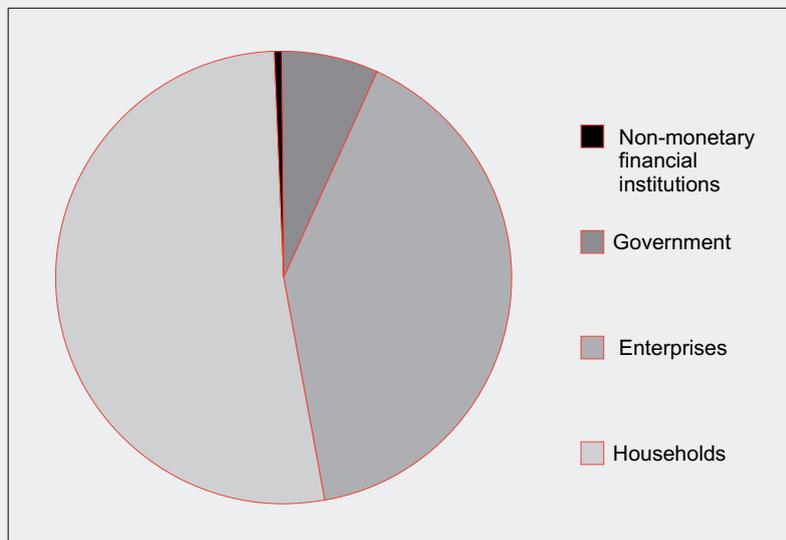
Table D12: Restricted and Blocked Deposits with Banks

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

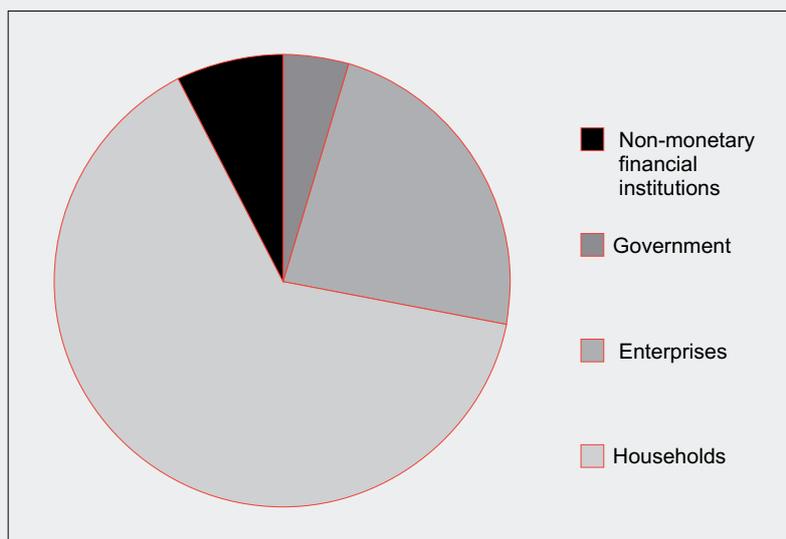
DISTRIBUTION OF BANKS' LOANS BY DOMESTIC INSTITUTIONAL SECTORS



April 2008

Figure D2

DISTRIBUTION OF BANKS' DEPOSITS BY DOMESTIC INSTITUTIONAL SECTORS



April 2008

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

	2002	2003	2004	2005	2006	2007	2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS										
1. Reserves with the CNB	19.1	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	1,983.9	3,033.5	3,779.1	4,274.3	4,674.8	4,036.5	3,835.2	3,772.9	3,750.6	3,712.5
3. Claims on other domestic sectors	93.3	187.9	373.2	575.5	1,296.0	2,220.4	2,265.7	2,339.0	2,389.9	2,454.3
o/w: Claims on households	91.3	187.9	373.2	575.5	1,296.0	2,220.4	2,265.7	2,339.0	2,389.9	2,454.3
4. Claims on banks	37.2	247.2	824.2	994.4	181.4	133.6	112.5	94.7	78.6	68.8
5. Claims on other banking institutions	–	–	–	–	–	–	–	–	–	–
Total (1+2+3+4+5)	2,133.6	3,468.6	4,976.6	5,844.2	6,152.3	6,390.5	6,213.5	6,206.7	6,219.1	6,235.6
LIABILITIES										
1. Time deposits	2,012.9	3,265.2	4,728.2	5,514.7	5,803.6	6,037.9	5,904.2	5,881.1	5,886.8	5,900.5
2. Bonds and money market instruments	–	11.1	10.7	10.3	61.7	40.1	39.7	39.8	44.8	44.9
3. Capital accounts	141.1	159.7	206.7	258.0	244.7	303.0	287.3	292.4	298.7	309.5
4. Other items (net)	–20.4	32.6	30.8	61.1	42.2	9.6	–17.7	–6.7	–11.2	–19.3
Total (1+2+3+4)	2,133.6	3,468.6	4,976.6	5,844.2	6,152.3	6,390.5	6,213.5	6,206.7	6,219.1	6,235.6

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
1994	December	8.50	–	18.00	19.00	17.00	14.00	19.00	22.00
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	May	4.50	3.50	7.50	–	–	8.50	15.00	15.00
	June	4.50	3.50	7.50	–	–	8.50	15.00	15.00
	July	4.50	3.50	7.50	–	–	8.50	15.00	15.00
	August	4.50	3.50	7.50	–	–	8.50	15.00	15.00
	September	4.50	3.50	7.50	–	–	8.50	15.00	15.00
	October	4.50	3.51	7.50	–	–	8.50	15.00	15.00
	November	4.50	3.86	7.50	–	–	8.50	15.00	15.00
	December	9.00 ^d	4.06	7.50	–	–	8.50	15.00	15.00
2008	January	9.00	4.13	7.50	–	–	10.00	15.00	15.00
	February	9.00	4.63	9.00	–	–	10.00	15.00	15.00
	March	9.00	4.96	9.00	–	–	10.00	15.00	15.00
	April	9.00	4.95	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
1994	December	5.15	–	9.00	12.00	14.00	–	–	–	–	–	–	–
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	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
2008	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
1994	December	26.20	1,826.0	1,826.0	–	188.3	1,779.2	–	5.63	–
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	May	17.00	43,037.4	30,522.2	12,515.3	11,873.1	21,365.5	9,386.5	0.52	0.76
	June	17.00	42,911.2	30,522.2	12,389.0	10,858.6	21,365.6	9,250.8	0.52	1.03
	July	17.00	43,245.7	30,834.9	12,410.8	9,914.5	21,584.4	9,245.3	0.52	0.97
	August	17.00	43,516.6	31,062.2	12,454.4	9,068.2	21,743.6	9,212.6	0.52	0.93
	September	17.00	43,710.7	31,214.4	12,496.3	7,230.6	21,850.1	9,149.0	0.52	1.30
	October	17.00	44,001.4	31,402.4	12,599.0	5,244.5	21,981.7	9,133.8	0.53	1.19
	November	17.00	44,318.8	31,692.2	12,626.7	5,500.1	22,184.5	9,162.5	0.53	1.55
	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	January	17.00	44,828.6	32,068.2	12,760.4	5,207.2	22,447.7	9,274.6	0.52	1.17
	February	17.00	45,269.3	32,262.1	13,007.2	5,521.6	22,580.7	9,482.8	0.52	1.41
	March	17.00	45,550.5	32,293.9	13,256.6	6,778.8	22,604.0	9,701.4	0.52	1.05
	April	17.00	45,815.3	32,440.9	13,374.4	7,654.2	22,708.6	9,794.0	0.52	0.84

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, statutory reserves on f/c deposits, f/c credits from foreign banks and guarantees for such credits and marginal reserve requirement (from August 2004).

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

Column 9 shows the portion of the foreign currency reserve requirement which banks deposit in the CNB's foreign currency accounts. The percentage for allocating the foreign currency component of reserve requirements calculated on the basis of foreign currency funds of non-residents and foreign currency funds received

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
1994	December	119.5	....	1.72	393.7	210.2	–	–
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	May	604.4	18,619.1	0.57	5.7	0.0	0.0	2,954.1
	June	862.0	20,836.6	0.81	30.6	0.0	0.0	3,629.0
	July	948.2	22,189.3	0.87	61.0	0.0	0.0	2,502.7
	August	756.4	24,793.4	0.69	5.7	0.0	0.0	3,766.6
	September	1,253.9	26,547.4	1.14	93.3	0.0	0.0	3,999.5
	October	847.6	28,521.0	0.77	708.6	0.0	0.0	5,542.9
	November	694.8	29,523.2	0.62	1,195.3	0.0	0.0	6,642.4
	December	1,161.5	30,412.6	1.03	330.4	0.0	0.0	4,449.4
2008	January	791.6	29,493.9	0.70	670.3	0.0	0.0	7,990.6
	February	866.1	28,898.6	0.76	251.0	0.0	0.0	7,100.2
	March	1,209.2	27,133.6	1.08	1.7	0.0	0.0	6,771.8
	April	970.7	24,928.8	0.87	0.0	0.0	0.0	6,934.5

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 on). 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 bank's total reserves (in settlement accounts and in vaults) decreased by the minimal average settlement account and vault balance, as prescribed by instruments of the CNB.

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	
1994	December	8.50	17.76	15.39	15.43	....	....	....	....	13.82	....	....
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	May	3.84	4.27	9.21	9.52	6.74	12.23	13.16	5.55	7.96	6.54	8.79	
	June	5.11	5.54	9.28	9.69	7.03	12.29	13.18	5.12	7.84	6.52	8.77	
	July	4.87	6.50	9.13	9.51	6.77	12.30	13.17	5.34	7.75	6.64	8.45	
	August	2.85	4.25	9.46	10.02	7.12	12.16	13.23	4.95	7.42	6.53	7.95	
	September	4.05	5.27	9.53	10.06	7.04	12.27	13.22	5.72	7.80	6.53	8.17	
	October	6.25	7.75	9.02	9.33	7.23	10.80	13.22	4.55	7.60	6.84	7.87	
	November	6.41	7.47	9.52	10.00	7.24	12.36	13.22	4.97	7.43	6.83	7.74	
	December	5.33	6.71	9.32	9.74	7.39	12.34	13.19	4.95	7.50	6.66	8.01	
2008	January	6.67	6.97	9.90	10.21	7.81	12.17	12.89	4.91	8.16	7.40	8.42	
	February	4.07	6.42	9.95	10.27	7.62	12.18	12.92	5.29	8.43	7.55	8.99	
	March	2.69	5.78	9.69	9.92	7.36	12.15	12.90	4.92	8.40	7.20	9.02	
	April	2.44	5.85	10.11	10.45	7.78	12.59	13.42	5.66	8.43	7.30	9.03	
	Relative significance ^a	–	–	74.87	62.44	27.79	34.65	30.92	3.73	12.43	4.28	8.15	

^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
1994	December	11.99	12.38	....	....	11.65	....	....	....	....	....	....	....
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	May	6.12	6.56	6.59	6.49	6.05	6.32	5.91	4.90	7.11	6.28	6.41	6.03
	June	5.98	6.54	6.53	6.59	5.89	5.81	5.97	4.86	7.11	6.32	6.32	6.32
	July	6.11	6.33	6.20	7.17	6.05	5.96	6.15	4.92	7.26	6.52	6.58	6.44
	August	6.46	6.86	6.96	6.19	6.37	6.28	6.46	4.92	7.71	6.71	6.82	6.40
	September	6.86	6.74	6.80	6.55	6.89	6.56	7.07	4.96	8.16	6.73	6.74	6.69
	October	6.64	6.80	6.82	6.69	6.60	6.04	7.15	5.13	8.36	6.81	6.66	7.10
	November	6.37	5.85	5.84	6.19	6.88	6.37	7.23	5.23	8.59	6.63	6.96	6.34
	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	January	6.86	6.99	7.01	6.92	6.83	6.75	6.87	4.82	8.47	6.51	6.83	6.23
	February	6.97	6.98	7.09	6.15	6.97	6.35	7.45	5.44	8.65	7.11	7.23	6.82
	March	7.16	6.83	6.91	6.46	7.26	6.39	7.75	5.65	8.79	6.83	7.00	6.63
	April	7.31	7.21	7.06	8.35	7.34	6.62	7.90	5.75	8.92	6.96	7.06	6.82
Relative significance ^a		20.50	4.11	3.63	0.47	16.40	7.14	9.26	3.00	6.25	4.63	2.71	1.91

^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
1994	December	5.03	3.55	9.65	....	....	....	....	....	....
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	May	2.16	0.55	3.75	3.65	4.12	3.50	4.32	5.20	4.16
	June	2.40	0.55	4.55	4.52	4.12	4.63	4.75	5.15	4.68
	July	2.45	0.49	4.95	4.86	4.20	5.02	5.88	5.30	6.03
	August	2.37	0.48	4.25	4.14	4.31	4.10	5.20	5.51	5.13
	September	2.50	0.49	4.82	4.69	4.29	4.77	6.04	5.44	6.23
	October	2.60	0.47	5.65	5.57	4.43	5.77	6.36	5.66	6.54
	November	2.64	0.47	5.94	5.91	4.41	6.21	6.24	5.40	6.45
	December	2.67	0.49	5.42	5.34	4.47	5.48	6.28	5.45	6.45
2008	January	3.00	0.47	5.79	5.63	4.57	5.80	7.84	5.56	8.49
	February	2.79	0.46	5.01	4.92	4.80	4.95	5.92	5.35	6.04
	March	2.62	0.46	4.48	4.32	4.69	4.22	5.82	5.43	5.91
	April	2.62	0.45	4.11	3.98	4.69	3.82	5.78	5.45	5.92
Relative significance ^a		58.61	32.61	22.89	21.28	3.94	17.33	1.61	0.45	1.16

^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
1994	December	6.95	....	....	....	....	....	....	....	....
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	May	3.71	3.58	4.51	3.11	0.25	0.24	0.17	0.36	0.40
	June	3.89	3.74	4.58	3.08	0.26	0.24	0.17	0.35	0.59
	July	3.68	3.89	4.76	3.22	0.25	0.23	0.17	0.34	0.48
	August	3.96	3.79	4.74	3.33	0.26	0.23	0.17	0.33	0.60
	September	4.12	3.74	4.64	3.28	0.25	0.23	0.16	0.32	0.58
	October	4.13	3.80	4.56	3.38	0.25	0.23	0.16	0.32	0.63
	November	3.85	4.18	4.30	3.41	0.27	0.22	0.15	0.41	0.65
	December	3.98	3.76	4.35	3.44	0.25	0.22	0.15	0.36	0.43
2008	January	4.00	3.66	4.47	3.36	0.26	0.22	0.15	0.38	0.36
	February	4.25	3.91	5.36	3.49	0.25	0.23	0.15	0.36	0.49
	March	4.12	3.84	4.57	3.46	0.27	0.22	0.16	0.43	0.36
	April	3.89 ^b	4.27	4.34	3.56	0.25	0.22	0.15	0.38	0.32
Relative significance ^a		0.71	0.63	0.07	40.68	19.94	13.99	1.53	4.11	0.31

^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, 17.16% 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 time deposits indexed to f/c, 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

Year	Month	Interest rates on foreign currency deposits										
		On time deposits										
		Total average	On short-term deposits				On long-term deposits					
			Total average	Households		Enterprises		Total average	Households		Enterprises	
EUR	USD	EUR		USD	EUR	USD	EUR		USD			
1	2	12	13	14	15	16	17	18	19	20	21	22
1994	December	....	....	....	....	....	....	....	....	....	....	....
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	May	4.00	3.93	3.21	2.09	4.51	5.57	4.52	4.58	3.64	4.17	5.17
	June	4.05	4.02	3.20	2.16	4.80	5.72	4.30	4.31	3.71	4.94	–
	July	4.23	4.17	3.28	2.11	4.87	6.02	4.69	4.71	3.84	5.25	2.96
	August	4.16	4.05	3.43	2.24	4.67	5.89	4.79	4.80	3.90	5.49	–
	September	4.16	4.09	3.37	2.16	4.76	5.92	4.67	4.72	3.48	4.85	4.85
	October	4.30	4.25	3.39	2.52	4.95	5.95	4.72	4.77	3.80	4.92	0.00
	November	4.34	4.28	3.50	2.49	5.00	5.61	4.74	4.79	3.58	4.84	3.11
2008	December	4.32	4.25	3.47	2.60	5.10	5.33	4.80	4.83	3.84	5.13	2.19
	January	4.17	4.09	3.45	2.60	4.83	5.01	4.70	4.75	3.69	4.31	5.92
	February	4.32	4.25	3.53	2.60	5.11	4.34	4.79	4.84	3.88	4.52	4.87
	March	4.18	4.10	3.51	2.53	4.93	3.97	4.73	4.78	3.46	4.99	2.70
	April	4.15	4.06	3.62	2.56	4.64	3.81	4.83	4.88	3.82	4.22	2.29
Relative significance ^a		20.73	18.36	8.27	0.50	8.20	1.39	2.38	2.26	0.09	0.02	0.00

^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

	2002	2003	2004	2005	2006	2007	2008				
							Jan.	Feb.	Mar.	Apr. ^a	May ^b
A. Purchase of foreign exchange											
1. Legal persons	4,727.8	6,433.1	7,465.3	8,443.5	14,442.7	26,365.0	2,880.1	2,168.1	2,776.6	3,892.2	3,559.5
2. Natural persons	3,342.6	3,571.6	3,934.4	4,931.8	6,262.7	6,151.3	314.2	278.8	327.0	356.8	342.1
2.1. Residents	2,842.0	3,103.3	3,586.1	4,662.6	5,909.4	3,184.0	302.1	264.7	306.3	327.1	–
2.2. Non-residents	500.7	468.2	348.3	269.2	353.2	326.3	12.1	14.1	20.7	29.7	–
3. Domestic banks	4,104.5	6,324.4	10,799.3	9,069.9	14,380.1	20,141.3	2,547.3	2,361.8	1,339.1	1,302.2	954.3
4. Foreign banks	697.9	1,430.6	1,426.2	2,602.3	5,056.8	5,194.1	382.1	384.6	427.1	180.2	675.0
5. Croatian National Bank	294.3	438.3	33.0	0.0	125.5	0.0	–	–	–	–	–
Total (1+2+3+4)	13,167.1	18,197.9	24,110.1	25,106.0	40,439.5	57,851.7	6,123.8	5,193.3	4,869.8	5,731.4	5,530.9
B. Sale of foreign exchange											
1. Legal persons	9,029.3	10,852.4	11,280.3	13,022.3	17,515.0	28,564.1	2,897.0	2,319.9	2,860.6	3,799.3	3,817.2
2. Natural persons	1,333.6	1,403.1	1,671.1	2,722.5	4,109.1	3,712.5	302.1	435.7	307.6	260.4	255.1
2.1. Residents	1,329.7	1,393.1	1,654.5	2,693.9	4,056.4	2,071.3	300.1	433.5	305.9	259.0	–
2.2. Non-residents	3.9	10.0	16.6	28.6	52.6	40.0	2.0	2.2	1.8	1.4	–
3. Domestic banks	4,104.5	6,324.4	10,799.3	9,069.9	14,380.1	20,141.3	2,547.3	2,361.8	1,339.1	1,302.2	954.3
4. Foreign banks	334.3	765.3	1,001.1	1,407.1	3,526.1	4,072.6	392.8	267.9	206.9	266.1	657.3
5. Croatian National Bank	745.3	84.5	543.2	670.8	1,329.5	839.0	–	189.1	–	–	–
Total (1+2+3+4)	15,547.0	19,429.7	25,295.0	26,892.7	40,859.7	57,329.5	6,139.3	5,574.5	4,714.2	5,628.1	5,684.0
C. Net purchase (A-B)											
1. Legal persons	–4,301.5	–4,419.4	–3,815.1	–4,578.8	–3,072.3	–2,199.1	–16.9	–151.8	–84.0	92.9	–257.8
2. Natural persons	2,009.0	2,168.4	2,263.3	2,209.3	2,153.6	2,438.9	12.2	–156.9	19.4	96.4	87.0
2.1. Residents	1,512.3	1,710.2	1,931.6	1,968.7	1,853.0	1,112.7	2.0	–168.9	0.4	68.1	–
2.2. Non-residents	496.7	458.2	331.7	240.6	300.6	286.3	10.1	11.9	18.9	28.3	–
3. Foreign banks	363.6	665.3	425.1	1,195.2	1,530.7	1,121.4	–10.7	116.6	220.3	–86.0	17.7
4. Croatian National Bank	–451.0	353.8	–510.2	–670.8	–1,204.0	–839.0	–	–189.1	–	–	–
Total (1+2+3)	–2,379.9	–1,231.8	–1,636.9	–1,845.2	–592.1	522.2	–15.5	–381.2	155.6	103.3	–153.1
Memo items: Other Croatian National Bank transactions											
Purchase of foreign exchange	197.5	570.9	145.1	–	3.1	5.1	0.1	0.1	0.2	0.9	102.2
Sale of foreign exchange	3.4	94.9	239.3	167.6	441.3	176.7	50.7	33.0	–	–	–

^a Revised data. ^b Preliminary data.**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

million euros

	2002	2003	2004 ^a	2005 ^a	2006 ^a	2007 ^a	2007				2008
							Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^a	Q1 ^b
A. CURRENT ACCOUNT (1+6)	-2,098.7	-1,888.8	-1,433.7	-1,975.6	-2,696.3	-3,226.0	-2,022.8	-1,375.5	2,084.4	-1,912.2	-2,488.4
1. Goods, services, and income (2+5)	-3,250.8	-3,133.3	-2,625.5	-3,159.5	-3,803.7	-4,269.0	-2,270.5	-1,645.3	1,821.2	-2,174.4	-2,712.2
1.1. Credit	11,590.1	13,590.1	14,952.8	15,990.2	17,889.2	19,654.5	3,129.9	4,848.8	7,723.1	3,952.5	3,397.5
1.2. Debit	-14,841.0	-16,723.5	-17,578.3	-19,149.7	-21,692.9	-23,923.5	-5,400.4	-6,494.2	-5,901.9	-6,127.0	-6,109.7
2. Goods and services (3+4)	-2,673.1	-2,038.1	-1,955.3	-2,200.2	-2,633.8	-3,124.9	-2,060.5	-1,003.1	2,015.7	-2,077.0	-2,452.8
2.1. Credit	11,127.9	13,140.6	14,243.5	15,272.9	16,997.7	18,364.0	2,817.8	4,517.7	7,407.7	3,620.7	3,066.5
2.2. Debit	-13,801.0	-15,178.7	-16,198.8	-17,473.2	-19,631.5	-21,488.9	-4,878.4	-5,520.8	-5,392.0	-5,697.8	-5,519.3
3. Goods	-5,957.9	-6,971.2	-6,724.2	-7,518.0	-8,344.2	-9,434.0	-2,159.1	-2,528.1	-2,310.6	-2,436.2	-2,552.3
3.1. Credit	5,295.6	5,574.7	6,606.8	7,220.3	8,463.6	9,192.5	2,046.3	2,308.9	2,360.8	2,476.5	2,224.9
3.2. Debit	-11,253.5	-12,545.9	-13,330.9	-14,738.3	-16,807.8	-18,626.5	-4,205.5	-4,837.0	-4,671.4	-4,912.6	-4,777.2
4. Services	3,284.8	4,933.0	4,768.9	5,317.7	5,710.4	6,309.0	98.6	1,525.0	4,326.3	359.1	99.5
4.1. Credit	5,832.3	7,565.9	7,636.7	8,052.6	8,534.1	9,171.5	771.5	2,208.8	5,046.9	1,144.3	841.6
4.2. Debit	-2,547.5	-2,632.8	-2,867.8	-2,734.9	-2,823.7	-2,862.4	-672.9	-683.8	-720.6	-785.1	-742.1
5. Income	-577.7	-1,095.2	-670.2	-959.2	-1,169.9	-1,144.1	-210.0	-642.2	-194.5	-97.4	-259.4
5.1. Credit	462.3	449.5	709.3	717.3	891.5	1,290.5	312.1	331.1	315.4	331.8	331.0
5.2. Debit	-1,040.0	-1,544.7	-1,379.6	-1,676.5	-2,061.5	-2,434.5	-522.1	-973.3	-509.9	-429.2	-590.4
6. Current transfers	1,152.2	1,244.5	1,191.8	1,183.8	1,107.4	1,043.0	247.7	269.8	263.2	262.3	223.9
6.1. Credit	1,453.2	1,538.7	1,584.6	1,628.4	1,639.5	1,576.1	358.2	403.2	387.9	426.8	349.7
6.2. Debit	-301.1	-294.2	-392.8	-444.6	-532.1	-533.1	-110.6	-133.4	-124.7	-164.5	-125.9
B. CAPITAL AND FINANCIAL ACCOUNT	2,538.0	2,716.9	2,560.4	3,013.5	3,680.1	4,071.3	1,356.5	1,390.4	81.3	1,243.1	2,309.2
B1. Capital account	521.6	101.9	31.4	53.8	-133.8	34.5	7.0	9.1	12.8	5.6	4.8
B2. Financial account, excl. reserves	2,758.3	3,850.5	2,572.0	3,781.6	5,226.1	4,758.4	2,157.6	1,045.4	-242.0	1,797.4	3,000.3
1. Direct investment	530.8	1,656.9	670.8	1,276.1	2,570.7	3,416.2	1,277.9	938.5	499.3	700.5	837.1
1.1. Abroad	-607.1	-105.5	-278.8	-191.8	-174.5	-180.3	-85.0	-48.4	-37.7	-9.2	149.1
1.2. In Croatia	1,137.9	1,762.4	949.6	1,467.9	2,745.2	3,596.6	1,362.9	986.9	537.1	709.7	688.0
2. Portfolio investment	-437.7	867.6	287.1	-1,177.9	-542.8	-4.3	-386.9	35.9	185.7	161.1	477.5
2.1. Assets	-650.5	121.6	-736.1	-571.2	-472.5	-413.1	-314.6	-329.4	69.1	161.8	595.4
2.2. Liabilities	212.9	746.0	1,023.2	-606.7	-70.4	408.8	-72.3	365.3	116.6	-0.7	-118.0
3. Financial derivatives	0.0	0.0	0.0	-88.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Other investment	2,665.1	1,326.0	1,614.1	3,771.8	3,198.3	1,346.4	1,266.6	71.0	-926.9	935.8	1,685.7
4.1. Assets	460.0	-2,216.9	-498.3	982.0	-692.3	-1,653.5	362.1	-352.5	-1,085.4	-577.7	603.8
4.2. Liabilities	2,205.0	3,542.9	2,112.4	2,789.7	3,890.6	2,999.9	904.5	423.5	158.4	1,513.4	1,082.0
B3. Reserve assets	-741.9	-1,235.5	-43.0	-821.8	-1,412.2	-721.6	-808.1	335.9	310.5	-559.8	-696.0
C. NET ERRORS AND OMISSIONS	-439.3	-828.1	-1,126.7	-1,037.9	-983.8	-845.3	666.3	-14.9	-2,165.8	669.0	179.1

^a Revised data. ^b 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, 1993). Data sources include: 1. reports of the government institutions (Central Bureau of Statistics and Croatian Institute for Health Insurance), 2. special reports of the Croatian National Bank (International Transaction Reporting System (ITRS), external debt relations, monetary statistics and reserve assets) and 3. estimates and statistical research carried out by the Croatian National Bank.

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

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

The Report of the Central Bureau of Statistics on foreign trade in goods of the Republic of Croatia represents the basic data source for the balance of payments items related to exports and imports. These data are adjusted, in accordance with the recommended compilation method, for coverage and classification. Accordingly, goods exports and imports in the balance of payments are reported at f.o.b. parity. The value of exports at this parity is already contained in the previously mentioned CBS Report, whereas the value of imports f.o.b. is estimated on the basis of research studies of the CNB on the stratified sample of importers. The resulting value serves as a basis for the estimate of the share of transportation and insurance services by

Table H2: Balance of Payments – Goods and Services

million euros

	2002	2003	2004	2005	2006	2007 ^a	2007				2008
							Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^a	Q1 ^b
Goods	-5,957.9	-6,971.2	-6,724.2	-7,518.0	-8,344.2	-9,434.0	-2,159.1	-2,528.1	-2,310.6	-2,436.2	-2,552.3
1. Credit	5,295.6	5,574.7	6,606.8	7,220.3	8,463.6	9,192.5	2,046.3	2,308.9	2,360.8	2,476.5	2,224.9
1.1. Exports (f.o.b.) in trade statistics	5,188.2	5,464.4	6,453.8	7,069.4	8,251.6	9,001.6	2,009.8	2,265.5	2,301.5	2,424.8	2,175.4
1.2. Adjustments for coverage	107.4	110.4	153.0	150.9	212.0	191.0	36.5	43.4	59.3	51.7	49.5
2. Debit	-11,253.5	-12,545.9	-13,330.9	-14,738.3	-16,807.8	-18,626.5	-4,205.5	-4,837.0	-4,671.4	-4,912.6	-4,777.2
2.1. Imports (c.i.f.) in trade statistics	-11,327.0	-12,538.0	-13,354.4	-14,949.5	-17,104.7	-18,826.6	-4,270.2	-4,888.2	-4,704.3	-4,963.9	-4,845.5
2.2. Adjustments for coverage	-348.9	-475.6	-474.7	-346.4	-341.1	-370.4	-64.6	-96.9	-109.7	-99.2	-78.5
2.3. Adjustments for classification	422.5	467.7	498.1	557.6	638.0	570.4	129.4	148.1	142.5	150.4	146.8
Services	3,284.8	4,933.0	4,768.9	5,317.7	5,710.4	6,309.0	98.6	1,525.0	4,326.3	359.1	99.5
1. Transportation	172.0	252.2	299.3	376.1	424.7	449.5	89.2	114.3	154.4	91.6	96.5
1.1. Credit	622.8	696.3	791.3	880.3	987.9	1,084.3	226.6	275.7	326.5	255.6	242.1
1.2. Debit	-450.8	-444.1	-492.0	-504.2	-563.2	-634.8	-137.4	-161.4	-172.0	-164.0	-145.6
2. Travel	3,138.6	4,976.6	4,822.3	5,394.9	5,708.7	6,035.2	101.1	1,457.9	4,133.3	342.9	118.9
2.1. Credit	3,960.8	5,572.7	5,505.6	5,998.9	6,293.3	6,752.6	262.4	1,629.6	4,316.5	544.0	307.8
2.1.1. Business	341.2	260.9	328.2	504.0	388.4	389.2	56.5	125.7	120.2	86.6	46.6
2.1.2. Personal	3,619.7	5,311.8	5,177.4	5,494.9	5,904.9	6,363.4	205.9	1,503.9	4,196.3	457.4	261.3
2.2. Debit	-822.2	-596.1	-683.3	-604.1	-584.6	-717.3	-161.3	-171.7	-183.2	-201.2	-189.0
2.2.1. Business	-482.6	-292.3	-297.3	-267.4	-229.5	-266.9	-44.5	-60.2	-71.9	-90.3	-61.7
2.2.2. Personal	-339.6	-303.8	-386.0	-336.7	-355.1	-450.4	-116.8	-111.4	-111.2	-110.8	-127.2
3. Other services	-25.9	-295.8	-352.7	-453.3	-422.9	-175.7	-91.7	-47.3	38.5	-75.3	-115.9
3.1. Credit	1,248.6	1,296.9	1,339.8	1,173.4	1,252.9	1,334.6	282.5	303.5	403.9	344.6	291.7
3.2. Debit	-1,274.5	-1,592.7	-1,692.5	-1,626.6	-1,675.8	-1,510.3	-374.2	-350.8	-365.4	-419.9	-407.5

^a Revised data. ^b Preliminary data.

which the original value of imports c.i.f., stated in the CBS Report, is reduced. In the 1993-2001 period, this share stood at 7.10% (estimated only on the basis of the largest and large importers), while from 2002 on it has amounted to 3.73%. The same research study, conducted by the CNB at the end of 2006 (comprising the imports in the previous year), showed that the share of transportation and insurance costs, after continuing to decrease, has reached 3.03%. This share was first applied in the calculations for the first quarter of 2007. In the period from 1993 to 1996, the value of imports was modified by estimates of imports in duty free zones, which have been included in the merchandise trade statistics since 1997. From 1996 on, goods exports and imports are modified by the data on repairs on goods and goods procured in ports by carriers. In addition, since 1999, based on the Survey on Consumption of Foreign Travellers in Croatia and Domestic Travellers Abroad, the item of goods exports has been modified by the estimated value of goods sold to foreign travellers and tourists and taken out of the Republic of Croatia. The item of goods imports is adjusted for the estimated value of goods imported personally by the Croatian citizens from the neighbouring countries (shopping expenditures).

Transportation, travel and other services are reported separately under service account. Revenues and expenditures on the basis of transportation, in the 1993-1998 period, were adopted from the ITRS. From 1999 on, revenues and expenditures arising from transportation of goods and passengers, as well as the value of accompanying services, which together constitute the total value of these services, are compiled on the basis of the results of the Research on transactions related to international transportation services, carried out by the CNB. Owing to an exceptionally large population of road carriers, revenues and expenditures on the basis of road 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. 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

Table H3: Balance of Payments – Income and Current Transfers

million euros

	2002	2003	2004	2005	2006 ^a	2007 ^a	2007				2008
							Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^a	Q1 ^b
Income	-577.7	-1,095.2	-670.2	-959.2	-1,169.9	-1,144.1	-210.0	-642.2	-194.5	-97.4	-259.4
1. Compensation of employees	167.6	183.9	233.9	259.7	373.2	494.2	118.1	122.7	125.5	127.9	130.4
1.1. Credit	187.2	217.3	268.3	289.2	404.3	527.8	125.4	130.5	133.4	138.5	137.4
1.2. Debit	-19.5	-33.4	-34.4	-29.5	-31.1	-33.6	-7.3	-7.8	-7.9	-10.6	-7.0
2. Direct investment income	-353.3	-854.7	-441.6	-739.0	-989.0	-935.6	-175.3	-592.9	-136.4	-31.0	-175.5
2.1. Credit	25.1	35.2	175.6	112.7	79.5	172.0	57.9	58.2	36.4	19.5	42.4
o/w: Reinvested earnings	8.3	31.7	165.8	63.8	64.0	119.9	47.0	47.5	28.6	-3.1	29.1
2.2. Debit	-378.5	-889.9	-617.3	-851.8	-1,068.5	-1,107.5	-233.2	-651.0	-172.8	-50.5	-217.9
o/w: Reinvested earnings	-160.9	-587.9	-291.7	-570.5	-703.3	-493.0	-60.9	-316.7	-107.0	-8.5	4.9
3. Portfolio investment income	-219.1	-238.7	-250.0	-217.6	-175.9	-162.4	-39.5	-40.8	-45.1	-37.0	-38.5
3.1. Credit	0.0	0.0	32.7	46.2	57.4	74.5	15.2	20.6	16.0	22.6	16.9
3.2. Debit	-219.1	-238.7	-282.7	-263.8	-233.3	-236.9	-54.8	-61.4	-61.1	-59.6	-55.4
4. Other investment income	-173.0	-185.7	-212.5	-262.3	-378.2	-540.3	-113.2	-131.2	-138.5	-157.3	-175.9
4.1. Credit	249.9	197.0	232.6	269.1	350.4	516.2	113.6	121.9	129.6	151.2	134.3
4.2. Debit	-422.9	-382.7	-445.2	-531.5	-728.6	-1,056.5	-226.8	-253.1	-268.1	-308.5	-310.2
Current transfers	1,152.2	1,244.5	1,191.8	1,183.8	1,107.4	1,043.0	247.7	269.8	263.2	262.3	223.9
1. General government	32.2	70.5	2.6	9.7	-8.6	-16.7	-6.0	-4.2	-13.8	7.4	-24.7
1.1. Credit	143.4	213.1	180.1	219.6	255.7	260.2	54.6	65.6	53.7	86.3	48.3
1.2. Debit	-111.2	-142.6	-177.5	-209.9	-264.4	-276.8	-60.7	-69.7	-67.5	-78.9	-72.9
2. Other sectors	1,120.0	1,174.0	1,189.2	1,174.1	1,116.0	1,059.6	253.7	274.0	277.0	254.9	248.6
2.1. Credit	1,309.8	1,325.6	1,404.5	1,408.8	1,383.8	1,316.0	303.6	337.6	334.2	340.6	301.5
2.2. Debit	-189.8	-151.6	-215.3	-234.6	-267.7	-256.3	-49.9	-63.6	-57.1	-85.7	-52.9

^a Revised data ^b Preliminary data.

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.

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,

Table H4: Balance of Payments – Direct and Portfolio Investments

million euros

	2002	2003	2004	2005	2006 ^a	2007 ^a	2007				2008
							Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^a	Q1 ^b
Direct investment	530.8	1,656.9	670.8	1,276.1	2,570.7	3,416.2	1,277.9	938.5	499.3	700.5	837.1
1. Abroad	-607.1	-105.5	-278.8	-191.8	-174.5	-180.3	-85.0	-48.4	-37.7	-9.2	149.1
1.1. Equity capital and reinvested earnings	-601.0	-101.9	-259.6	-121.0	-179.0	-236.9	-77.3	-70.6	-63.1	-26.0	138.7
1.1.1. Claims	-603.1	-101.9	-260.0	-122.2	-179.0	-240.1	-77.3	-70.6	-63.1	-29.2	138.7
1.1.2. Liabilities	2.1	0.0	0.4	1.3	0.0	3.2	0.0	0.0	0.0	3.2	0.0
1.2. Other capital	-6.1	-3.6	-19.2	-70.9	4.4	56.6	-7.7	22.2	25.4	16.7	10.4
1.1.1. Claims	-7.7	-15.3	-23.6	-59.8	-13.2	22.7	-11.5	18.2	24.3	-8.3	7.1
1.2.2. Liabilities	1.6	11.7	4.4	-11.1	17.6	33.9	3.8	4.0	1.1	25.0	3.3
2. In Croatia	1,137.9	1,762.4	949.6	1,467.9	2,745.2	3,596.6	1,362.9	986.9	537.1	709.7	688.0
2.1. Equity capital and reinvested earnings	879.3	1,349.8	611.4	1,363.5	2,442.3	2,606.8	1,092.1	432.4	533.9	548.5	322.1
2.1.1. Claims	0.0	-1.2	-22.4	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	-4.9
2.1.2. Liabilities	879.3	1,351.1	633.8	1,363.5	2,442.4	2,606.8	1,092.1	432.4	533.9	548.5	326.9
2.2. Other capital	258.6	412.5	338.2	104.4	302.9	989.8	270.9	554.5	3.1	161.3	365.9
2.2.1. Claims	-0.3	-1.5	-17.8	0.0	16.6	-2.6	-1.7	0.0	-0.9	0.0	-0.3
2.2.2. Liabilities	259.0	414.0	356.0	104.4	286.3	992.4	272.5	554.5	4.1	161.3	366.2
Portfolio investment	-437.7	867.6	287.1	-1,177.9	-542.8	-4.3	-386.9	35.9	185.7	161.1	477.5
1. Assets	-650.5	121.6	-736.1	-571.2	-472.5	-413.1	-314.6	-329.4	69.1	161.8	595.4
1.1. Equity securities	-78.4	-57.8	-39.1	-193.0	-320.5	-842.8	-431.4	-278.7	-242.1	109.4	517.5
1.1.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1.1. Banks	-2.7	0.3	0.0	0.0	2.6	-0.6	-0.6	0.0	0.1	-0.2	-0.3
1.1.1.2. Other sectors	-75.6	-58.1	-39.1	-193.0	-323.1	-842.2	-430.8	-278.7	-242.2	109.6	517.8
1.2. Debt securities	-572.2	179.4	-696.9	-378.2	-152.0	429.7	116.8	-50.7	311.2	52.4	78.0
1.2.1. Bonds	-586.9	165.9	-567.1	-396.5	98.7	323.0	136.2	-37.5	151.4	72.9	21.8
1.2.1.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.1.2. Banks	-566.6	180.1	-575.0	-360.2	142.4	261.1	89.3	33.5	56.9	81.3	28.9
1.2.1.3. Other sectors	-20.3	-14.1	7.9	-36.3	-43.7	61.9	46.9	-71.0	94.4	-8.4	-7.1
1.2.2. Money market instruments	14.7	13.5	-129.9	18.3	-250.6	106.7	-19.4	-13.3	159.8	-20.5	56.2
1.2.2.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2.2. Banks	20.9	7.3	-129.9	18.3	-250.6	106.7	-19.4	-13.3	159.8	-20.5	56.2
1.2.2.3. Other sectors	-6.2	6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Liabilities	212.9	746.0	1,023.2	-606.7	-70.4	408.8	-72.3	365.3	116.6	-0.7	-118.0
2.1. Equity securities	42.4	13.0	141.6	89.2	325.2	314.2	26.3	57.2	88.2	142.6	-34.5
2.1.1. Banks	2.5	-2.6	0.8	-12.8	41.7	10.1	9.1	12.2	-3.7	-7.5	-5.2
2.1.2. Other sectors	39.8	15.6	140.7	102.0	283.5	304.2	17.3	44.9	91.9	150.1	-29.4
2.2. Debt securities	170.5	733.1	881.6	-695.9	-395.6	94.6	-98.7	308.2	28.4	-143.3	-83.4
2.2.1. Bonds	202.7	698.8	915.6	-695.9	-395.6	94.6	-98.7	308.2	28.4	-143.3	-84.4
2.2.1.1. General government	62.1	525.9	429.6	-690.5	-321.9	-3.2	-111.6	297.4	-246.9	57.9	-99.7
2.2.1.2. Banks	0.0	0.0	453.2	3.2	1.2	1.0	5.3	5.3	-14.3	4.8	4.8
2.2.1.3. Other sectors	140.7	173.0	32.8	-8.6	-74.9	96.7	7.6	5.5	289.7	-206.0	10.6
2.2.2. Money market instruments	-32.2	34.2	-34.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9
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	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	0.0
2.2.2.3. Other sectors	-32.2	34.2	-34.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9

^a Revised data ^b Preliminary data.

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 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

Table H5: Balance of Payments – Other Investment

million euros

	2002	2003	2004 ^a	2005 ^a	2006 ^a	2007 ^a	2007				2008
							Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^a	Q1 ^b
Other investment (net)	2,795.0	1,326.3	1,614.1	3,771.8	3,198.3	1,346.4	1,266.6	71.0	-926.9	935.8	1,685.7
1. Assets	460.0	-2,216.9	-498.3	982.0	-692.3	-1,653.5	362.1	-352.5	-1,085.4	-577.7	603.8
1.1. Trade credits	-79.4	-169.7	-188.1	-134.8	-33.4	-99.5	-70.2	-37.8	-3.3	11.8	-33.3
1.1.1. General government	0.0	0.0	0.0	-0.3	0.2	0.1	0.0	0.0	0.0	0.0	0.0
1.1.1.1. Long-term	0.0	0.0	0.0	-0.3	0.2	0.1	0.0	0.0	0.0	0.0	0.0
1.1.1.2. Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2. Other sectors	-79.4	-169.7	-188.1	-134.6	-33.5	-99.7	-70.3	-37.8	-3.4	11.8	-33.3
1.1.2.1. Long-term	-6.6	-25.6	18.1	10.7	-5.1	-63.6	-5.1	-9.4	-13.4	-35.7	4.8
1.1.2.2. Short-term	-72.7	-144.1	-206.1	-145.3	-28.4	-36.1	-65.2	-28.4	10.0	47.5	-38.2
1.2. Loans	-55.5	-85.1	43.8	-116.8	-153.1	-4.5	-17.8	15.8	-68.5	66.0	-20.8
1.2.1. General government	0.6	-1.0	-1.8	-1.5	-1.3	-9.5	0.5	-4.4	-0.7	-5.0	-1.6
1.2.1.1. Long-term	0.6	-1.0	-1.8	-1.5	-1.3	-9.5	0.5	-4.4	-0.7	-5.0	-1.6
1.2.1.2. Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2. Banks	-22.6	4.3	3.7	-28.5	-80.4	-32.6	-2.2	1.3	-31.6	-0.1	-1.8
1.2.2.1. Long-term	-20.9	5.1	-0.1	-20.5	-58.9	-25.4	-14.4	-10.4	4.4	-4.9	-1.7
1.2.2.2. Short-term	-1.6	-0.8	3.9	-8.0	-21.5	-7.3	12.2	11.7	-36.0	4.9	-0.1
1.2.3. Other sectors	-33.5	-88.5	41.8	-86.8	-71.4	37.5	-16.1	18.8	-36.2	71.0	-17.4
1.2.3.1. Long-term	-33.4	-88.5	43.2	-87.8	-71.7	37.5	-15.4	19.3	-31.0	64.5	-17.4
1.2.3.2. Short-term	-0.1	0.1	-1.3	1.0	0.3	0.0	-0.7	-0.5	-5.2	6.5	0.0
1.3. Currency and deposits	594.9	-1,962.1	-354.1	1,233.6	-505.8	-1,549.4	450.2	-330.5	-1,013.6	-655.5	657.9
1.3.1. General government	-24.2	30.3	72.7	-44.4	26.5	-44.5	25.0	-42.0	-12.4	-15.1	6.7
1.3.2. Banks	1,516.5	-1,964.5	-446.7	1,313.7	-462.1	-1,317.1	454.1	-268.4	-935.6	-567.2	681.3
1.3.3. Other sectors	-897.4	-27.9	19.8	-35.6	-70.2	-187.8	-29.0	-20.0	-65.6	-73.2	-30.0
1.4. Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Liabilities	2,335.0	3,543.3	2,112.4	2,789.7	3,890.6	2,999.9	904.5	423.5	158.4	1,513.4	1,082.0
2.1. Trade credits	501.1	-225.6	-54.5	15.1	11.4	313.5	56.3	246.9	159.3	-149.1	-158.7
2.1.1. General government	-0.1	1.5	-0.3	0.4	-0.7	-0.6	-0.2	-0.2	-0.2	-0.1	0.0
2.1.1.1. Long-term	-0.1	1.5	-0.3	0.4	-0.7	-0.6	-0.2	-0.2	-0.2	-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	0.0
2.1.2. Other sectors	501.2	-227.1	-54.2	14.7	12.1	314.2	56.5	247.1	159.5	-148.9	-158.7
2.1.2.1. Long-term	-1.4	-46.2	-16.7	27.4	-3.7	165.0	7.1	82.8	29.0	46.2	9.5
2.1.2.2. Short-term	502.6	-181.0	-37.5	-12.7	15.8	149.2	49.4	164.3	130.5	-195.1	-168.2
2.2. Loans	625.3	2,890.0	1,676.4	2,405.8	3,059.2	2,890.3	214.6	119.5	902.7	1,653.5	833.8
2.2.1. Croatian National Bank	-173.8	358.2	-367.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.1. o/w: IMF	-129.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.1.1. Drawings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.1.2. Repayments	-129.5	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	-44.3	358.2	-367.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2. General government	409.3	500.4	425.8	248.1	133.5	183.0	-23.7	1.3	47.3	158.0	11.2
2.2.2.1. Long-term	409.3	500.4	425.8	248.1	133.5	183.0	-23.7	1.3	47.3	158.0	11.2
2.2.2.1.1. Drawings	645.9	764.8	795.5	590.1	560.4	668.3	66.0	158.5	130.5	313.3	92.2
2.2.2.1.2. Repayments	-236.7	-264.5	-369.7	-342.0	-426.9	-485.3	-89.7	-157.2	-83.2	-155.2	-81.1
2.2.2.2. Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.3. Banks	73.5	1,007.7	650.4	826.0	541.2	-1,065.0	-512.6	-554.0	-430.7	432.3	31.6
2.2.3.1. Long-term	75.8	929.1	741.7	281.1	419.5	-630.8	-378.1	-388.0	-22.6	157.8	-57.0
2.2.3.1.1. Drawings	739.1	1,722.8	1,260.0	1,236.1	2,833.6	1,216.2	536.9	46.6	267.9	364.9	45.3
2.2.3.1.2. Repayments	-663.3	-793.7	-518.3	-955.0	-2,414.1	-1,847.0	-915.0	-434.5	-290.4	-207.1	-102.3
2.2.3.2. Short-term	-2.3	78.6	-91.2	544.9	121.7	-434.2	-134.4	-166.1	-408.2	274.4	88.6
2.2.4. Other sectors	316.3	1,023.9	967.9	1,331.7	2,384.5	3,772.4	750.9	672.2	1,286.1	1,063.2	791.0
2.2.4.1. Long-term	336.0	977.0	932.4	1,277.2	2,295.6	3,162.9	532.0	605.8	1,032.5	992.5	623.8
2.2.4.1.1. Drawings	1,494.5	2,140.3	2,232.5	2,686.4	4,183.9	5,816.0	979.4	1,284.0	1,672.9	1,879.7	1,211.6
2.2.4.1.2. Repayments	-1,158.5	-1,163.3	-1,300.1	-1,409.2	-1,888.3	-2,653.1	-447.4	-678.2	-640.4	-887.1	-587.8
2.2.4.2. Short-term	-19.7	46.9	35.5	54.5	88.9	609.5	218.9	66.5	253.6	70.6	167.2
2.3. Currency and deposits	1,209.5	879.6	487.5	366.1	817.2	-206.6	633.0	56.3	-904.2	8.2	406.1
2.3.1. General government	0.1	0.1	0.0	0.0	0.1	0.0	9.2	-1.9	-3.5	-3.8	-0.6
2.3.2. Banks	1,209.3	879.5	487.5	366.1	817.1	-206.6	623.8	58.2	-900.7	12.0	406.6
2.4. Other liabilities	-0.9	-0.7	3.0	2.8	2.7	2.7	0.5	0.7	0.6	0.8	0.8

^a Revised data. ^b Preliminary data.

Table H6: Balance of Payments – Summary

million kuna

	2002	2003	2004 ^a	2005 ^a	2006 ^a	2007 ^a	2007				2008
							Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^a	Q1 ^b
A. CURRENT ACCOUNT (1+6)	-15,744.2	-14,637.6	-11,167.9	-14,828.6	-19,912.8	-23,846.2	-14,894.8	-10,141.8	15,224.9	-14,034.5	-18,120.8
1. Goods, services, and income (2+5)	-24,275.5	-24,051.3	-20,094.6	-23,586.7	-28,021.9	-31,497.2	-16,718.2	-12,125.1	13,301.9	-15,955.8	-19,751.2
1.1. Credit	85,611.4	102,483.3	111,525.2	117,995.0	130,801.0	144,037.5	23,043.3	35,628.2	56,410.7	28,955.3	24,753.2
1.2. Debit	-109,886.9	-126,534.6	-131,619.8	-141,581.7	-158,822.9	-175,534.7	-39,761.5	-47,753.3	-43,108.7	-44,911.1	-44,504.4
2. Goods and services (3+4)	-19,986.2	-15,671.7	-15,083.2	-16,508.1	-19,478.8	-23,037.8	-15,171.5	-7,383.3	14,724.2	-15,207.2	-17,864.7
2.1. Credit	82,206.3	99,192.2	106,225.6	112,693.7	124,269.8	134,572.1	20,745.7	33,195.4	54,106.3	26,524.7	22,342.9
2.2. Debit	-102,192.6	-114,863.9	-121,308.8	-129,201.8	-143,748.6	-157,609.9	-35,917.2	-40,578.7	-39,382.1	-41,731.9	-40,207.6
3. Goods	-44,117.7	-52,759.8	-50,327.5	-55,568.1	-61,083.9	-69,218.6	-15,897.7	-18,589.6	-16,884.4	-17,846.9	-18,595.9
3.1. Credit	39,216.5	42,190.2	49,507.8	53,397.7	61,988.6	67,424.8	15,065.4	16,972.5	17,243.2	18,143.9	16,210.2
3.2. Debit	-83,334.1	-94,949.9	-99,835.3	-108,965.8	-123,072.5	-136,643.4	-30,963.0	-35,562.1	-34,127.6	-35,990.8	-34,806.1
4. Services	24,131.4	37,088.0	35,244.3	39,060.0	41,605.1	46,180.8	726.1	11,206.3	31,608.6	2,639.7	731.2
4.1. Credit	42,989.9	57,002.0	56,717.8	59,296.0	62,281.2	67,147.3	5,680.4	16,222.9	36,863.2	8,380.8	6,132.7
4.2. Debit	-18,858.5	-19,914.0	-21,473.5	-20,236.0	-20,676.1	-20,966.5	-4,954.2	-5,016.6	-5,254.5	-5,741.1	-5,401.5
5. Income	-4,289.2	-8,379.5	-5,011.4	-7,078.6	-8,543.1	-8,459.4	-1,546.6	-4,741.8	-1,422.3	-748.6	-1,886.5
5.1. Credit	3,405.1	3,291.2	5,299.6	5,301.3	6,531.2	9,465.4	2,297.6	2,432.8	2,304.3	2,430.6	2,410.3
5.2. Debit	-7,694.3	-11,670.7	-10,311.0	-12,379.9	-15,074.3	-17,924.7	-3,844.2	-7,174.6	-3,726.6	-3,179.3	-4,296.8
6. Current transfers	8,531.3	9,413.6	8,926.8	8,758.1	8,109.0	7,650.9	1,823.3	1,983.3	1,923.0	1,921.3	1,630.4
6.1. Credit	10,761.2	11,639.9	11,872.9	12,047.2	12,005.6	11,562.1	2,637.5	2,964.0	2,833.8	3,126.7	2,548.1
6.2. Debit	-2,229.9	-2,226.3	-2,946.1	-3,289.1	-3,896.5	-3,911.1	-814.2	-980.7	-910.8	-1,205.4	-917.7
B. CAPITAL AND FINANCIAL ACCOUNT	18,920.4	20,752.3	18,727.4	22,064.2	26,984.6	29,900.1	9,984.0	10,222.9	591.6	9,101.5	17,165.2
B1. Capital account	3,847.2	771.3	235.5	396.8	-980.5	253.4	51.7	67.0	93.9	40.8	35.2
B2. Financial account, excl. reserves	20,561.8	29,333.4	18,828.5	27,742.8	38,278.4	34,961.8	15,884.4	7,694.1	-1,777.9	13,161.1	22,189.4
1. Direct investment	4,183.5	12,706.4	4,452.8	9,093.0	18,830.9	25,103.8	9,405.6	6,918.9	3,648.4	5,131.0	6,083.8
1.1. Abroad	-4,486.9	-801.9	-2,077.2	-1,415.4	-1,277.5	-1,326.0	-625.7	-355.0	-277.1	-68.2	1,083.0
1.2. In Croatia	8,670.4	13,508.3	6,530.0	10,508.5	20,108.3	26,429.8	10,031.3	7,273.8	3,925.5	5,199.2	5,000.8
2. Portfolio investment	-3,260.4	6,593.2	2,097.8	-8,725.0	-4,021.0	-50.1	-2,848.1	261.2	1,355.6	1,181.2	3,482.9
2.1. Assets	-4,839.6	938.6	-5,563.8	-4,195.8	-3,483.1	-3,046.0	-2,315.4	-2,420.8	504.3	1,186.0	4,341.5
2.2. Liabilities	1,579.2	5,654.5	7,661.6	-4,529.2	-537.9	2,995.9	-532.6	2,682.0	851.3	-4.8	-858.6
3. Financial derivatives	0.0	0.0	0.0	-659.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Other investment	19,638.7	10,033.7	12,277.9	28,034.2	23,468.6	9,908.0	9,326.9	514.0	-6,781.9	6,848.9	12,622.7
4.1. Assets	3,322.5	-16,854.7	-3,680.4	7,419.8	-5,121.7	-12,079.9	2,666.5	-2,578.9	-7,936.2	-4,231.3	4,628.4
4.2. Liabilities	16,316.1	26,888.4	15,958.3	20,614.4	28,590.3	21,987.9	6,660.5	3,092.9	1,154.3	11,080.2	7,994.3
B3. Reserve assets (CNB)	-5,488.5	-9,352.4	-336.5	-6,075.4	-10,313.4	-5,315.1	-5,952.1	2,461.8	2,275.7	-4,100.5	-5,059.4
C. NET ERRORS AND OMISSIONS	-3,176.2	-6,114.7	-7,559.5	-7,235.6	-7,071.7	-6,053.9	4,910.8	-81.1	-15,816.5	4,933.0	955.6

^a Revised data. ^b 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.

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 ex-

change 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	
1994	December	1,145.7	3.7	–	–	1,142.0	1,142.0	–	716.6
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	June	9,170.4	0.8	0.2	–	9,169.4	4,901.4	4,268.0	3,084.8
	July	9,412.1	1.3	0.2	–	9,410.7	5,055.3	4,355.4	3,025.1
	August	9,223.0	0.7	0.2	–	9,222.1	4,823.7	4,398.4	3,418.5
	September	8,795.1	0.7	0.2	–	8,794.2	4,404.6	4,389.6	3,839.8
	October	8,973.8	1.3	0.2	–	8,972.3	4,361.1	4,611.2	3,946.8
	November	9,112.3	0.8	0.2	–	9,111.3	4,462.5	4,648.8	4,180.6
	December	9,307.4	0.8	0.2	–	9,306.5	4,533.9	4,772.5	4,388.9
2008	Januray	9,332.8	1.0	0.2	–	9,331.6	4,527.3	4,804.2	4,316.4
	February	9,676.9	0.6	0.2	–	9,676.1	4,510.9	5,165.2	4,112.5
	March	9,841.7	1.1	0.2	–	9,840.4	4,954.5	4,885.9	3,904.5
	April	9,928.5	1.1	0.2	–	9,927.2	4,955.3	4,971.9	3,711.8
	May ^b	10,051.2	0.8	0.2	–	10,050.2	4,432.0	5,618.2	3,485.7

^a International reserves of the Republic of Croatia consist only of the Croatian National Bank's foreign currency reserves.^b Preliminary data.**Table H7: International Reserves and Banks' Foreign Currency Reserves**

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

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

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

Table H8: International Reserves and Foreign Currency Liquidity

end of period, million euros

	2002	2003	2004	2005	2006	2007	2008			
	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	5,651.3	6,554.1	6,436.2	7,438.4	8,725.3	9,307.4	9,332.8	9,676.9	9,841.7	9,928.5
(1) Foreign currency reserves (in convertible f/c)	4,246.9	5,740.1	6,235.4	7,337.3	8,162.8	8,911.0	8,431.6	9,176.1	9,040.4	8,927.2
(a) Securities	1,861.0	3,207.2	3,262.0	3,602.8	4,197.5	4,772.5	4,804.2	5,165.2	4,885.9	4,971.9
o/w: Issuer headquartered in reporting country but located abroad	–	–	–	–	–	–	–	–	–	–
(b) Total currency and deposits with:	2,385.9	2,532.9	2,973.3	3,734.5	3,965.3	4,138.4	3,627.3	4,010.9	4,154.5	3,955.3
(i) Other national central banks, BIS and IMF	325.1	271.1	233.1	407.3	198.7	190.7	190.4	189.3	199.7	186.9
(ii) Banks headquartered in the reporting country	–	–	–	–	–	–	–	–	–	–
o/w: Located abroad	–	–	–	–	–	–	–	–	–	–
(iii) Banks headquartered outside the reporting country	2,060.8	2,261.8	2,740.3	3,327.2	3,766.6	3,947.7	3,437.0	3,821.6	3,954.9	3,768.4
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	2.3	0.7	0.6	0.9	0.7	0.8	1.0	0.6	1.1	1.1
(4) Gold	–	–	–	–	–	–	–	–	–	–
(5) Other reserve assets	1,401.9	813.1	200.0	100.0	561.6	395.5	900.0	500.0	800.0	1,000.0
– Reverse repo	1,401.9	813.1	200.0	100.0	561.6	395.5	900.0	500.0	800.0	1,000.0
B. Other foreign currency assets (specify)	–	–	–	–	–	–	–	–	–	–
– Time deposits	–	–	–	–	–	–	–	–	–	–
C. Total (A+B)	5,651.3	6,554.1	6,436.2	7,438.4	8,725.3	9,307.4	9,332.8	9,676.9	9,841.7	9,928.5
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)	–740.9	–1,538.0	–988.6	–899.7	–650.5	–521.1	–526.8	–1,018.2	–1,032.1	–1,011.6
(a) Croatian National Bank	–167.4	–646.9	–1.8	–1.1	–1.6	–2.0	–2.5	–1.8	–1.8	–2.1
Up to 1 month	Principal	–136.9	–355.9	–	–	–	–	–	–	–
Interest	–2.2	–1.9	–1.8	–1.1	–1.6	–2.0	–2.5	–1.8	–1.8	–2.1
More than 1 and up to 3 months	Principal	–26.5	–288.3	–	–	–	–	–	–	–
Interest	–0.1	–0.7	–	–	–	–	–	–	–	–
More than 3 months and up to 1 year	Principal	–1.6	–	–	–	–	–	–	–	–
Interest	–0.1	–	–	–	–	–	–	–	–	–
(b) Central government (excl. central government funds)	–573.5	–891.1	–986.8	–898.6	–648.9	–519.1	–524.4	–1,016.4	–1,030.3	–1,009.5
Up to 1 month	Principal	–98.1	–85.9	–76.5	–77.9	–48.3	–47.6	–0.7	–11.2	–13.0
Interest	–42.8	–34.4	–13.8	–	–	–	–	–	–	–
More than 1 and up to 3 months	Principal	–8.6	–9.3	–510.1	–603.0	–138.4	–133.2	–150.2	–102.6	–227.4
Interest	–148.1	–168.3	–169.0	–	–	–	–	–	–	–
More than 3 months and up to 1 year	Principal	–176.2	–495.2	–143.7	–160.2	–399.8	–284.5	–326.0	–815.9	–648.6
Interest	–99.7	–98.0	–73.8	–57.5	–62.3	–53.8	–36.4	–86.7	–141.3	–140.1
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	–21.5	–363.5	–	–	–	–	–	–	–	–
– Outflows related to repos (–)	–21.5	–363.5	–	–	–	–	–	–	–	–
Up to 1 month	Principal	–21.5	–363.1	–	–	–	–	–	–	–
Interest	0.0	–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)	–762.4	–1,901.5	–988.6	–899.7	–650.5	–521.1	–526.8	–1,018.2	–1,032.1	–1,011.6
III. Contingent short-term net drains on f/c assets (nominal value)										
1. Contingent liabilities in foreign currency	–1,631.0	–1,300.4	–1,772.9	–2,273.1	–2,734.9	–2,607.4	–2,627.8	–2,844.9	–3,071.0	–2,974.9
(a) Collateral guarantees on debt falling due within 1 year	–685.9	–426.8	–370.9	–443.8	–478.9	–662.1	–656.9	–700.2	–729.1	–567.3

– Croatian National Bank	–	–	–	–	–	–	–	–	–	–	–
– Central government (excl. central government funds)	–685.9	–426.8	–370.9	–443.8	–478.9	–662.1	–656.9	–700.2	–729.1	–567.3	–
Up to 1 month	–52.3	–55.8	–62.7	–59.6	–71.9	–54.3	–7.9	–15.4	–187.2	–29.4	–
More than 1 and up to 3 months	–35.2	–94.9	–33.9	–53.0	–84.8	–42.4	–219.7	–224.5	–117.2	–130.8	–
More than 3 months and up to 1 year	–598.3	–276.1	–274.4	–331.2	–322.2	–565.3	–429.2	–460.2	–424.7	–407.1	–
(b) Other contingent liabilities	–945.1	–873.6	–1,402.0	–1,829.3	–2,256.0	–1,945.3	–1,970.9	–2,144.7	–2,341.9	–2,407.5	–
– Croatian National Bank	–945.1	–873.6	–1,402.0	–1,829.3	–2,256.0	–1,945.3	–1,970.9	–2,144.7	–2,341.9	–2,407.5	–
Up to 1 month	–	–	–	–	–	–	–	–	–	–	–
More than 1 and up to 3 months	–945.1	–873.6	–1,402.0	–1,829.3	–2,256.0	–1,945.3	–1,970.9	–2,144.7	–2,341.9	–2,407.5	–
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)	–1,631.0	–1,300.4	–1,772.9	–2,273.1	–2,734.9	–2,607.4	–2,627.8	–2,844.9	–3,071.0	–2,974.9	–
IV. Memo items											
(a) Short-term domestic currency debt indexed to the exchange rate	–	–	–	–	–	–	–	–	–	–	–
o/w: Central government (excl. central government funds)	–	–	–	–	–	–	–	–	–	–	–
(b) Financial instruments denominated in foreign currency and settled by other means (e.g., in domestic currency)	–	–	–	–	–	–	–	–	–	–	–
(c) Pledged assets	–	–	–	–	–	–	–	–	–	–	–
(d) Securities lent and on repo											
– Lent or repoed and included in Section I	–20.0	–351.0	–	–	–	–	–5.3	–0.4	–0.2	–3.1	–
– 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	1,330.3	785.1	180.7	88.5	559.5	389.7	876.8	492.1	788.9	996.9	–
(e) Financial derivative assets (net, marked to market)	–	–	–	–	–	–	–	–	–	–	–
(f) Currency composition of official reserves assets											
– Currencies in SDR basket	5,651.3	6,554.1	6,436.2	7,438.1	8,725.0	9,307.1	9,332.7	9,676.8	9,841.6	9,928.4	–
– Currencies not in SDR basket	0.0	0.0	0.0	0.3	0.3	0.3	0.1	0.1	0.1	0.1	–
– By individual currencies											
USD	1,600.8	1,937.6	1,609.1	1,104.5	1,266.0	1,357.2	1,360.5	2,123.4	2,680.3	2,725.0	–
EUR	4,047.9	4,615.6	4,826.3	6,332.5	7,458.0	7,944.2	7,970.3	7,552.0	7,159.4	7,201.5	–
Other	2.6	0.9	0.8	1.3	1.3	6.0	2.0	1.5	2.0	2.0	–

Table H8: International Reserves and Foreign Currency Liquidity

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

The first part of the Template shows total assets of the Croatian National Bank in convertible foreign currency. Official reserve assets (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
1994		7.087680	0.524825	1.079616	0.371511	4.381907	9.166621	5.994736	3.692176
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	
2007	June	7.328786				4.430674	10.840476	5.467952	
	July	7.291804				4.400808	10.816511	5.321551	
	August	7.311674				4.464012	10.788705	5.366679	
	September	7.313069				4.440287	10.637593	5.275187	
	October	7.320799				4.384000	10.512950	5.149405	
	November	7.339884				4.453499	10.365513	5.004536	
	December	7.315282				4.410997	10.172190	5.022677	
2008	January	7.326929				4.516125	9.821601	4.987008	
	February	7.266515				4.516712	9.689673	4.933374	
	March	7.266614				4.623619	9.389891	4.689464	
	April	7.265563				4.558372	9.128528	4.606358	
	May	7.254953				4.467798	9.161309	4.663891	

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
1994		6.902400	0.516285	1.052510	0.346500	4.288893	8.784200	5.628700	3.632100
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	
2007	June	7.303218				4.407494	10.859804	5.422645	
	July	7.297330				4.435528	10.817269	5.337427	
	August	7.319403				4.458972	10.787624	5.372433	
	September	7.281634				4.388906	10.418707	5.136955	
	October	7.350060				4.380250	10.543767	5.106691	
	November	7.313666				4.435482	10.227473	4.962455	
	December	7.325131				4.412464	9.963453	4.985456	
2008	January	7.249864				4.492696	9.752306	4.896241	
	February	7.277476				4.536797	9.547987	4.823034	
	March	7.256652				4.612377	9.160126	4.593981	
	April	7.263753				4.498794	9.241416	4.665224	
	May	7.250440				4.453861	9.231525	4.677703	

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	Consumer price index
1996	December	83.88	90.19	96.70
1997	December	87.77	93.06	98.84
1998	December	91.09	95.99	95.39
1999	December	99.25	102.78	102.09
2000	December	101.63	100.07	101.91
2001	December	99.07	98.63	98.89
2002	December	95.99	95.65	96.26
2003	December	94.18	94.55	94.71
2004	December	90.42	90.61	90.85
2005	December	91.52	94.33	90.99
2006	December	88.42	92.51	87.96
2007	June	87.75	91.62	87.35
	July	86.79	90.81	86.78
	August	87.17	90.16	86.71
	September	86.75	89.62	85.58
	October	86.23	89.29	85.16
	November	85.72	89.52	84.31
	December	85.58	88.97	83.10
2008	January	85.50	87.75	82.55
	February	84.74	87.30	82.25
	March	83.57	86.61 ^a	81.32 ^a
	April	83.12	86.64 ^a	80.57 ^a
	May	83.30		

^a Preliminary data.

Note: From 1 January 2001, the eurozone related price series includes Greece as well. Slovenia became an EMU member on 1 January 2007. 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

million euros

	2002	2003	2004	2005	2006	2007		2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec. ^a	Dec. ^{b*}	Jan.*	Feb.*	Mar.*	Apr.
1. Government	5,884.9	6,570.7	7,257.3	7,047.3	6,667.7	6,663.0	6,721.8	6,674.5	6,620.1	6,595.5	6,404.3
Short-term	1.3	1.3	2.7	2.0	1.3	5.3	3.9	3.8	5.1	9.2	6.9
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
Credits	0.0	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	0.0
Other debt liabilities	1.3	1.3	2.7	2.0	1.3	5.3	3.9	3.8	5.1	9.2	6.9
Principal arrears	0.9	0.9	2.4	1.8	0.0	1.1	0.3	0.5	1.5	1.5	1.5
Interest arrears	0.4	0.4	0.3	0.2	1.2	4.2	3.6	3.3	3.7	7.7	5.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	5,883.6	6,569.4	7,254.6	7,045.3	6,666.5	6,657.7	6,717.9	6,670.7	6,615.0	6,586.3	6,397.4
Bonds	3,950.4	4,306.6	4,662.4	4,052.1	3,640.5	3,563.6	3,591.2	3,592.6	3,531.4	3,498.8	3,481.8
Credits	1,932.1	2,260.5	2,590.2	2,990.6	3,024.1	3,093.0	3,125.5	3,077.1	3,082.5	3,086.5	2,914.7
Trade credits	1.1	2.3	2.1	2.6	1.9	1.2	1.2	1.0	1.0	1.1	1.0
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
2. Croatian National Bank	23.2	365.9	2.4	2.6	2.6	2.3	2.3	2.2	1.9	1.7	1.6
Short-term	23.2	365.9	2.4	2.6	2.6	2.3	2.3	2.2	1.9	1.7	1.6
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
Credits	21.5	363.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	1.7	2.6	2.4	2.6	2.6	2.3	2.3	2.2	1.9	1.7	1.6
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
Principal arrears	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
Other	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
Bonds	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
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
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
3. Banks	3,798.7	6,140.1	7,731.7	8,978.7	10,222.6	8,879.1	8,884.1	9,306.6	9,652.4	9,420.5	9,238.6
Short-term	1.2	605.5	1,969.2	2,505.2	3,362.7	2,361.2	2,360.8	2,528.3	2,717.2	2,935.3	3,060.3
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
Credits	0.3	604.6	519.9	1,064.8	1,150.4	710.8	710.8	706.1	792.4	804.1	1,077.5
Currency and deposits	0.0	0.0	1,448.4	1,438.6	2,211.1	1,648.8	1,648.8	1,820.9	1,923.6	2,129.4	1,981.3
Other debt liabilities	0.8	0.9	0.9	1.7	1.2	1.7	1.3	1.3	1.2	1.8	1.6
Principal arrears	0.5	0.2	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Interest arrears	0.4	0.7	0.9	1.7	1.2	1.5	1.2	1.2	1.1	1.7	1.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	3,797.5	5,534.7	5,762.5	6,473.6	6,859.9	6,517.9	6,523.2	6,778.3	6,935.2	6,485.1	6,178.3
Bonds	0.0	0.0	453.2	456.6	457.9	459.0	459.0	460.6	462.1	463.7	465.3
Credits	1,900.6	2,798.5	3,517.4	3,822.7	4,217.3	3,565.1	3,570.4	3,563.4	3,563.6	3,531.8	3,396.5
Currency and deposits	1,896.9	2,736.2	1,791.9	2,194.3	2,184.7	2,493.9	2,493.9	2,754.3	2,909.5	2,489.7	2,316.5
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
4. Other sectors	4,030.9	4,945.7	5,895.6	7,264.0	9,502.5	13,451.9	13,682.9	13,943.9	14,263.3	14,490.3	14,709.1
Short-term	472.6	512.9	535.2	707.7	700.9	1,478.2	999.7	1,195.8	1,226.0	1,273.1	1,398.5
Money market instruments	0.0	33.7	0.0	0.0	0.0	0.0	0.0	0.8	1.5	0.9	0.6
Credits	25.4	68.1	98.5	140.2	155.0	681.0	625.8	748.7	809.1	810.3	850.5
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
Trade credits	47.5	22.2	23.2	27.8	35.9	31.1	34.1	33.3	30.8	33.2	35.6
Other debt liabilities	399.7	389.0	413.5	539.8	510.0	766.0	339.7	413.0	384.6	428.7	511.8
Principal arrears	366.5	356.3	377.1	496.3	460.6	683.4	264.1	330.0	303.5	349.5	423.5
Interest arrears	33.2	32.7	36.3	43.5	49.4	82.6	75.6	83.0	81.1	79.2	88.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	3,558.2	4,432.8	5,360.4	6,556.2	8,801.6	11,973.7	12,683.2	12,748.0	13,037.3	13,217.2	13,310.6
Bonds	171.9	344.8	377.9	375.3	306.4	401.6	405.5	407.5	411.5	415.8	397.6
Credits	3,174.9	3,933.0	4,852.7	6,017.1	8,349.8	11,282.3	11,997.3	12,070.1	12,338.1	12,520.4	12,606.7
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	211.5	155.0	129.8	163.8	145.4	289.8	280.4	270.4	287.8	281.0	306.3

Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Direct investment	1,405.4	1,861.4	2,046.1	2,455.0	2,878.4	3,932.8	3,881.8	3,935.2	4,031.4	4,243.9	4,264.5
Short-term	79.8	122.3	124.1	184.6	233.9	540.4	541.9	551.4	650.2	678.7	711.5
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
Credits	29.9	38.7	33.0	36.5	51.2	216.8	342.4	347.3	422.1	443.9	458.1
Trade credits	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	49.9	83.6	91.2	148.1	182.7	323.6	199.4	204.1	228.2	234.7	253.3
Principal arrears	42.0	73.4	78.1	128.7	158.2	293.9	173.8	175.4	199.9	203.5	220.0
Interest arrears	7.9	10.2	13.1	19.4	24.5	29.7	25.6	28.7	28.2	31.2	33.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	1,325.7	1,739.1	1,921.9	2,270.4	2,644.5	3,392.5	3,340.0	3,383.8	3,381.1	3,565.2	3,553.1
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	1,291.6	1,707.6	1,892.2	2,236.8	2,618.1	3,374.5	3,327.6	3,372.5	3,369.6	3,553.8	3,541.7
Trade credits	34.1	31.5	29.8	33.6	26.4	18.0	12.3	11.3	11.5	11.5	11.3
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (1+2+3+4+5)	15,143.1	19,883.8	22,933.0	25,747.7	29,273.9	32,929.2	33,172.9	33,862.3	34,569.1	34,752.0	34,618.1

^a Old reporting system. ^b New reporting system.

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 Croatian Bank for Reconstruction and Development, the State Agency for Deposit Insurance and Bank Rehabilitation, the Croatian Roads and the Croatian Motorways), 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, 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 and mixed enterprises. 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

million euros

	2002	2003	2004	2005	2006	2007		2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec. ^a	Dec. ^{b*}	Jan.*	Feb.*	Mar.*	Apr.
1. Public sector	7,211.5	8,327.6	8,580.3	8,500.4	8,256.8	9,259.5	9,396.8	9,375.6	9,336.1	9,311.3	9,178.0
Short-term	60.8	415.8	29.5	23.1	41.7	72.5	59.7	115.6	97.9	103.9	88.5
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
Credits	21.9	391.2	0.7	2.3	15.2	35.4	35.6	89.5	74.4	74.7	54.5
Currency and deposits	1.7	2.6	2.4	2.6	2.6	2.3	2.3	2.2	1.9	1.7	1.6
Trade credits	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	37.2	22.1	26.4	18.2	23.9	34.7	21.7	23.9	21.5	27.5	32.4
Principal arrears	35.0	20.5	25.4	17.1	20.6	29.9	17.4	17.4	14.4	14.6	21.7
Interest arrears	2.1	1.6	1.0	1.1	3.3	4.8	4.3	6.6	7.2	12.9	10.8
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	7,150.2	7,911.5	8,549.6	8,476.3	8,213.6	9,185.2	9,335.3	9,258.2	9,236.5	9,205.5	9,087.8
Bonds	3,950.4	4,306.6	4,662.4	4,052.1	3,640.5	3,859.7	3,891.4	3,894.3	3,834.4	3,803.2	3,787.6
Credits	3,118.5	3,554.4	3,833.2	4,314.5	4,485.2	5,120.3	5,229.6	5,160.2	5,181.7	5,186.1	5,046.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.6
Trade credits	81.4	50.6	54.1	109.7	87.9	205.2	214.3	203.7	220.4	216.3	244.6
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
Direct investment	0.5	0.3	1.2	1.0	1.5	1.8	1.8	1.8	1.8	1.8	1.7
2. Publicly guaranteed private sector	559.5	433.7	334.1	290.8	204.2	139.9	135.6	111.3	109.9	107.5	108.1
Short-term	21.8	21.1	23.5	22.1	17.2	11.3	11.0	11.0	9.6	9.3	9.4
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
Credits	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
Trade credits	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	21.8	21.1	23.5	22.1	17.2	11.3	11.0	11.0	9.6	9.3	9.4
Principal arrears	13.9	14.3	15.6	14.5	14.4	9.4	9.5	9.5	8.3	8.1	8.2
Interest arrears	7.9	6.8	7.9	7.6	2.8	1.9	1.5	1.5	1.3	1.2	1.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	537.8	412.6	310.6	268.8	187.0	128.6	124.6	100.4	100.3	98.2	98.7
Bonds	31.2	31.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	502.5	378.9	309.1	267.0	187.0	128.6	124.6	100.4	100.3	98.2	98.7
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	4.0	2.5	1.5	1.8	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
Direct investment	0.0	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	7,372.1	11,122.4	14,018.6	16,956.4	20,812.9	23,529.9	23,640.6	24,375.4	25,123.1	25,333.2	25,332.0
Short-term	415.8	1,048.6	2,456.4	3,172.3	4,008.7	3,763.3	3,296.1	3,603.6	3,842.7	4,106.2	4,369.4
Money market instruments	0.0	33.7	0.0	0.0	0.0	0.0	0.0	0.8	1.5	0.9	0.6
Credits	25.4	644.8	617.7	1,202.7	1,290.2	1,356.4	1,300.9	1,365.3	1,527.1	1,539.7	1,873.4
Currency and deposits	0.0	0.0	1,448.4	1,438.6	2,211.1	1,648.8	1,648.8	1,820.9	1,923.6	2,129.4	1,981.3
Trade credits	47.5	22.2	23.2	27.8	35.9	31.1	34.1	33.3	30.8	33.2	35.6
Other debt liabilities	342.9	347.9	367.1	503.2	471.5	727.0	312.3	383.3	359.7	402.9	478.4
Principal arrears	318.9	322.6	338.5	466.4	425.6	645.4	237.8	303.8	282.4	328.4	395.4
Interest arrears	24.0	25.3	28.6	36.8	45.8	81.7	74.5	79.4	77.3	74.5	83.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	5,551.4	8,212.8	9,517.3	11,330.1	13,927.4	15,835.5	16,464.5	16,838.4	17,250.7	16,984.9	16,699.8
Bonds	140.7	313.7	831.1	831.8	764.3	564.4	564.3	566.4	570.6	575.1	557.0
Credits	3,386.6	5,058.6	6,817.9	8,249.0	10,919.0	12,691.4	13,339.1	13,450.0	13,702.1	13,854.4	13,763.6
Currency and deposits	1,896.9	2,736.2	1,791.9	2,194.3	2,184.7	2,493.9	2,493.9	2,754.3	2,909.5	2,489.7	2,316.5
Trade credits	127.1	104.3	76.3	55.0	59.4	85.8	67.2	67.7	68.4	65.8	62.7
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
Direct investment	1,404.9	1,861.1	2,044.9	2,454.0	2,876.9	3,931.1	3,880.1	3,933.4	4,029.6	4,242.1	4,262.8
Total (1+2+3)	15,143.1	19,883.8	22,933.0	25,747.7	29,273.9	32,929.2	33,172.9	33,862.3	34,569.1	34,752.0	34,618.1

^a Old reporting system. ^b New reporting system.

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

million euros

	Outstanding debt 30/4/2008	Immediate	Projected future principal payments													
			Q2/08	Q3/08	Q4/08	Q1/09	2008	2009	2010	2011	2012	2013	2014	2015	Other	
1. Government	6,404.3	6.9	289.3	77.2	140.0	575.9	506.5	1,054.0	858.7	1,488.5	308.0	239.4	710.0	342.0	890.2	
Short-term	6.9	6.9	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	
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	
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	6.9	6.9	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	
Principal 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	
Interest arrears	5.3	5.3	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	6,397.4	0.0	289.3	77.2	140.0	575.9	506.5	1,054.0	858.7	1,488.5	308.0	239.4	710.0	342.0	890.2	
Bonds	3,481.8	0.0	194.5	23.9	17.5	520.8	235.9	716.2	560.6	1,057.0	47.1	29.6	526.1	29.6	279.6	
Credits	2,914.7	0.0	94.7	53.2	122.5	55.2	270.3	337.7	298.1	431.4	260.8	209.7	183.9	312.3	610.5	
Trade credits	1.0	0.0	0.1	0.1	0.1	0.0	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
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	1.6	0.0	1.6	0.0	0.0	0.0	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Short-term	1.6	0.0	1.6	0.0	0.0	0.0	1.6	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	1.6	0.0	1.6	0.0	0.0	0.0	1.6	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	9,238.6	1.6	2,910.4	600.1	368.5	208.1	3,879.0	1,710.7	574.7	861.5	372.8	89.5	73.9	44.7	1,630.3	
Short-term	3,060.3	1.6	2,591.0	224.5	69.1	69.1	2,884.6	174.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Credits	1,077.5	0.0	862.4	122.0	0.0	0.0	984.4	93.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Currency and deposits	1,981.3	0.0	1,728.6	102.4	69.1	69.1	1,900.2	81.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other debt liabilities	1.6	1.6	0.0	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	1.4	1.4	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	6,178.3	0.0	319.4	375.6	299.4	139.0	994.3	1,536.6	574.7	861.5	372.8	89.5	73.9	44.7	1,630.3	
Bonds	465.3	0.0	15.3	0.0	0.0	0.0	15.3	450.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Credits	3,396.5	0.0	81.4	306.5	193.1	32.7	581.0	849.7	416.3	806.9	372.8	89.5	73.9	44.7	161.8	
Currency and deposits	2,316.5	0.0	222.7	69.1	106.3	106.3	398.1	236.9	158.3	54.6	0.0	0.0	0.0	0.0	1,468.6	
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	14,709.1	511.8	945.8	876.3	918.9	526.5	2,741.0	2,210.1	1,853.9	1,721.7	1,423.8	445.9	410.0	460.2	2,930.7	
Short-term	1,398.5	511.8	335.7	200.7	229.2	101.0	765.6	121.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Money market instruments	0.6	0.0	0.0	0.6	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Credits	850.5	0.0	335.7	200.1	193.6	101.0	729.4	121.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Trade credits	35.6	0.0	0.0	0.0	35.6	0.0	35.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other debt liabilities	511.8	511.8	0.0	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	423.5	423.5	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	
Interest arrears	88.3	88.3	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	13,310.6	0.0	610.1	675.6	689.7	425.5	1,975.4	2,089.0	1,853.9	1,721.7	1,423.8	445.9	410.0	460.2	2,930.7	
Bonds	397.6	0.0	14.9	0.0	0.0	0.0	14.9	0.0	0.0	89.8	0.0	0.0	0.0	0.0	292.8	
Credits	12,606.7	0.0	583.8	643.2	634.5	388.8	1,861.5	1,952.6	1,800.7	1,616.0	1,423.8	445.4	410.0	460.2	2,637.8	
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	306.3	0.0	11.3	32.4	55.2	36.7	99.0	136.4	53.2	16.0	1.2	0.5	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	4,264.5	253.3	308.7	124.4	428.5	207.7	861.6	669.3	404.5	430.2	516.7	61.8	99.4	328.6	639.1
Short-term	711.5	253.3	148.8	42.7	103.8	142.3	295.3	162.9	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	458.1	0.0	148.8	42.7	103.8	142.3	295.3	162.9	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	253.3	253.3	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	220.0	220.0	0.0	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	33.3	33.3	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	3,553.1	0.0	160.0	81.7	324.6	65.4	566.3	506.4	404.5	430.2	516.7	61.8	99.4	328.6	639.1
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	3,541.7	0.0	159.2	81.3	323.3	64.9	563.8	501.8	403.0	429.1	516.1	61.2	98.9	328.7	639.1
Trade credits	11.3	0.0	0.8	0.4	1.3	0.5	2.5	4.6	1.4	1.1	0.6	0.6	0.5	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)	34,618.1	773.6	4,455.7	1,678.0	1,855.9	1,518.3	7,989.6	5,644.1	3,691.8	4,502.0	2,621.4	836.6	1,293.3	1,175.5	6,090.4
Supplement: Projected interest payments			5.9	238.9	293.4	283.4	538.3	1,004.6	784.2	657.7	420.0	322.4	307.9	253.9	914.9

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

million euros

	2002	2003	2004	2005	2006	2007		2008			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec. ^a	Dec. ^{b*}	Jan.*	Feb.*	Mar.*	Apr.
1. Other sectors	4,030.9	4,945.7	5,895.6	7,264.0	9,502.5	13,451.9	13,682.9	13,943.9	14,263.3	14,490.3	14,709.1
Short-term	472.6	512.9	535.2	707.7	700.9	1,478.2	999.7	1,195.8	1,226.0	1,273.1	1,398.5
Money market instruments	0.0	33.7	0.0	0.0	0.0	0.0	0.0	0.8	1.5	0.9	0.6
Credits	25.4	68.1	98.5	140.2	155.0	681.0	625.8	748.7	809.1	810.3	850.5
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
Trade credits	47.5	22.2	23.2	27.8	35.9	31.1	34.1	33.3	30.8	33.2	35.6
Other debt liabilities	399.7	389.0	413.5	539.8	510.0	766.0	339.7	413.0	384.6	428.7	511.8
Principal arrears	366.5	356.3	377.1	496.3	460.6	683.4	264.1	330.0	303.5	349.5	423.5
Interest arrears	33.2	32.7	36.3	43.5	49.4	82.6	75.6	83.0	81.0	79.2	88.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	3,558.2	4,432.8	5,360.4	6,556.2	8,801.6	11,973.7	12,683.3	12,748.0	13,037.3	13,217.2	13,310.6
Bonds	171.9	344.8	377.9	375.3	306.4	401.6	405.5	407.5	411.5	415.8	397.6
Credits	3,174.9	3,933.0	4,852.7	6,017.1	8,349.8	11,282.3	11,997.4	12,070.1	12,338.1	12,520.4	12,606.7
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	211.5	155.0	129.8	163.8	145.4	289.8	280.4	270.4	287.8	281.0	306.3
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1. Other banking institutions	17.5	26.3	25.4	25.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term	1.1	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	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
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
Other debt liabilities	1.1	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	0.0
Interest arrears	1.1	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	0.0
Long-term	16.5	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	0.0
Credits	16.5	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	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
1.2. Non-banking financial institutions	304.9	685.1	981.2	1,249.1	1,873.7	2,630.7	2,720.3	2,786.5	2,870.7	2,899.5	2,943.9
Short-term	3.1	2.7	9.5	19.6	60.1	201.6	213.1	213.3	216.3	220.1	287.4
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	1.5	0.9	0.6
Credits	0.0	0.0	5.4	14.3	46.5	184.5	183.2	185.2	206.8	205.9	225.9
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
Trade credits	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	3.1	2.7	4.0	5.3	13.6	17.1	30.0	27.3	7.9	13.3	60.9
Principal arrears	2.1	1.5	1.5	2.9	6.4	2.9	14.7	15.0	2.1	5.6	51.9
Interest arrears	1.1	1.2	2.5	2.4	7.2	14.2	15.2	12.3	5.8	7.8	8.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	301.8	682.5	971.7	1,229.5	1,813.7	2,429.2	2,507.1	2,573.2	2,654.5	2,679.4	2,656.5
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	301.8	681.8	971.7	1,229.3	1,813.6	2,429.1	2,507.1	2,573.2	2,654.0	2,678.9	2,655.9
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
Trade credits	0.0	0.7	0.0	0.2	0.0	0.0	0.0	0.0	0.5	0.5	0.5
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
1.3. Public enterprises	822.0	1,005.9	972.4	1,120.8	1,168.5	1,997.4	2,082.0	2,116.4	2,136.8	2,156.5	2,207.0
Short-term	31.6	41.8	20.6	13.3	31.6	48.3	52.0	106.2	87.5	89.5	69.6
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
Credits	0.4	25.7	0.0	0.0	15.2	35.4	35.6	89.5	74.4	74.7	54.5
Trade credits	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	31.2	16.2	20.6	13.3	16.4	12.9	16.3	16.7	13.2	14.8	15.1
Principal arrears	29.8	15.5	20.0	12.5	14.5	12.5	15.9	15.6	11.7	11.7	11.7
Interest arrears	1.4	0.7	0.6	0.8	1.9	0.5	0.5	1.1	1.5	3.1	3.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	790.4	964.0	951.9	1,107.6	1,136.9	1,949.0	2,030.1	2,010.2	2,049.3	2,067.0	2,137.4
Bonds	0.0	0.0	0.0	0.0	0.0	296.2	300.2	301.7	303.0	304.4	305.8

Credits	726.3	929.6	919.4	1,026.8	1,066.8	1,470.2	1,547.1	1,530.1	1,552.1	1,572.3	1,608.9
Trade credits	64.1	34.4	32.5	80.7	70.1	182.7	182.8	178.4	194.3	190.3	222.7
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
1.4. Mixed enterprises	480.9	384.9	347.1	328.7	416.5	594.9	588.8	580.7	575.5	555.7	563.5
Short-term	4.7	6.8	3.9	5.3	6.3	16.5	1.5	3.4	3.3	3.5	10.5
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
Credits	0.0	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	0.0
Other debt liabilities	4.7	4.6	3.2	3.0	6.3	16.5	1.5	3.4	3.3	3.5	10.5
Principal arrears	4.4	4.1	3.0	2.9	6.1	16.4	1.2	1.3	1.2	1.4	8.4
Interest arrears	0.3	0.6	0.1	0.1	0.2	0.1	0.3	2.1	2.1	2.0	2.1
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	476.3	378.1	343.2	323.4	410.2	578.4	587.3	577.3	572.2	552.2	553.0
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	460.1	364.3	323.6	297.0	394.3	557.1	557.0	553.0	547.2	527.3	532.1
Trade credits	16.2	13.8	19.6	26.4	15.9	21.3	30.3	24.3	25.1	24.9	20.9
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
1.5. Other enterprises	2,335.3	2,763.8	3,473.2	4,428.1	5,929.1	8,062.2	8,049.6	8,219.3	8,442.2	8,641.8	8,754.4
Short-term	426.7	454.3	482.9	654.8	578.8	1,174.3	720.6	860.3	906.4	947.4	1,019.4
Money market instruments	0.0	33.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	24.2	39.8	81.7	122.0	86.9	451.2	395.4	462.1	516.1	517.8	559.1
Trade credits	47.5	22.2	23.2	27.8	35.9	31.1	34.1	33.3	30.8	33.2	35.6
Other debt liabilities	355.1	358.6	378.1	505.1	456.0	692.0	291.1	365.0	359.6	396.4	424.7
Principal arrears	326.7	330.7	346.8	467.5	420.3	630.2	231.5	297.6	287.8	330.1	350.8
Interest arrears	28.4	27.9	31.3	37.5	35.7	61.8	59.6	67.4	71.7	66.3	73.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	1,908.6	2,309.6	2,990.2	3,773.3	5,350.3	6,887.9	7,329.0	7,358.9	7,535.8	7,694.4	7,735.0
Bonds	171.9	344.8	377.9	375.3	306.4	105.4	105.3	105.9	108.5	111.4	91.8
Credits	1,627.0	1,874.6	2,545.3	3,348.9	4,989.1	6,701.7	7,161.4	7,190.2	7,363.9	7,522.2	7,585.3
Trade credits	109.7	90.1	67.1	49.1	54.8	80.8	62.2	62.9	63.4	60.8	57.9
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
1.6. Non-profit institutions	3.3	2.8	4.0	4.9	5.3	5.4	3.3	3.3	3.3	3.2	3.2
1.7. Craftsmen and sole traders	40.9	50.0	42.7	35.2	26.8	24.1	23.8	23.1	22.2	21.3	21.2
1.8. Households	26.1	26.9	49.7	71.5	82.7	137.2	215.2	214.6	212.5	212.4	216.0

^a Old reporting system. ^b New reporting system.

Table H16: International Investment Position – Summary

million euros

	2002 ^a	2003 ^a	2004	2005	2006	2007 ^a	2007				2008
							Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^a	Q1 ^b
1. International investment position (net)	-7,275.1	-10,716.7	-15,371.6	-20,229.0	-29,972.1	-39,593.1	-36,032.3	-39,228.1	-38,869.4	-39,593.1	-37,579.7
2. Assets	12,492.1	14,347.6	15,117.6	16,042.7	18,242.9	21,201.6	19,091.9	19,697.4	20,253.2	21,201.6	20,173.5
2.1. Direct investment abroad	1,606.8	1,626.7	1,563.4	1,729.8	1,833.1	2,368.2	2,064.8	2,340.4	2,336.6	2,368.2	2,235.1
2.2. Portfolio investment	876.5	737.4	1,506.0	2,136.8	2,575.9	3,022.0	2,875.0	3,243.2	3,194.9	3,022.0	2,416.1
2.2.1. Equity securities	79.1	141.3	176.8	418.0	720.4	1,601.6	1,147.5	1,457.0	1,728.0	1,601.6	1,077.4
2.2.2. Debt securities	797.4	596.1	1,329.1	1,718.8	1,855.4	1,420.4	1,727.5	1,786.2	1,466.8	1,420.4	1,338.7
Bonds	787.5	593.7	1,168.7	1,571.6	1,464.0	1,140.0	1,322.4	1,364.7	1,210.8	1,140.0	1,117.3
Money market instruments	9.9	2.4	160.4	147.1	391.4	280.4	405.1	421.5	256.1	280.4	221.4
2.3. Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4. Other investment	4,357.4	5,429.5	5,612.1	4,737.7	5,108.6	6,504.0	4,632.5	4,943.5	5,926.6	6,504.0	5,680.6
2.4.1. Trade credits	222.5	253.4	221.6	263.0	230.6	249.4	220.6	222.1	222.6	249.4	217.5
2.4.2. Loans	108.9	102.1	102.2	146.2	239.5	295.7	246.5	248.3	325.3	295.7	309.9
2.4.3. Currency and deposits	4,026.0	5,074.0	5,288.2	4,328.5	4,638.3	5,958.9	4,165.4	4,473.1	5,378.7	5,958.9	5,153.3
2.4.4. Other assets	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0
2.5. Reserve assets (CNB)	5,651.3	6,554.1	6,436.1	7,438.4	8,725.3	9,307.4	9,519.7	9,170.3	8,795.1	9,307.4	9,841.7
3. Liabilities	19,767.1	25,064.3	30,489.1	36,271.6	48,215.0	60,794.7	55,124.2	58,925.5	59,122.5	60,794.7	57,753.2
3.1. Direct investment in Croatia	5,790.8	6,808.6	9,114.2	12,332.4	20,782.0	30,381.8	26,966.5	30,072.1	30,263.5	30,381.8	26,185.6
3.2. Portfolio investment	4,361.0	4,918.4	5,981.6	5,530.4	5,442.4	5,840.7	5,386.3	5,840.8	5,919.3	5,840.7	5,438.7
3.2.1. Equity securities	238.7	233.4	488.1	646.5	1,037.5	1,416.6	1,080.4	1,259.0	1,315.2	1,416.6	1,059.5
3.2.2. Debt securities	4,122.2	4,685.1	5,493.5	4,883.9	4,404.8	4,424.2	4,305.8	4,581.8	4,604.1	4,424.2	4,379.2
Bonds	4,122.2	4,651.4	5,493.5	4,883.9	4,404.8	4,424.2	4,305.8	4,581.8	4,604.1	4,424.2	4,378.3
Money market instruments	0.0	33.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9
3.3. Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.4. Other investment	9,615.4	13,337.3	15,393.4	18,408.7	21,990.6	24,572.2	22,771.5	23,012.6	22,939.7	24,572.2	26,128.9
3.4.1. Trade credits	260.0	179.5	155.1	194.2	183.3	322.1	186.7	275.0	289.8	322.1	315.3
3.4.2. Loans	7,055.0	10,027.9	11,578.7	14,035.5	16,896.6	19,332.1	17,051.1	17,105.9	17,868.2	19,332.1	20,753.1
3.4.3. Currency and deposits	1,898.6	2,738.8	3,242.7	3,635.6	4,398.3	4,145.0	5,007.8	5,053.0	4,150.2	4,145.0	4,620.8
3.4.4. Other assets	401.8	391.2	417.0	543.5	512.5	773.0	525.8	578.7	631.5	773.0	439.7

^a Revised data. ^b 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

	2002	2003	2004	2005	2006	2007 ^a	2007				2008
							Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^a	Q1 ^b
Direct investment (net)	-4,183.9	-5,181.9	-7,550.8	-10,602.7	-18,948.9	-28,013.6	-24,901.7	-27,731.8	-27,927.0	-28,013.6	-23,950.5
1. Abroad	1,606.8	1,626.7	1,563.4	1,729.8	1,833.1	2,368.2	2,064.8	2,340.4	2,336.6	2,368.2	2,235.1
1.1. Equity capital and reinvested earnings	1,569.1	1,587.0	1,502.3	1,610.4	1,725.0	2,257.8	1,938.3	2,215.2	2,226.1	2,257.8	2,114.2
1.1.1. Claims	1,569.1	1,587.0	1,502.3	1,610.4	1,725.0	2,257.8	1,938.3	2,215.2	2,226.1	2,257.8	2,114.2
1.1.2. Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2. Other capital	37.7	39.7	61.2	119.3	108.2	110.4	126.4	125.2	110.5	110.4	120.9
1.1.1. Claims	49.9	63.4	89.6	138.0	144.8	175.4	166.8	170.1	154.1	175.4	177.9
1.2.2. Liabilities	12.2	23.7	28.4	18.7	36.6	64.9	40.4	44.9	43.6	64.9	57.0
1.3. Financial derivatives (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. In Croatia	5,790.8	6,808.6	9,114.2	12,332.4	20,782.0	30,381.8	26,966.5	30,072.1	30,263.5	30,381.8	26,185.6
2.1. Equity capital and reinvested earnings	4,400.6	4,972.7	7,116.4	9,920.6	17,961.3	26,826.1	23,957.5	26,637.9	26,792.8	26,826.1	22,820.1
2.1.1. Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2. Liabilities	4,400.6	4,972.7	7,116.4	9,920.6	17,961.3	26,826.1	23,957.5	26,637.9	26,792.8	26,826.1	22,820.1
2.2. Other capital	1,390.2	1,835.9	1,997.8	2,411.8	2,820.8	3,555.7	3,009.0	3,434.2	3,470.7	3,555.7	3,365.4
2.2.1. Claims	0.3	1.8	19.9	20.1	21.1	24.2	22.7	23.2	24.1	24.2	24.4
2.2.2. Liabilities	1,390.5	1,837.7	2,017.7	2,431.9	2,841.8	3,579.9	3,031.7	3,457.4	3,494.8	3,579.9	3,389.9
2.3. Financial derivatives (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a Revised data. ^b Preliminary data.

Table H18: International Investment Position – Portfolio Investment

million euros

	2002	2003	2004	2005	2006	2007 ^a	2007				2008
							Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^a	Q1 ^b
Portfolio investment (net)	-3,486.5	-4,183.3	-4,475.6	-3,393.6	-2,866.5	-2,818.7	-2,511.3	-2,597.6	-2,724.4	-2,818.7	-3,022.6
1. Assets	874.4	735.1	1,506.0	2,136.8	2,575.9	3,022.0	2,875.0	3,243.2	3,194.9	3,022.0	2,416.1
1.1. Equity securities	77.1	139.0	176.8	418.0	720.4	1,601.6	1,147.5	1,457.0	1,728.0	1,601.6	1,077.4
1.1.1. Banks	7.4	4.7	5.1	5.9	6.7	8.3	8.3	8.6	8.3	8.3	8.3
1.1.2. Other sectors	69.6	134.2	171.8	412.1	713.7	1,593.3	1,139.2	1,448.4	1,719.7	1,593.3	1,069.1
1.2. Debt securities	797.4	596.1	1,329.1	1,718.8	1,855.4	1,420.4	1,727.5	1,786.2	1,466.8	1,420.4	1,338.7
2. Liabilities	4,361.0	4,918.4	5,981.6	5,530.4	5,442.4	5,840.7	5,386.3	5,840.8	5,919.3	5,840.7	5,438.7
2.1. Equity securities	238.7	233.4	488.1	646.5	1,037.5	1,416.6	1,080.4	1,259.0	1,315.2	1,416.6	1,059.5
2.1.1. Banks	44.5	46.3	64.7	84.0	156.7	168.0	182.7	192.5	187.9	168.0	140.9
2.1.2. Other sectors	194.3	187.1	423.4	562.6	880.8	1,248.5	897.7	1,066.5	1,127.3	1,248.5	918.7
2.2. Debt securities	4,122.2	4,685.1	5,493.5	4,883.9	4,404.8	4,424.2	4,305.8	4,581.8	4,604.1	4,424.2	4,379.2
2.2.1. Bonds	4,122.2	4,651.4	5,493.5	4,883.9	4,404.8	4,424.2	4,305.8	4,581.8	4,604.1	4,424.2	4,378.3
2.2.1.1. General government	3,950.4	4,306.6	4,662.4	4,052.1	3,640.5	3,563.6	3,528.6	3,793.7	3,540.6	3,563.6	3,498.8
2.2.1.2. Banks	0.0	0.0	453.2	456.6	457.9	459.0	463.2	468.5	454.2	459.0	463.7
2.2.1.3. Other sectors	171.9	344.8	377.9	375.3	306.4	401.6	314.0	319.5	609.3	401.6	415.8
2.2.2. Money market instruments	0.0	33.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9
2.2.2.1. Other sectors	0.0	33.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9

^a Revidirani podaci ^b Preliminary data.

Table H19: International Investment Position – Other Investment

million euros

	2002 ^a	2003	2004	2005	2006	2007 ^a	2007				2008
							Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^a	Q1 ^b
Other investment (net)	-5,258.0	-7,907.9	-9,781.4	-13,671.0	-16,882.0	-18,068.2	-18,139.0	-18,069.1	-17,013.1	-18,068.2	-20,448.3
1. Assets	4,357.4	5,429.5	5,612.1	4,737.7	5,108.6	6,504.0	4,632.5	4,943.5	5,926.6	6,504.0	5,680.6
1.1. Trade credits	222.5	253.4	221.6	263.0	230.6	249.4	220.6	222.1	222.6	249.4	217.5
1.1.1. General government	0.0	0.0	0.0	0.3	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Long-term	0.0	0.0	0.0	0.3	0.1	0.0	0.1	0.0	0.0	0.0	0.0
1.1.2. Other sectors	222.5	253.4	221.6	262.7	230.4	249.4	220.5	222.1	222.6	249.4	217.5
Long-term	216.3	211.5	181.4	190.6	177.4	228.7	181.6	190.1	197.7	228.7	214.9
Short-term	6.2	41.9	40.2	72.1	53.0	20.7	38.9	32.0	25.0	20.7	2.6
1.2. Loans	108.9	102.1	102.2	146.2	239.5	295.7	246.5	248.3	325.3	295.7	309.9
1.2.1. Croatian National Bank	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5
Long-term	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5
1.2.2. General government	4.8	5.3	7.0	8.7	9.5	17.8	9.0	12.6	12.9	17.8	19.0
Long-term	4.8	5.3	7.0	8.7	9.5	17.8	9.0	12.6	12.9	17.8	19.0
1.2.3. Banks	97.5	87.1	81.6	113.2	188.5	214.8	189.8	187.3	216.5	214.8	213.7
Long-term	72.9	63.1	62.6	85.3	140.0	160.0	153.7	163.0	156.6	160.0	159.8
Short-term	24.6	23.9	19.0	27.9	48.5	54.8	36.1	24.3	59.9	54.8	53.9
1.2.4. Other sectors	5.9	9.1	13.0	23.6	40.9	62.5	47.2	47.9	95.3	62.5	76.7
Long-term	5.8	9.1	11.7	23.3	40.7	62.4	46.3	46.5	88.7	62.4	76.6
Short-term	0.1	0.0	1.3	0.3	0.2	0.1	0.9	1.4	6.6	0.1	0.1
1.3. Currency and deposits	4,026.0	5,074.0	5,288.2	4,328.5	4,638.3	5,958.9	4,165.4	4,473.1	5,378.7	5,958.9	5,153.3
1.3.1. General government	115.7	81.9	8.9	54.2	26.4	69.8	1.4	43.4	55.1	69.8	62.9
1.3.2. Banks	2,754.3	3,916.8	4,319.7	3,112.2	3,499.9	4,715.1	3,036.2	3,294.4	4,181.5	4,715.1	3,998.3
1.3.3. Other sectors	1,156.0	1,075.4	959.7	1,162.1	1,111.9	1,174.0	1,127.7	1,135.3	1,142.2	1,174.0	1,092.0
1.4. Other assets	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0
2. Liabilities	9,615.4	13,337.3	15,393.4	18,408.7	21,990.6	24,572.2	22,771.5	23,012.6	22,939.7	24,572.2	26,128.9
2.1. Trade credits	260.0	179.5	155.1	194.2	183.3	322.1	186.7	275.0	289.8	322.1	315.3
2.1.1. General government	1.1	2.3	2.1	2.6	1.9	1.2	1.7	1.5	1.4	1.2	1.1
Long-term	1.1	2.3	2.1	2.6	1.9	1.2	1.7	1.5	1.4	1.2	1.1
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2. Other sectors	259.0	177.2	153.0	191.6	181.3	320.9	185.0	273.5	288.4	320.9	314.2
Long-term	211.5	155.0	129.8	163.8	145.4	289.8	151.1	235.6	256.6	289.8	281.0
Short-term	47.5	22.2	23.2	27.8	35.9	31.1	33.9	37.9	31.8	31.1	33.2
2.2. Loans	7,055.0	10,027.9	11,578.7	14,035.5	16,896.6	19,332.1	17,051.1	17,105.9	17,868.2	19,332.1	20,753.1
2.2.1. Croatian National Bank	21.5	363.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
o/w: IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2. General government	1,932.1	2,260.5	2,590.2	2,990.6	3,024.1	3,093.0	2,990.0	2,980.9	2,988.0	3,093.0	3,086.5
Long-term	1,932.1	2,260.5	2,590.2	2,990.6	3,024.1	3,093.0	2,990.0	2,980.9	2,988.0	3,093.0	3,086.5
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.3. Banks	1,901.0	3,403.0	4,037.3	4,887.5	5,367.8	4,275.8	4,843.7	4,285.2	3,852.7	4,275.8	4,335.9
Long-term	1,900.6	2,798.5	3,517.4	3,822.7	4,217.3	3,565.1	3,830.0	3,440.6	3,415.6	3,565.1	3,531.8
Short-term	0.3	604.6	519.9	1,064.8	1,150.4	710.8	1,013.7	844.6	437.2	710.8	804.1
2.2.4. Other sectors	3,200.3	4,001.0	4,951.3	6,157.3	8,504.8	11,963.3	9,217.5	9,839.7	11,027.5	11,963.3	13,330.7
Long-term	3,174.9	3,933.0	4,852.7	6,017.1	8,349.8	11,282.3	8,851.8	9,429.5	10,377.6	11,282.3	12,520.4
Short-term	25.4	68.1	98.5	140.2	155.0	681.0	365.7	410.3	649.9	681.0	810.3
2.3. Currency and deposits	1,898.6	2,738.8	3,242.7	3,635.6	4,398.3	4,145.0	5,007.8	5,053.0	4,150.2	4,145.0	4,620.8
2.3.1. Croatian National Bank	1.7	2.6	2.4	2.6	2.6	2.3	2.1	2.3	2.0	2.3	1.7
2.3.2. Banks	1,896.9	2,736.2	3,240.3	3,632.9	4,395.7	4,142.6	5,005.7	5,050.7	4,148.2	4,142.6	4,619.1
2.4. Other liabilities	401.8	391.2	417.0	543.5	512.5	773.0	525.8	578.7	631.5	773.0	439.7

^a Revidirani podaci ^b Preliminary data.

Table I1: Consolidated Central Government According to the Government Level

million kuna

	2004	2005	2006	2007				
				Mar.	Jun.	Sep.	Oct.	Nov.
1. REVENUE (A+B)	87,019.3	92,642.5	100,392.6	8,076.5	8,996.5	10,133.8	9,679.7	9,538.9
A) Budgetary central government	80,463.5	85,653.0	95,234.1	7,800.9	8,607.4	9,703.0	9,210.3	9,033.7
B) Extrabudgetary users	6,555.8	6,989.5	5,158.5	275.6	389.1	430.8	469.4	505.2
1. Croatian Pension Insurance Administration	129.9	38.0	293.5	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
3. Croatian Employment Service	15.5	18.9	18.4	0.0	0.0	0.0	0.0	0.0
4. Croatian Waters	1,224.4	1,227.8	1,526.9	161.3	156.5	187.2	208.9	154.9
5. Fund for Environmental Protection and Energy Efficiency	170.7	214.7	659.8	53.9	62.7	79.3	104.5	163.5
6. Croatian Motorways Ltd.	2,295.4	2,547.0	1,271.1	54.1	123.6	139.1	120.1	96.3
7. Croatian Roads Ltd.	1,417.8	1,474.7	64.7	3.3	36.0	16.4	3.3	5.8
8. State Agency for Deposit Insurance and Bank Rehabilitation	575.9	367.4	409.6	2.4	5.5	5.4	28.1	69.2
9. Croatian Privatisation Fund	62.9	237.0	65.9	0.6	4.8	3.4	4.4	15.5
2. EXPENSE (A+B)	86,941.4	92,332.1	98,751.4	8,811.9	8,387.0	9,172.4	9,358.2	10,088.8
A) Budgetary central government	81,861.2	86,715.6	91,979.7	8,481.0	7,884.4	8,729.9	8,772.0	9,414.4
B) Extrabudgetary users	5,080.3	5,616.5	6,771.7	331.0	502.6	442.4	586.2	674.4
1. Croatian Pension Insurance Administration	587.4	382.2	565.9	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
3. Croatian Employment Service	141.3	145.9	155.0	0.0	0.0	0.0	0.0	0.0
4. Croatian Waters	1,426.3	1,489.5	1,779.1	104.1	157.7	184.0	187.9	275.8
5. Fund for Environmental Protection and Energy Efficiency	32.4	172.0	734.8	72.9	60.3	110.1	125.2	161.1
6. Croatian Motorways Ltd.	752.3	1,085.1	1,272.7	72.2	182.6	78.4	139.4	151.5
7. Croatian Roads Ltd.	934.6	1,062.4	1,226.9	75.6	83.1	61.2	125.2	76.2
8. State Agency for Deposit Insurance and Bank Rehabilitation	314.5	183.0	27.4	1.1	9.3	1.4	1.6	1.6
9. Croatian Privatisation Fund	60.1	182.1	78.4	5.0	9.6	7.3	6.8	8.2
NET/GROSS OPERATING BALANCE (1–2)	77.8	310.3	1,641.2	-735.4	609.5	961.4	321.5	-549.9
3. CHANGE IN NET WORTH: TRANSACTIONS (3.1.+3.2.–3.3.)	77.8	310.3	1,641.2	-735.4	609.5	961.4	321.5	-549.9
3.1. CHANGE IN NET ACQUISITION OF NON-FINANCIAL ASSETS	8,373.5	6,699.4	6,108.6	412.3	520.2	590.7	800.1	676.8
Acquisition	8,648.4	7,024.2	6,836.4	459.0	540.8	616.5	825.5	709.7
A) Budgetary central government	1,663.9	1,828.8	1,908.5	101.7	126.7	191.6	407.7	369.9
B) Extrabudgetary users	6,984.5	5,195.4	4,927.9	357.3	414.1	424.9	417.8	339.7
Disposals	274.9	324.8	727.7	46.8	20.7	25.9	25.4	32.9
A) Budgetary central government	244.4	275.1	352.7	32.3	20.5	23.6	23.2	31.8
B) Extrabudgetary users	30.5	49.6	375.1	14.5	0.1	2.3	2.2	1.1
NET LENDING/BORROWING (1–2–3.1.)	-8,295.6	-6,389.1	-4,467.4	-1,147.7	89.3	370.8	-478.6	-1,226.8
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING) (3.3.–3.2.)	8,295.6	6,389.1	4,467.4	1,147.7	-89.3	-370.8	478.6	1,226.8
3.2. CHANGE IN NET ACQUISITION OF FINANCIAL ASSETS	28.4	1,609.8	-2,576.7	-755.0	-193.9	560.4	-1,175.4	-1,277.8
3.2.1. Domestic	18.6	1,614.6	-2,593.4	-755.0	-196.7	560.4	-1,175.4	-1,283.1
A) Budgetary central government	138.6	1,747.7	-3,063.9	-785.6	-235.8	690.4	-1,177.5	-1,377.3
B) Extrabudgetary users	-120.0	-133.1	470.5	30.6	39.2	-130.0	2.1	94.2
3.2.2. Foreign	9.8	-4.9	16.7	0.0	2.7	0.0	0.0	5.3
A) Budgetary central government	9.8	-4.9	16.7	0.0	2.7	0.0	0.0	5.3
B) Extrabudgetary users	0.0	0.0	0.0	0.0	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
3.3. CHANGE IN NET INCURRENCE OF LIABILITIES	8,324.0	7,998.8	1,890.7	392.6	-283.3	189.6	-696.8	-51.0
3.3.1. Domestic	4,107.7	12,041.7	5,282.8	472.3	-390.7	185.3	-843.6	-193.1
A) Budgetary central government	4,038.7	10,591.6	3,166.3	277.8	-388.0	193.5	-848.2	-269.7
B) Extrabudgetary users	69.0	1,450.1	2,116.5	194.5	-2.6	-8.2	4.6	76.6
3.3.2. Foreign	4,216.3	-4,042.8	-3,392.1	-79.6	107.4	4.3	146.8	142.1
A) Budgetary central government	270.3	-5,080.6	-3,943.2	-93.6	-195.6	-30.7	-0.3	-24.4
B) Extrabudgetary users	3,946.0	1,037.8	551.2	14.0	303.0	35.1	147.1	166.5

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

million kuna

	2004	2005	2006	2007				
				Mar.	Jun.	Sep.	Oct.	Nov.
1. REVENUE	80,463.5	85,653.0	95,235.6	7,803.2	8,607.4	9,702.8	9,210.3	9,034.6
1.1. Taxes	47,149.9	50,687.6	58,469.1	4,502.2	5,157.1	5,256.5	5,655.9	5,524.6
1.2. Social contributions	29,477.6	31,301.3	33,877.1	2,929.4	3,116.4	3,149.9	3,172.6	3,164.0
1.3. Grants	10.1	27.5	196.0	10.8	40.8	29.3	73.8	53.2
1.4. Other revenue	3,825.9	3,636.6	2,693.3	360.7	293.1	1,267.1	308.1	292.8
2. EXPENSE	83,131.1	87,857.5	95,950.0	8,703.5	8,150.7	9,007.1	9,154.8	9,774.4
2.1. Compensation of employees	22,268.3	23,182.6	24,313.9	2,152.2	2,224.9	2,250.1	2,235.2	2,261.2
2.2. Use of goods and services	4,358.7	4,951.9	6,069.1	521.9	486.7	546.0	651.9	737.7
2.3. Consumption of fixed capital	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	715.5	370.6	373.7	174.6	324.7
2.5. Subsidies	4,968.1	5,248.7	5,670.8	582.6	349.2	731.3	645.7	703.1
2.6. Grants	3,420.3	3,796.8	6,653.0	379.6	495.2	511.4	725.0	846.2
2.7. Social benefits	39,730.9	41,358.5	43,444.6	4,013.5	3,851.3	4,251.6	4,112.4	3,899.2
2.8. Other expense	4,412.4	4,931.9	5,085.0	338.2	372.7	343.1	610.0	1,002.1
3. CHANGE IN NET WORTH: TRANSACTIONS	-2,667.6	-2,204.5	-714.4	-900.3	456.7	695.6	55.5	-739.8
3.1. Change in net acquisition of non-financial assets	1,419.5	1,553.7	1,555.8	69.5	106.2	168.0	384.5	338.2
3.1.1. Fixed assets	1,384.6	1,517.0	1,595.1	62.1	99.3	159.8	362.0	324.3
3.1.2. Inventories	0.0	0.0	-80.2	-1.3	0.0	0.0	14.5	8.8
3.1.3. Valuables	7.5	7.2	7.8	0.9	2.6	0.3	1.1	0.9
3.1.4. Non-produced assets	27.3	29.5	33.1	7.8	4.3	7.9	6.9	4.1
3.2. Change in net acquisition of financial assets	222.0	1,752.8	-3,047.2	-785.6	-233.1	690.4	-1,177.5	-1,372.0
3.2.1. Domestic	212.2	1,757.7	-3,063.9	-785.6	-235.8	690.4	-1,177.5	-1,377.3
3.2.2. Foreign	9.8	-4.9	16.7	0.0	2.7	0.0	0.0	5.3
3.2.3. Monetary gold and SDRs	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	184.2	-583.6	162.8	-848.4	-294.0
3.3.1. Domestic	4,038.7	10,591.6	3,166.3	277.8	-388.0	193.5	-848.2	-269.7
3.3.2. Foreign	270.3	-5,080.6	-3,943.2	-93.6	-195.6	-30.7	-0.3	-24.4

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

end of period, million kuna

	2002	2003	2004	2005	2006	2007	2008			
	Dec. ^a	Dec.	Dec.	Dec.	Dec.	Dec.*	Jan.*	Feb.*	Mar.*	Apr.
1. Domestic debt of central government	31,421.5	34,736.4	41,517.0	55,028.8	59,732.5	63,029.8	62,301.1	62,903.7	64,525.5	64,350.9
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	55,874.8	56,422.9	57,669.9	57,497.4
Treasury bills	5,632.7	6,548.1	9,022.5	12,533.4	12,662.2	11,975.3	11,665.3	11,825.5	11,874.6	12,140.9
Money market instruments	0.1	0.3	–	0.9	–	–	–	–	–	–
Bonds	15,887.9	17,422.0	23,080.1	30,716.0	34,827.9	38,795.2	38,596.1	38,628.1	38,556.3	38,573.4
Credits from the CNB	0.5	1.4	3.3	1.4	0.9	1.0	–	–	–	0.0
Credits from banks	1,798.8	4,189.1	5,117.8	7,307.8	6,725.7	5,735.0	5,613.4	5,969.3	7,239.0	6,783.1
1.2. Domestic debt of central government funds	8,101.5	6,575.5	4,293.3	4,469.2	5,515.8	6,523.4	6,426.3	6,480.8	6,855.6	6,853.5
Money market instruments	–	–	–	–	–	–	–	–	–	–
Bonds	4,460.7	3,616.4	2,040.1	176.9	253.1	121.5	105.9	106.2	105.2	105.4
Credits from banks	3,640.7	2,959.1	2,253.2	4,292.3	5,262.6	6,401.8	6,320.4	6,374.6	6,750.4	6,748.0
2. External debt of central government	43,399.6	49,924.7	55,437.5	51,769.5	48,833.5	49,026.8	48,191.5	47,977.8	47,665.9	46,323.0
2.1. External debt of the Republic of Croatia	37,432.1	41,041.9	42,231.2	36,414.5	32,556.6	29,397.2	28,844.5	28,564.4	28,028.4	27,887.1
Money market instruments	–	–	–	–	–	–	–	–	–	–
Bonds	28,719.3	32,115.1	32,919.3	27,020.1	22,836.9	20,397.3	20,158.5	19,871.7	19,553.1	19,425.4
Credits	8,712.8	8,926.8	9,311.9	9,394.5	9,719.7	8,999.9	8,685.9	8,692.7	8,475.3	8,461.7
2.2. External debt of central government funds	5,967.6	8,882.8	13,206.3	15,354.9	16,276.9	19,629.6	19,347.0	19,413.5	19,637.4	18,435.9
Money market instruments	–	–	–	–	–	–	–	–	–	–
Bonds	680.4	816.9	2,846.8	2,866.5	3,903.0	5,908.9	5,887.3	5,828.0	5,836.2	5,865.3
Credits	5,287.2	8,066.0	10,359.5	12,488.4	12,373.9	13,720.7	13,459.8	13,585.5	13,801.2	12,570.7
3. Total (1+2)	74,821.1	84,661.1	96,954.5	106,798.2	108,566.0	112,056.6	110,492.6	110,881.5	112,191.4	110,673.9
Supplement: Central government guaranteed debt										
– guarantees for domestic debt	7,528.1	6,895.4	4,642.0	5,345.9	7,312.8	7,919.9	7,859.5	7,854.4	7,402.9	7,880.9
– guarantees for external debt	8,764.6	8,713.0	7,787.7	7,248.8	6,965.0	9,448.8	9,453.6	9,576.7	9,619.9	9,871.3

^a Irrespective of the note 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, was reclassified from the subsector Republic of Croatia to the subsector central government funds in December 1998 and December 2002 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	Consumer price indices ^b			Producer prices
		Total	Goods	Services	Total	Goods	Services		Total	Goods	Services	
1994	December	....	....	....	100.2	100.1	100.8	100.2	97.0	95.0	108.1	94.5
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	June	105.8	104.9	108.3	99.6	99.4	100.2	100.4	101.9	101.6	102.7	102.9
	July	105.1	103.8	109.3	99.4	98.9	100.8	100.2	102.1	101.9	102.8	103.0
	August	105.7	104.4	109.9	100.6	100.6	100.5	100.8	102.6	102.6	102.6	103.6
	September	107.0	106.4	108.7	101.2	101.9	98.9	100.6	103.9	104.3	102.2	104.5
	October	107.3	107.0	108.3	100.3	100.5	99.7	100.4	104.3	104.8	102.3	104.9
	November	108.4	108.3	108.6	101.0	101.2	100.2	100.6	104.6	105.3	102.4	105.4
	December	109.7	109.5	110.0	101.2	101.2	101.3	100.4	105.8	106.6	103.4	105.8
2008	January	110.4	109.9	111.9	100.7	100.4	101.7	102.3	106.2	107.0	103.7	107.4
	February	110.3	109.5	112.6	99.9	99.6	100.7	100.3	105.8	106.4	103.8	107.5
	March	110.9	110.4	112.4	100.6	100.8	99.8	100.8	105.7	106.4	103.5	107.6
	April	111.7	111.4	112.5	100.7	100.9	100.1	100.4	105.7	106.2	104.0	107.7
	May	113.0	113.0	112.5	101.1	101.4	100.0	101.3	106.4	107.1	104.1	108.7

^a Data from January 1992 to December 1997 relate to the retail price index. ^b 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	June	105.5	105.2	106.7	100.1	99.9	101.0	102.4	102.2	103.1
	July	105.0	104.3	108.9	99.6	99.1	102.1	102.4	102.1	103.4
	August	105.6	104.7	110.1	100.6	100.5	101.1	103.0	102.8	104.1
	September	106.3	106.1	107.6	100.7	101.3	97.7	103.0	102.9	103.3
	October	107.2	107.3	106.4	100.8	101.1	98.9	103.4	103.4	103.1
	November	108.0	108.2	106.7	100.8	100.9	100.3	104.0	104.2	103.4
	December	108.8	109.1	107.2	100.8	100.8	100.4	105.0	105.3	103.5
2008	January	108.7	108.8	108.2	99.9	99.7	101.0	105.3	105.6	103.8
	February	108.7	108.7	108.8	100.0	99.9	100.5	105.1	105.3	103.7
	March	109.3	109.3	109.1	100.5	100.6	100.3	105.1	105.4	103.8
	April	110.1	110.3	109.2	100.7	100.8	100.1	105.3	105.5	104.0
	May	111.3	111.4	110.3	101.0	101.1	101.0	105.6	105.8	104.3

^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
1994	December	1,646.0	119.0	153.4	233.2
1995	December	1,883.0	99.4	114.4	145.7
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	April	4,750.0	99.2	105.7	105.4
	May	4,875.0	102.6	104.0	105.1
	June	4,848.0	99.5	104.5	105.0
	July	4,855.0	100.1	106.6	105.2
	August	4,869.0	100.3	105.1	105.2
	September	4,743.0	97.4	104.4	105.1
	October	4,871.0	102.7	106.3	105.2
	November	5,131.0	105.3	105.1	105.2
	December	4,958.0	96.6	104.7	105.2
2008	January	5,019.0	101.2	105.9	105.9
	February	4,993.0	99.5	107.4	106.7
	March	5,042.0	101.0	105.3	106.2

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	July	-13.9	0.3	-12.7	-12.3	2.5	-13.8	-2.0	8.3	-11.9	-47.8
	August	-14.7	-1.6	-13.0	-9.9	0.2	-15.9	-3.4	9.6	-13.2	-45.8
	September	-17.9	-4.5	-18.6	-14.4	-1.2	-22.0	-7.8	14.4	-19.5	-48.2
	October	-15.3	-1.0	-15.8	-12.8	1.3	-17.2	-3.2	12.1	-17.3	-47.2
	November	-15.3	-2.5	-16.3	-13.0	0.9	-18.7	-5.8	6.9	-17.1	-49.4
	December	-24.7	-15.5	-24.5	-16.8	-9.8	-31.8	-21.2	12.8	-25.0	-54.8
2008	January	-21.0	-12.4	-22.8	-15.5	-6.9	-29.8	-17.9	9.1	-23.1	-50.0
	February	-24.2	-16.1	-28.1	-21.1	-8.0	-35.7	-24.2	10.0	-27.5	-54.4
	March	-24.1	-13.7	-27.2	-21.9	-6.4	-38.4	-20.9	14.9	-21.2	-54.2
	April	-20.5	-11.4	-24.7	-21.5	-6.3	-30.7	-16.4	6.4	-21.8	-53.0
	May	-26.8	-18.9	-29.4	-22.5	-10.7	-40.6	-27.0	12.1	-25.1	-57.3
	June	-34.7	-32.0	-34.9	-28.6	-23.8	-49.4	-40.1	17.6	-26.7	-57.4

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 2008

Licensed 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. Centar banka d.d., Zagreb
6. Credo banka d.d., Split
7. Croatia banka d.d., Zagreb
8. Erste & Steiermärkische Bank d.d., Rijeka
9. Hrvatska poštanska banka d.d., Zagreb
10. Hypo Alpe-Adria-Bank d.d., Zagreb
11. Imex banka d.d., Split
12. Istarska kreditna banka Umag d.d., Umag
13. Jadranska banka d.d., Šibenik
14. Karlovačka banka d.d., Karlovac
15. Kreditna banka Zagreb d.d., Zagreb
16. Kvarner banka d.d., Rijeka
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. Slavonska banka d.d., Osijek
28. Sociétés Générale – Splitska banka d.d., Split
29. Štedbanka d.d., Zagreb
30. Vaba d.d. banka Varaždin, Varaždin
31. Veneto banka d.d., Zagreb
32. Volksbank d.d., Zagreb
33. Zagrebačka banka d.d., Zagreb

Licensed 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 Licensed Institutions with Full Authorisation

1. Hrvatska banka za obnovu i razvitak, Zagreb

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 initiation
1. Agroobrtnička banka d.d., Zagreb	14/6/2000
2. Alpe Jadran banka d.d., Split	15/5/2002
3. Cibalae banka d.d., Vinkovci	20/10/2000
4. Glumina banka d.d., Zagreb	30/4/1999
5. Gospodarska štedionica d.d., Vrbovec	3/4/2003
6. Gradska banka d.d., Osijek	3/5/1999
7. Hrvatska gospodarska banka d.d., Zagreb	19/4/2000
8. Ilirija banka d.d., Zagreb	6/4/1999
9. Komercijalna banka d.d., Zagreb	30/4/1999
10. Međimurska štedionica d.d., Čakovec	17/3/2004
11. Štedionica Groš banak d.o.o., Zagreb	23/4/2001
12. Trgovačko-turistička banka d.d., Split	8/9/2000
13. 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 License Was Revoked, but Have Not Initiated Winding-up Proceedings

Name of bank/savings bank	Date of revoking operating license
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 2008

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

