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Croatian National Bank

BULLETIN

Zagreb 2002

General Information on Croatia

Economic Indicators

| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|--|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| Area (square km) | 56,538 | 56,538 | 56,538 | 56,538 | 56,538 | 56,538 | 56,538 | 56,538 | 56,538 |
| GDP ^a (million USD, current prices) | 10,903 | 14,585 | 18,811 | 19,872 | 20,109 | 21,628 | 20,031 | 19,030 | 20,263 |
| GDP – annual changes ^a (in %, constant prices) | -8.0 | 5.9 | 6.8 | 5.9 | 6.8 | 2.5 | -0.9 | 3.7 | 4.1 |
| GDP per capita ^{a,b} (in current USD) | 2,349 | 3,137 | 4,029 | 4,422 | 4,398 | 4,805 | 4,399 | 4,334 | 4,625 |
| Retail price inflation (in %, end of year) | 1,149.7 | -3.0 | 3.7 | 3.4 | 3.8 | 5.4 | 4.4 | 7.4 | 2.6 |
| Population ^b (million, mid-year) | 4.6 | 4.6 | 4.7 | 4.5 | 4.6 | 4.5 | 4.6 | 4.4 | 4.4 |
| Exports of goods and services (as % of GDP) | 56.8 | 48.8 | 37.7 | 39.5 | 40.9 | 39.6 | 40.5 | 45.5 | 47.4 |
| Imports of goods and services (as % of GDP) | 53.0 | 45.4 | 49.5 | 49.7 | 56.6 | 49.2 | 48.9 | 50.4 | 52.6 |
| Current account balance ^d (as % of GDP) | 5.7 | 5.9 | -7.7 | -5.5 | -11.6 | -7.1 | -6.9 | -2.3 | -3.1 |
| Outstanding external debt ^c (million USD, end of year) | 2,638 | 3,020 | 3,809 | 5,308 | 7,452 | 9,586 | 9,872 | 11,002 | 11,146 |
| Outstanding external debt ^d (as % of GDP) | 24.2 | 20.7 | 20.2 | 26.7 | 37.1 | 44.3 | 49.3 | 57.8 | 54.5 |
| Outstanding external debt ^d (as % of exports of goods and services) | 42.6 | 42.4 | 53.7 | 67.7 | 90.7 | 111.9 | 121.6 | 127.0 | 115.1 |
| Total repayment of external debt ^d (as % of exports of goods and services) | 6.6 | 4.3 | 6.4 | 9.3 | 13.8 | 19.4 | 29.3 | 29.9 | 37.9 |
| Gross international reserves (million USD, end of year) | 616 | 1,405 | 1,895 | 2,314 | 2,539 | 2,816 | 3,025 | 3,525 | 4,697 |
| Gross international reserves (in terms of months of imports of goods and services, end of year) | 1.3 | 2.5 | 2.4 | 2.8 | 2.7 | 3.2 | 3.7 | 4.4 | 5.3 |
| Exchange rate on December 31st (HRK : 1USD) | 6.5619 | 5.6287 | 5.3161 | 5.5396 | 6.3031 | 6.2475 | 7.6477 | 8.1553 | 8.3560 |
| Average exchange rate (HRK : 1USD) | 3.5774 | 5.9953 | 5.2300 | 5.4338 | 6.1571 | 6.3623 | 7.1124 | 8.2768 | 8.3391 |

^a Preliminary data for 2000 and 2001.

^b Data on population in 2000 and 2001 are reported according to the First Results of the 2001 census.

^c Part of the increase in the external debt in 1996 was caused by the inclusion of the total amount of the reprogrammed debt owed to the Paris Club and the London Club.

^d Data for 1998, 1999, 2000 and 2001 are calculated according to the new methodology.

Sources: Central Bureau of Statistics and Croatian National Bank.

Contents

Quarterly Report

Introduction / 3

Demand / 4

Foreign Demand / 5

Domestic Demand / 5

Personal Consumption / 5

Investment Consumption / 6

Government Consumption / 6

Output / 7

Industry / 8

Trade / 8

Construction / 9

Tourism / 9

Transport and Communications / 10

Labor Market / 10

Unemployment and Employment / 10

Box 1: Employment and Labor Legislation in Transition Countries / 13

Wages and Labor Costs / 14

Prices / 14

Box 2: Euro-zone Inflation Measured by the Harmonised Index of Consumer Prices (HICP) / 16

Exchange Rate / 18

Monetary Policy and Instruments / 19

Monetary Environment / 19

Monetary Policy / 20

Monetary Developments / 22

Box 3: Monetary Effects of the Transfer of Customer Accounts from the Institute for Payment Transactions into Deposit Money Banks / 22

Box 4: Bank Credits by Activities according to the NCEA / 25

Money Market / 27

Money Market Interest Rates / 27

Interest Rates in the Short-Term Securities Market / 28

Deposit Money Banks' Interest Rates / 28

Capital Market / 30

Stock Exchange / 30

Bond Market / 31

International Transactions / 32

Current Account / 32

Merchandise Trade / 32

Capital and Financial Account / 35

External Debt / 35

International Liquidity / 36

Government Finance / 37

Budget Highlights in the First Quarter of 2002 and a Review of the 2002 Budget / 37

The Outturn of the Consolidated Central Government Budget / 37

Total, Current and Primary Deficits of the Consolidated Central Government Budget / 37

Consolidated Central Government Revenues / 38

Consolidated Central Government Expenditures / 38

Wages / 39

Financing / 39

Domestic Central Government Debt to Banks / 39

Central Government External Debt / 39

Box 5: Fiscal Consolidation, External Competitiveness and Monetary Policy, a Reply to the WIIW / 40

Privatization / 40

Statistical Survey

A. Monetary and Credit Aggregates

Table A1: Monetary and Credit Aggregates / 44

B. Monetary Institutions

Table B1: Monetary Survey / 45

Table B2: Number of Reporting Deposit Money Banks and Savings Banks and their Classification by Total Assets / 46

C. Monetary Authorities

Table C1: Monetary Authorities Accounts / 47

D. Deposit Money Banks

Table D1: Deposit Money Banks' Accounts / 49

Table D2: Deposit Money Banks' Foreign Assets / 50

Table D3: Deposit Money Banks' Claims on the Central Government and Funds / 51

Table D4: Deposit Money Banks' Claims on Other Domestic Sectors / 51

Table D5: Distribution of Deposit Money Banks' Loans by Domestic Institutional Sectors / 52

Table D6: Demand Deposits with Deposit Money Banks / 52

Table D7: Time and Savings Deposits with Deposit Money Banks / 53

Table D8: Foreign Currency Deposits with Deposit Money Banks / 53

Table D9: Bonds and Money Market Instruments / 54

Table D10: Deposit Money Banks' Foreign Liabilities / 54

Table D11: Central Government and Funds' Deposits with Deposit Money Banks / 55

Table D12: Restricted and Blocked Deposits with Deposit Money Banks / 55

Graph D1: Distribution of Deposit Money Banks' Loans / 56

Graph D2: Distribution of Deposit Money Banks' Deposits / 56

E. Housing Savings Banks

Table E1: Housing Savings Banks' Accounts / 57

F. Monetary Policy Instruments And Liquidity

Table F1: Credit Rates of the Croatian National Bank / 58

Table F2: Deposit Rates of the Croatian National Bank / 59

Table F3: Deposit Money Banks' Reserve Requirements / 60

Table F4: Deposit Money Banks' Liquidity Indicators / 61

G. Financial Markets

Table G1: Deposit Money Banks' Credit Rates / 62

Table G2: Deposit Money Banks' Deposit Rates / 63

Table G3: Deposit Money Banks' Trade with Foreign Exchange / 64

H. International Economic Relations

Table H1: Balance of Payments – Summary / 65

Table H2: Balance of Payments – Goods and Services / 66

Table H3: Balance of Payments – Income and Current Transfers / 67

Table H4: Balance of Payments – Other Investments / 68

Table H5: Balance of Payments – Summary / 69

Table H6: International Reserves and Bank's Foreign Exchange Reserves / 70

Table H7: International Reserves and Foreign Currency Liquidity / 71

Table H8: Midpoint Exchange Rates of the Croatian National Bank (period average) / 73

Table H9: Midpoint Exchange Rates of the Croatian National Bank (end of period) / 73

Table H10: Indices of the Effective Exchange Rate of the Kuna / 74

Table H11: External Debt Structured by Domestic Sectors / 75

Table H12: External Debt by Creditors / 76

Table H13: External Debt by Domestic Sectors and Projected Future Payments / 77

I. Government Finance

Table I1: Consolidated Central Government / 78

Table I2: Budgetary Central Government Operations / 78

Table I3: Central Government Debt / 79

J. Nonfinancial Statistics

Table J1: Retail Prices, Cost of Living and Producer Prices Indices / 80

Table J2: Core Retail Prices Indices / 80

Table J3: Average Monthly Net Wages / 81

[List of Deposit Money Banks and Savings Banks / 83](#)

[Management of the Croatian National Bank / 85](#)

[List of Abbreviations and Symbols / 86](#)

Quarterly Report

Introduction

The incomplete data for the first quarter of 2002 suggest that economic growth continued, with strong domestic demand compensating for the weakness in net exports. Retail trade turnover (seasonally adjusted) grew by a surprising 7.7% in the first quarter of 2002 in comparison with that in the fourth quarter of 2001, while imports of capital goods rose some 9.3% year-on-year in the first quarter, and the production of domestic capital goods rose 4.6%. Thus the two main drivers of growth from last year, consumption and investment in fixed capital, continued in the same role in the first quarter of this year. However, net exports fell substantially, partly a result of delayed purchases of imports from the end of last year to the beginning of this year to take advantage of the liberalized trade regime that came into force in January 2002. Also, government purchases continued to fall. Despite the fall in these GDP components, real GDP growth in the first quarter of 2002 will almost certainly be positive, and increasing growth rates are expected as the year progresses.

On the production side, industry showed stronger growth in the first quarter of 2002 than it had in the last quarter of 2001. The processing industry, the main component of industry, registered 5.2% growth in the first four months of 2002 relative to that in the same period last year. With output growing and employment shrinking, the processing industry experienced strong growth in productivity of 9.5% in 2001. This rate fell to 5.3% in the first quarter of 2002. High productivity growth is key to increased competitiveness and allows room for non-inflationary wage increases, so much depends on industry's ability to achieve such high rates in the future. Increased investment activity and increased credit availability should be helpful in this regard (credits to enterprises were 20.8% higher in April than that in the same month last year). But productivity growth also requires effective management that can improve resource utilization. The fact that some USD 100m of small FDI projects flowed in during the first quarter may be a hopeful sign in this regard, to the extent that such ventures bring much needed know-how (and financial resources).

Continued economic growth led to both increased employment and increased unemployment. The economic expansion has created new jobs, but has also led "discouraged workers" who had not been actively seeking work to enter the labor market again. This phenomenon, which is typical to the early phase of economic recovery, has resulted in larger gross flows into and out of unemployment. Registered unemployment, which had been increasing since late last year in part due to usual seasonal effects and in part due to the registration of war veterans as unemployed, fell in April to 408,000 from a high of 415,000 in March. The survey unemployment rate for the second half of 2001, however, was 16.3%, down from 17% in the second half of 2000, suggesting that some progress was actually made in 2001 on the unemployment front. In addition, the number of job openings advertised grew sharply in the first quarter of 2002, providing further evidence of increased employment in the upcoming months.

Inflation remained subdued in the first months of 2002,

with retail prices growing 1.7% through the end of April compared to end-December. Almost half of the increase in the RPI can be directly attributed to increases in oil prices, which rose some 10.8% during the period. Continued tensions in the Middle East, as well as concerted action by oil producers, have brought the average oil price from 18.5 a barrel in December 2001 to 25.5 a barrel in April 2002, the price a year ago. Core inflation, which excludes energy, seasonal products and prices directly controlled by the government, grew only 0.7% in the first four months, and was only up 1.4% from its level in April 2001. The beginnings of a recovery in the world market and continued tensions in the Middle East make it likely that both measures of inflation will increase somewhat in coming months, but at the moment, these pressures do not present major problems for monetary policy.

The exchange rate of the kuna against the euro depreciated during January, as the inflows of euro prompted by the conversion process ended. After that, however, the kuna appreciated through May. But, as of 31 May, the kuna had depreciated very slightly, 0.11%, since the end of last year. The central bank has intervened several times to moderate appreciation pressures, purchasing some UR 474.1m. Further appreciation came from the US dollar, which fell against the euro in world markets. This led the kuna to appreciate against the dollar as well, so that the nominal effective exchange rate of the kuna appreciated 1.58% between the end of December and 31 May. Data on the real effective exchange rate are only available with a lag, so that we can only comment on the real effective exchange rate during the first quarter. The R R depreciated by 2.29%, measured by producer prices, and 0.72%, measured by retail prices, in the first quarter. With the tourist season coming up and substantial foreign exchange inflows expected both from privatization and highway construction projects, further appreciation pressures are to be expected.

The behavior of monetary aggregates was strongly affected by the crisis in Rije ka banka and probably by the end of the euro conversion process as well. Foreign exchange deposits fell some 5.1%, or about UR 500m, in March and April. Approximately 3/5 of this occurred in Rije ka banka alone. It is difficult to tell to what extent the decrease in foreign exchange deposits in other banks was due to heightened concerns about the safety of the banking system, or to a desire to "restock" foreign currency holdings. The latter possibility is plausible in light of the habit of Croatian savers to hold foreign currency both for transactions and for store of wealth purposes. In any case, foreign exchange deposits did start to grow again, albeit slowly, in late April and early May, indicating that the reasons for the withdrawal were temporary.

At the same time, various kuna monetary aggregates have been growing rapidly. Both currency in circulation and deposit money have grown over the first four months of the year, with particularly strong growth in March and April. The growth in currency in circulation is probably related to the Rije ka banka crisis, as many savers withdrew cash, and to the early Easter holiday. However, currency in circulation has remained high even into May. Deposit money also grew strongly in March and April. The payment system reform was an additional motivation for the increased holdings of deposit

money by enterprises uncertain about the functioning of the new system.

The central bank responded to the problems in Riječka banka by a combination of loans and foreign exchange auctions (see CNB Annual Report, chapters 2.2 and 3.9.2) The central bank's claims on Riječka banka were extinguished in early April, however, so that net monetary creation has once again come through foreign exchange interventions. The stock of CNB bills increased briefly to HRK 4bn by the end of March, but then decreased to HRK 3bn in April. The extraordinary liquidity needs of Riječka banka (to meet depositors' demands) and Zagrebačka banka (to pay shareholders who had accepted UniCredito's share purchase offer) decreased the demand for CNB bills. In addition, banks wanted to hold high levels of liquidity as a precautionary measure during the initial phases of the new payment system. The CNB has allowed these high levels of liquidity to remain temporarily until the new payment system settles into normal operation.

External sector developments in the first quarter were worse than expected. The deficit on the goods and services account increased by some USD 150m over that in the same period last year. To some extent, the deterioration can be attributed to the new foreign trade regime (the temporary agreement with the EU, bilateral agreements with several members of CEFTA), which led importers to postpone purchases in the last months of 2001 till the first months of 2002 when lower tariffs came into effect. Also, it can be expected that this deficit will be substantially offset by a surplus in the third quarter. Still, the substantial growth of imports and weak performance of exports in the first quarter should be monitored carefully.

Croatia's external debt amounted to USD 11.4bn at the end of first quarter, up 2.3% over that in the previous quarter. Government borrowing increased, along with bank borrowing and borrowing by FDI ventures. The government did make debt service payments of USD 557.2m during the first quarter, but covered this largely with new borrowing. 1997 debt refinancing at substantially more favorable terms constituted the largest portion of the new borrowing.

The government ran a budget deficit of HRK 2.8bn in the first quarter on a cash basis. Favorable trends in fiscal consolidation are shown by the current deficit, which was 25.0% lower than it was in the same period of last year, and the primary deficit, which was 42.7% lower. Also, the government continued to decrease its stock of arrears, repaying some HRK 0.3bn in the first quarter.

However, some problems remain. The wage bill paid during the first quarter of 2002 was down 2.9% from that in the same period of last year. Larger cuts in the wage bill had been planned, and planned reductions in public sector employment have yet to be fully realized. In addition, the transparency of the whole fiscal process has been reduced by the formation of two new extrabudgetary funds, the Regional Development Fund and the Development and Employment Fund, and by the quasi-fiscal operations of the two highway construction companies, Croatian Highways and Croatian Roads. Further fiscal consolidation will require monitoring of all these institutions under the rubric of General Government.

Demand

The GDP growth indicators in the first quarter of 2002, both related to expenditures and output, suggest a growth in domestic consumption. A significant rise in retail trade turnover and an increase in consumer goods imports indicate growth in personal consumption; while intensifying construction and the growth of imports and capital goods production suggest an increase in investments. A rise in imports and a parallel decrease in exports characterized merchandise trade in the first quarter. As services were not an important factor in foreign economic relations, it is likely that net foreign demand will negatively influence GDP.

As shown by its quarterly calculation, real GDP rose by 4.1% for the year in 2001. Seasonally adjusted real GDP rose by 0.3% in the last quarter of 2001, compared with that in the preceding quarter. In comparison with other quarters, the an-

Figure 1

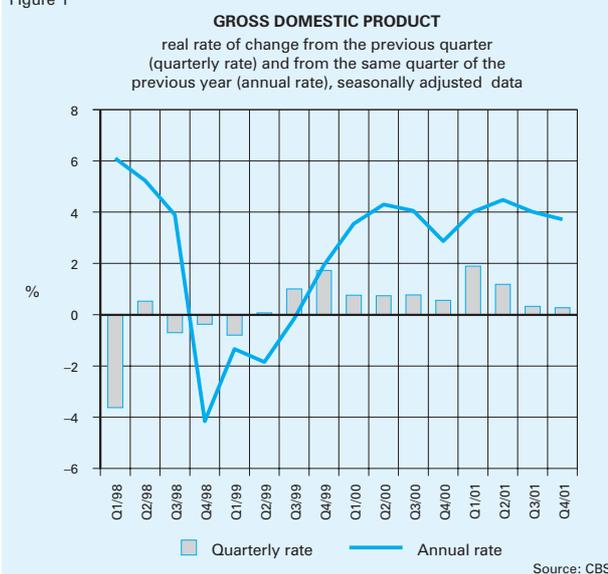
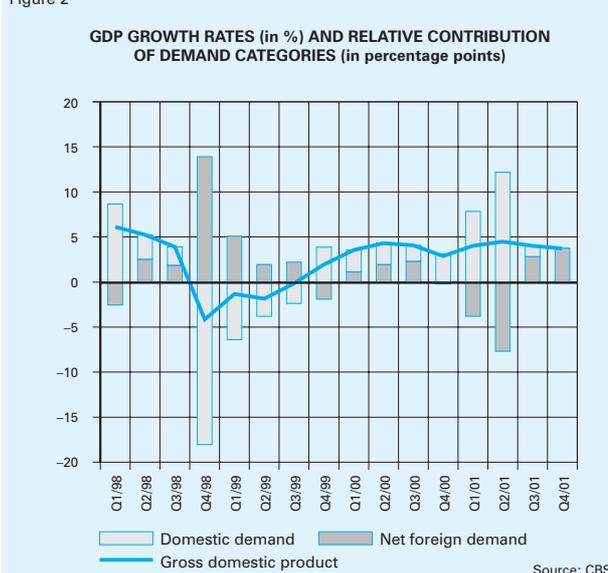


Figure 2



nual growth rate in this quarter was the lowest, 3.7%. Trends characterizing the third quarter continued into the fourth, i.e. the positive contribution of net foreign demand to GDP intensified while the contribution of domestic demand fell.

Foreign Demand

Given the neutral impact of overall domestic demand, GDP trends in the last quarter of 2001 were determined by net foreign relations. Net foreign demand in the period increased 3.8% over that in the same period last year. In the second half of the year, foreign demand contributed positively to overall demand, which rose in the last quarter. However, due to a high level of imports in the first two quarters, foreign demand made a negative contribution to GDP growth at the annual level, -1.2%.

The balance of payments data suggest positive developments in the last quarter of 2001, regarding both merchandise and service trade. The growth of exports, stronger than in previous periods, and a slowdown in exports, characterized merchandise trade. This can be accounted for by anticipating the implementation of the free trade agreement with the EU under the Stabilisation and Association Agreement and by concluding free trade agreements with the majority of CEFTA countries as of early 2002. The services account, comprised by the balance of payments current account, was not significant in the last quarter, but the growth of income from tourism, compared with that in the same period last year, further improved its balance.

Economic conditions in the destination countries for Croatian exports are extremely important for its goods and services export trends. Although the fall in GDP in the EU, Croatia's most important export market, did not adversely affect Croatia's exports late last year, its effect was felt in the first quarter of 2002, due to structural reasons delaying the reaction. Positive indicators of EU entrepreneurial confidence in the first quarter of 2002¹, suggest an economic recovery, especially in industry, which has been on an upward trend since

December 2001. In contrast, personal consumption indicators are still not transparent enough to enable a definite forecast on the end of negative consumption trends in the EU, which adversely affected its imports and, consequently, its trading partners' exports.

As already mentioned, trends in Croatia's foreign economic relations in early 2002 were the opposite of those in late 2001. Preliminary data on merchandise trade in the first quarter of 2002 show a widening deficit in merchandise trading with Croatia's most important partners, the EU, EFTA and CEFTA. Resulting from an increase in imports and a decrease in exports, the overall foreign trade deficit rose by 19% compared with that in the first quarter of the previous year.

Domestic Demand

Having contributed positively to GDP growth through eight consecutive quarters, domestic demand made a neutral contribution to growth (0%) in the last quarter of 2001. This was brought about by opposing but equally strong trends in gross capital formation (gross fixed capital formation and changes in inventories) and final consumption. However, the contribution of domestic demand to the 4.1% GDP growth was 5.3% for the year. This was due to the exceptionally strong positive influence of domestic demand components, personal consumption and gross capital formation in the first half of the year.

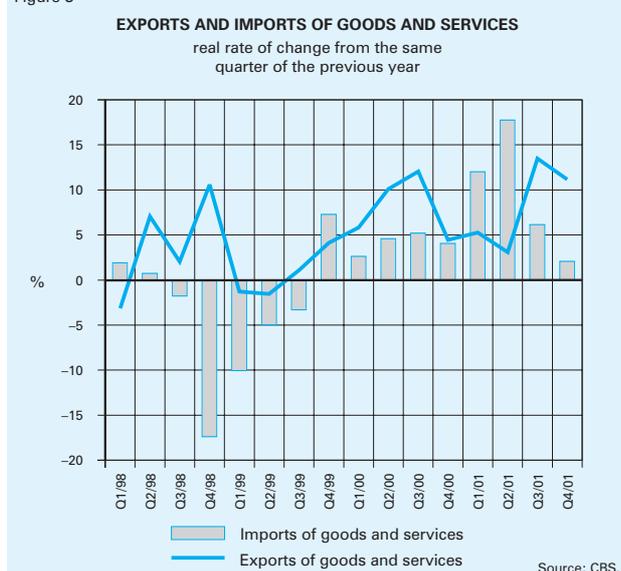
Personal Consumption

Rising over several consecutive quarters, seasonally adjusted personal consumption increased the most in the last quarter of 2001. This increase, common at year-end, was further stimulated by Christmas bonus payments and household borrowing. Personal consumption grew at a rate of 4.5% in 2001, exceeding its 4.1% growth rate from the previous year. It contributed 2.7% to the 4.1% GDP growth rate, which made it the essential GDP component on the annual level.

The available indicators of personal consumption trends in the first quarter of 2002 suggest continuing positive developments. Real retail trade turnover rose at an even stronger pace in the first quarter of 2002 than in the previous periods, increasing by 12.9% compared with that in the same period last year. Croatia's merchandise trade data suggest an increase in imports in the first quarter, especially in durable and non-durable consumer goods (14.3% and 7.0% respectively).

Compared with that in the same period in 2001, government transfers to households fell by 0.3% in real terms in the first quarter of 2002. The average net wage also stagnated in real terms, while there are some indications of positive developments in the labor market. Household borrowing has moved upwards, as regular income was insufficient for financing the marked growth in personal consumption. Commercial bank loans to households rose 29.6% by the end of the first quarter of 2002, enabling further growth in personal consumption.

Figure 3



¹ European Central Bank Bulletin, April 2002.

Figure 4

GDP GROWTH RATES (in %) AND RELATIVE CONTRIBUTION OF CONSUMPTION CATEGORIES (in percentage points)

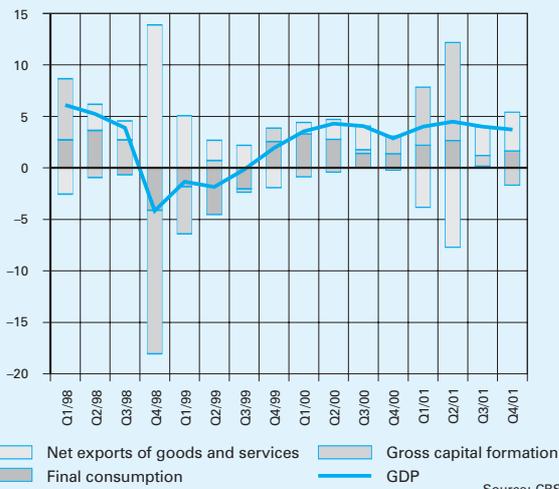


Figure 6

FIXED INVESTMENT
seasonally adjusted data

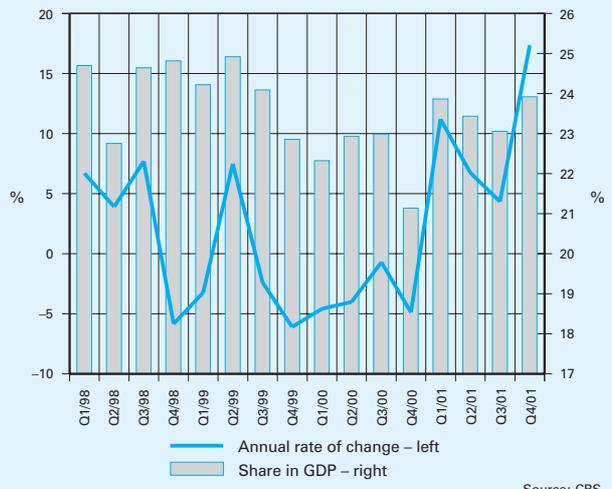
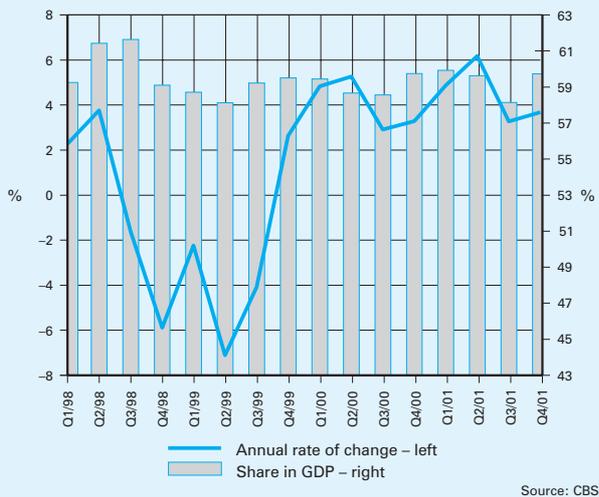


Figure 5

PERSONAL CONSUMPTION
seasonally adjusted data



ment and production process improvements. Further growth in investments is also suggested by a revival in construction, i.e. investing in residential construction and roads. These investments were financed by increased corporate borrowing from commercial banks. In the first quarter of 2002, corporate lending rose 19.5% over that in the same period last year.

Government Consumption

In contrast to increasing investments and personal consumption, a decrease in government consumption had a negative impact on domestic demand. Following a substantial decrease in public spending in the third quarter of 2001, its negative growth rate was reduced in the fourth quarter. Government expenditures fell 2.2% in comparison with the last quarter of 2000, the lowest decrease in these expenditures within final consumption over the four quarters of 2001. Government consumption thus follows a common seasonal pattern, rising in the fourth quarter in comparison with the previ-

Investment Consumption

The most important development in the economy in 2001 was the reversal of investment trends. In opposition to the downward trend over the past two consecutive years, investments rose at a substantial rate of 9.8% for the year. Gross fixed capital formation increased 17.4% in the last quarter of 2001 compared with that in the same quarter last year, which was the highest rise that year. However, owing to a reduction in stocks and a statistical discrepancy, included in the calculation of gross capital formation, gross capital formation made a negative contribution to GDP growth.

According to the available indicators, investments remained substantial in the first quarter of 2002. Imports and the domestic production of capital goods went up by 9.3% and 4.6% respectively in comparison with that in the same period last year. Although lower than last year, this growth is an indication that enterprises increased investments in equip-

Figure 7

GOVERNMENT CONSUMPTION
seasonally adjusted data



ous three quarters on account of increased transfers to households and government employees (Christmas bonuses).

Government consumption decreased an average of 3.9% for the year, while last year the decrease was 0.7%. Considerably reduced public spending, as a domestic consumption component, negatively influenced GDP growth by 1 percentage point. Due to the restrictive fiscal policy implemented over the last two years, the share of government expenditures in GDP diminished by three percentage points, falling from an average 26.2% in 1999 to 23.2% in 2001.

Output

Real GDP grew 1.6% in the EU and 1.5% in the EMU in 2001. The lowest in the last few years, this growth resulted from a slowdown late in the year. Decreasing for the first time since 1993, EMU member country GDP fell 0.2% in the fourth quarter of 2001 from that the previous quarter. This was due to a decrease in stocks, while the contributions of final domestic and foreign demand remained static. Gross fixed capital formation trended downwards at the quarterly level since early 2001, declining the most in the last quarter.

In 2001 the average growth rate in the 13 EU membership candidates² stood at 3.0%. Of these countries, the average real growth in the ten transition countries in 2001 was 4.3%, while a decrease in output in Turkey³ and Malta reduced the average rate of the whole group. GDP grew at lower rates in those countries that are potential candidates in the first round⁴ of EU expansion than in the second round candidates⁵. Convergence with the EU in the latter group of countries is followed by higher growth rates due to their lower GDP level. The Baltic countries had the highest growth rates of all EU membership candidates (Estonia stands out among the first round candidates with its above-average rate of 5.3%), followed by Romania and Bulgaria. In some of these countries, for example the Czech Republic, Slovakia, Romania, Lithuania and Latvia, there was no slowdown as there was in the rest of Europe and the world. In others, especially in Hungary, Poland and Slovenia, economic developments resembled those in Europe, so that the global slowdown further decreased their output. In most of these countries, growth was stimulated by rising domestic demand, while foreign demand decreased. In addition to personal consumption, the growth in domestic consumption in some countries was primarily accounted for by investments. Gross fixed capital formation in Bulgaria, Slovakia and the three Baltic countries thus rose above 10% for the year.

As shown by the real GDP growth in transition countries in late 2001, countries up for EU membership in the first round made more progress than other transition countries. Their GDP growth in recent years has been higher than it was in the

2 Hungary, Poland, Estonia, the Czech Republic, Slovenia, Slovakia, Latvia, Lithuania, Romania, Bulgaria, Cyprus, Malta and Turkey.

3 Due to non-compliance with political criteria, Turkey is not an official candidate for EU membership.

4 Hungary, Poland, Estonia, the Czech Republic, Slovenia, Cyprus.

5 Slovakia, Latvia, Lithuania, Romania, Bulgaria, Malta.

Figure 8

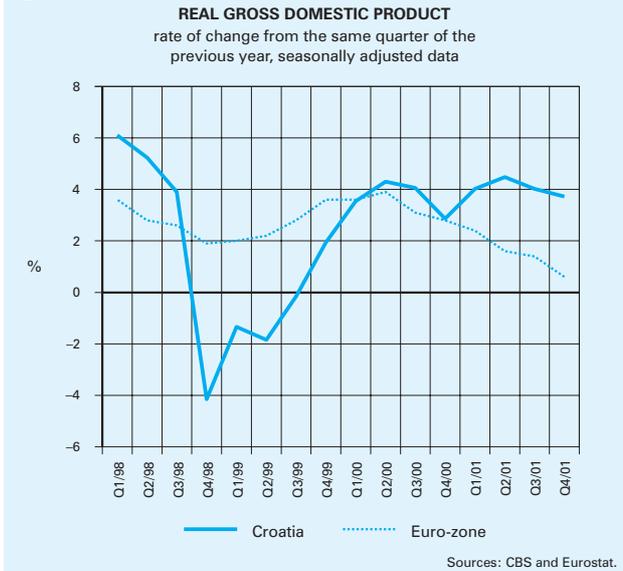


Figure 9

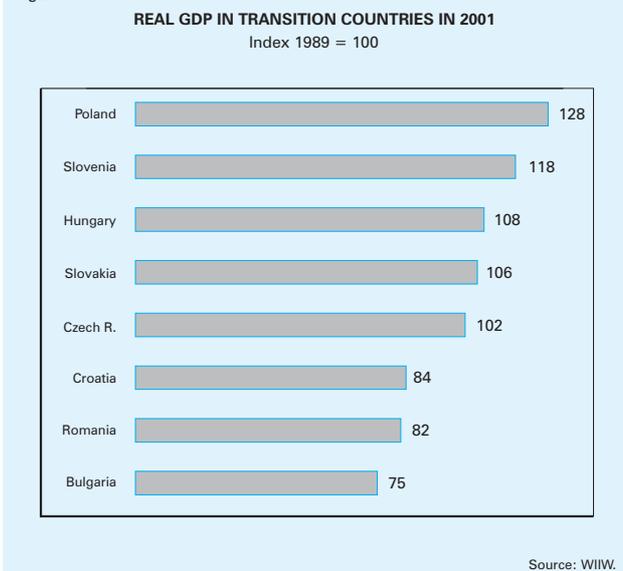


Figure 10



pre-transition period. Although falling behind these countries, Croatia still ranks above Bulgaria and Romania, which are official candidates for the second round of accession to the EU. Bulgaria and Romania had their highest growth rates in 2001, compared with other transition countries in the observed group, 4.3% and 5.3% respectively.

With regard to output, the gross value added of the Croatian economy rose 4.2% in 2001 in comparison with that of the previous year. Services, i.e. trade, transport, communications and tourism, had the highest average growth rates over the year. Due to its large share in gross value added, the contribution of industry to its growth was the second largest, following that of trade.

The seasonally adjusted gross value added remained unchanged in the last quarter of 2001 in comparison with what it was in the third. Compared with the same period in the previous year, this quarter's growth rate was the lowest in 2001, 3.8%.

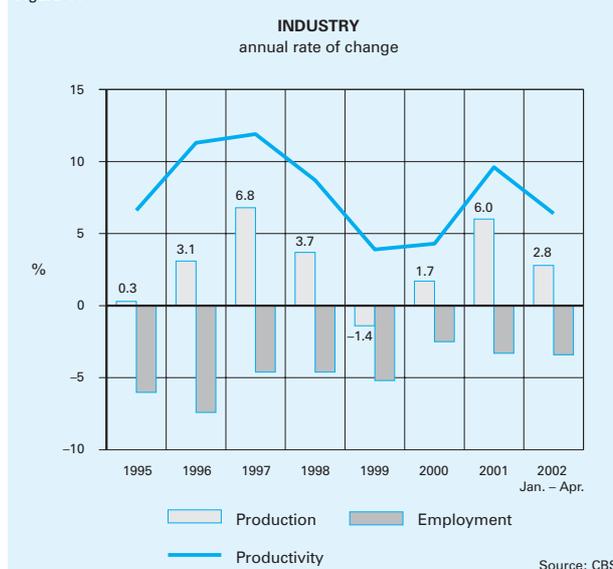
Industry

Value added in industry (mining and quarrying, manufacturing and energy supply) was up 0.5% in the last quarter last year over that in the previous quarter, the lowest rise in 2001. Spurred by high growth rates in the first part of the year, value added in industry gained 4.6% for the year. Due to a significant share of value added in industry in gross value added, almost 30%, this growth further increased gross value added growth in comparison with the previous year. Industrial production moved upwards 3.8% in the first four months of 2002 over that in the same period of the previous year, so that the annual growth rate remained above 5%. Positive production developments early this year are an indication of a recovery in industry after a slowdown in the last quarter of 2001.

Increasing by 5.2% in the first four months of 2002 in comparison with the first four months of 2001, manufacturing output was above the industrial average. Manufacturing is the major contributor to overall industrial production growth, as it accounts for over 80% of total industrial production. In the other two industrial areas, mining and quarrying output rose by 10.6% in comparison with the first four months last year, whereas energy supply declined in the first four months. The latter was due to a warm winter and unsatisfactory hydro-graphic conditions, unfavorable for electric power supply. Due to increased imports of energy, the reduced domestic supply had no effect on overall industrial production.

The highest growth rates were recorded in the following manufacturing divisions: publishing and printing, machinery and equipment, electrical machinery and apparatus, pulp, fabricated metal products and rubber and plastic products. In contrast, output decreased in almost half of all the other divisions. The strongest incentive to manufacturing was provided by the divisions that were the largest growth contributors last year, that is publishing, food products and beverages and electrical machinery and apparatus, contributing 1.19%, 1.12% and 0.74% respectively. Of the 11 divisions whose output declined, the decrease of manufacturing output was mostly affected by the fall in the output of the following: to-

Figure 11



bacco products, apparel, radio, television and communication equipment and apparatus and the manufacture of medical instruments. According to preliminary data on the merchandise trade of the Republic of Croatia in the first quarter of 2002, some activities with growing output considerably increased their exports as well. This was especially true for the food products and beverages and machinery and equipment divisions, but also for the radio, television and communication equipment division, whose imports increased despite a declining output.

Changes in the output level are still a major determinant of labor productivity in industry. Since employment in industry has declined at constant rates, labor productivity changed in relation to the same period in the previous year because of industrial production volatility. The seasonally unadjusted industrial production index grew 2.8% in the first four months of 2002 from what it was in the same period last year. This slowed industrial productivity growth, which fell from 9.6% in December 2001 to 6.4% in April 2002.

Trade

The seasonally adjusted value added in trade decreased over two consecutive quarters in the second half of 2001, which was anticipated by the lower growth rates of trade turnover. Value added in trade increased at a rate of 5.5% in the last quarter, the lowest for the year. However, due to high growth rates in the first half of the year, the average value added growth rate stood at 11.9%. The annual growth of value added in trade was thus the highest and its contribution to gross value added growth the largest.

Instead of a further slowdown, trade turnover indicators in early 2002 suggest, quite the opposite, the steepest increase yet. Overall trade turnover rose by 13% in real terms in the first quarter compared with the first quarter last year, except for the sale, maintenance and repair of motor vehicles whose growth was somewhat lower.

The seasonally adjusted value of retail trade turnover in-

Figure 12



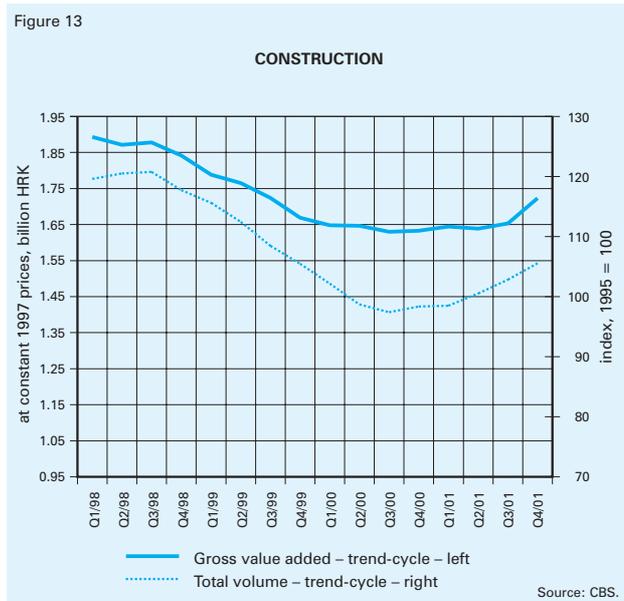
creased 7.7% in the first quarter of 2002 compared with that in the last quarter of 2001. This is the largest increase in the three-year upward trend in trade. The second largest quarterly increase was recorded in the fourth quarter of 1999, when a rise in wages in the pre-election period influenced the growth in consumption. Real retail trade turnover grew at an accelerated rate from January to March this year. In addition to the fact that chain stores spread throughout Croatia and that cross-border trade was diverted to domestic stores, this was also due to increased spending in the period before the Easter holidays. Given stagnating real income, trade turnover growth could be explained by rising household borrowing which boosted consumption growth.

Construction

In 2001, the value added in construction rose the most in the first and fourth quarter, whose seasonal characteristic make them less significant for total value added in construction. Construction value added increased by 5% in the last quarter compared with the last quarter in 2000. However, owing to a low mid-year growth rate, the annual increase was 2.9%.

Being the only activity whose value added trended downwards throughout all four quarters, construction rebounded in 2001. Its growth in the second half of the year suggested a rise in construction value added in the current year. The total volume of construction thus rose 11.5% in the first two months of 2002 over that in the first two months of the previous year. The net value of construction project orders was 22.7% higher in 2001 than in 2000, giving rise to expectations of construction growth in 2002. Residential construction also trended upwards in comparison with the previous year, although at a considerably lower rate than in 1998 and 1999. Expectations are that it will be further stimulated in 2002 by the implementation of the government incentive-based residential construction project, the commencement of the use of building society savings and favorable home loans. The

Figure 13



number of construction permits issued last year rose 24.1%, probably due to a rise in construction and improved regulation of construction projects.

Tourism

In the last quarter of 2001, the seasonally adjusted value added in hotels and restaurants decreased the most compared with what it was in the previous quarter. Due to its substantial increase in the second quarter and a slightly lower increase in the third, value added in tourism rose by 6% in 2001. Tourism was thus the third most important activity regarding annual value added growth.

Compared with the same period in 2001, tourist arrivals and overnight stays rose 21.1% and 19.1% respectively in the first three months of 2002. Arrivals and overnight stays slightly decreased in January and rose to some extent in February. Due to the fact that the Easter holidays began earlier this year

Figure 14

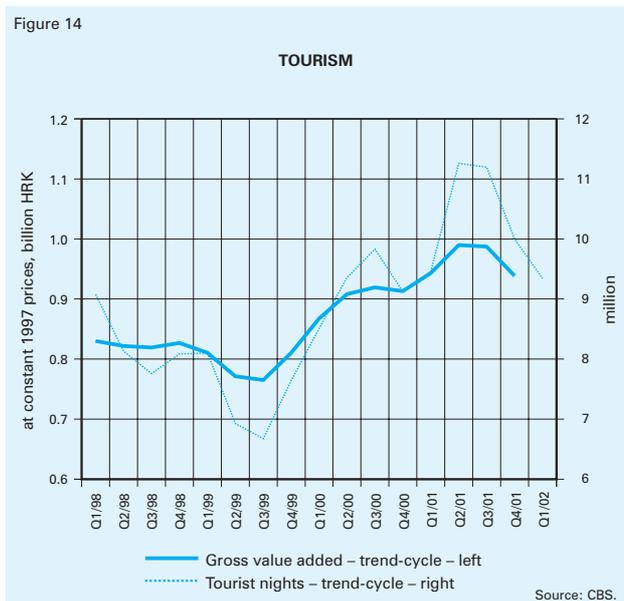


Figure 15

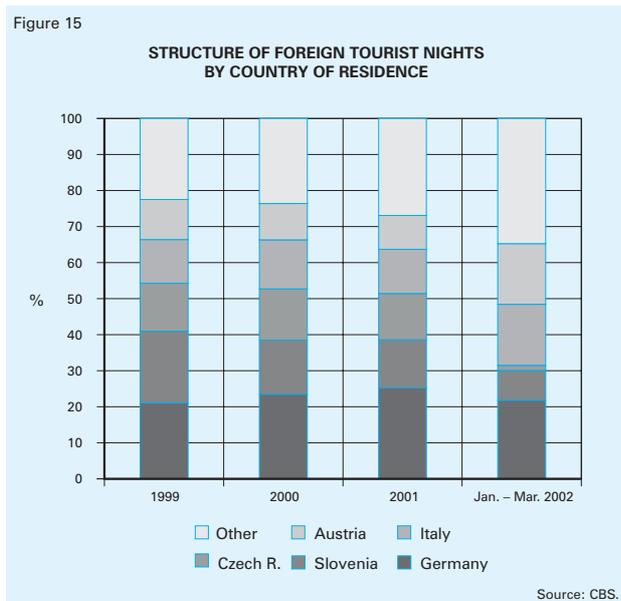
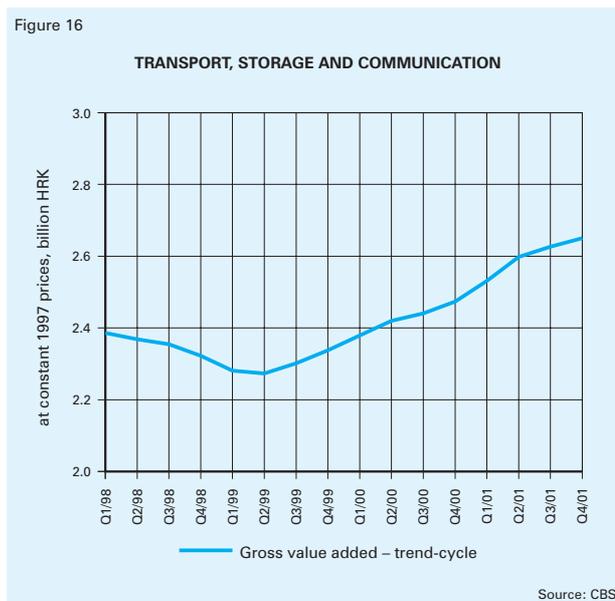


Figure 16



than in the previous years (Easter fell on the last day of March), tourist arrivals and overnight stays rose considerably in March. Foreign tourist arrivals and overnight stays rose the most, over 40% for the quarter, due to their significant March increase. However, an analysis of seasonally adjusted quarterly changes shows that tourist overnight stays remained at the same level that it was in the last quarter last year.

In the first quarter of 2002, most overnight stays were sourced to tourists from Germany (21.8%), followed by those from Italy (16.9%), Austria (16.8%), Slovenia (8.2%) and Bosnia and Herzegovina (6.2%). As shown by the annual structure of foreign tourist overnight stays, those by tourists from Central and Eastern Europe (the Czech Republic, Poland, Hungary, and Slovakia) are noticeably season-related. Although overnight stays by tourists from these countries rose in number in the first quarter, their share in the off-season overnight stays was modest.

Transport and Communications

The seasonally adjusted value added in transport, storage and communications grew at a restrained rate by the end of 2001. Consequently, the last quarter recorded its lowest consecutive growth in comparison with the previous quarter. This activity had the second highest growth rate, following that of trade, brought about by the 7.3% annual growth of value added. The largest contribution to growth came from mobile telecommunication networks, whereas the transport of passengers and goods rose at low rates.

In transport in the first quarter of 2002, transported passenger numbers fell 6.8% from what they were in the same period of the previous year, most of all in road and rail traffic. In contrast, the transport of goods increased by 9.1%, spurred by moderate growth in rail and road traffic and a 38.3% growth in pipeline transport, resulting from an increased use of the pipeline, especially in the transport of oil through Croatia. The value of all postal and telecommunication services provided in the first quarter this year rose over first quar-

ter 2001 levels. Mobile telephone networks are still growing at the highest rate, given a 48.6% increase in the number of call minutes in comparison with levels in the first quarter last year.

Labor Market

In the first quarter of this year, labor market developments continued the trend from the second half of the previous year. Employment continued to recover as a result of economic activity growth and wage stagnation. The growth trend in registered unemployment also continued but leveled out when the increased inflow following the new Law on the Croatian Defenders' Rights came to an end. The growth in the active population, due to a simultaneous growth in employment and unemployment, even if the inflow of war veterans is disregarded, probably reflects the encouraged worker effect, i.e. an increased willingness to register with the CEI in the light of improved employment opportunities.

Both employment and unemployment grew simultaneously, accompanied by more dynamic labor market flows. The increase in reported vacancies continued in the first quarter, representing another indicator of increased labor demand along with the acceleration of its reallocation and restructuring.

Average wages continued to stagnate in real terms in the first quarter this year and even moderately decreased. This was primarily the result of continued implementation of the strict wage policy in the public sector. There was a moderate increase in average real wages in industry, but since it was simultaneous with production and productivity growth, it did not cause price pressures.

Unemployment and Employment

The dynamics of registered unemployment in March and April this year was predominantly determined by the lessen-

Figure 17

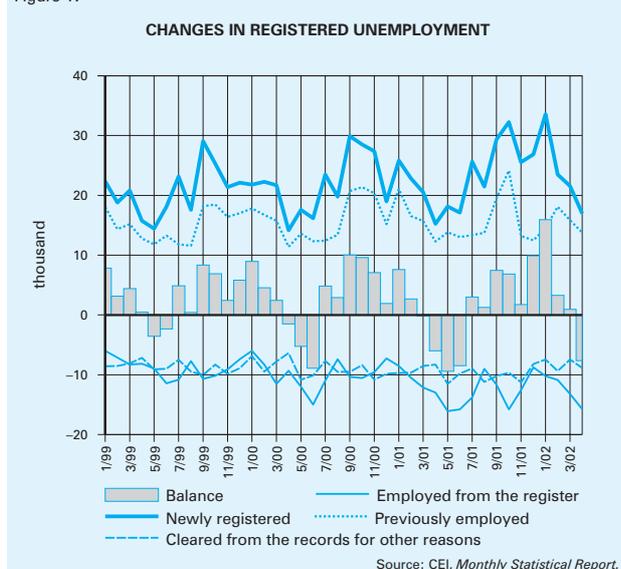
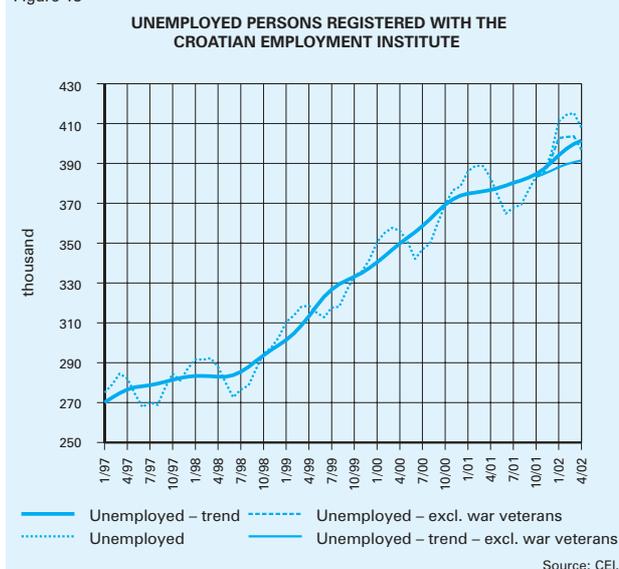


Figure 18



ing effects of the new Law on the Croatian Defenders' Rights, a continued upward trend in employment registered with the CEI due to continued economic expansion, although of a seasonal character, and a seasonal decrease in register inflow. Following a high level of net inflow into the CEI register at the beginning of the year, its level was on a decline until April, when a seasonal fall in registered unemployment began whose intensity surpassed that of the previous years. This was followed by a continued growth in gross flows in the labor market. Inflows into the register and employment from the register grew continuously in the first four months of this year at an average rate above 13%. However, it should be noted that the increased inflows were a result of external factors (inflow of war veterans into the CEI register) rather than as a result of developments in the labor market alone.

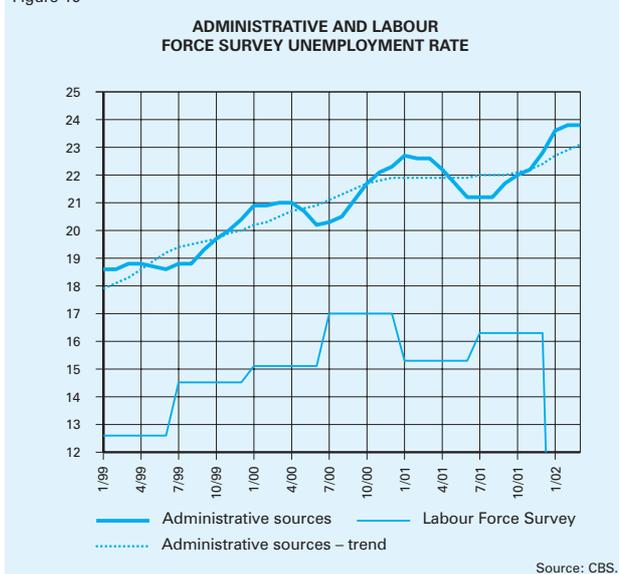
Large net inflows into the CEI register strengthened the upward trend in registered unemployment at the end of the previous year and at the beginning of this year. However, this strengthened upward trend would not be observed if the increased inflow of war veterans is excluded and if the projection of registered unemployment is based on the developments up to October last year, which approximates to the dynamics of registered unemployment without the institutional changes. Registered unemployment stood at 408,000 at end-April, which is 25,000 (6.5%) more than in the same month last year, but it probably would not have exceeded 400,000 without this institutional change, with an annual growth rate below 4%.

A reduction in the outflow from the register for reasons other than employment also contributed to the continuation of registered unemployment growth. The outflow from the register fell by 8.6% over the first four months of this year compared to the same period last year. The fall in the outflow may be related to employment growth. The greater employment opportunities provided by CEI intermediation could encourage the registered unemployed to remain registered and encourage previously discouraged workers, i.e. workers previously classified as inactive, to register with the CEI once they

begin to perceive the employment opportunities as growing. Economic growth, acting through the encouraged worker effect, could stimulate the continuation of the upward trend in registered unemployment.

In the second half of 2001, the Labor Force Survey unemployment rate also increased compared with the first half of the year, as did the unemployment rate according to administrative sources, i.e. the registered unemployment rate. The Labor Force Survey unemployment rate increased by 1 percentage point to 16.3%. This level is nevertheless lower than in the second half of 2000, although the reported rate breaks the otherwise harmonic series and could therefore be considered less reliable. The administrative and Labor Force Survey unemployment rates continued their parallel movement in the second half of the previous year, but their absolute levels differed significantly as a result of a strong motivation to register with the CEI in order to enjoy the rights to various benefits, with very few obstacles to exercise these rights.

Figure 19



The Beveridge curve, showing the relationship between reported vacancies and the registered unemployment rate, continued to grow in the first quarter this year, as can be seen from both axes. It thus shows an increase in registered unemployment along with a simultaneous increase in the number of vacancies. The unusually strong upward trend in the curve may reflect the already described encouraged worker effect together with accelerated restructuring of the economy. The increase in vacancies might also be a consequence of the stagnation in wage growth during the previous year and at beginning of this year. It is not easy to project the labor demand until the end of the year, or the dynamics of its flows, on the basis of the dynamics of the vacancies reported in the first quarter. Nevertheless, since the upward trend in vacancies has continued in this year as well, it may be concluded that the years-long stagnation of demand in the labor market is coming to an end and that the labor market is becoming more dynamic, which is an important precondition for the successful restructuring of the economy.

The increased economic activity, which stimulated higher employment to a great extent, managed to trigger an upward trend in total employment. According to administrative sources, the seasonal peak in employment in mid-2001 surpassed the peak in the previous year by about 12,000 (0.9%), and its annual growth rate at the beginning of this year, when employment generally reaches its seasonal dip, amounted to 1.1%, which is a 15,000 increase in employment compared to the same period last year. The Labor Force Survey sources also confirm the turnaround in the labor market that occurred in the second half of the previous year. The employment rate, which is taken into account because of the incomparability of the absolute number of employed due to difference in the estimate of total population in the territory covered by the survey, amounted to 42.1% according to the latest Labor Force Survey, which is a 0.6 percentage point increase compared to the first half of the year. Despite this growth, the employment rate has still not reached the level recorded in the second half of 2000.

Figure 20

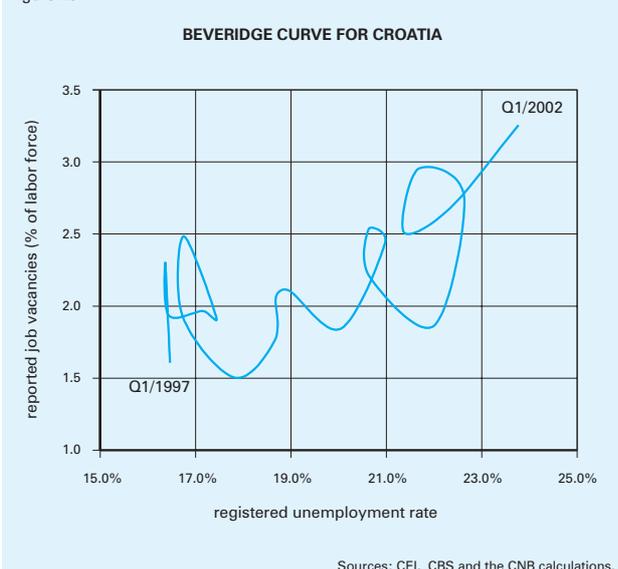
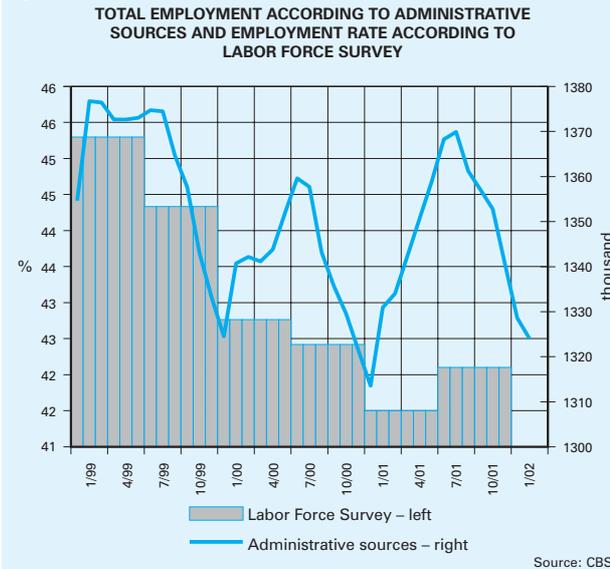


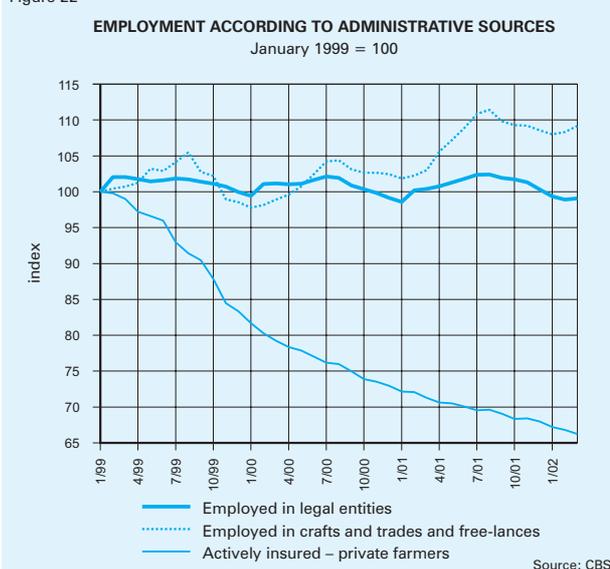
Figure 21



According to administrative sources, total employment increased in the first quarter of this year despite a continued but somewhat slower decline in the number of private farmers that are actively insured with the CPII and are as such considered employed according to the administrative records. The number of private farmers fell by 8.1%. The main component of the employment growth was an increase in employment in trade and crafts and among freelancers, with an annual growth rate of 6% in the first quarter.

According to both administrative sources and the Labor Force Survey, the labor force continued to move pro-cyclically. According to administrative sources, i.e. CEI data on registered unemployment and CBS preliminary data on total employment, the labor force increased by 26,000, or 1.5%, in the first quarter of this year compared with the same period last year. According to the Labor Force Survey, the activity rate stood at 50.3% in the second half of the previous year, which is 1.3 percentage points higher than in the first half of the year.

Figure 22



Box 1: Employment and Labor Legislation in Transition Countries

According to the Labor Force Survey in 2000, the employment rate in Croatia for the working-age population (from 15 to 64 years of age) stood at 51.4%. It did not increase significantly in 2001, at 51.6%. Although in terms of another activity component, Croatia's unemployment rate was not among the highest of the transition countries in Central and Eastern Europe, its employment rate was among the lowest. Bulgaria was the only country in this group with a lower employment rate, 49.2%, or 1.2 percentage points less than Croatia, which is not a significant difference.

In order to get a true picture of the expected employment rates and deviations from them, wage differences should also be taken into account. Wage per capita approximates the opportunity cost of non-participation in the labor market. A higher income level per capita would thus attract at least some of the working-age population, by the substitution effect, from leisure and household activities, and improve the chances of them taking part in the labor force and employment.

Employment rates in transition countries correspond closely with the theoretical assumption that they are related to income level. A positive relation is evident, but the deviations of the level of employment in particular countries from the expected levels are significant, which points to the fact that this phenomenon is affected by other factors. In view of the differences among transition countries, it is not surprising that their employment rates vary substantially. However, it is evident that geographic proximity has a substantial role, reflected not only in a similar income level but also in institutional resemblance. Central European countries (Slovakia, Poland and Hungary) thus report similar income per capita and comparable employment. The Czech Republic, however, stands out from the other Central European countries, reporting a smaller fall in employment and labor reallocation compared to the other transition countries but with a slightly higher income level and considerably higher employment. The Baltic countries also represent a homogenous group according to the observed indicators, although they report higher employment and a somewhat lower income per capita level than in the Central European countries. Bulgaria and Romania, despite their geograph-

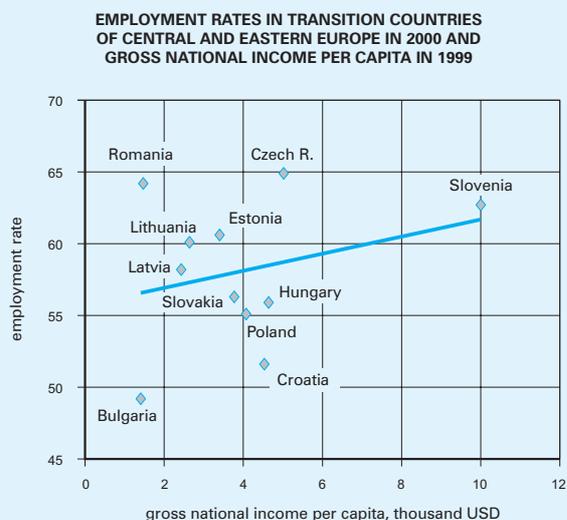
ical proximity and similar income level, show a drastic difference in the employment level. This difference is primarily a consequence of the difference in their economic structures. While less than one tenth of the employed in Bulgaria worked in agriculture, the agrarian population accounted for almost half of the employed in Romania. Agriculture is an activity where "everybody works", and this is the reason why it should be taken into account in international employment comparisons.

Croatia did not differ significantly from the other Central European transition countries in terms of income per capita level, but it was more comparable with Bulgaria in terms of the employment level. This difference can be accounted for by institutional conditions influencing the employment level. One of these conditions, recently discussed in Croatia, is employment protection legislation. A high level of legal protection is usually related to lower employment rates since it hampers young people and those for whom flexible forms of employment are more convenient, which especially refers to women, from entering the labor force.

The partial comparisons between Croatia and other countries that have been recently reported in the media give the impression that employment is somewhat better protected by the Croatian labor legislation compared to other transition countries. Indeed, according to the standardized OECD employment protection legislation index, representing a comprehensive measure of labor legislation rigidity with values ranging from 0 (most flexible) to 6 (least flexible), the Croatian Law on Labor is definitely the most rigid among the transition countries for which there is a corresponding indicator. The Slovenian labor legislation is also among the less flexible ones. While it does not differ substantially from the Croatian Law on Labor concerning the protection of workers with regular employment contracts and the regulation of collective dismissals, it does differ in the aggregate index, mainly because of a more flexible regulation of various forms of temporary employment.

The labor market flexibilization process that has begun in Croatia will not produce results overnight. Nevertheless, it can be expected that institutional labor market reform, particularly in the area of various non-typical forms of employment which are underdeveloped in Croatia, will open the way for better meeting the needs of both employers and employees, as well as increasing employment.

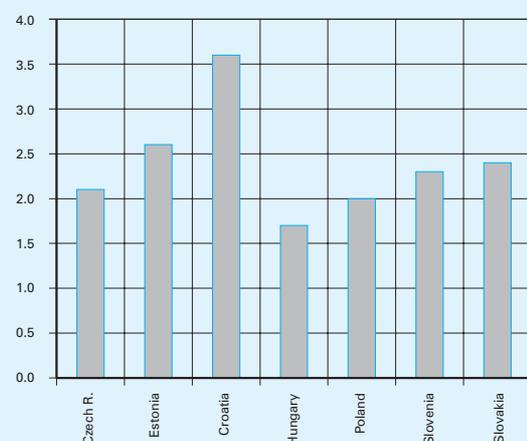
Figure 23



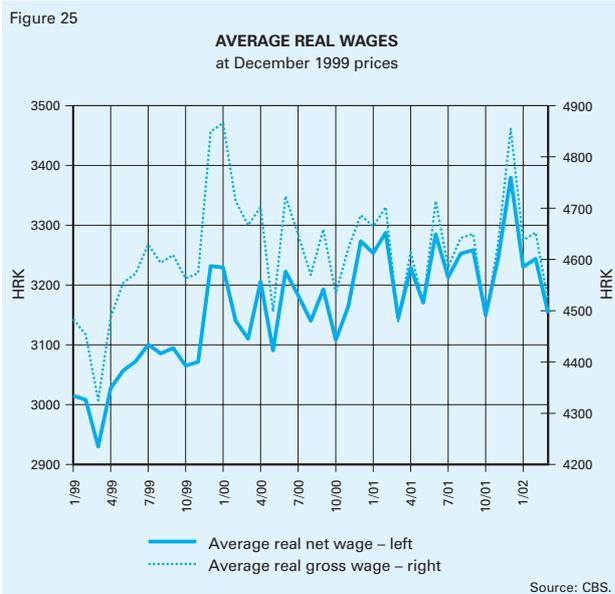
Sources: Eurostat, *Employment and Labour Market in Central European Countries*, 1/2001; World Bank, *World Development Indicators*, 2001.

Figure 24

EMPLOYMENT PROTECTION LEGISLATION INDEX



Sources: OECD and the CNB calculations.



Wages and Labor Costs

In early 2002, average wages continued to grow at low nominal rates but stagnated in real terms. According to the CBS data, the average net wage increased by 2.3% in the first quarter of 2002 compared to the same period last year, whereas it fell by 0.3% in real terms. The increase in the average gross wage was 2.6% (0.3% decline in real terms), which is identical to the increase in the average net wage.

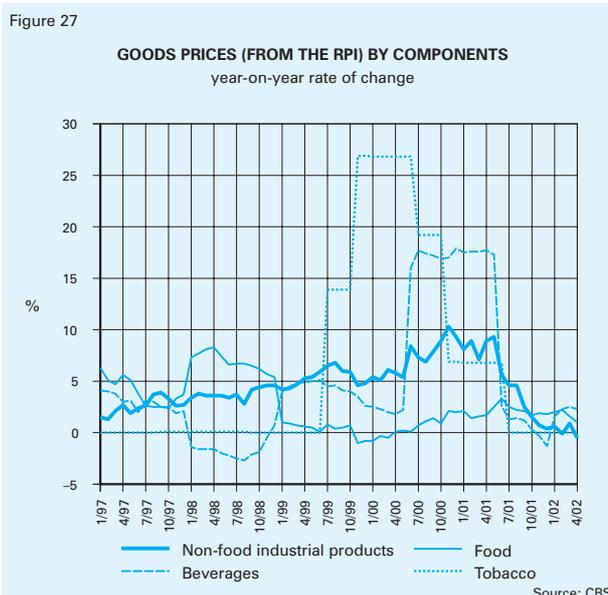
Government policy was mainly responsible for the stagnation of average wages in the first quarter of this year as well. The average nominal gross wage in public administration and in health care decreased by 9.2% and 6.9%, respectively. Those employed in education benefited most from the new coefficient system for state employees, their average nominal gross wage increasing by 0.4%. The average gross wage in industry increased by 5.0% in nominal terms, which is a 2.1% growth in real terms. Since the average gross wage was reduced in real terms in the first quarter, a real growth in any activity represents an improvement in its relative position as compared with the average. In view of the increased productivity in industry, whose growth surpassed the growth in the average real gross wage in industry, the wage increase did not cause price pressures. The demand for labor, in an environment of high unemployment and an expected reduction in employment protection following the amendments to the Law on Labor, could rise considerably, without having a significant effect on labor costs.

Prices

The year-on-year inflation rate⁶ measured by movements in the retail prices index (RPI) rose in the first quarter from 2.6% in December 2001 to 3.2% in March 2002. Despite the

monthly increase in prices in April 2002, the year-on-year inflation rate fell by 1 percentage point (from 3.2% in March to 2.2% in April) due to the impact of the reference base period (a significant 1.4% increase in prices in April 2001).

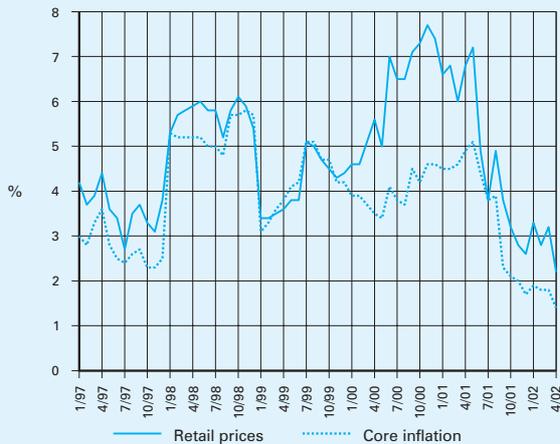
In the first four months of 2002 (April 2002 to December 2001), the total growth in retail prices stood at 1.7% (goods by 1.5% and services by 1.9%) and was lower than the growth in the same period of the previous year, when retail prices rose by a total of 2.1% (goods by 2.1% and services by 2.2%). Almost half the increase in retail prices (about 0.8 percentage points) generated in the first four months of 2002 in comparison with end-2001 can be directly attributed to an increase in the retail prices of refined petroleum products. They rose by a total of 10.8% (3.5% in January, 4.4% in March and 2.6% in April) as a result of increased crude oil prices in the world market. However, retail prices of refined petroleum products were still 6.0% lower in April 2002 than in April 2001. The increase in crude oil prices in the first four months of 2002 and



⁶ The growth rate of prices in one month in comparison with the same month of the previous year.

Figure 28

RETAIL PRICES AND CORE INFLATION^a
year-on-year rate of change



^a Core inflation is calculated 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 retail price index. The methodology for calculating core inflation is explained in detail in CNB Bulletin No. 61 (2001).

Source: CBS.

Figure 29

CONTRIBUTIONS^a OF THE RETAIL PRICE INDEX COMPONENTS TO YEAR-ON-YEAR INFLATION RATE



^a The contribution is defined as the relative importance of a certain component of the retail price index in total inflation. The sum of contributions of all components expressed in percentage points in a relevant month is the amount of the year-on-year inflation rate. In addition to percentage points, contributions may also be expressed in percentages.

Sources: CBS and the CNB calculations.

the one-off increase in retail prices caused by growth in certain administrative prices of services are not expected to permanently increase the inflation rate due to the environment of a moderate wage increase, a stable exchange rate and increased competitiveness in the domestic market.

The month-on-month inflation rate⁷ fluctuated substantially, chiefly due to the influence of volatile components of the RPI (agricultural products prices and refined petroleum products prices); it stood at 0.8% in January, fell to 0.1% in February and increased to 0.4% in March and April.

Since the core inflation basket does not include, among others, refined petroleum products prices, this indicator on price movements showed a slight upward trend in the first four months of 2002 in comparison with the inflation measured by movements in the overall RPI. Prices that are included in the core RPI basket rose by a total of 0.7% in April 2002 in comparison with December 2001 (goods by 0.6% and services by 1.3%). The core RPI rose by 0.3 percentage points during the same period of 2001 to an overall 1.0% (goods rose by 0.8% and services by 1.7%). The year-on-year core inflation rate fell from 1.7% in December 2001 to 1.4% in April 2002 (the negative impact of the base period). This decrease also greatly contributed to a 0.4 percentage points fall in the year-on-year retail inflation rate in April in comparison with December, since the goods included in the core inflation basket account for about 77.0% of the total retail price basket. Agricultural products contributed less to total year-on-year inflation rate in April in comparison with December, while the contribution of administrative prices remained unchanged.

The rise in crude oil prices in the world market at the beginning of 2002 resulted from the reduced production agreed between the OPEC countries and other important oil producers in the attempt to keep the crude oil price within a \$22–28

Figure 30

AVERAGE OIL PRICES^a ON THE WORLD MARKET



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

Source: Bloomberg.

targeted range. The average spot price of crude oil had dropped well below the range in December 2001 – to \$18.5 a barrel, down by 26.5% in comparison with its price at the end of the previous quarter. The tense political situation in the Middle East and the expected growth in demand for this energy product brought about by the signs of accelerated global economic growth gave additional stimulus to the increase in crude oil prices. Thus the average spot price of crude oil a barrel went up by 3.4% in January 2002, 4.3% in February in comparison with the previous month and upsurged 18.4% in March to \$23.7, returning to OPEC's targeted range. The crude oil price in the world market grew at a slower rate⁸ in April and in the first half of May with the result

7 The growth rate of prices in one month in comparison with the previous month.

8 The average daily spot price of crude oil went up by 7.7% in April and 2.6% in May (by 22 May) in comparison with the previous month.

Box 2: Euro-zone Inflation Measured by the Harmonised Index of Consumer Prices (HICP)

At the end of 1998, the Governing Council of the European Central Bank (ECB) announced the main elements of the Eurosystem⁹ monetary policy strategy and set the maintenance of price stability as its primary objective. Simultaneously, a clear quantitative definition of price stability in the medium term has been adopted, which is the anchor for forming inflation expectations and provides clear indication for assessing the success of the single monetary policy. Accordingly, *price stability is achieved when the year-on-year increase in the HICP for the euro-zone is below 2%*. Although only the upper bound for the year-on-year inflation rate which is consistent with prices stability was delineated, the word “increase” was used in order to clearly signal that prolonged declines in the HICP index on an annual level would not be in line with the overriding objective of price stability. Price stability is to be maintained over the medium term because various non-monetary shocks (e.g. indirect tax changes, natural disasters or increases in international raw materials prices) may cause short-term volatility in prices.

The HICP index was compiled in individual European Union member states in accordance with the Maastricht criteria in order to get a comparable inflation measure in the member states used for monitoring the criterion of convergence to the inflation rate. The observance of this criterion is one of the conditions for the transition into the 3rd phase of the EMU. The methodologies used by individual EMU members states for compiling the HICP index were adjusted in terms of numerous technical details including, for example, geographic and population coverage, commodity groups, new products launch, product quality evaluation procedures, etc. The unification of the methodology for compiling the consumer price index (CPI) was not aimed at constructing indices that would be calculated in all countries on the basis of the uniform basket of goods, but at constructing such an index that would account for differences in the structure of spending for household consumption that exist between countries. This was made in an effort to ensure comparability of data, so that the differences between inflation rates in individual countries reflect the differences in price movements or consumption structure, and not differences in the methodology for calculating the CPI.¹⁰

The HICP can thus be characterized as a Laspeyres-type index that covers those types of products (goods and services) that are included in household final consumption spending. The HICP in the country j in a current month t is calculated as follows:

$$HICP_{jt} = \sum_i \omega_{i,j,b} \left(\frac{p_{i,j,t}}{p_{i,j,r}} \right),$$

whereas the symbol $p_{i,j,t}$ relates to the price of i product in the country j in a current month t , $p_{i,j,r}$ is the reference period price for the prices r , while $\omega_{i,j,b}$ is a weight of i product calculated on the basis of the share of that product in total spending in the reference period for weights b .¹¹ Weights assigned to single products differ between countries, depending on the share of spending for that product in total household spending in a certain country. The grouping of products (goods and services) within the overall HICP (COICOP/HICP¹²) is based on the classification of consumer spending made for the needs of the System of National Accounts, though certain categories, such as imputed rents, were excluded.

The HICPs calculated by EMU member states are aggregated into the Harmonised Index of Consumer Prices for the Euro-zone or the Monetary Union Index of Consumer Prices (MUICP). This indicator is used for monitoring the movements in prices in the euro-zone and is also the one on which the single monetary policy-makers of the ECB are concentrated. The MUICP is the weighted average of harmonised indices of monetary union member states and is calculated as follows:

$$MUICP_t = \sum_{j \in EMU} \omega_{j,t} HICP_{j,t}$$

whereas the symbol $\omega_{j,t}$ relates to the weight of an individual member state that is calculated on the basis of the share of that state in total household final monetary consumption in the EMU. The MUICP is published as a base index and is calculated with 1996=100. The statistic offices of individual member states calculate the national HICPs, while the overall index for the euro-zone is calculated by the Eurostat.

The analyses of movements in prices the euro-zone, that are published in ECB Monthly Bulletin are carried on the basis of movements in annual rates of change of the overall HICP for the euro-zone and the following five components set by the COICOP/HICP grouping of products¹³ – unprocessed food products (8.1%), processed food products (12.3%), non-food industrial products excluding energy (32.0%), energy (8.7%) and services (38.9%). Inflation is monitored by the components with a view to giving a clear warning of inflationary pressure. In addition, it should be noted that the change in the year-on-year inflation rate in the current month in comparison with the year-on-year inflation rate registered in the previous month reflects both dynamics in price movements in the current month and movements in prices in the same month of the previous year (base period effect).

9 The term “Eurosystem” covers the ECB and eleven national central banks of the countries that have introduced the euro (twelve national central banks as of January 2001).

10 The basic differences between the existing RPI that is calculated by the CBS and the CPI calculated in line with EU standards are explained in CNB Bulletin No. 61 (2001).

11 The reference (base) period for weights precedes in most cases the reference period for prices. The reason for this is that data from the Survey on Household Consumption, on the basis of which weights are calculated, are available with a time lag.

12 Classification of Individual Consumption by Purpose adapted for the needs of HICPs.

13 The shares of individual components in the overall HICP for the euro-zone that are being applied as of 2002 are stated in brackets. They are calculated as the weighted average of shares of individual components in the HICPs of EMU member states.

The upward trend in euro-zone inflation from mid-1999 continued in the year 2000 and the first half of 2001. In this period, the year-on-year inflation rate rose from 0.9% in January 1999 to 1.7% in December 1999 and exceeded the upper bound of price stability in mid-2000 and remained at that level. In December 2000, the euro-zone inflation rate reached 2.6% due to direct and indirect influences of increases in refined petroleum product prices and the euro exchange rate depreciation. The inflation reached its peak in May 2001 when the annual growth rate of the HICP was 3.4%. Following this growth, the rate started to decline. Inflationary pressures in the euro-zone strengthened at beginning of 2001 as a result of delayed indirect effects of previous increases in the prices of imported products and the cattle disease that brought about growth in the index of unprocessed food products. These pressures began to abate in mid-2001 and together with a fall in refined petroleum product prices and the negative impact of the base period decreased the year-on-year inflation rate to 2.0% in December 2001. The increase in crude oil prices in the world market was decisive for renewed growth in the inflation rate in the first four months of 2002. According to preliminary Eurostat data, the year-on-year inflation rate in the euro-zone, measured by the movements in the HICP, stood at 2.4% in April 2002, whereas the lowest year-on-year inflation rates were registered in Germany and Austria (1.6%) and Belgium (1.7%) and the highest in Ireland (5%), the

Netherlands (4.2%) and Greece (4.1%). The ECB analysts estimate that price pressures that arise from aggregate demand should be suppressed in the medium term and expect that further moderate increase in wages will push the year-on-year inflation rate below 2.0% in the coming months, owing to the impact of significant increases in energy and food product prices in the reference base period.

Figure 31



that refined petroleum products prices did not increase in the Croatian market. The average price of crude oil reached \$25.5 a barrel in April 2002, up by 37.5% in comparison with December 2001 and down by 1% in comparison with April 2001.

The first four months of 2002 saw a growth not only in

crude oil prices but also in prices of other raw materials traded in the world commodity exchanges. The aggregate HWWA index (excluding energy and expressed in US dollars) rose by 6.8% in April 2002 in comparison with December 2001. Raw materials prices started to recover from very low levels. In December 2001, raw materials prices (compiled within the HWWA index excluding energy) in the world commodity exchanges were 2.4% lower than at the end of the previous quarter or 7.3% lower than the average price of raw materials in 2001, reaching their lowest level in fifteen years. The increase in oil and other raw materials prices prevented a further fall in producer prices in the euro-zone, and the annual rate of change of industrial products prices in this zone rose from -1.1% in December 2001 to -0.8% in April 2002. The appreciation trend of the exchange rate of the kuna against the euro and the US dollar that started in mid-February 2002 moderated the intensity of the growth in prices of crude oil and other raw materials and imported industrial goods that are expressed in kuna.

Free trade agreements with the Czech Republic, Slovakia, Bulgaria, Poland and the EFTA countries and the Stabilisation and Association Agreement entered into force at beginning of 2002 and, together with the existing free trade agreements, greatly contributed to the further liberalization of the foreign trade regime. According to data from the Ministry of the Economy, about 78.0% of Croatia's foreign trade is covered by the free trade regime, the majority of industrial products are imported at zero tariff rate and the trade in agricultural and other food products is conducted with mutual conces-

Figure 32

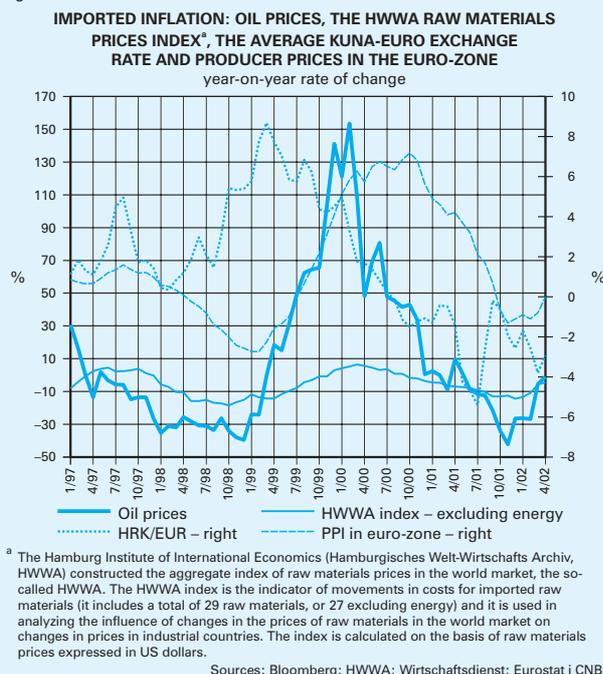


Figure 33

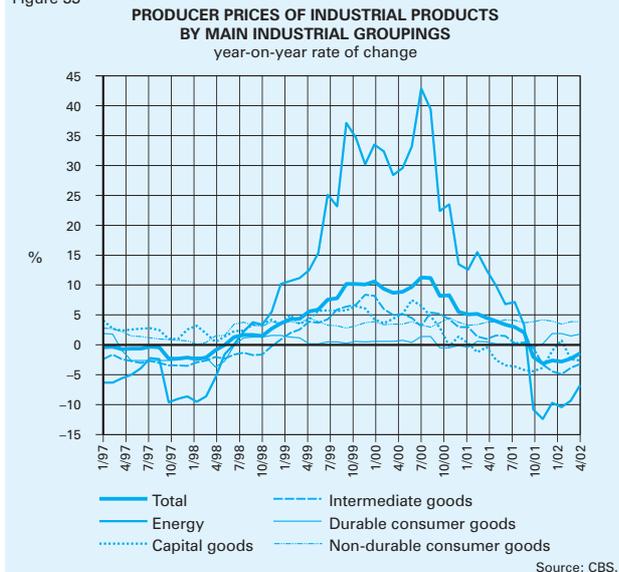


Figure 34



sions. Therefore, it is highly likely that the decrease in prices of certain industrial products¹⁴ registered in the first four months of 2002 resulted from foreign trade liberalization.

Producer prices of industrial products rose by 0.3% in April 2002 in comparison with December 2001. The annual rate of change of producer prices rose from -3.1% in December 2001 to -1.4% in April 2002. In the same month, the highest annual growth of 3.9% and 1.8% was registered in industrial groupings that manufacture non-durable and durable consumer goods. Prices in other industrial groupings were lower in April 2002 in comparison with the same month last year – energy prices fell by 6.7% year-on-year, capital goods by 2.6% and intermediate goods by 3.2%.

Exchange Rate

The kuna/euro exchange rate movements in the first five months of 2002 were marked by a nominal depreciation of the kuna/euro exchange rate followed by a modest kuna strengthening. The kuna/euro exchange rate depreciated by 2.69% in nominal terms in January and strengthened by a total of 2.52% in the next four months (31 May to 31 January). In an effort to ease the appreciation pressures on the kuna exchange rate, the central bank purchased from banks a total of EUR 474.1m at auctions held in the February-May period.

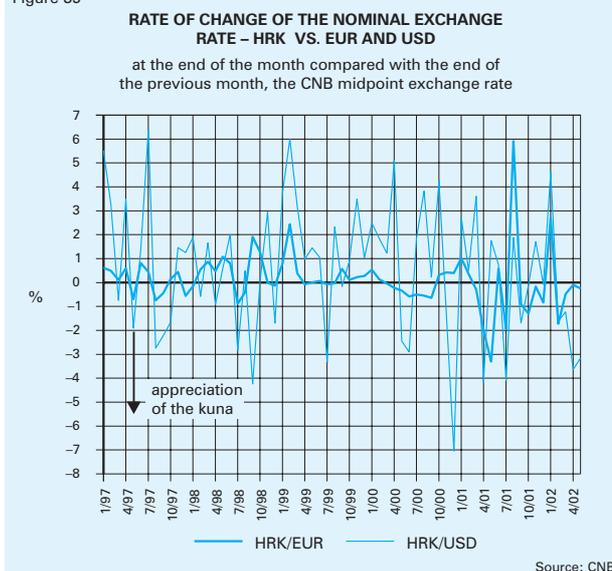
In the February-March period (31 March compared to 31 January), the nominal kuna exchange rate strengthened by a total of 2.19%, and the euro fell from 7.57 kuna to 7.40 kuna. Appreciation pressures on the kuna were expected since the large supply of foreign exchange in the market was expected to increase further due to planned borrowings by the government and Croatian Highways abroad and the inflow of foreign exchange from privatization and the export of tourist services. In order to maintain kuna/euro exchange rate stability, the

central bank purchased from banks a total of EUR 305.0m at foreign exchange auctions held in the said two months (EUR 67.1m on 14 February, EUR 122.4m on 8 March, and EUR 115.5m on 15 March).

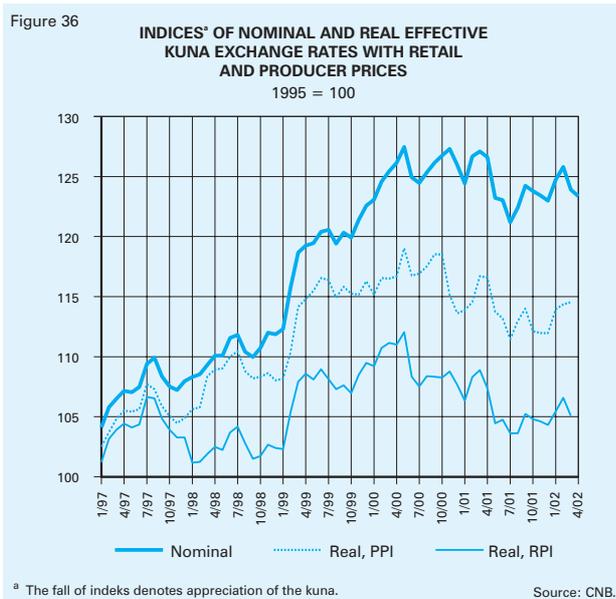
The trend of nominal appreciation of the kuna/euro exchange rate that was present in the domestic foreign exchange market as of mid-February continued in April and May. The central bank intervened strongly in the foreign exchange market in March and thus eased the appreciation pressures on the kuna in April. As a result, the central bank held only one foreign exchange auction of relatively limited scope, at which it purchased EUR 27.8m, and the kuna/euro exchange rate strengthened by a modest 0.09% (30 April compared to 31 March).

Appreciation pressures on the domestic currency strengthened again in May. With the aim of kuna exchange rate stabilization, the central bank purchased from banks a total of EUR 141.3m at two foreign exchange auctions held in May (EUR

Figure 35



¹⁴ For example, prices of furniture and electrical apparatus fell by 1.9% and 1.0% respectively in April 2002 relative to December 2001.



87.1m on 10 May and EUR 54.2m on 17 May). In the second half of May, the kuna exchange rate fell below the 7.37 HRK/EUR recorded at end-2001. The euro fell to 7.3611 kuna on 23 May but rose slightly at the end of the month. The kuna/euro exchange rate appreciated by a total of 0.24% in May (31 May compared to 30 April). The exchange rate fluctuations, measured by the average change in the daily exchange rate, were less intense in April and May than in the previous three months.

January 2002 was marked by a substantial depreciation of the kuna against the US dollar of 4.61%, caused by the weakening of the kuna against the euro and the concurrent weakening of the euro against the US dollar in the international foreign exchanges. An appreciation trend in the kuna/US dollar exchange rate began at the start of February, resulting in a strengthening of the kuna against the US dollar of 9.31% at end-May (31 May compared to 31 January). The euro strengthened against the US dollar by 6.96% in international foreign exchanges in the said period, its value rising from 0.87 US dollars at end-January to 0.93 US dollars at end-May (31 May). The appreciation of the euro against the US dollar was especially strong in April. According to ECB analysts, the weakening of the US dollar in the said period was substantially influenced by several reports that indicated a potential slowdown in personal consumption growth in the USA and challenged the sustainability of the economic recovery and also by expectations that the FED would not raise interest rates, which lowered investor interest in American securities.

Overall, the index of the nominal effective kuna exchange rate appreciated by 1.58% in the first five months of 2002 (31 May 2002 compared to 31 December 2001). This appreciation was brought about by the appreciation of the kuna against the majority of currencies included in the basket and especially against the US dollar (5.12% against the US dollar, 4.25% against the pound sterling and 4.50% against the Slovene tolar¹⁵).

In the first quarter of 2002 (March 2002 compared to December 2001), the real effective kuna exchange rate deflated

by producer prices and retail prices depreciated by 2.29% and 0.72% respectively. The comparison of indices of the real effective kuna exchange rate in March 2002 with those in March 2001 shows that the kuna exchange rate deflated by producer prices and retail prices appreciated by 1.86% and 3.50% respectively in real terms.

Monetary Policy and Instruments

Monetary Environment

The main features marking the second quarter were the exceptionally high liquidity of the banking system and high growth rates of reserve money and kuna monetary aggregates. This growth was related to heightened economic activities, increased corporate and household lending and the payment system reform whose technical solutions produced certain monetary effects. The main events, which marked the second quarter, were the resolution of the problems in Riječka banka and the final phase of the payment system reform¹⁶.

Household foreign exchange deposits declined in March and April as a result of a withdrawal of deposits from Riječka banka, and later on withdrawals from other banks as a result of rash statements given by politicians that other banks might run into similar difficulties. Following this decline, deposits partly recovered in May and a slight fall in deposits after the introduction of the euro in EMU countries was quite expected. The problem of the withdrawal of deposit affected all the banks equally. With over 3/4 of foreign exchange inflow remaining in the banks, it can be concluded that the majority of citizens who deposited their foreign exchange into the banking system towards the end of the year, decided to continue keeping them there.

Credit growth to the private sector also continued at the beginning of the second quarter. With the unquestionable recovery of loans to private companies, which has continued since the end of 2001, loans to households continue to grow at higher rates. Simultaneously with the increase in placements, there was a decline in the net foreign assets of banks.

To lessen the appreciation pressures on the exchange rate of the kuna, the central bank intervened in the foreign exchange market three times, purchasing a total of EUR 169.1m, thus producing a monetary effect of HRK 1.2bn. With more significant foreign exchange inflows still ahead, including the conversion of the loan received for the construction of the highway Zagreb-Split, further pressures on the exchange rate of the kuna are possible.

Following an extensive use of kuna monetary instruments in the first quarter, mainly to help Riječka banka to remain liquid, the CNB decided to use kuna instruments again, sterilizing HRK 0.8bn at an extraordinary auction of CNB bills.

¹⁵ In this period, the kuna weakened slightly against the euro (0.11%) and the Swiss franc (1.25%).

¹⁶ For details see: *CNB Annual Report 2001*, Chapter 2.2 The Use of Monetary Instruments in 2002 following the Announcement of Losses in Riječka banka and Chapter 3.9 Riječka banka d.d., Rijeka.

Monetary Policy

The high growth rates of reserve money in the first quarter continued into the second quarter. The average monthly growth rate of reserve money in the first five months of 2001 was 2.1%, compared with 3.3% in the same period this year. Last year's growth in reserve money can largely be attributed to an increase in reserve requirements, i.e. to the setting aside of a part of reserve requirements in kuna in the second half of the year. This year's growth in reserve money is mostly due to an increase in currency in settlement accounts and cash in bank vaults, and less to a slight increase in reserve requirements.

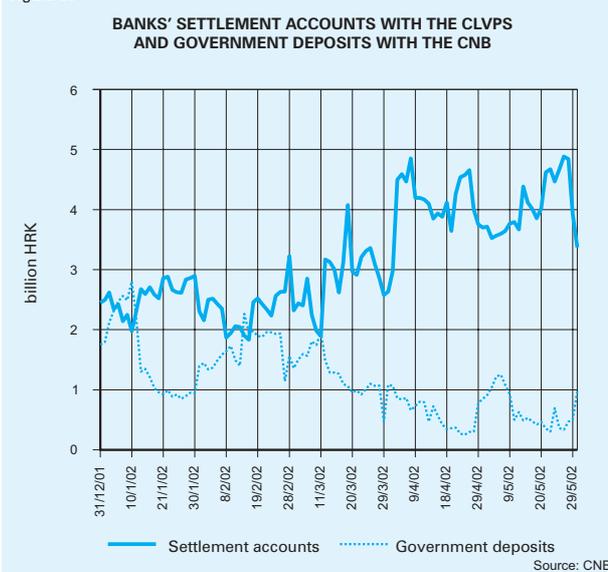
Changes in the payment system, the closing of the old giro accounts of business entities with the Institute for Payment Transactions and the opening the new accounts with deposit money banks, required more prudent liquidity planning on the part of the banks. In some banks, the number of clients increased. The banks were not familiar with the payment needs of the new clients and the dynamics of their inflows and outflows during the month. So, as in the case of the introduction of the NCS, the banks chose to keep a higher level of liquidity. The period of higher liquidity and extensive use of Lombard loans which accompanied the introduction of the NCS was relatively short. The last phase of the payment system reform, however, was marked by a longer period of high liquidity. Any structural change of such a magnitude can be expected to produce monetary effects and after the period of introduction and adjustment to the new system was over, the level of liquidity was expected to adjust to the circumstances.

An extremely rapid growth in currency, which according to preliminary data continued into May, was in line with the general increase in economic activity. The robust growth in currency towards the end of 2001 was related to the conversion of the EMU members' currencies to the euro. By contrast, the circumstances leading to its acceleration in the first half of 2002 are not so unambiguous.

The largest factor influencing the growth in reserve money this year is the settlement accounts of banks within the CLVPS. Their contribution to this growth amounts to almost one half of the absolute growth in the first five months of this year, although their share in reserve money does not exceed 20%. The average daily balance in the settlement accounts in the first two months was HRK 2.4bn. In March and April the average balance in these accounts was HRK 3.5bn. The balances continued to be high in May as well, with the average daily balance in these accounts reaching HRK 3.8bn. The distribution of funds across these accounts indicates that free reserves were centered on several banks. This is particularly true of Hrvatska poštanska banka, which took over some government accounts from the CNB. Zagrebačka banka, as well, had to make large provisions in its settlement account to be able to reimburse shareholders wishing to sell their Zagrebačka banka shares. And for a period of time, in anticipation of its purchase of Riječka banka, Erste banka also had a highly liquid account.

(see Box 3: Monetary Effects of the Transfer of Customer Accounts from the Institute for Payment Transactions to De-

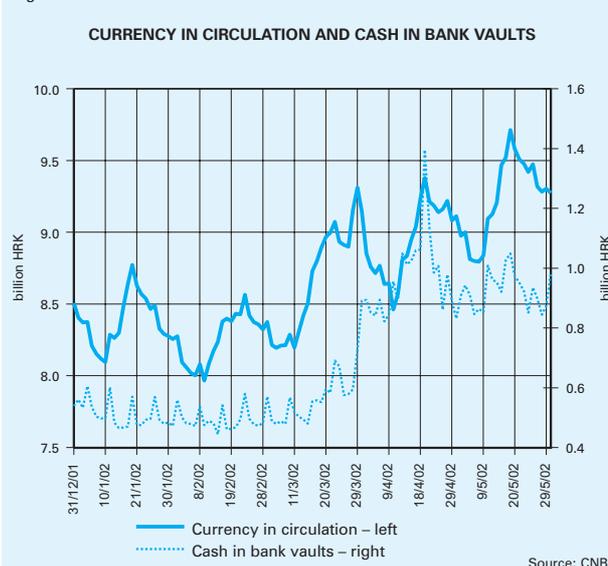
Figure 37



posit Money Banks)

Cash in bank vaults also grew rapidly, thus contributing to reserve money growth. The average level of funds in the vaults of banks in the first two months of this year stood at HRK 502m, with a standard deviation of HRK 40m (8%). From March onwards, their average level increased to HRK 808m with more pronounced oscillations. A standard deviation during this period was HRK 213m or 26%. Structural changes affected bank preferences with regard to keeping cash in vaults. Until end-March 2002, the level of funds in vaults used to be uniform during the month, with oscillations on a weekly level. From the end of March, cash in vaults grew rapidly and its dynamics changed during the month, nearing the dynamics of currency. The increase in cash in vaults took place simultaneously with the increase in currency in circulation. By contrast, cash levels in cash supply centers (successors to the vaults of the Institute for Payment Transactions) shrank significantly.

Figure 38



Foreign exchange interventions were the main source of reserve money formation in the second quarter. At three foreign exchange interventions (18 April, and 10 and 17 May) a total of EUR 169.1m was purchased, producing a net monetary effect of HRK 1.25bn. Further pressures in the same direction on the exchange rate are expected. The beginning of the tourist season, intensified construction efforts related to government infrastructure projects, whose foreign funding has already begun arriving, and anticipated government borrowing in the form of Samurai bonds indicate stronger appreciation pressures in the immediate future. The kuna activity of the central bank during the second quarter was limited to the first week of April. In that week Riječka banka was using a liquidity loan worth HRK 558m and repaid it on 9 April by means of a syndicated loan. In the period following 9 April, deposit money banks did not make use of the secondary sources of liquidity since they were highly liquid.

April and May were characterized by a fall in household foreign exchange deposits in deposit money banks and a rise in all types of kuna assets – currency, demand deposits, even kuna deposits. Such inverse developments where domestic entities give preference to the kuna rather than foreign exchange assets are rare. Up to now, changes in the asset currency structure commonly involved flight from the kuna to foreign exchange.

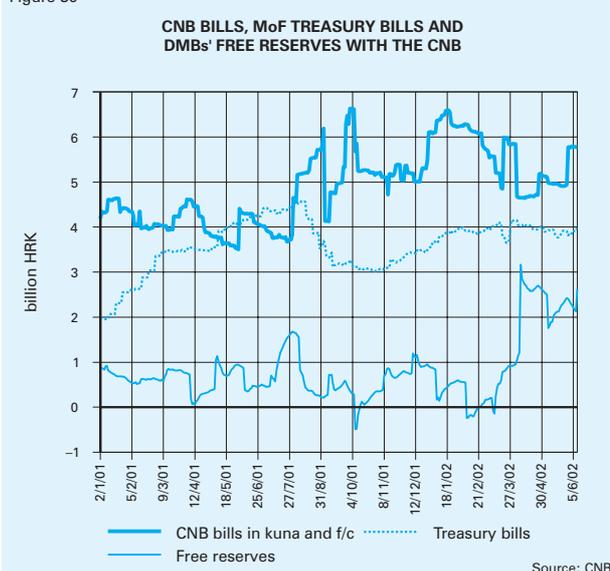
The April decline in foreign exchange deposits affected the allocation of reserve requirements in May. The foreign exchange base shrank by HRK 2.5bn from its March level. This decline relates to the average daily balance of the base (the nominal decline in deposits at end-April compared with end-March was a little below HRK 2.0bn or, HRK 1.5bn if the exchange rate differences are excluded). The effect on the foreign exchange reserve requirements allocated was a negative HRK –144m, or HRK –340m on the total reserve requirements allocated. The increase in the kuna base for the kuna reserve requirement calculation more than compensated for the fall in the foreign exchange base. A robust growth in demand deposits and a growth in kuna deposits caused the base to increase by HRK 2.6bn, thus increasing the allocated reserve requirements by HRK 250m. The developments in deposit base in March and April are not likely to continue in the months to come. The rapid growth in demand deposits with deposit money banks in April, brought about by credit multiplication, was further increased by disbursements to the shareholders of Zagrebačka banka amounting to a EUR 100m countervalue in kuna. This had a one-off, boosting effect on the level of demand deposits and kuna reserve requirements in May. Moreover, the usual seasonal increase in foreign exchange deposits in May and in the summer months, as well as the resolution of the problems in Riječka banka are expected to reverse the downward trend in foreign exchange deposits.

Kuna denominated CNB bills fluctuated around the level of HRK 3.2bn from the beginning of the year, with a one-off rise to HRK 4bn at the end of March, and a fall to below HRK 3bn at the beginning of April. A significant increase in bank liquidity in the second quarter over that at the beginning of the year did not generate much stronger interest in CNB bills subscriptions. At a kuna CNB bill auction in the first 10-day pe-

riod of May, the weighted interest rate on the shortest maturity bills was below 3% and the interest on 105-day CNB bills was over 4%. Of HRK 3.2bn in subscribed CNB bills, the longest maturity bills accounted for 71%. Low interest rates and little likelihood that the banks will need the bills as collateral for Lombard loans, given their ample liquidity, caused a stagnation in CNB bills subscriptions. The central bank regarded May's high liquidity as a phenomenon accompanying the structural reform of the payment system and did not see it as a threat to the maintenance of price or exchange rate stability. Therefore, the central bank did not attempt to stimulate larger subscriptions by offering higher interest rates (interest rates on CNB bills declined slightly from that the beginning of the year) or by organizing extraordinary auctions until the end of May. However, after the new payment system was found to have settled in and such large amounts of free reserves were no longer needed, the central bank organized an extraordinary auction of CNB bills on 29 May. The response of banks was satisfactory; over HRK 1bn worth of offers was received and the offers accepted amounted to HRK 0.8bn. This reduced the amount of free reserves and increased the level of kuna CNB bills to over HRK 4bn. On 31 May, there was a moderate HRK 3.3bn in the settlement accounts of banks. Although the system's liquidity continued to be quite high, the sterilization ended the period of extremely high liquidity related to the changes in the payment system.

Following the extraordinary auction of CNB bills at the end of May a new auctioning schedule for the CNB was introduced. From the beginning of June auctions are to be held weekly, and the bills offered carry a uniform maturity of 35 days. In this way, longer maturities are left to the Ministry of Finance and maturity overlapping of similar securities between the central bank and the Ministry of Finance is avoided. With its stronger presence in the primary market, the central bank will be able to better influence the liquidity of the system, which, as shown in the previous period of extremely high liquidity, is necessary and to promote the development of the secondary market.

Figure 39



Box 3: Monetary Effects of the Transfer of Customer Accounts from the Institute for Payment Transactions¹⁷ into Deposit Money Banks

The transfer of accounts of business entities from the Institute for Payment Transactions into deposit money banks was the last and most demanding phase of the payment system reform¹⁸. The legal foundation for the payment system reform is the Law on the National Payment System (official gazette *Narodne novine*, No. 117/2001). While the transfer of accounts into deposit money banks is primarily of a technical nature, certain monetary effects have also emerged. Even before the transfer of accounts into deposit money banks took place, legal persons holding giro accounts with the Institute for Payment Transactions had a certain deposits-related affiliation with a certain deposit money bank. In other words, a legal person's deposit with a certain deposit money bank comprised this bank's balance of account. With the transfer of the payment system to banks, a client's affiliation with a certain bank was confirmed if the client decided to continue his co-operation with the said deposit money bank. Conversely, if the client decided to choose another deposit money bank, a new depository affiliation was established.

Pursuant to the provisions of the Law, legal persons with blocked accounts were denied the right to open giro accounts with deposit money banks. However, to enable the complete transfer of accounts from FINA to deposit money banks, the Ministry of Finance passed a special decision providing for the transfer of such accounts to Hrvatska poštanska banka. A total of 60,000 accounts were transferred to Hrvatska poštanska banka on both bases. Balances in the blocked accounts are zero and any inflows are automatically forwarded to creditors. These accounts include the accounts of depositors who are blocked because of unpaid taxes and contributions to the Ministry of Finance and are awaiting an arrangement with the Ministry concerning the settlement of these obligations. In addition to blocked accounts, 20,000 completely new accounts were opened in Hrvatska poštanska banka. A certain number of accounts of government bodies were transferred from deposits with the Croatian National Bank to deposits with Hrvatska poštanska banka.

The central government budget, other bodies of government ad-

ministration and central government funds kept their account with the central bank. In the first quarter of this year, the average amount of funds in that account stood at HRK 1.3bn. After the Institute for Payment Transactions stopped functioning as the payment system provider, certain difficulties emerged for those budget beneficiaries that were not fully integrated in the system of the single state treasury. The CNB cannot perform payment transactions for individual clients, which is exactly the type of service that budget beneficiaries need. With the completion of the state treasury, all budget beneficiaries will again gradually become part of an integrated single account system. Government deposits transferred to Hrvatska poštanska banka at the end of April amounted to HRK 350m, to which HRK 118m in various central government funds deposits should be added. The transfer of part of the government deposits from the central bank to Hrvatska poštanska banka caused a decrease in the level of government deposits with the CNB and an increase in the level of account of Hrvatska poštanska banka with the CNB.

This process started in March, with the majority of funds being transferred in April. All accounts held in CNB's deposits with FINA had to be closed by 29 April 2002. Government deposits with the CNB halved in April, with the average balance of account standing at HRK 0.6bn. The low level of government deposits continued into May and fell to around HRK 0.3bn at end-May.

In short, the rapid growth in corporate demand deposits with deposit money banks in April was partly the result of changes in the payment system, which largely caused the growth in demand deposits and government deposits with Hrvatska poštanska banka. The growth was also due to the fact that Zagrebačka banka had to make large provisions in its settlement account for disbursements to shareholders wishing to sell their shares and Erste banka had a highly liquid account for a while because of its purchase of Riječka banka.

The high liquidity of several banks caused high liquidity in the system as a whole. Having estimated that the funds in giro accounts were earmarked funds and that no fears of price increases were present, the central bank chose not to intervene to sterilize the surplus liquidity until end-May. Only after the new payment system was found to have settled in and such a large amount of free reserves was no longer needed, the central bank organized an extraordinary CNB bill auction on 29 May. The response was good and generated over HRK 1bn worth of offers. Offers accepted totaled HRK 0.8bn. The auction reduced the high amount of free reserves and increased the level of kuna CNB bills to over HRK 4bn. Although the liquidity of the system remained quite high, the auction ended the period of extremely high liquidity related to the introduction of the payment system.

Foreign currency denominated CNB bills also declined mildly from that at the beginning of the year. In addition to the reasons already mentioned leading to the fall in interest for CNB bill subscriptions, their developments should be viewed in the context of a general decline in the foreign assets of deposit money banks, or preferences for kuna rather than foreign exchange assets. At the end of May, foreign currency CNB bills stood at HRK 1.8bn or 36.7% less than that on 31 December 2001.

Monetary Developments

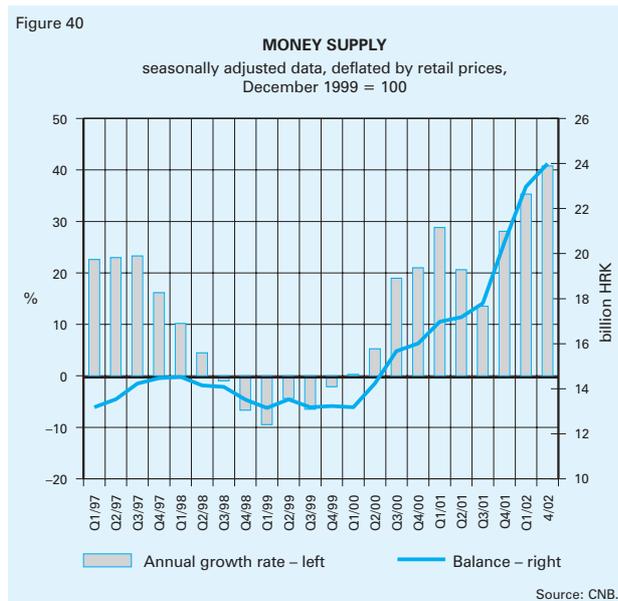
The continued growth of the real sector of the economy at the beginning of 2002 stimulated a growth in monetary aggregates closely related to the real sector. At the same time, the events surrounding Riječka banka caused the slight outflow of

deposits from the banking sector. Such divergent developments led to a stagnation in the broadest monetary aggregates – total liquid assets. However, the balance sheets of deposit money banks, increased by the inflow of foreign exchange at the end of last year, were still able to provide a sufficient source of funds for placements in Croatia. Unlike in the previous year when the funding for domestic sector loans came from the growing sources of funds, this year's lending is mainly based on a decrease in the foreign assets of deposit money banks. This conversion from net foreign assets to net domestic assets puts further pressure on the exchange rate of the kuna, in addition to factors which contribute to the increased supply of foreign exchange in this year.

Following a rapid growth in money (M1) towards the end of last year, its nominal decline at the beginning of this year was significantly slower than usual for the season. Moreover,

17 Institute for Payment Transactions until 31 December 2001; Financial Agency (FINA) as of 1 January 2002.

18 For a detailed description of the legal and technical aspects of the payment system reform see: *CNB Annual Report 2001*, Chapter 4 Payment Operations.



following a nominal decline in the first two months, M1 recovered, outstripping its value from the end of 2001 in March and continuing its rapid growth in April. As a result, the seasonally adjusted value of M1 continued its robust growth at the beginning of 2002. However, this growth was less dramatic than in the last quarter of 2001 when M1 grew as a result of the introduction of the euro and when, at the end of 2001, it reached an annual growth rate of 31.5%. The seasonally adjusted value of M1 increased the most in March as a result of growth in corporate demand deposits and increased the demand for currency, partly caused by the crisis in Riječka banka. The accelerated growth in M1 in the first quarter of 2002 was reflected in its accelerated annual growth rate, which reached 40.1% at the end of the first quarter of 2002, compared with 31.5% at end-December 2001. At the end of April, M1 stood at HRK 26.4bn, a growth rate of 44.7%.

Such a steep growth in money at the beginning of the year is primarily related to real developments (especially increased retail trade), which correlate strongly with the movements in M1 and to continued intense lending activities, which increased towards the end of the first quarter. Significant capital inflows call for heightened intervention activities on the part of the CNB in order to prevent the exchange rate of the kuna from appreciating. This leads to an increase in reserve money, including M1. Both currency in circulation and demand deposits have equally contributed to the growth in M1 in this year. Both components have in turn been influenced by various factors. In the first two months of this year, the main factor contributing to the growth in M1 was currency and in March and April the main contributing element was corporate demand deposits.

Currency in circulation exhibited a rapid growth towards the end of last year as a result of EMU currencies' conversions prior to the introduction of the euro. Judging by the unusually slight fall in currency during January, it can be concluded that the said conversion led to a new, higher level of currency in circulation which can be seen in the high growth rates of the seasonally adjusted value of currency. A nominal recovery of

currency took place in March already. The fact that Easter fell on 31 March was certainly a contributing factor but the withdrawal of deposits from Riječka banka contributed to this recovery as well. Following its stagnation in April, currency continued to grow nominally in May. Seasonal effects excluded, the annual growth rate of currency in the first quarter was 56.1%. Its growth rates in April were similar. For the sake of comparison, currency grew 28.2% in 2001, with its annual growth rate in the last quarter reaching a high 71.3%. At the end of April, currency in circulation reached HRK 9.1bn, an increase of 39.1% compared with that in April last year.

Demand deposits, in addition to their growth tendency, showed somewhat different dynamics than currency, largely because of oscillations in corporate demand deposits. Thus, in the first two months, there was the usual nominal decline in demand deposits followed by their more intense recovery in March and continued growth in April. This was reflected in the accelerated growth of the seasonally adjusted value in those months. Seasonal effects excluded, demand deposits grew at the annual rate of 67.7% in the first quarter and further accelerated in April (92.7%). However, demand deposit growth rates were still lower than those in the last quarter last year when the annual growth rate of demand deposits reached over 100%. Throughout the whole of 2001, demand deposits grew by 33.4%. Their accelerated growth in March and April can be attributed to the increased lending activities of deposit money banks in those months. In addition, the payment system reform, agent banks which perform payment transactions and users (companies) adjustment to the new system contributed to growth in corporate demand deposits in April. In April, Italian Unicredito took over Zagrebačka banka, paying the former Zagrebačka banka shareholders around EUR 100m into deposit accounts. At the end of April, demand deposits stood at HRK 17.3bn, an increase of 47.9% over that in the same month last year.

Unlike money which is used for payment transactions (payments) and which grew rapidly, quasi-money, which consists of savings and time deposits which cannot be used directly for payments, fell slightly at the end of the first quarter and at the beginning of the second. This fall was related to the crisis in Riječka banka, but it also involved the expected autonomous outflow of foreign exchange deposited at the end of last year for the purpose of its conversion into the euro. The autonomous outflow was more pronounced in foreign exchange deposits, while kuna deposits increased moderately in the first quarter.

The conversion of EMU currencies and the introduction of the euro provided a powerful impetus for growth in foreign exchange deposits at the end of last year as citizens deposited their EMU currencies into deposit money banks, the simplest form of conversion available. Croatian citizens traditionally keep significant amounts of foreign currency cash outside banks for their transaction needs, but also as a form of savings, as a result of unpleasant past experiences with banks and savings. The introduction of the euro made it necessary for citizens to change their EMU currency cash into the euro. They did that by depositing it into banks thus causing the rapid growth in foreign exchange deposits at the end of last year.

Figure 41

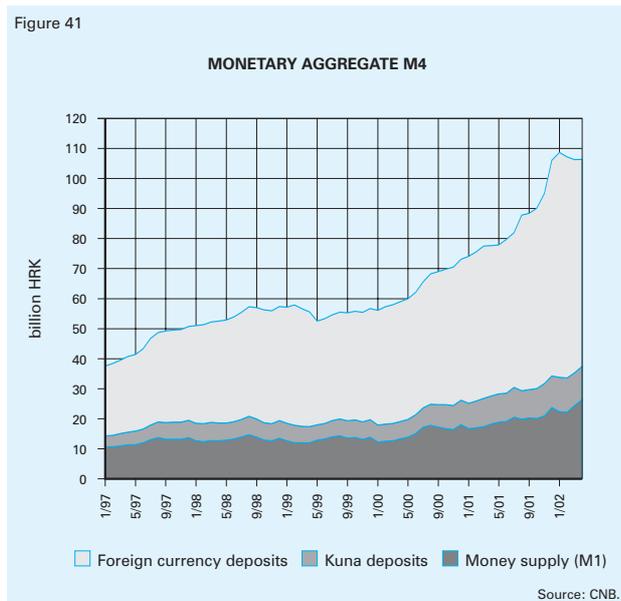
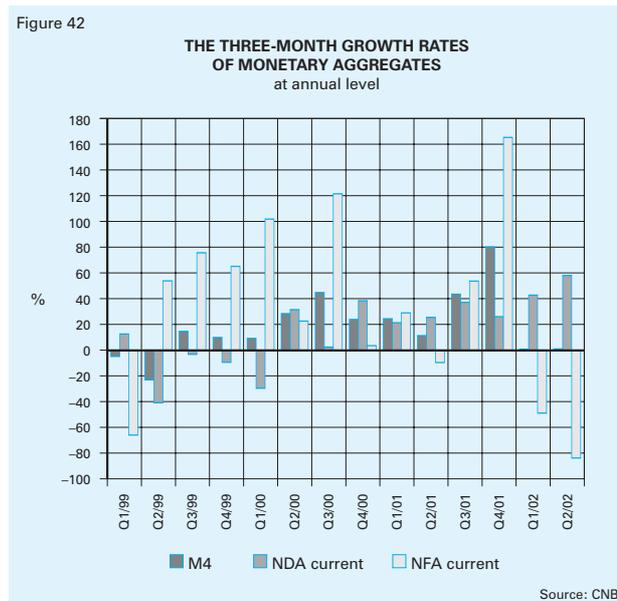


Figure 42



However, the expected outflow of a part of foreign exchange thus deposited, which is more exposed to risk, did not take place immediately after the introduction of the euro. Quite the opposite, net foreign exchange deposits continued to grow in January as well, although considerably less rapidly than in the last months of 2001. Foreign exchange deposits held steady in February. The expected outflow of foreign exchange deposits took place after all, though several months later. March was marked by the Riječka banka crisis and the withdrawal of deposits from that bank. The crisis in Riječka banka increased the public's perception of risks in the banking sector, causing the citizens to withdraw their foreign exchange deposits. It is probable that deposits were withdrawn by those citizens who used to keep their foreign exchange outside banks before its conversion. As a result of such developments, foreign exchange deposits in March and April declined by a total of 5.1% in real terms (around EUR 500m). It should be stressed, however, that foreign exchange deposits in the last quarter of last year and at the beginning of this year increased by over EUR 2bn (net), so the net outflow in March and April accounted for less than 1/4 of net foreign exchange inflows at the end of last year. Preliminary data indicate a rapid recovery in foreign exchange deposits by mid-May this year, and the approaching tourist season is expected to additionally stimulate growth in foreign exchange deposits in the next period. At the end of April, foreign exchange deposits stood at HRK 68.9bn, an increase of 37.6% over that in the same month last year.

By contrast, kuna deposits grew nominally in the first quarter, and this growth continued into the second quarter. However, a 4.1% fall in kuna deposits took place in March due to the withdrawal of household kuna deposits during the crisis in Riječka banka, but soon recovered in April. During the first quarter, kuna deposits grew at the annual rate of 25.5%, and this growth continued into April. At the end of April, kuna deposits stood at HRK 11.0bn, up 18.2% from that in the same month last year.

The developments in money and quasi-money, i.e. kuna

and foreign exchange assets, caused a nominal stagnation in total liquid assets (M4) in the first quarter, and this continued into April. However, it should be mentioned that M4 recorded a growth in January, due to a growth in the kuna value of foreign exchange deposits as a result of the depreciation of the kuna versus the euro and the already mentioned real growth in foreign exchange deposits. With exchange rate appreciation and the outflow of foreign exchange deposits, M4 gradually recovered to its end of 2001 level in February and March. At the end of April, M4 stood at HRK 106.3bn, an increase of 36.9% over that in the same month last year.

The nominal stagnation of M4, coupled with the divergent movements of its components, indicates a change in the structure of M4. A growth in the kuna and a fall in the foreign exchange components of M4 caused the share of the kuna components of M4 to increase from 32% at the end of 2001 to 35% in April 2002.

Divergent developments were also present on the assets side. The increase in foreign exchange deposits at the end of last year at first almost completely translated into the foreign assets of deposit money banks. Increased bank balances make the financing of domestic placements growth possible. These placements grew rapidly in the first quarter and at the beginning of the second at the expense of foreign assets. Thus the share of NDA in M4 increased from 54% at the end of last year to 63% at the end of April this year.

As mentioned previously, the net foreign assets (NFA) of the banking sector shrank considerably compared with their end of 2001 levels. NFA increased sharply in the last quarter of last year as a result of a large inflow of foreign exchange cash. Ampler sources of funds enable continued lending activities in the country, but it takes time for new loans to be granted. During the first quarter and at the beginning of the second, with M4 holding steady, heightened lending activity was financed primarily by decreasing the foreign assets of deposit money banks. The same source was used for household foreign exchange disbursements in March and April. The NFA of monetary institutions (the banking sector and the CNB) de-

Box 4: Bank Credits by Activities according to the NCEA

Bank credits granted to companies and households are regularly monitored within the framework of monetary statistics. Since monetary statistics provide aggregate data, the possibility of getting detailed information on the structure of credits is limited and credit distribution by economic activities cannot be easily established. Data on the structure of bank credits by economic activities are especially important in periods of dynamic credit activity and accelerated economic growth because they enable better evaluation of the contribution of each economic activity to credit growth.

For this purpose, in this Box we shall try to compare data on gross domestic product provided by the CBS with data on credit risk exposure submitted to the CNB by banks (on CE1 Forms). The data from both sources are classified according to the NCEA.

It should be mentioned that each of the three statistics (credit risk exposure, gross domestic product and aggregate monetary statistics) has its own characteristics as well as its own special purpose. The data is not directly comparable because of the varying degrees of coverage of individual activities, so the comparisons given below are made on the basis of adjusted data. The CE1 Form is filled out on a quarterly basis and is available only for the four quarters from 31 March 2001 to 31 March 2002. We are aware that four reports covering a period of one year are not sufficient to provide a good quality analysis. However, they can be used to get a general insight into the structure of credits by activities.

The Structure of Gross Added Value and Credits according to the NCEA

To compare data from these two reports, GDP and credits had to be adjusted methodologically.

Gross domestic product was adjusted in the way that the amount of item "Financial Intermediation Services Indirectly Measured (FISIM)", which accounted for HRK -6.95bn of gross value added in 2001, was divided according to activity in line with the share of each activity in gross value added. FISIM¹⁹ partakes in the calculation of gross value added as a negative number, which, in comparison with credits, has no economic justification.

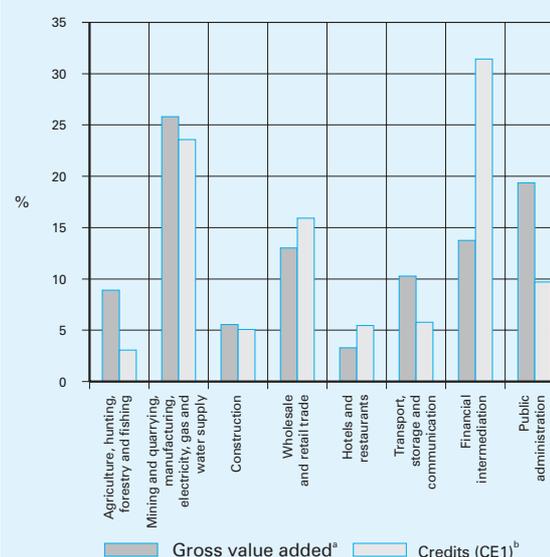
Credits have been adjusted for two items: household credits and

credits to foreign entities. The definition of households given in the CE1 Form does not correspond to the definition of private households with employed persons in the GDP statistics. CE1 reports comprise all credits (housing loans, consumer credits, car loans) to all household sectors, while the GDP statistics, with regard to the household sector, list only the contribution to gross value added of persons employed in private households (cleaners, drivers, etc.). For that reason, household credits have been excluded from the total amount of credit. Similarly, credits to foreign entities have also been left out from the total amount of credit. The GDP foreign entities sector includes only those foreign entities that contribute to domestic gross value added, while the CE1 Form lists all credits to foreign entities, including deposits in foreign banks, regardless of whether these foreign entities contribute to gross value added.

Finally, credits listed under "Financial intermediation" largely relate to interbank credits, which are characterized by high frequency of use and large volumes of transactions, thus raising the share of that

Figure 43

DISTRIBUTION OF CREDITS AND GROSS VALUE ADDED BY ECONOMIC ACTIVITIES IN 2001



^a CBS data as of 31 December 2001.

^b Preliminary data as of 31 March 2002.

Sources: CBS and CNB.

Table 1: Gross value added and credits by the NCEA, in current prices, in million HRK and %

| NCEA | Economic activity | Balance | | Structure | |
|-----------|--|--------------------------------|----------------------------|-------------------|---------------|
| | | Gross value added ^a | Credits (CE1) ^b | Gross value added | Credits (CE1) |
| A,B | Agriculture, hunting, forestry and fishing | 12,493.6 | 1,789.0 | 8.9 | 3.0 |
| C,D,E | Mining and quarrying, manufacturing, electricity, gas and water supply | 36,212.5 | 13,840.3 | 25.8 | 23.6 |
| F | Construction | 7,799.3 | 2,984.5 | 5.6 | 5.1 |
| G | Wholesale and retail trade | 18,270.1 | 9,341.2 | 13.0 | 15.9 |
| H | Hotels and restaurants | 4,598.0 | 3,203.2 | 3.3 | 5.5 |
| I | Transport, storage and communication | 14,391.5 | 3,397.6 | 10.3 | 5.8 |
| J - K | Financial intermediation | 19,308.6 | 18,441.6 | 13.8 | 31.4 |
| L,M,N,O,P | Public administration | 27,180.4 | 5,693.0 | 19.4 | 9.7 |
| | FISIM | -6,954.0 | | | |
| | TOTAL (credits and gross value added) | 140,254.0 | 58,690.4 | 100.0 | 100.0 |

^a CBS data as of 31 December 2001. ^b Preliminary data as of 31 March 2002. Sources: CNB and CBS.

¹⁹ FISIM = a major share of gross value added in banking is generated from the difference between credit and deposit rates. To avoid the accumulation of amounts by individual activities, the value arising from the use of financial services, which is proportionate to the extent the

relevant service is used in a particular activity, is deducted from each individual activity. When the use of financial services cannot be allocated to an individual activity, it is shown summarily in the calculation of gross value added as a negative number.

activity in total credits. Those credits should rightly be excluded as well. Unfortunately, the statistics of gross value added for 2001 by individual activities is not available at this moment. The statistics available relate to groups of activities, so financial intermediation is shown within a larger group and consequently information on its share in GDP in 2001 is not as yet available.

Distribution of credits by activities indicates a credit diversification that almost corresponds to the share of each individual activity in GDP. The credit and gross value added ratio of 42% indicates that there is still room for financial deepening, i.e. for corporate credit

growth (HRK 58.7bn compared with HRK 140.3bn).

Credit Developments by Activities according to the NCEA in 2001

Information on the distribution of credits by activities according to the NCEA is presently available for four points in time. Reliable and significant data can be obtained only through a year-long monitoring of credits by activities and a comparison with the GDP. For now, we can provide annual credit growth rates by activities and, in particular, credits by sections, subsections and divisions of industrial activities.

Table 2: Credits by economic activities, in million HRK and %

| NCEA | Economic activity | Balance | | Annual growth rate |
|-----------|--|--------------|---------------------------|---------------------------|
| | | 31 Mar. 2001 | 31 Mar. 2002 ^a | 31 Mar. 2002 ^a |
| A,B | Agriculture, hunting, forestry and fishing | 1,801.2 | 1,789.0 | -0.68 |
| C,D,E | Mining and quarrying, manufacturing, electricity, gas and water supply | 11,179.3 | 13,840.3 | 23.80 |
| F | Construction | 2,544.5 | 2,984.5 | 17.29 |
| G | Wholesale and retail trade | 7,901.1 | 9,341.2 | 18.23 |
| H | Hotels and restaurants | 3,094.9 | 3,203.2 | 3.50 |
| I | Transport, storage and communication | 2,469.5 | 3,397.6 | 37.58 |
| J-K | Financial intermediation | 12,589.0 | 18,441.6 | 46.49 |
| L,M,N,O,P | Public administration | 4,377.3 | 5,693.0 | 30.06 |
| | Total | 45,957.0 | 58,690.0 | 27.71 |

^a Preliminary data. Sources: CBS and CNB.

Table 3: Credits by industrial activities, in million HRK and %

| Section, subsection and division | Balance | | 31. Mar. 2002 ^a | |
|--|--------------|---------------------------|----------------------------|--------------------|
| | 31 Mar. 2001 | 31 Mar. 2002 ^a | Share | Annual growth rate |
| Mining and quarrying | 191.0 | 242.2 | 1.75 | 10.3 |
| Manufacture of food products and beverages | 1,980.7 | 2,574.5 | 18.60 | 23.3 |
| Manufacture of wearing apparel; dressing and dyeing of fur | 756.8 | 758.3 | 5.48 | 7.8 |
| Publishing and printing | 618.4 | 551.3 | 3.98 | -5.4 |
| Manufacture of coke, refined petroleum products and nuclear fuel | 630.7 | 1,195.5 | 8.64 | 4.9 |
| Manufacture of chemicals and chemical products | 419.7 | 448.0 | 3.24 | 23.2 |
| Manufacture of other non-metallic mineral products | 564.5 | 609.0 | 4.40 | 23.5 |
| Manufacture of fabricated metal products, except machinery and equipment | 539.8 | 499.8 | 3.61 | 2.0 |
| Manufacture of other transport equipment | 340.3 | 1,296.7 | 9.37 | 50.6 |
| Manufacturing, other | 3,645.4 | 4,083.5 | 29.50 | 9.4 |
| Electricity, gas and water supply | 1,492.0 | 1,581.5 | 11.43 | -3.1 |
| Total | 11,179.3 | 13,840.3 | 100.00 | 23.8 |

^a Preliminary data. Sources: CBS and CNB.

clined by HRK 8.9bn in the first four months, and at end-April, it stood at HRK 39.7bn, or up 34.1% on that in the same month last year. The largest fall was recorded in the NFA of deposit money banks which declined by HRK 10.3bn in the first four months, and this was largely because of a decline in their foreign assets (HRK 9.6bn) and only partly because of a slight growth in foreign liabilities (HRK 0.7bn). By contrast, the NFA of the CNB increased by HRK 1.3bn in the same period as a result of its intervention activities and at the end of April reached HRK 39.0bn, an increase of 34.8% over that in the same period last year.

The increase in net domestic assets (NDA) in the first four months equaled the decline in NFA, since total liquid assets held steady. Thus, NDA increased by HRK 8.9bn in the first four months and at the end of April stood at HRK 67.1bn, an increase of 35.8% from that in the same month the previous year. Seasonal influences excluded, NDA increased by 45.5% in the first quarter, with similar movements continuing into

April. Net claims on the central government and placements to other sectors also increased.

The growth of net claims of deposit money banks on the central government in the first quarter of 2002 was much larger than what is normal seasonally at the beginning of the year, but developments in April indicate that this debt is decreasing. Thus, in the first four months, net claims increased by a total of HRK 1.5bn and at the end of April amounted to HRK 14.3bn, up 29.0% from that in April last year. The largest contribution to the growth came from increased placements to the central government. In the first four months, these placements increased by HRK 1.2bn. During that period bank credits increased by HRK 1.3bn, while money market instruments and other government bonds owned by banks increased additionally by HRK 0.3bn. At the same time, the government paid off HRK 0.5bn worth of bonds issued for blocked foreign exchange deposits and the change in other items was HRK -0.1bn. A factor contributing to the growth in

the net claims of deposit money banks on the central government involved a slight fall in government deposits with deposit money banks, declining HRK 0.3bn in the first four months due to, among others reasons, a transfer of government deposits from the CNB to deposit money banks (HPB).

The growth in the balances of deposit money banks from the end of last year led to heightened lending activities at the beginning of this year, a fall in interest rates and the introduction of new lending products. Thus, bank placements to other sectors continued their growth from the previous year when they increased nominally by 23.0%. Their growth even accelerated in 2002. The annual growth rate of placements in the first quarter was 28.8%, and accelerated further to 38.1% in April. Growth in placements to other sectors was related to the growth in the real sector, especially in retail trade and a part of monetary aggregates. Lending continued to be the main form of placements to other sectors, although at the beginning of the year there were several issues of corporate debt securities. The total amount of such placements continued to be small (at the end of April, debt securities of other sectors in ownership of banks totaled HRK 1.2bn).

Looking at placements by sectors, household lending again grew faster than corporate lending, partly due to a smaller base but also to the increasing orientation of major companies to other forms of financing (issuing of debt securities, foreign borrowing). In the first four months of this year, household lending increased by HRK 3.7bn or by 12.2%, and reached HRK 33.8bn at the end of April, which is an annual increase of 31.4%. At the same time, corporate lending increased by HRK 3.1bn (8.1%) in 2002 reaching HRK 41.5bn at end-April, an annual growth of 20.8%. A more detailed structure of lending by sectors is shown in Box 4.

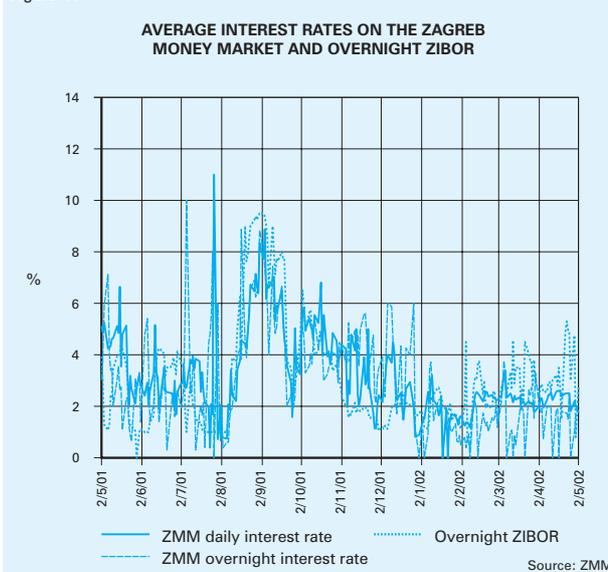
Money Market

Money Market Interest Rates

The first four months of 2002 saw the downward trend in interest rates bottom out, followed by slight increase in interest rates. This downward trend, which had begun in the third quarter of 2001, ended in January 2002, when money market interest rates reached a record low (the average interest rate in daily trade was 1.88%). The average interest rate in daily trade rose to 2.18% in February and continued to grow in March and April.

The first quarter of 2002 was marked by the fluctuations in banking system liquidity. Banking system liquidity had been high for a long period, but the growth in foreign exchange deposits increased the allocated reserve requirements at the beginning of February and accordingly decreased banking system liquidity. Kuna liquidity was additionally reduced by the January foreign exchange auctions held by the CNB in order to withdraw kuna and stop its depreciation. However, in March and April, the banks' preparations for the new payment system and an increase in their holdings of free reserves in settlement accounts for precautionary reasons renewed the growth in the primary liquidity of the banking system.

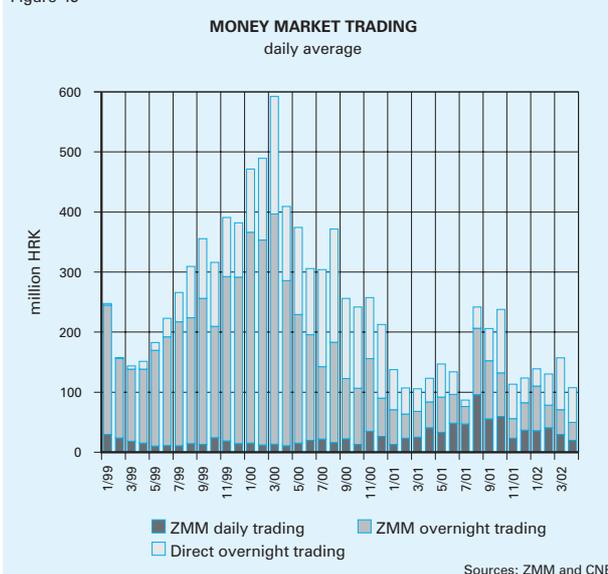
Figure 44



Despite these movements, there was no increase in the money market turnover, which remained at the low levels registered at the end of 2001. Supply substantially exceeded demand in daily trade in the first quarter of 2002, except in March when demand almost equaled supply due to the Riječka banka crisis. The April fall in demand was followed by a concurrent increase in supply, which widened the gap. Turnover was also several times lower than reported demand since the high banking system liquidity resulted in only occasional trading in the money market. The average daily turnover stood at HRK 35.9m in January and, with the increase in liquidity, fell to HRK 19.9m in April, the lowest level since January 2001. The fall in turnover was accompanied by a rise in daily interest rates, whose monthly average rose from 1.88% in January to 2.54% in April 2002.

In overnight trading, the share of interbank trading without the ZMM as intermediary has been on an upward trend since October 2001. This share was also high in March and April of

Figure 45



2002 (68% and 66% respectively); these months were marked by exceptionally high banking system liquidity. In the first four months of 2002, the average monthly interest rate in overnight trading went up from 1.65% in January to 3.15% in April.

Interest Rates in the Short-Term Securities Market

The downward trend in interest rates on CNB and MoF short-term securities continued in the first four months of 2002. Despite the high liquidity of the banking system, there was no substantial increase in purchases. This can be linked to the banks' intention to keep free reserves in their settlement accounts in order to be prepared for the new payment system that became operative on 1 April 2002.

Interest rates on kuna CNB bills rose moderately in January compared with December 2001 but resumed their downward trend in February. At the most recent regular auction in April, average interest rates fell to 2.81% (bills maturing in 35 days), 3.42% (bills maturing in 70 days) and 4.05% (bills maturing in 105 days), which is the lowest level of interest rates on this instrument so far. Moreover, banks did not subscribe all amounts matured, and total subscriptions fell to HRK 3.29bn.

The falling trend in interest rates on T-bills continued in the first four months of 2002 and reached a record low at end-April when they were 2.80%, 3.20% and 4.10% respectively on T-bills maturing in 42, 91 and 182 days. Following the plunge that marked the last quarter of 2001, this year's downward trend is somewhat moderate, especially with respect to bills with the shortest maturity. Total subscriptions for T-bills were on an upward trend from the beginning of the year but stabilized at around HRK 4.9bn in March and April.

After reaching a peak of USD 441.3m in October 2001, total subscriptions for foreign currency CNB bills decreased gradually over the first quarter of 2002, following the reduced impact of the euro conversion process, to USD 235.9m at end-April. The downward trend in interest rates on foreign

currency bills that began at the beginning of 2001 due to a slowdown in the growth of the American and German economies came to an end in 2002. Interest rates on EUR-denominated bills maturing in 63 days fluctuated slightly in the January-April period, from 3.15% to 3.22%. In the same period, interest rates on USD-denominated bills ranged between 1.64% and 1.75%, whereas the interest rate on bills with the shortest maturity was 1.68% at end-April.

It should be noted that the spread between interest rates on T-bills and CNB bills in kuna and interest rates on CNB bills in foreign currency narrowed considerably in the first quarter of 2002. At the last auction held in April, the interest rate on T-bills maturing in 91 day was only 1 basis point higher than the interest rate on EUR-denominated CNB bills with the same maturity, indicating that the banks expect a very stable exchange rate in the coming three months.

Deposit Money Banks' Interest Rates

January 2002 saw a one-off increase in interest rates caused by the new reporting method introduced on 1 January 2002. According to this method, banks and savings banks are required to report only on their corporate and household interest rates, whereas the interest rates arising from operations with the government and financial institutions are excluded from the statistics.

The falling trend in DMBs' interest rates on credits, accompanying the surge in bank lending, continued in February and March. Interest rates on foreign exchange credits to enterprises decreased substantially (the average interest rate fell by 2.57 percentage points from January to March), and probably stimulated a large increase in newly-granted foreign exchange credits.

Interest rates on short-term kuna credits without a currency clause to enterprises almost stagnated in the last quarter of 2001, resumed a downward trend in the first three months of 2002 and fell from the average level of 9.68% in January to 8.86% in March. After stagnating in the second half of 2001,

Figure 46

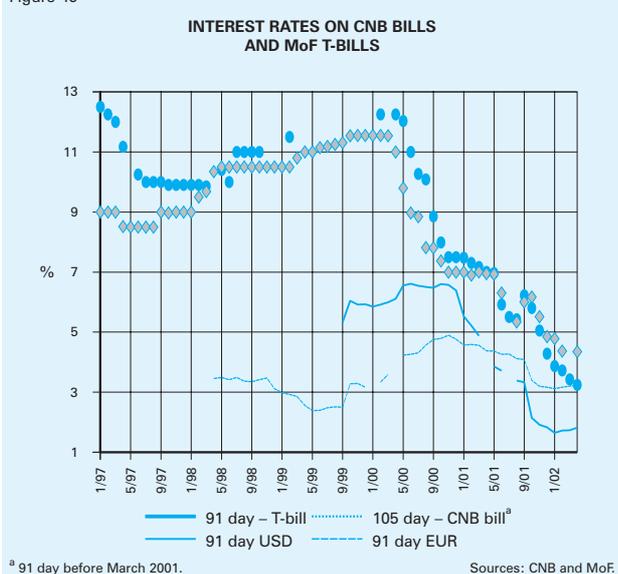


Figure 47

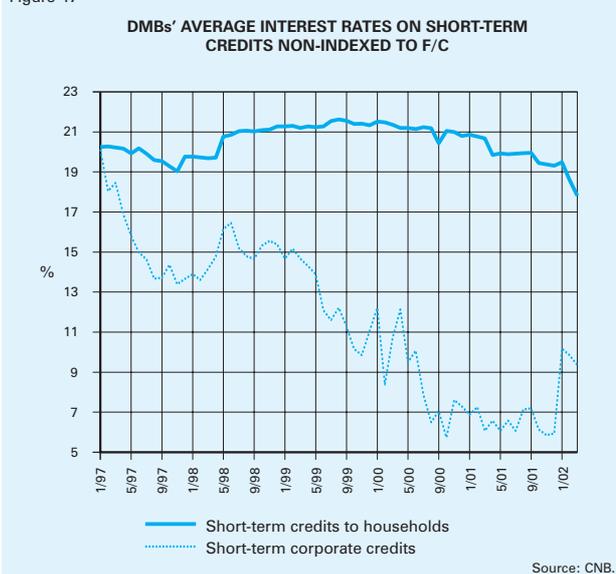
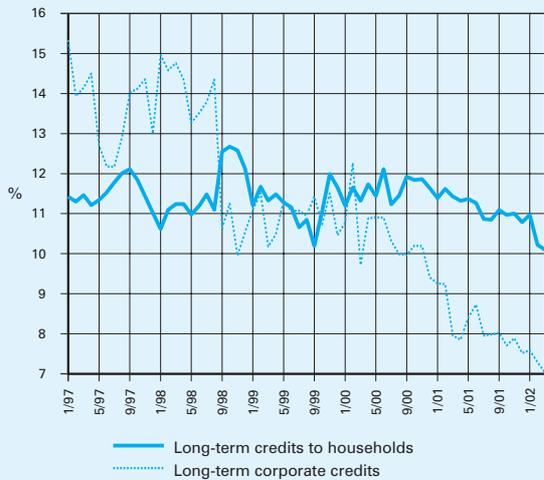


Figure 48

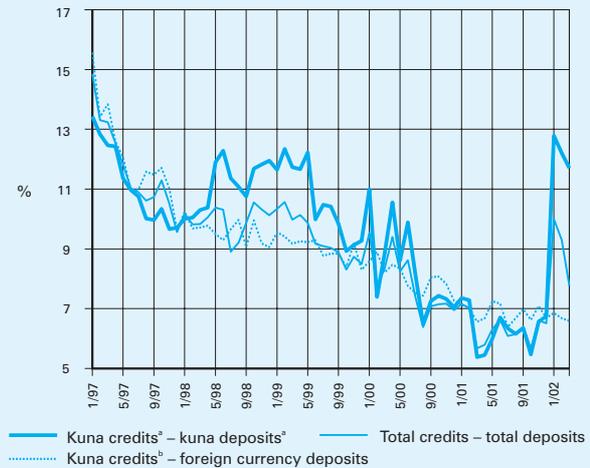
DMBs' AVERAGE INTEREST RATES ON LONG-TERM CREDITS INDEXED TO F/C



Source: CNB.

Figure 50

DIFFERENCE BETWEEN DMBs' AVERAGE INTEREST RATES ON CREDITS AND DEPOSITS



^a Non-indexed to f/c. ^b Indexed to f/c.

Source: CNB.

Figure 49

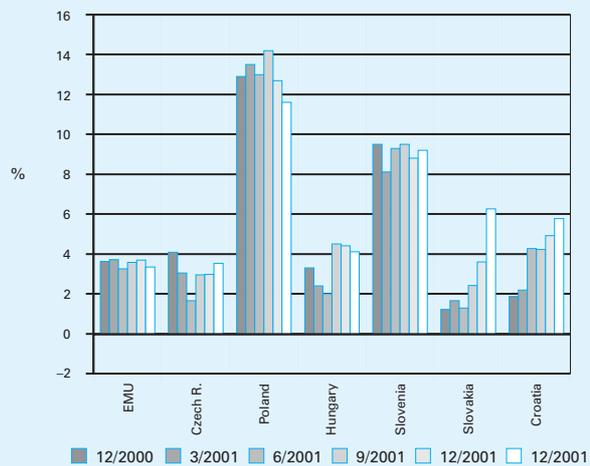
DMBs' AVERAGE INTEREST RATES ON DEPOSITS



Source: CNB.

Figure 51

NOMINAL INTEREST RATES ON CORPORATE CREDITS IN SELECTED COUNTRIES



Note: The direct comparison between interest rates is not possible since there is a difference between statistical coverages in individual countries. However, the analysis of their movements is possible.

Sources: Central banks' bulletins and CNB.

the average interest rate on short-term kuna credits without a currency clause to households fell by a record 88 and 78 basis points in February and March and currently stands at 17.32%, which is the lowest level registered in the last five years. This fall is the direct result of the decrease in interest rates on current account overdraft facilities.

Interest rates on long-term credits with a currency clause to enterprises continued falling at a slow pace and stood at 7.03% in March. Interest rates on long-term credits with a currency clause to households were around 11% in the second half of 2001, whereas in the first three months of 2002, as a result of increased competitiveness in the household sector, the average interest rate began to fall, reaching 10.10% in March.

High growth rates of deposits, especially foreign exchange deposits, had marked the second half of 2001, but this trend came to an end at the beginning of 2002, and March saw a modest outflow of deposits. However, the slight downward

trend in interest rates on time deposits continued in the first quarter of 2002. As public confidence in the kuna grew, the spread between interest rates on kuna time deposits and foreign exchange time deposits underwent a downward trend from the beginning of 2000. In March, for the first time in the last four years, the spread fell below 2 percentage points (the average interest rate on kuna time deposits and foreign exchange time deposits was 5.06% and 3.31% respectively in March). Interest rates on sight deposits were very low, stable at around 0.84% (kuna deposits) and 0.64% (foreign exchange deposits) in the first three months of 2002. The spread between interest rates on kuna credits with a currency clause and interest rates on foreign exchange deposits ranged between 6.5% and 7% in the first quarter of 2002.

International comparisons of banks' average real interest rates on long-term credits to enterprises and deposits with maturity of up to 3 months show that interest rates in Croatia are, despite a continued nominal fall in the last two year, still

Figure 52

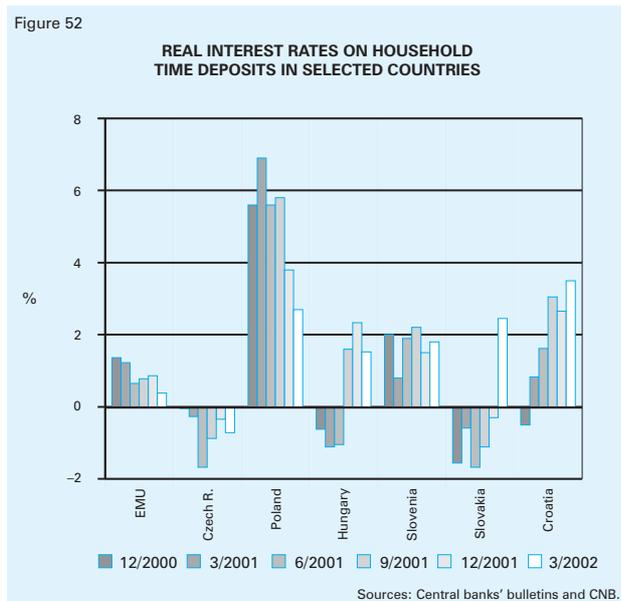
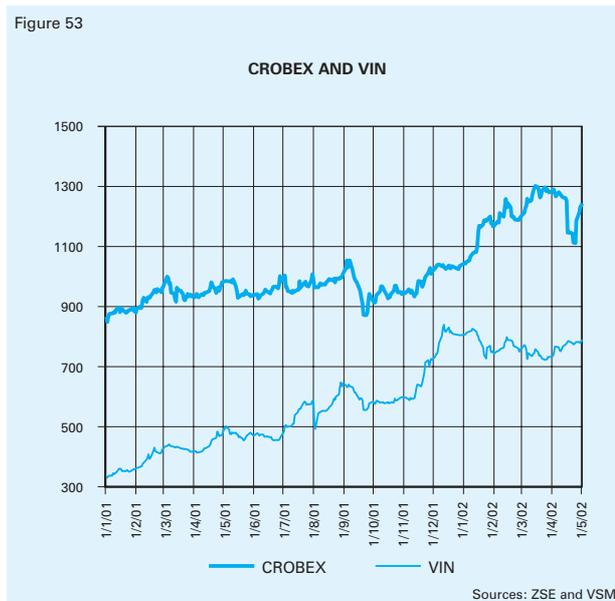


Figure 53



relatively higher than in the environment. Both real credit and deposit interest rates in Croatia have been on an upward trend in the last year, owing to a considerable decrease in the RPI that was more pronounced than the fall in nominal interest rates. It is noticeable that interest rates in Croatia do not follow the movements in prices, which is not the case in Slovenia for example. The leading banks determine their interest rates on the basis of both selected benchmark interest rates and the interest rates offered by their rivals, whereas small size banks adjust their interest rates to the competition.

Capital Market

Stock Exchange

The volume of share trading on the Zagreb Stock Exchange (ZSE) increased in the first four months of 2002. Reaching HRK 595.9m, it rose by 140% compared with the same period last year and was 61.5% of the total trading volume in 2001. Share trading accounted for 50% of the total trading volume on the ZSE. In late April 2002, market capitalization reached HRK 32.4bn, about 19.2% of last year's GDP; in late 2001 market capitalization was HRK 25.8bn. There were 54

actively traded shares in the first four months of 2002. In the same period, the CROBEX hit its historic high, rising above 1300 points. Following a sharp decrease in April, resulting from a substantial fall in the share prices of Zagrebačka banka, Pliva and Kraš, the CROBEX rebounded by the end of the month on account of an increase in prices of other shares within its coverage.

The trading volume on the Varaždin Securities Market (VSM) was also high. In the first four months of 2002, it was 2.5 times higher than in the same period in the previous year, amounting to HRK 563.4m and accounting for 53.3% of the trading volume in 2001. The supply and demand quotation accounted for 59.8% of trading in that period, while the PIF quotation accounted for 36.1%. The remaining trade was comprised of the market quotation and trading in rights. The VIN index slightly decreased over January and February but rebounded in April. At the end of the period, it stood at about 790 points, slightly below its level in early 2002.

Developments on stock exchanges in transition countries suggest that the recovery in the Central European market is continuing. Trading volume and market capitalization decreased only on the Bratislava Stock Exchange: its SAX index fell 6.6% over the first quarter of 2002 in comparison with late 2001. The CESI index, which covers Central European stock

Table 4: Comparison of Capital Markets Indicators

| March 2001 | Bratislava | Budapest | Ljubljana | Prague | Warsaw | Zagreb |
|--|------------|----------|-----------|----------|----------|---------|
| Average daily volume of trade, shares (million USD) | 1.1 | 21.7 | 3.8 | 24.9 | 33.7 | 1.0 |
| Average daily volume of trade, bonds (million USD) | 50.3 | 1.8 | 1.6 | 185.4 | 1.0 | 1.7 |
| Volume of trade ^a /GDP ^c , annual level | 1.4 | 10.2 | 5.0 | 11.1 | 4.6 | 1.3 |
| Volume of trade ^b /GDP ^c , annual level | 60.5 | 0.9 | 2.1 | 82.9 | 0.1 | 2.1 |
| Volume of trade velocity ^d | 10.9 | 46.4 | 25.0 | 55.8 | 29.6 | 6.6 |
| Market capitalization ^a (million USD), end month | 2,533.1 | 11,228.9 | 3,783.3 | 11,259.2 | 27,367.6 | 3,893.8 |
| Market capitalization ^b (million USD), end month | 6,464.1 | 13,934.1 | 1,720.7 | 9,082.1 | .... | 895.7 |
| Market capitalization ^a /GDP ^c , end month (%) | 12.7 | 22.0 | 20.1 | 20.0 | 15.5 | 19.2 |
| Market capitalization ^b /GDP ^c , end month (%) | 32.4 | 27.3 | 9.1 | 16.1 | .... | 4.4 |
| Index movement from the beginning of the year (%) | -6.6 | 13.8 | 18.5 | 8.6 | 7.9 | 23.8 |
| Index movement from the beginning of the month (%) | -4.1 | 2.2 | 15.2 | 3.0 | -1.7 | 6.9 |

^a Shares. ^b Bonds. ^c 2001. ^d Monthly volume of trading in shares x 100/market capitalization of shares. Sources: Reports from BSSE, BSE, PSE, LJSE, WSE, ZSE and FIBV Statistics (www.fibv.org).

Figure 54



exchanges, shows an increase in all other stock exchanges' indices. The Ljubljana Stock Exchange index, the SBI-20, reached its record high, as did the CROBEX. An increase in the market capitalization of shares accounted for the growth of indices on all stock exchanges.

Bond Market

Trading in bonds on the ZSE reached HRK 586.6m in the first four months of 2002, accounting for 82.5% of the total trading volume in 2001. This was primarily due to the rising number of funds that are investing their assets in Croatian securities as institutional investors. There are 7 bonds currently

listed in the domestic market, all EUR-denominated. Two bonds were issued by the government late last year. Backed by government guarantees, another two were issued by the DAB and one by the CIHI. The remaining two issues are medium-term corporate bonds, issued in January and February this year.

Encouraged by a successful issue of eurobonds maturing in 2004 and 2008, the government announced a new bond issue totaling EUR 450m. Divided into three equal tranches of EUR 150m each, this issue will mature in 2012. With a nominal interest rate of 6.875%, the tranches are most likely scheduled for May, September and December.

The total market capitalization of government bonds amounted to HRK 7,387.2m at the end of April and that of corporate bonds to HRK 214.9m. Most trading in the first four months of 2002 was accounted for by the bonds of the State Agency for Deposit Insurance and Bank Rehabilitation, maturing in 2003. We assume that this is due to the fact that they mature sooner than the other bonds currently available in the market and that their current yield is a relatively high 7.65%. A new issue of government bonds in the domestic market amounting to EUR 150m is scheduled for May 2002, with a nominal interest rate of 6.875% and a ten-year maturity term.

The Republic of Croatia had 10 issues of bonds placed in foreign markets in late April. The two USD issues were liabilities to the London Club. Five issues were EUR-denominated and three YEN-denominated. The total nominal value of all issues was an approximate HRK 30.8bn (USD 3.6bn). A new issue of Samurai bonds, worth JPY 25bn and maturing in six years, is expected in June.

Domestic banks own 5.0% (HRK 1.5bn) of the total nominal amount of the Republic of Croatia's international bond issue and 43.1% (HRK 3.0bn) of the total nominal amount of

Table 5: Issue of Bonds in the Domestic Market

| Series | Issued by | Maturity | Currency | Nominal value of the issue | Nominal interest rate | Last price | Current yield 30/4/2002 |
|-------------|---------------------|------------|----------|----------------------------|-----------------------|------------|-------------------------|
| DAB-O-03CA | DAB | 19/12/2003 | EUR | 105,000,000 | 8.000% | 104.60 | 7.648% |
| DAB-O-05CA | DAB | 19/12/2005 | EUR | 225,000,000 | 8.375% | 108.10 | 7.747% |
| HZZO-O-047A | CIHI | 19/7/2004 | EUR | 222,000,000 | 8.500% | 106.70 | 7.966% |
| RHMF-O-049A | Republic of Croatia | 20/9/2004 | EUR | 200,000,000 | 6.500% | 101.55 | 6.401% |
| RHMF-O-08CA | Republic of Croatia | 14/12/2008 | EUR | 200,000,000 | 6.875% | 102.90 | 6.681% |
| PLAG-O-048A | Plava laguna d.d. | 25/8/2004 | EUR | 12,000,000 | 6.750% | 100.30 | 6.740% |
| BLSC-O-051A | Belišće d.d. | 17/1/2005 | EUR | 17,000,000 | 7.375% | 100.15 | 7.353% |

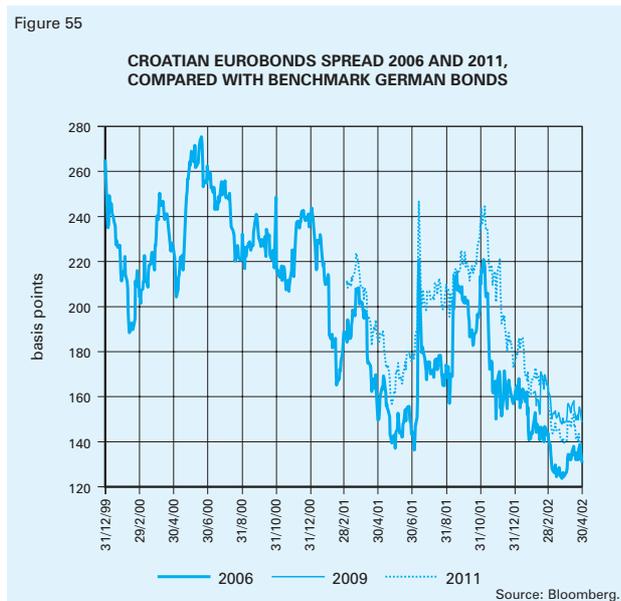
Source: ZSE.

Table 6: Issues of International Bonds of the Republic of Croatia

| Bond | Currency | Amount | Nominal interest rate | Yield on issue day | Spread ^a 31/1/02 | Spread ^a 28/2/02 | Spread ^a 31/3/02 | Spread ^a 30/4/02 |
|----------------------|----------|----------------|----------------------------|--------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| London Club A | USD | 857.796.000 | 6-month LIBOR + 81.25 b.p. | | 188 | 167 | 161 | 144 |
| London Club B | USD | 604.426.000 | 6-month LIBOR + 81.25 b.p. | | 204 | 171 | 157 | 139 |
| Euro-USD bonds, 2002 | USD | 300.000.000 | 7% | 7.02% | 153 | due | - | - |
| Euro-DEM bonds, 2004 | DEM | 300.000.000 | 6.125% | 6.20% | 108 | 126 | 104 | 119 |
| Eurobonds, 2006 | EUR | 300.000.000 | 7.375% | 7.45% | 143 | 143 | 124 | 130 |
| Samurai bonds, 2004 | JPY | 25.000.000.000 | 4% | 4.00% | ... | ... | ... | ... |
| Eurobonds, 2005 | EUR | 500.000.000 | 7% | 7.06% | 143 | 154 | 124 | 133 |
| Samurai bonds, 2007 | JPY | 40.000.000.000 | 3% | 3.00% | 159 ^b | 159 ^b | 159 ^b | 159 ^b |
| Samurai bonds, 2006 | JPY | 25.000.000.000 | 2.5% | 2.50% | 160 ^b | 160 ^b | 160 ^b | 160 ^b |
| Eurobonds, 2011 | EUR | 750.000.000 | 6.8% | 6.90% | 167 | 165 | 148 | 149 |
| Eurobonds, 2009 | EUR | 500.000.000 | 6.25% | 6.45% | 158 | 156 | 139 | 132 |

^a In relation to benchmark bond. ^b Upon issuing. Source: Bloomberg.

Figure 55

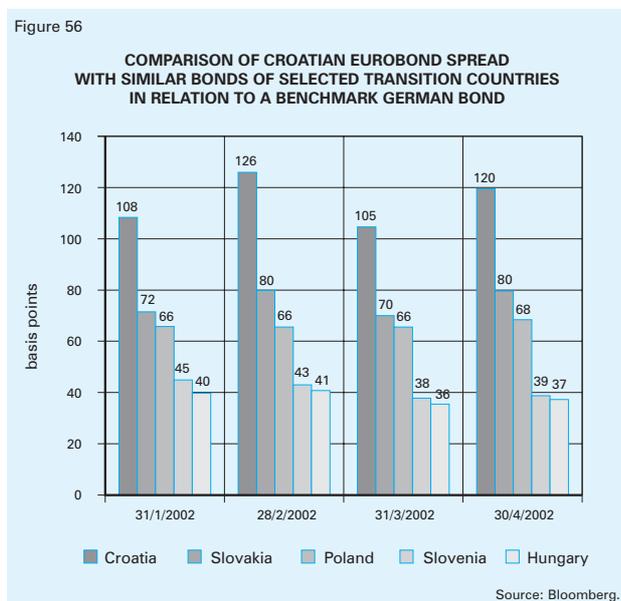


wider spread (a lower credit rating) is more susceptible to international market developments.

International Transactions

The current account deficit widened in the first quarter of 2002 in comparison with the same period last year. This deterioration was chiefly caused by the fall in exports of goods and the growth in imports of goods, in part by the cross-currency developments between the US dollar and the euro in the observed period, and also by the anticipation and implementation of numerous free trade agreements as of 1 January 2002 that brought a significant decrease in tariff rates. In the first quarter of 2002, the capital and financial account recorded a huge decrease in the deposits that domestic banks keep with foreign banks. There was also continued growth in international reserves and an improvement in the country's international liquidity trend.

Figure 56



Current Account

According to the preliminary and incomplete data on the balance of payments of the Republic of Croatia, the current account will run a deficit of about USD 750m (3.4% of GDP estimated for 2002) in the first quarter of 2002. This deficit is chiefly the result of the increase in the goods account deficit, up 20% compared with the first quarter of 2001. The income account deficit is also expected to increase in the first quarter of 2002, whereas the balances in the services account and current transfers account are expected to remain at much the same levels as in the first quarter of 2001.

Merchandise Trade

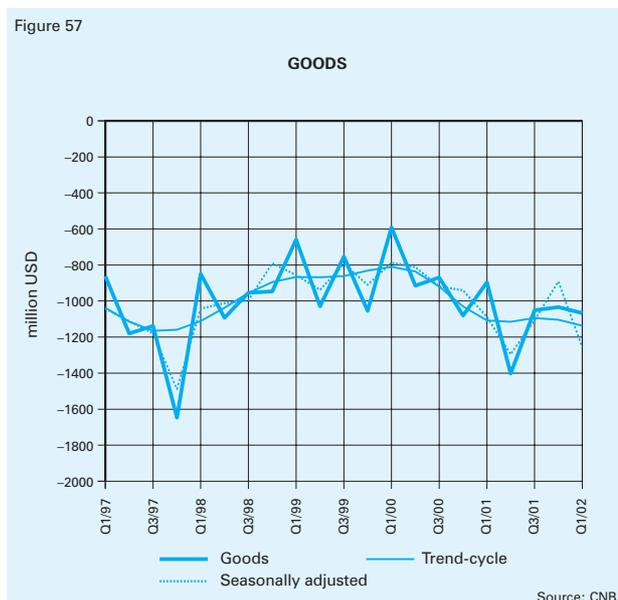
According to the preliminary CBS data, the foreign trade deficit stood at USD 1,067m in the January-March period of 2002 (a 19% increase compared with the first quarter of

the domestic bond issues.

The Croatian bond spread in international markets declined over the first quarter of 2002 but rose slightly in April. These movements in the bond spread followed those in the spreads on emerging markets' bonds. The EMBI+ index, calculated on the basis of weighted values of spreads on emerging markets' bonds, decreased until mid-April when it reversed its trend and started rising. This was caused by an increase in prices of American and European government bonds caused by the fall in share prices in international markets. Stock exchange indices worldwide fell during April as investors turned to government bonds, owing to unfavorable indicators of international companies' operations in the first quarter of 2002.

The movements in the Croatian eurobond spread equaled those of the eurobond spread in other transition countries. In spite of a stable rating awarded by most major rating agencies, Croatia' spread is still the widest. It can be concluded that a

Figure 57



2001). Total exports of goods (according to seasonally adjusted values) fell by 5.7% and imports of goods grew by 5.5% in the first three months of 2002 in comparison with the same period of 2001. The indicator on monthly dynamics in foreign trade is the coverage of imports by exports, which was 52.8% in January, fell to 44.3% in February and reached 50.5% in March 2002 (down 1 percentage point in comparison with the coverage registered in 2001).

The data on Croatia's merchandise foreign trade shows rather unfavorable movements in the first quarter of 2002 compared with the same period of 2001. This is partly due to the appreciation of the US dollar against the euro and the implementation of free trade agreements between Croatia and the EU, EFTA and CEFTA countries. The monthly average of the US dollar against the euro stood at 0.88 USD/EUR in the first quarter of 2002, an appreciation of 5.2% compared with the first quarter of 2001 when it was 0.92 USD/EUR. Data on the currency structure of Croatia's merchandise foreign trade that would enable direct adjustment and a comparison between adjusted exports and imports values are still not available. However, the CBS data on exports/imports of goods by economic classification of countries show that Croatia's exports/imports of goods to/from the EMU member states accounted for 53.8% and 50.5% respectively in the first quarter of 2002. The adjustment of these values of exports and imports for the cross-currency developments between the US dollar and the euro would show a smaller fall in Croatia's goods exports and a smaller increase in its goods imports in

the first quarter of 2002 in comparison with the same period last year. Moreover, the 12.2% fall in imports of goods in December 2001 in comparison with December 2000 was stimulated by the postponement of purchases from December 2001 to January and February 2002, when lower tariffs came into effect (free trade agreements with the EU, EFTA and CEFTA countries became effective on 1 January 2002). Since these developments contributed to the increase in imports of goods in the first quarter of 2002 in comparison with same quarter last year, it may be concluded that Croatia's exports and imports of goods in the January-March period of 2002 are not as adverse compared to the first quarter of 2001 as may seem at first sight.

The comparison of exports of goods registered in one month with developments in the same month of the previous year also includes "murmurs" that are brought into the series by movements in the SITC section of other transport equipment – exports of ships. The deliveries of ships are characterized by large monetary amounts paid in exchange for goods delivered, and their uneven distribution over the year causes large fluctuations in the amount of revenue generated in one month and sometimes in longer periods. An example of such fluctuation is the 16.1% fall (according to seasonally adjusted values) in total goods exports in February 2002 compared with February 2001, with other transport equipment exports decreasing by 69.5% (according to the CBS data) and the difference expressed in absolute amounts reaching almost USD 50m. From the analytical point of view, it is therefore more

Table 7: Croatia's Merchandise Foreign Trade Balance by the NCEA, in million USD

| Economic activity | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|----------|----------|----------|----------|----------|----------|
| A Agriculture, hunting and forestry | -209.8 | -317.7 | -188.1 | -154.0 | -129.3 | -169.0 |
| Agriculture, hunting and related service activities (01) | -227.8 | -335.8 | -209.7 | -177.3 | -151.6 | -193.8 |
| Forestry, logging and related service activities (02) | 18.0 | 18.1 | 21.6 | 23.4 | 22.3 | 24.7 |
| B Fishing | 27.5 | 24.9 | 17.0 | 15.5 | 23.2 | 29.1 |
| C Mining and quarrying | -750.2 | -727.0 | -465.6 | -738.5 | -1,001.9 | -918.3 |
| Mining of coal and lignite; extraction of peat (10) | -11.3 | -13.2 | -15.1 | -14.7 | -34.8 | -35.0 |
| Extraction of crude petroleum and natural gas; service activities incidental to oil and gas extraction, excluding surveying (11) | -697.7 | -668.5 | -414.6 | -698.9 | -944.5 | -863.6 |
| Mining of metal ores (13) | -5.6 | -12.0 | -8.1 | -6.0 | -5.7 | -5.6 |
| Other mining and quarrying (14) | -35.7 | -33.3 | -27.8 | -18.8 | -17.0 | -14.0 |
| D Manufacturing | -1,837.9 | -3,693.8 | -2,665.9 | -2,278.4 | -2,245.7 | -3,219.1 |
| Manufacture of food products and beverages (15) | -187.2 | -193.8 | -142.4 | -139.6 | -209.4 | -289.3 |
| Manufacture of tobacco products (16) | 12.8 | 14.1 | 20.5 | 28.2 | 54.8 | 76.1 |
| Manufacture of textiles (17) | -56.2 | -108.4 | -90.5 | -40.6 | -134.9 | -237.7 |
| Manufacture of wearing apparel; dressing and dyeing of fur (18) | 311.4 | 267.5 | 292.2 | 283.5 | 166.6 | 200.3 |
| Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear (19) | -19.8 | -47.3 | -18.2 | -15.4 | -15.2 | -12.6 |
| Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials (20) | 103.4 | 69.9 | 74.7 | 108.2 | 104.4 | 58.0 |
| Manufacture of pulp, paper and paper products (21) | -183.6 | -181.3 | -177.0 | -165.7 | -151.6 | -183.9 |
| Publishing, printing and reproduction of recorded media (22) | -15.2 | -20.0 | -5.2 | 10.9 | -1.2 | -9.2 |
| Manufacture of coke, refined petroleum products and nuclear fuel (23) | 309.1 | 248.4 | 148.4 | 241.9 | 404.9 | 287.2 |
| Manufacture of chemicals and chemical products (24) | -199.9 | -391.7 | -415.7 | -411.0 | -429.8 | -516.3 |
| Manufacture of rubber and plastic products (25) | -180.9 | -202.9 | -174.6 | -162.7 | -172.3 | -221.4 |
| Manufacture of other non-metallic mineral products (26) | -9.5 | -85.1 | -62.5 | -11.4 | 13.3 | -14.3 |
| Manufacture of basic metals (27) | -262.5 | -271.4 | -226.8 | -227.5 | -220.8 | -337.7 |
| Manufacture of fabricated metal products, except machinery and equipment (28) | -146.6 | -196.4 | -175.2 | -157.3 | -127.8 | -180.0 |
| Manufacture of machinery and equipment n.e.c. (29) | -667.2 | -873.1 | -691.7 | -616.3 | -527.5 | -708.0 |
| Manufacture of office machinery and computers (30) | -182.8 | -239.4 | -164.6 | -171.8 | -179.9 | -236.1 |
| Manufacture of electrical machinery and apparatus n.e.c. (31) | -39.1 | -48.0 | -13.0 | -36.8 | -6.9 | -41.0 |
| Manufacture of radio, television and communication equipment and apparatus (32) | -90.8 | -170.9 | -100.1 | -115.8 | -138.1 | -218.6 |
| Manufacture of medical, precision and optical instruments, watches and clocks (33) | -194.0 | -186.6 | -126.1 | -117.0 | -101.0 | -133.1 |
| Manufacture of motor vehicles, trailers and semi-trailers (34) | -411.4 | -890.7 | -764.5 | -736.6 | -796.0 | -867.4 |
| Manufacture of other transport equipment (35) | 287.7 | -133.1 | 205.4 | 216.0 | 275.3 | 444.4 |
| Manufacture of furniture, manufacturing n.e.c. (36) | -15.7 | -53.8 | -59.2 | -41.9 | -52.5 | -78.5 |
| E Electricity, gas and water supply | -10.7 | -34.7 | -56.1 | -48.7 | -83.8 | -86.4 |
| Other | -359.2 | -371.8 | -399.7 | -292.1 | -17.5 | -20.9 |
| Total | -3,140.3 | -5,120.2 | -3,758.4 | -3,496.1 | -3,454.9 | -4,384.4 |

Source: CBS.

Table 8: Croatia's Merchandise Foreign Trade Balance by Sections and Divisions of the SITC, in million USD

| Section/division | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|----------|----------|----------|----------|----------|----------|
| 0 Food and live animals of which: | -350.0 | -450.5 | -291.4 | -269.8 | -282.8 | -368.6 |
| 05 Vegetables and fruit | -154.7 | -148.8 | -126.8 | -116.1 | -107.1 | -129.4 |
| 1 Beverages and tobacco of which: | 41.6 | 55.6 | 43.9 | 41.3 | 41.9 | 48.6 |
| 12 Tobacco and tobacco manufactures | 7.1 | 17.9 | 18.3 | 27.6 | 45.0 | 65.1 |
| 2 Crude materials, except fuels of which: | 31.4 | -32.9 | 22.3 | 71.2 | 63.9 | 27.7 |
| 24 Cork and wood | 118.0 | 96.6 | 101.2 | 122.9 | 122.2 | 99.8 |
| 3 Mineral fuels and lubricants of which: | -410.8 | -470.2 | -340.3 | -521.0 | -658.7 | -700.1 |
| 33 Petroleum and petroleum products | -308.5 | -331.4 | -170.0 | -386.0 | -474.9 | -488.6 |
| 4 Animal and vegetable oils and fats of which: | -27.5 | -12.8 | -22.6 | -14.0 | -11.8 | -12.7 |
| 43 Animal and vegetable fats and oils | -3.3 | -0.6 | -0.8 | -2.0 | -2.3 | -3.3 |
| 5 Chemicals of which: | -198.1 | -406.9 | -428.6 | -424.7 | -450.9 | -544.7 |
| 55 Essential oils and perfume materials; toilet, polishing and cleaning preparations | -102.9 | -119.9 | -119.1 | -115.0 | -109.5 | -138.3 |
| 59 Chemical materials and products, n.e.c. | -96.9 | -131.8 | -127.0 | -114.9 | -123.4 | -122.8 |
| 6 Manufactured goods classified chiefly by material of which: | -770.3 | -943.1 | -806.1 | -679.3 | -721.3 | -1,121.5 |
| 65 Textile yarn, fabrics and related products | -90.2 | -125.2 | -103.5 | -77.1 | -162.2 | -270.1 |
| 67 Iron and steel | -209.4 | -215.5 | -176.8 | -167.1 | -196.8 | -277.3 |
| 69 Manufactures of metals, n.e.c. | -134.6 | -178.6 | -164.3 | -141.3 | -115.0 | -169.5 |
| 7 Machinery and transport equipment of which: | -1,133.5 | -2,371.1 | -1,525.5 | -1,470.6 | -1,373.3 | -1,637.1 |
| 74 General industrial machinery and equipment | -310.0 | -400.5 | -329.1 | -315.8 | -233.2 | -338.3 |
| 75 Office machines and automatic data processing machines | -182.7 | -239.2 | -164.6 | -171.8 | -179.7 | -236.1 |
| 76 Telecommunication apparatus | -81.4 | -156.9 | -92.2 | -117.3 | -136.2 | -206.7 |
| 78 Road vehicles | -416.4 | -894.5 | -751.6 | -742.5 | -800.2 | -876.9 |
| 79 Other transport equipment | 300.9 | -120.8 | 215.1 | 229.9 | 289.8 | 459.8 |
| 8 Miscellaneous manufactured articles of which: | 24.4 | -151.0 | -40.6 | 42.4 | -59.7 | -76.3 |
| 84 Wearing apparel | 346.3 | 279.7 | 299.7 | 312.4 | 190.7 | 232.2 |
| 89 Miscellaneous manufactured goods, n.e.c. | -148.7 | -187.5 | -152.9 | -113.4 | -126.7 | -181.4 |
| 9 Commodities and transactions, n.e.c. | -347.6 | -337.2 | -369.4 | -271.6 | -2.2 | 0.3 |
| Total | -3,140.3 | -5,120.2 | -3,758.4 | -3,496.1 | -3,454.9 | -4,384.4 |

Source: CBS.

useful to examine the movements in total goods exports and imports without the SITC section of other transport equipment and to separately evaluate the annual results of ship exports.

The NCEA-based analysis of Croatia's merchandise foreign trade over the past few years shows that Croatia still runs a surplus in its traditional export activities: forestry, fishing, manufacture of tobacco products, manufacture of wearing apparel, manufacture of wood, manufacture of refined petroleum products and manufacture of other transport equipment (ships). In 2001, these surplus-generating activities accounted for 40% of total goods exports: forestry (0.6%), fishing (0.9%), manufacture of tobacco products (1.7%), manufacture of wearing apparel (8.4%), manufacture of wood (3.9%), manufacture of refined petroleum products (8.4%) and manufacture of other transport equipment (15.6%). The shares in total exports of forestry, fishing, manufacture of tobacco products, and manufacture of other transport equipment grew in the period between 1993 and 2001, while the shares of wearing apparel and wood manufacture fell. The share of refined petroleum products in total exports did not change substantially over the period. A deficit was run in agriculture and in the following manufacturing activities: food products and beverages, textiles, paper and pulp, chemicals, rubber and plastic, basic metals and fabricated metal products, machinery and apparatus, office machinery and computers, communication equipment, medical and precision instruments, motor vehicles and furniture.

It is evident that Croatia's surplus-generating export activities mostly comprise labor-intensive activities (forestry, fishing, and manufacture of tobacco products, manufacture of wearing apparel, manufacture of other transport equipment). In-depth analysis also shows that some of Croatia's export activities (e.g. forestry and wood manufacture) are dominated by lower levels of processing and that export-oriented companies are unprepared or lack the technological equipment to upgrade their manufacturing to those areas characterized by higher levels of processing (manufacture of pulp and paper, publishing, printing and reproduction, or manufacture of furniture) and in which Croatia runs a merchandise foreign trade deficit.

Much the same results are also suggested by the SITC-based analysis. The merchandise trade ran a surplus in the following sections and divisions: fish and fishery products, tobacco and tobacco products, leather and fur, products of wood and cork, fabricated metal products and scrap metal, artificial fertilizers (except crude fertilizers), plastic products in primary forms, other transport equipment (ships) and wearing apparel and footwear. The trade in cereals and corn products, beverages, products of wood, non-metallic products and furniture ran a surplus at the beginning of the '90s and a deficit in the second half of the '90s. In 2001, the surplus-generating divisions accounted for about 40% of total goods exports: fish and fishery products (1.4%), tobacco and tobacco products (1.9%), leather and fur (0.3%), products of wood

and cork (3.2%), fabricated metal products and scrap metal (0.5%), fertilizers (0.5%), plastic products in primary forms (2.2%), other transport equipment (15.4%), wearing apparel (10.5%) and footwear (3.6%). The shares in total exports of tobacco and tobacco products, leather and fur, and other transport equipment grew in the period between 1993 and 2001, the shares of wood and cork products, fertilizers, plastic products in primary forms, wearing apparel and footwear fell, while there was little change in the shares of fish and fishery products, fabricated metal products and scrap metal. As in the case of classification of foreign trade by activities, the majority of surplus-generating export sections are of a labor-intensive nature (fish and fishery products, tobacco products, other transport equipment, wearing apparel and footwear).

UNCTAD's Trade and Development Report of 2002 dedicates an entire chapter to an analysis of the dynamics of movements in the value and volume of world trade. According to the SITC classification, the products with the highest average annual export value growth between 1980 and 1998 were: transistors and semiconductors, computers, parts of computers and office machines, optical instruments, perfumery and cosmetics, silk, knitted undergarments, plastic articles, electric power machinery, musical instruments and records, leather manufactures, non-alcoholic beverages, medical instruments, electricity distribution equipment, telecommunications equipment and parts, textile undergarments, cereal preparations, knitted fabrics, pharmaceutical products and electrical machinery. It is clear that the most market-dynamic products of world trade are the result of capital-intensive activities or labor-intensive activities of high levels of processing (leather manufactures, textile undergarments, plastic articles).

Analysis of Croatia's merchandise trade by the SITC sections and divisions shows that none of the twenty most dy-

namic export products in world trade, except knitted and textile undergarments as a sub-category of wearing apparel, is a significant component of Croatia exports. Classified by factor intensity as in Table 3.A1 (pp. 88-92) of the UNCTAD's report, Croatia's surplus-generating export products hold the following ranks: 31. Tobacco and tobacco products (average annual value growth of 10.7%), 72. Fish and fishery products (9%), 111. Footwear (7.7%), 120. Fabricated metal products and scrap metal (7.3%), 134. Products of wood and cork (6.9%), 166. Fertilizers (5%), 167. Other transport equipment (5%) and 178. Leather and fur (4.4%).

In the near future, Croatia will be less able to rely on the spectrum of labor-intensive manufactures that it successfully exports at this point because it will soon fail in the market competition due to relatively high labor costs (Croatia and Slovenia are the least cost-effective transition countries) and the correspondence between its structure of exports and those of some considerably more cost-effective transition countries. Croatia's traditional export activities and the shipbuilding sector (that mostly operates at loss) cannot provide a large growth in goods exports. A strong and long-lasting increase in Croatia's goods exports can only be achieved if the domestic economy is able to offer quality and competitive export products of a higher level of processing and with larger value added.

Capital and Financial Account

In the last quarter of 2001 and in January 2002, banks received a large inflow of foreign exchange that had been held "under the mattress" (USD 2bn according to CNB estimates) due to the conversion of the EMU member states' currencies into the euro. As a result, there was an adjustment of banks' portfolios in the first quarter of 2002. The balance in deposits held by domestic banks with foreign banks decreased by more than USD 900m in the first quarter of 2002. Other changes in the capital and financial account include repayments of USD 300m worth of euro-dollar bonds that were issued in 1997. Until now, the external debt service payments have mostly concerned debt incurred in the former SFRY, but, from the first quarter of 2002, they also concern new borrowings.

External Debt

Croatia's external debt stood at USD 11,388.9m at end-March 2002, up USD 255m or 2.3% in comparison with end-December 2001. The external debt increase in the first quarter of 2002 resulted from a growth in bank debt, government debt and FDI-based debt. At end-March 2002, government liabilities, at USD 5.1bn, accounted for 44.9% of total external debt, followed by other domestic sectors (26.9%), banks (17.1%), FDIs (10.1%) and the central bank (1%).

In the first quarter of 2002, the government serviced a total of USD 557.2m of debt (404.4m for principal repayment and 152.8m for interest payment). Principal repayments stood at USD 374.7m (principal repayments based on due euro-dollar bonds issued in 1997 and USD 74.7m of principal repay-

Table 9: The Average Annual Export Value Growth of the 20 Most Dynamic Export Products, 1980-1998 period, in %

| SITC code | Product | Growth |
|-----------|---|--------|
| 776 | Transistors and semiconductors | 16.3 |
| 752 | Computers | 15.0 |
| 759 | Parts of computers and office machines | 14.6 |
| 871 | Optical instruments | 14.1 |
| 553 | Perfumery and cosmetics | 13.3 |
| 261 | Silk | 13.2 |
| 846 | Knitted undergarments | 13.1 |
| 893 | Plastic articles | 13.1 |
| 771 | Electric power machinery | 12.9 |
| 898 | Musical instruments and records | 12.6 |
| 612 | Leather manufactures | 12.4 |
| 111 | Non-alcoholic beverages | 12.2 |
| 872 | Medical instruments | 12.1 |
| 773 | Electricity distribution equipment | 12.0 |
| 764 | Telecommunications equipment, and parts | 11.9 |
| 844 | Textile undergarments | 11.9 |
| 48 | Cereal preparations | 11.9 |
| 655 | Knitted fabrics | 11.7 |
| 541 | Pharmaceutical products | 11.6 |
| 778 | Electrical machinery | 11.5 |
| | 20 most dynamic products, average | 12.9 |

Source: UNCTAD, *Trade and Development Report*, 2002, Table 3.1, p. 55.

Table 10: External Debt of the Republic of Croatia by Debtor, in million USD and %

| | Stock, end of period | | | | Structure | | | | Growth | | |
|---------------------------------|----------------------|----------|----------|-----------|-----------|-------|-------|-----------|-----------|-----------|---------------------------|
| | 1999 | 2000 | 2001 | Mar. 2002 | 1999 | 2000 | 2001 | Mar. 2002 | 2000/1999 | 2001/2000 | Mar. 2002./ /Dec. 2001 |
| Monetary sector | 197.0 | 159.0 | 122.1 | 118.0 | 2.0 | 1.4 | 1.1 | 1.0 | -19.3 | -23.2 | -3.3 |
| Government | 3,973.0 | 4,796.0 | 4,995.9 | 5,112.0 | 40.2 | 43.6 | 44.9 | 44.9 | 20.7 | 4.2 | 2.3 |
| of which: London Club | 1,381.0 | 1,255.0 | 1,106.0 | 1,031.4 | 14.0 | 11.4 | 9.9 | 9.1 | -9.1 | -11.9 | -6.7 |
| Banks | 1,954.0 | 1,597.0 | 1,815.0 | 1,949.0 | 19.8 | 14.5 | 16.3 | 17.1 | -18.3 | 13.7 | 7.4 |
| of which: Currency and deposits | 538.0 | 433.0 | 633.5 | 799.0 | 5.4 | 3.9 | 5.7 | 7.0 | -19.5 | 46.3 | 26.1 |
| Other sectors (enterprises) | 3,208.0 | 3,336.0 | 3,110.1 | 3,061.0 | 32.5 | 30.3 | 27.9 | 26.9 | 4.0 | -6.8 | -1.6 |
| Direct investment | 540.0 | 1,115.0 | 1,090.9 | 1,149.0 | 5.5 | 10.1 | 9.8 | 10.1 | 106.5 | -2.2 | 5.3 |
| Total | 9,872.0 | 11,002.0 | 11,134.0 | 11,389.0 | 100.0 | 100.0 | 100.0 | 100.0 | 11.4 | 1.2 | 2.3 |

Source: CNB.

Table 11: Projected Future (Principal) Payments of External Debt by Debtor, in million USD

| Debtor | Projected principal payments | | | | | | | | | | | |
|---------------------------|------------------------------|---------|---------|---------|---------|---------|---------|---------|-------|-------|-------|---------|
| | Q2/2002 | Q3/2002 | Q4/2002 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | Other |
| 1. Direct investment | 80.1 | 15.6 | 41.2 | 137.0 | 151.9 | 121.6 | 210.3 | 253.0 | 79.5 | 20.0 | 12.8 | 66.8 |
| 2. Government | 69.4 | 112.2 | 32.0 | 213.7 | 313.9 | 730.9 | 723.3 | 738.6 | 518.0 | 215.4 | 646.2 | 1,009.8 |
| 3. Croatian National Bank | 13.6 | 3.0 | 13.6 | 30.2 | 33.2 | 33.2 | 12.8 | 6.0 | 3.0 | 0.0 | 0.0 | 0.0 |
| 4. Banks | 30.0 | 73.7 | 60.6 | 164.3 | 425.1 | 140.8 | 96.8 | 91.3 | 56.2 | 51.8 | 54.4 | 818.9 |
| 5. Other sectors | 227.0 | 123.8 | 196.2 | 546.9 | 511.2 | 483.9 | 287.8 | 297.8 | 181.7 | 135.2 | 103.2 | 170.1 |
| Total (1+2+3+4+5) | 420.1 | 328.3 | 343.6 | 1,092.0 | 1,435.4 | 1,510.5 | 1,331.0 | 1,386.8 | 838.3 | 422.5 | 816.6 | 2,065.6 |

Source: CNB.

ments based on government obligations to the London Club). The government spent a total of USD 44.7m for long-term credit repayments (other investment) in the first quarter of 2002; those mostly concerned government obligations to the Paris Club (19m for principal repayments and 13.8m for interest payments).

The redemption of bonds issued in 1997 was partly refinanced by EUR 500m of 7-year eurobonds that bear a fixed interest of 6.25% and are placed on substantially more favorable terms. The government took USD 119.1m of new long-term loans and thus increased its obligations in the first quarter of 2002. The largest share of this borrowing relates to the first tranche of the SAL (USD 102m) released by the IBRD. The main objective of the approved USD 202m SAL is to: (i) increase the flexibility and efficiency of the economy, (ii) to abolish monopolistic practices in the market, (iii) to enhance flexibility in the labor market, and (iv) to support the Government's program of social protection in order to alleviate the social consequences of the reform measures.

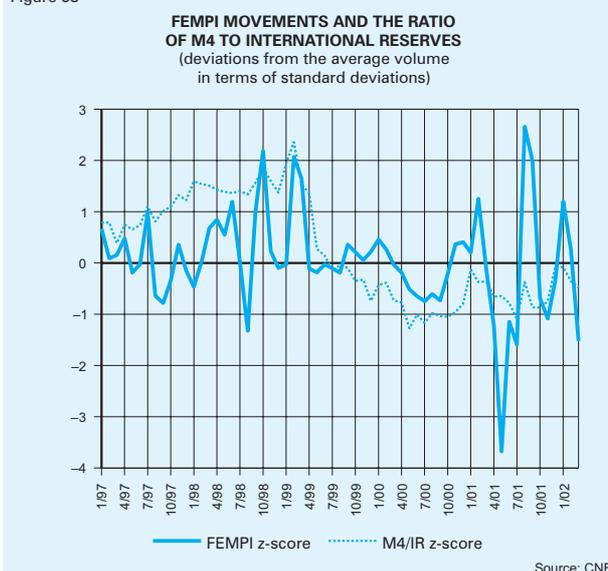
The Croatian Government has demonstrated that the construction and modernization of roads is also one of its chief medium-term goals. In addition to the resumed construction of Rijeka-Zagreb highway (expected to be completed in 2004), the second quarter of 2002 saw the beginning of the construction of the Split-Zagreb highway with a view to permanently solving the issue of good road communication between the Croatian coast and the rest of the country and thus boost economic activity and employment in Dalmatia and Croatia as a whole. The external debt stock based on utilized loans extended for the purpose of road construction in Croatia stood at USD 286m at end-March 2002. However, debt growth should be expected in the next quarter, when the works on the new capital infrastructure projects start. The dynamics of the debt growth will largely be determined by a

large increase in investment expenditure by Croatian Highways (the public enterprise entrusted with the construction of the Split-Zagreb highway).

International Liquidity

The upward trend in international liquidity continued in the first quarter of 2002. Moreover, the FEMPI, which presents a simple arithmetic mean of the rate of change of the exchange rate of the kuna against the euro and the rate of change of gross international reserves, presented in a standard normal form, shows that the deviations from the average value in the first three months of 2002 (slightly above ± 1 standard deviation) were less pronounced than in

Figure 58



the January-March period of 2001.

The FEMPI is often compared with the ratio of monetary aggregate M4 (broadest money) to international reserves, which is considered in the economic literature to be one of the key indicators of financial disturbances. Its increase frequently signals the beginning of a crisis period, since an increase in loans (and thus in M4) and/or a decrease in international reserves increases the susceptibility of the country's financial system to external disturbances, as was the case in the financial crises in Asia, Mexico and other countries.

The ratio of M4 to international reserves exceeded the limit of 2 standard deviations at the beginning of 1999, when problems observed in several Croatian banks resulted in strong foreign exchange rate fluctuations. However, although this indicator mostly followed the FEMPI movements in 2001 and 2002, it did not recognize the noticeable foreign exchange rate movements in mid-2001.

Government Finance

Budget Highlights in the First Quarter of 2002 and a Review of the 2002 Budget

According to the preliminary data on a cash basis published by the Ministry of Finance, the consolidated central government budgeted deficit (exclusive of privatization revenues) reached HRK 2.8bn in the first quarter of 2002. Thus the deficit on a cash basis decreased by 17.8% compared with the same period of 2001. Preliminary data indicate that the "below the line" deficit, i.e. the deficit estimated by the CNB on the basis of information on the methods of its financing, stood at HRK 2.7bn in the first quarter of 2002. These figures are preliminary because they include the expenditures from the first quarter of 2002 that are not listed in the report on the consolidated central government budget.

The actual deficit of the consolidated central government budget in the first quarter of 2002 does not exactly correspond with the position derived from data on a cash basis. This is because a close comparison with the corresponding period in 2001 would require not only an adjustment to the deficit determined on an accrual basis but also the inclusion of the deficit incurred by the government agencies Croatian Roads and Croatian Highways. The exclusion of these agencies from the budget in early 2002 reduced the capital expenditures of the government budget. According to the financial plans of these agencies, their total deficit in the first quarter of 2002 is estimated at HRK 0.4bn.

In early 2002, the pension fund and other extrabudgetary funds were incorporated into the government budget. The two newly established extrabudgetary funds (the Development and Employment Fund and the Regional Development Fund) did not start their operations in the first quarter of 2002. Such deferment could jeopardize the effectiveness of their investments in the economy, particularly if they are subject to public pressure.

The net amount of arrears settled during the first quarter of 2002 was HRK 0.3bn. Arrears in the amount of HRK 0.2bn re-

main to be settled by the end of 2002. The payment of arrears was financed from current revenues.

In the first quarter of 2002, public debt grew by HRK 3.0bn, reaching a total of HRK 69.3bn. In the same period, government guarantees also went up by HRK 0.5bn, net foreign borrowing reached HRK 1.9bn and central government domestic borrowing grew by HRK 1.4bn. An increase was recorded in the amount of subscribed treasury bills (HRK 0.8bn), and borrowing from banks reached HRK 1.2bn.

In the second quarter of 2002, the government is expected to increase its foreign borrowing by issuing Samurai bonds. The amount of the issue is estimated at EUR 0.2bn. A further government borrowing in the fourth quarter of 2002 depends on the outturns for revenues in the second and third quarters, especially from VAT and excises on refined petroleum products and cigarettes. In addition, the government will have to allow for possible spending overruns due to the wage bill increases. Government financing is additionally threatened by the uncertainty of inflows from the expected collection of old tax receivables amounting to HRK 2.5bn. The larger than budgeted deficit, owing to the lack of the expected inflow from old tax receivables, can be financed either by expanding the issue of eurobonds in the fourth quarter of the current year or by privatization revenues projected for 2002. Both scenarios depend on a substantial foreign exchange inflow from abroad. The inflow is further increased by foreign borrowing for the purposes of the road construction agencies. The stated foreign exchange inflows are expected to result in a sharp kuna appreciation.

The Outturn of the Consolidated Central Government Budget

Total, Current and Primary Deficits of the Consolidated Central Government Budget

According to the preliminary data, total consolidated central government deficit on a cash basis, exclusive of privatization revenues, reached HRK 2.8bn in the first quarter of 2002, which is a 21.8% reduction compared with the first quarter of 2001. The deficit on an accrual basis²⁰ was HRK 2.5bn or 16.3% less than in the corresponding period last year. The increase in net settlement of arrears in the first quarter of 2001 resulted in a moderate decline in the deficit on an accrual basis. Adjusted for the estimated deficit outturns of Croatian Highways and Croatian Roads, the consolidated central government budget deficit on an accrual basis stood at HRK 3.1bn in the first quarter of 2002, 3.8% less than in the corresponding period last year. Accordingly, after adjustment for the settled government arrears and capital expenditures for the construction and maintenance of roads and highways, the reduction in the consolidated central government budget deficit will be 3.8% instead of 21.8%.

The current consolidated central government budget defi-

²⁰ Deficit on a cash basis reduced by the net payment of arrears.

cit on a cash basis was HRK 1.9bn, or HRK 0.6bn (25%) less than in the corresponding period last year. An adjustment on an accrual basis is not possible, because the payments of arrears are not shown according to the economic classification (provides information on economic characteristics of expenditures) but according to the functional classification (provides information on the purpose of the expenditures).

The primary deficit on a cash basis stood at HRK 1.1bn in the first quarter of 2002, which is 42.7% less than in the same period last year. The total projected interest payment in 2002 is HRK 3.9bn. The total payment of interest on foreign financing in the current year is projected at USD 0.1bn. USD 0.3bn is allocated for external debt servicing in 2003, and USD 0.2bn in 2004. The sustainability of the consolidated central government budget deficit depends on establishing a steady primary balance. Only by accumulating a primary surplus in the next two years will the government be able to service its debt successfully without additional borrowing and thus reduce the total debt. In other words, once the privatization process is completed, i.e. after 2003, the surplus of current revenues over total expenditures will have to be used for public debt servicing.

Consolidated Central Government Revenues

The total consolidated central government revenues reached HRK 14.6bn in the first quarter of 2002, HRK 0.2bn more than in the same period of 2001. This reflects a 1.4% growth in nominal terms but a 1.6% decline in real terms. The total nominal growth of revenues relates to the outturn for current revenues because no substantial capital revenues were generated over the first quarter of 2002 and 2001.

The moderate nominal growth in current revenues is mostly the result of a rise in VAT and income tax revenues. The revenues from VAT amounted to HRK 5.2bn in the first quarter of 2002, which is HRK 0.2bn higher than in the same period of 2001 (4.1% nominal increase). Income tax revenues stood at HRK 0.8bn, HRK 0.1bn less than in the same period of 2001 (15.4% nominal decrease). The decline in income tax revenues is the result of the public administration reform and decentralization. The reform started in mid-2001 and was aimed at introducing unified wage scales in public administration, as well as wage bill and staff reductions. Owing to decentralization, a part of income tax revenues was reallocated to the local government and self-government.

In the first quarter of 2002, the actual excise revenues (exclusive of excises on refined petroleum products) were 1.1% larger in nominal terms than in the same quarter of 2001. The decline in real terms is mainly the result of a 40.0% decrease in revenues from excises on alcoholic beverages. However, revenues from excises on beer grew by 36.5% due to a rise in the excise rate in early 2002. In the first three months of 2002, the revenues from excises on tobacco products rose by only 0.5% compared with the same period of 2001. This growth rate is not sufficient if the MoF wants to achieve its ambitious target of HRK 0.3bn growth in revenues over 2002 compared with the previous year. A more efficient control of the black cigarette market will be of particular importance in

the tourist season, when around 40% of the annual revenues from excises on tobacco products are collected. Revenues from excises on refined petroleum products fell by HRK 0.2bn compared with the same period of 2001. This was largely the result of reallocation of a part of revenues to two government agencies. The exact data on the total revenues from excises on refined petroleum products, as well as the possible impact of new oil transport routes on reducing the black market, will be available for analysis after the publication of the outturn of the two road construction agencies' budget for the first quarter of 2002.

Corporation tax revenues grew by 15.1% compared with 2001. A robust economic growth in 2001 will probably result in a big inflow in April when the annual corporation tax is collected. Tax revenues from international trade fell by 3.9% in the first quarter of 2002, owing to a general reduction in tariff rates after joining the WTO and the conclusion of a number of bilateral free trade agreements. A new tax (on obligatory vehicle insurance) resulted in a marked increase in revenues from turnover tax on goods and services (173.0% in nominal terms). Non-tax revenues amounted to HRK 0.6bn in the first quarter of 2002, which is 0.7% more in nominal terms compared with the same period last year. However, non-tax revenues were considerably lower than projected, because, as from the beginning of 2002, this item also includes the ministries' own revenues.

Social security contributions grew by 1.7% in the first quarter of 2002 compared with the same period of 2001. This may be the result of a faster growth in revenues from health insurance and employment contributions but also of a reduced allocation of pension insurance contributions to the second pillar of the pension system. It is expected that the inflow of pension insurance contributions will continue to fall in the rest of 2002, owing to the "running in" of the collection system and an increase in permanent and seasonal employment of persons who are mainly under the age of 40.

Consolidated Central Government Expenditures

In the first quarter of 2002, total consolidated central government expenditures on a cash basis stood at HRK 17.2bn, which is HRK 0.5bn less than in the same period last year. This represents a 3.0% decline in nominal terms or a 5.9% decline in real terms. Within total expenditures, current expenditures fell by 2.8% and capital expenditures by 18.4%. However, the data published by the Ministry of Finance should be adjusted by the arrears settled in the first quarters of 2001 and 2002. In addition, a major share of capital expenditures has been reallocated to the agencies for the construction and maintenance of roads and highways.

Expenditures for other goods and services fell by 19.0% in the first quarter of 2002 compared with the same period of 2001. Such developments correspond with the budget projected by the MoF. It is worth noting that the government only settled the arrears from the last year after issuing bonds in September and December.

Public debt settlement rose by 11.1% in nominal terms in the first quarter of 2002 compared with the same period of

the previous year, due to increased payment of interest on external debt. Payment of interest on external debt grew by 16.8% to HRK 1.2bn. Interest paid on domestic debt fell by 4.3% and amounted to HRK 0.4bn. Debt servicing remains within the projected budgetary framework of the MoF.

Subsidies and other current transfers reached HRK 8.0bn in the first quarter of 2002, which is a 0.9% increase in nominal terms compared with the same period last year. In the stated period, subsidies declined by 24.2% in nominal terms, indicating a 4.4% growth in current transfers. Subsidies and current transfers remain within the projected budgetary framework. Individual expenditures on the current transfers side and the relationship between their outturns and projections cannot be analyzed owing to the method of reporting on the central government budget operations. As the extra-budgetary funds have been included in the government budget, the reports on the outturn of the government budget operations do not specify individual expenses within current transfers, because data are published in an aggregate form. Therefore, it is impossible to follow individual items of transfers to households, e.g. total payment of pensions, child benefit and health care transfer. It should be noted that in 2001 transfer for child benefit was two times larger than projected.

Wages

The wage bill in the government sector stood at HRK 4.4bn in the first quarter of 2002, 2.9% less than in the same period of the previous year. This reduction is insufficient to keep the wage bill within the projected annual framework. The projected wage bill was exceeded by about HRK 0.1bn in the first quarter of 2002 as a result of the payment of long-service awards in March 2002, pursuant to an agreement with trade unions. The uncertainty of expenditures on the wage bill side is based on two factors: the agreement between the Government and trade unions on the payment of long-service awards

in the rest of the year and the staff reduction dynamics in two ministries (Ministry of Defense and Ministry of the Interior) together with the related severance payments.

Financing

According to the CNB statistics, the consolidated central government debt totaled HRK 69.3bn at end-March 2002. In the first quarter of 2002, total debt grew by HRK 3.0bn. Government guarantees rose by HRK 0.5bn in the first quarter of 2002, so that potential government debt, i.e. total public debt together with government guarantees, reached HRK 90.1bn at end-March 2002, which is HRK 3.5bn more than in December 2001.

Domestic Central Government Debt to Banks

The domestic debt of the consolidated central government rose by HRK 1.4bn in 2001, reaching HRK 26.4bn. This is a 5.4% increase compared with December 2001. Owing to the integration of the extrabudgetary social security funds into the single treasury account, almost all borrowing runs through the government budget. The two newly established extrabudgetary funds did not incur any debt over the first quarter of 2002. With regard to the structure of the domestic debt increase, the government used the major share of net credits from banks (HRK 1.2bn) and subscriptions for T-bills (HRK 0.8bn). At the same time, net repayment of bonds amounted to HRK 0.6bn, while financing by money market instruments remained at the level of HRK 0.1bn.

Central Government External Debt

The external debt of the consolidated central government budget grew by HRK 1.7bn in the first quarter of 2002, reaching HRK 43.0bn. This is a 5.2% growth compared with the ex-

Table 12: Domestic Debt of Central Government, end of period, in million HRK

| | Stock | | | Change | |
|--|-----------|-----------|-----------|------------------|------------------|
| | Dec. 2000 | Dec. 2001 | Mar. 2002 | Jan. – Mar. 2001 | Jan. – Mar. 2002 |
| 1. Domestic debt of central government | 21,344.7 | 25,003.7 | 26,363.6 | 1,206.9 | 1,359.8 |
| 1.1. Domestic debt of the Republic of Croatia | 18,509.7 | 21,467.9 | 22,820.2 | 1,085.5 | 1,352.3 |
| Treasury bills | 2,564.6 | 4,892.3 | 5,672.2 | 1,853.4 | 779.9 |
| Money market instruments | 14.2 | 7.4 | 0.1 | -2.4 | -7.3 |
| Bonds | 14,082.5 | 15,415.8 | 14,777.4 | -451.3 | -638.4 |
| Credits from the CNB | - | - | - | - | - |
| Credits from DMBs | 1,848.4 | 1,152.4 | 2,370.5 | -314.2 | 1,218.1 |
| 1.2. Domestic debt of central government funds | 2,835.0 | 3,535.8 | 3,543.4 | 121.4 | 7.5 |
| Money market instruments | 20.5 | 96.4 | 98.5 | 0.5 | 2.1 |
| Bonds | 1,686.8 | 1,636.1 | 1,643.4 | 18.3 | 7.2 |
| Credits from DMBs | 1,127.6 | 1,803.3 | 1,801.5 | 102.6 | -1.8 |

Source: CNB *Bulletin*, Table 13.

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

| | Stock | | | Change | |
|--|-----------|-----------|-----------|------------------|------------------|
| | Dec. 2000 | Dec. 2001 | Mar. 2002 | Jan. – Mar. 2001 | Jan. – Mar. 2002 |
| 1. External debt of central government | 38,648.2 | 40,850.5 | 42,964.0 | 6,286.5 | 1,683.6 |
| 1.1. External debt of the Republic of Croatia | 36,562.3 | 38,447.7 | 40,250.5 | 5,573.0 | 1,699.5 |
| Bonds | 25,231.2 | 30,029.0 | 30,830.5 | 5,110.4 | 801.5 |
| Credits | 11,331.1 | 8,418.7 | 9,420.0 | 462.6 | 897.9 |
| 1.2. External debt of central government funds | 2,085.9 | 2,402.8 | 2,713.5 | 713.5 | -15.9 |
| Bonds | 386.5 | 696.6 | 703.6 | 340.0 | 7.0 |
| Credits | 1,699.3 | 1,706.2 | 2,009.8 | 373.5 | -22.9 |

Source: CNB *Bulletin*, Table 13.

Box 5: Fiscal Consolidation, External Competitiveness and Monetary Policy, a Reply to the WIW

Recent studies of policy alternatives for Croatia prepared by the WIW (Vienna Institute for International Economics) contend that fiscal discipline in Croatia remains weak and argue for a policy mix of tighter fiscal policy and looser monetary policy aimed at achieving nominal exchange rate depreciation. In this reply, Kraft and Stučka argue that substantial fiscal adjustment is already taking place and that the goal of sustainable fiscal deficits is achievable in the medium term. They note that government consumption contributed negatively to GDP during 2001, and that government consumption in real terms decreased by 3.9%. Some confusion may have been created by the fact that the government repaid substantial arrears in 2000 and 2001. Since government budgets are still prepared on a cash basis, these expenditures give the impression of loose policy when in fact the government is simply servicing obligations inherited from the previous government, and thereby strengthening financial discipline.

The authors also ran simulations of Maastricht criteria fulfillment as a way of examining the sustainability of the fiscal position. For instance, they assumed a debt-to-GDP ratio of 60% (actually higher than the current level), and solved to find the rate of GDP growth compatible with a Maastricht maximum of 3% budget deficits. It turned out that Croatia would need only a 2.3% trend real growth rate under this scenario. Other combinations also yield plausible and attainable parameter values, suggesting that Croatia could meet the Maastricht criteria with appropriate policies.

The authors also use an approach to sustainability that examines the extent and nature of the fiscal adjustment. The analysis shows

that the fiscal deterioration during 1997-1999 was largely created by increased primary spending and not by decreases in revenues. Croatia's adjustment process has more than met the expenditure cuts necessary for adjustment, but has been accompanied by decreased revenues. Overall, the adjustment in the primary deficit meets the criteria suggested by Perotti et al, but Croatia still has further to go to achieve full adjustment. Pressures on the 2002 budget are especially high, due to increased subsidies and increased public investment expenditures, so that the achievement of sustainability is not certain.

The authors also examine the causes of Croatia's relatively weak export performance and the advisability of looser monetary policy aimed at exchange rate depreciation. They argue that the substantial improvement in the current account deficit in recent years and the overall balance of payments surpluses run by Croatia render the case for depreciation weak. Furthermore, they point to a range of institutional and bureaucratic barriers to increased productivity and exports, including obstacles to company start-ups and FDI, rigid labor legislation and exclusion from free trade arrangements. These barriers had an important role in limiting Croatian exports.

Finally, the authors examine the probable effects of looser monetary policy. They note the potential for increased inflation and uncontrolled exchange rate movements that would cause substantial macroeconomic instability. It remains unclear, they argue, whether any real exchange rate depreciation could be achieved. They also warn that large and sudden exchange rate movements would have dramatic negative effects on the many Croatian companies that have taken loans indexed to the exchange rate, with consequent negative effects on the financial system. Their conclusion is that such policy recommendations are of limited use in the present context.

The complete article can be found on our website.

ternal debt level at end-December 2001. With regard to the structure of the external debt increase, the issue of bonds accounts for one half of the increase (HRK 0.8bn) and net borrowing from banks for the other half (HRK 0.9bn). In January 2002, the government issued EUR 0.5bn worth of eurobonds. Another issue of EUR 0.2bn worth of Samurai bonds is expected in mid-2002, by which the projected total government external borrowing for the current year would be achieved. However, should the projected budget be exceeded, the government will probably expand the issue of eurobonds due to the strong demand by investors at the time of their issue in January. The external credit principal of USD 0.02bn is expected to be repaid in the second quarter of 2002 and USD 0.1bn in the third quarter. The external debt servicing expenditures are expected to reach USD 0.02bn in the second quarter and USD 0.06bn in the third quarter of 2002.

Privatization

Despite the privatization of Splitska banka, Riječka banka and Dubrovačka banka, the projected inflow of HRK 0.6bn was not achieved by end-March 2002. The revenues from the privatization of Riječka banka and Splitska banka will probably be collected in the second quarter of 2002. In addition, there is no information on the privatization of Croatia banka, although binding offers were expected by end-March 2002. In the following period, privatization of Croatia osiguranje and Croatia banka is expected, together with the second round of the sale of the government stake in Riječka banka and the (potential) sale of the remaining government stake in Privredna banka. Despite the announcements that INA will not be privatized in 2002, the projected privatization revenues of HRK 2.5bn will probably be raised.

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 sub-sectors: monetary authorities (the central bank), deposit money banks (DMBs), other banking institutions and other financial institutions. The central bank is the Croatian National Bank (CNB). Deposit money banks are institutions to which the Croatian National Bank has issued a license to perform banking business services in accordance with the Banking Law, including savings banks during a transition period. Data on DMBs do not include claims and liabilities of banks undergoing bankruptcy proceedings, nor former branches of banks with their headquarters in the former Yugoslavia. Other banking institutions comprise housing savings banks, savings and loan cooperatives and investment funds. Other financial institutions are financial institutions not classified as banks or other banking institutions (for exam-

ple insurance companies, pension funds).

The central government and funds comprise government authorities including the Croatian Roads Administration, State Agency for Deposit Insurance and Bank Rehabilitation and Croatian Guarantee Agency, and the following central government funds: Croatian Institute for Health Insurance, Croatian Pension Insurance Institute, Croatian Employment Institute, Croatian Privatization Fund, Croatian Waters and Croatian Bank for Reconstruction and Development. Other domestic sectors are local government authorities and local funds, public and private enterprises and households, including craftsmen and non-profit institutions providing services to households. In some tables other domestic sectors are divided into the following sub-sectors: local government (which comprises local government authorities and local funds), public and private 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 exchange items are reported in their kuna equivalent at the midpoint CNB 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 | |
| 1993 | December | 2,248.9 | 3,134.4 | 3,759.2 | 10,061.1 | 12,005.7 | 20,287.9 | – | – | – | – | – | – | – |
| 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 | 60,863.3 | 7.32 | 10.04 | 9.89 | 3.66 | 10.46 | 2.66 | |
| 2001 | January | 10,541.8 | 16,717.2 | 16,870.2 | 74,062.5 | 46,937.0 | 61,896.7 | -10.03 | -7.28 | -7.59 | 1.37 | 6.57 | 1.70 | |
| | February | 11,454.1 | 16,970.6 | 17,057.9 | 75,524.2 | 46,900.1 | 62,858.4 | 8.65 | 1.52 | 1.11 | 1.97 | -0.08 | 1.55 | |
| | March | 11,346.1 | 17,395.2 | 17,493.8 | 77,504.6 | 46,387.0 | 64,723.8 | -0.94 | 2.50 | 2.56 | 2.62 | -1.09 | 2.97 | |
| | April | 12,097.2 | 18,252.7 | 18,368.7 | 77,651.4 | 48,017.0 | 65,530.9 | 6.62 | 4.93 | 5.00 | 0.19 | 3.51 | 1.25 | |
| | May | 13,000.3 | 18,845.0 | 18,948.1 | 77,827.6 | 48,787.0 | 65,784.4 | 7.47 | 3.25 | 3.15 | 0.23 | 1.60 | 0.39 | |
| | June | 12,553.5 | 19,065.1 | 19,207.5 | 79,689.9 | 49,328.4 | 67,573.7 | -3.44 | 1.17 | 1.37 | 2.39 | 1.11 | 2.72 | |
| | July | 14,717.4 | 20,530.8 | 20,725.9 | 81,992.6 | 51,373.4 | 68,443.7 | 17.24 | 7.69 | 7.91 | 2.89 | 4.15 | 1.29 | |
| | August | 12,206.9 | 19,838.2 | 20,121.7 | 87,747.7 | 53,164.5 | 71,626.4 | -17.06 | -3.37 | -2.92 | 7.02 | 3.49 | 4.65 | |
| | September | 13,627.4 | 20,284.5 | 20,557.6 | 88,343.7 | 53,913.1 | 71,442.3 | 11.64 | 2.25 | 2.17 | 0.68 | 1.41 | -0.26 | |
| | October | 16,075.1 | 20,064.9 | 20,420.6 | 90,102.4 | 54,147.3 | 72,863.2 | 17.96 | -1.08 | -0.67 | 1.99 | 0.43 | 1.99 | |
| | November | 16,482.3 | 20,975.8 | 21,380.1 | 95,005.8 | 55,524.1 | 74,005.2 | 2.53 | 4.54 | 4.70 | 5.44 | 2.54 | 1.57 | |
| | December | 17,803.2 | 23,703.5 | 23,936.5 | 106,071.4 | 57,410.0 | 74,868.1 | 8.01 | 13.00 | 11.96 | 11.65 | 3.40 | 1.17 | |
| 2002 | January | 17,631.9 | 22,398.4 | 22,596.0 | 108,647.4 | 61,267.9 | 77,207.2 | -0.96 | -5.51 | -5.60 | 2.43 | 6.72 | 3.12 | |
| | February | 18,954.0 | 22,164.9 | 22,511.3 | 107,183.8 | 59,950.6 | 77,244.7 | 7.50 | -1.04 | -0.38 | -1.35 | -2.15 | 0.05 | |
| | March | 19,747.8 | 24,375.1 | 24,776.6 | 106,245.0 | 63,530.6 | 79,764.0 | 4.19 | 9.97 | 10.06 | -0.88 | 5.97 | 3.26 | |
| | April | 20,757.4 | 26,418.4 | 27,012.0 | 106,333.0 | 66,599.9 | 82,032.8 | 5.11 | 8.38 | 9.02 | 0.08 | 4.83 | 2.84 | |

^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 DMBs' demand deposits. Money (M1a) comprises currency outside banks and DMBs' demand deposits, increased by the demand deposits of the central government and funds with DMBs.

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 DMBs' claims on other domestic sectors, other banking institutions and other 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 259.3 million kuna and in monetary aggregate M4 amounted to 4,035.8 million kuna. Data for June 1999 are comparable with data for July 1999 if Domestic credit is increased by 3,513.5 million kuna.

Table B1: Monetary Survey

End of period, million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|---|----------|----------|-------------------|-----------|-----------|-----------|-----------|-------------------|-----------|-----------|-----------|-----------|
| | Dec. | Dec. | Dec. ^a | Dec. | Mar. | Jun. | Sep. | Dec. ^b | Jan. | Feb. | Mar. | Apr. |
| ASSETS | | | | | | | | | | | | |
| 1. Foreign assets (net) | 16,913.0 | 12,713.5 | 16,655.5 | 29,017.2 | 31,117.6 | 30,361.5 | 34,430.6 | 48,661.3 | 47,379.5 | 47,233.2 | 42,714.4 | 39,733.1 |
| 2. Domestic credit | 56,194.9 | 66,923.1 | 65,938.6 | 72,051.4 | 75,817.2 | 78,690.4 | 84,336.8 | 87,637.6 | 92,540.8 | 90,387.3 | 94,540.0 | 96,326.6 |
| 2.1. Claims on central government and funds (net) | 7,331.4 | 7,131.1 | 10,062.8 | 11,188.2 | 11,093.4 | 11,116.7 | 12,894.5 | 12,769.5 | 15,333.7 | 13,142.6 | 14,776.0 | 14,293.8 |
| 2.2. Claims on other domestic sectors | 48,616.6 | 59,597.7 | 55,676.4 | 60,653.4 | 64,485.0 | 67,228.2 | 71,164.1 | 74,513.0 | 76,794.5 | 76,847.1 | 79,231.4 | 81,567.9 |
| 2.3. Claims on other banking institutions | – | 0.4 | 45.4 | 48.2 | 77.2 | 97.1 | 71.5 | 73.8 | 77.5 | 71.8 | 70.1 | 66.9 |
| 2.4. Claims on other financial institutions | 246.8 | 193.9 | 154.0 | 161.7 | 161.6 | 248.3 | 206.7 | 281.4 | 335.2 | 325.7 | 462.5 | 398.0 |
| Total (1+2) | 73,107.8 | 79,636.5 | 82,594.1 | 101,068.7 | 106,934.8 | 109,051.9 | 118,767.4 | 136,298.9 | 139,920.3 | 137,620.5 | 137,254.3 | 136,059.7 |
| LIABILITIES | | | | | | | | | | | | |
| 1. Money | 13,731.4 | 13,531.4 | 13,858.9 | 18,030.3 | 17,395.2 | 19,065.1 | 20,284.5 | 23,703.5 | 22,398.4 | 22,164.9 | 24,375.1 | 26,418.4 |
| 2. Savings and time deposits | 5,598.9 | 5,683.8 | 5,397.5 | 7,651.1 | 8,951.0 | 8,920.3 | 8,879.1 | 10,213.1 | 10,922.3 | 10,784.6 | 10,626.7 | 10,700.5 |
| 3. Foreign currency deposits | 31,278.1 | 37,970.9 | 36,966.0 | 46,901.6 | 50,706.4 | 51,210.3 | 58,662.4 | 71,836.9 | 74,897.7 | 73,618.2 | 70,938.8 | 68,872.0 |
| 4. Bonds and money market instruments | 133.6 | 154.1 | 436.8 | 478.2 | 451.9 | 494.2 | 517.7 | 317.8 | 429.1 | 616.2 | 304.4 | 342.1 |
| 5. Restricted and blocked deposits | 5,953.4 | 4,315.2 | 3,814.7 | 2,864.5 | 2,580.2 | 2,495.0 | 2,402.5 | 1,926.2 | 1,659.1 | 1,550.8 | 1,861.3 | 1,908.8 |
| o/w: Households' blocked f/c deposits | 4,573.8 | 3,419.1 | 2,742.7 | 1,695.1 | 1,465.5 | 1,371.0 | 1,015.4 | 770.2 | 610.4 | 564.9 | 538.6 | 513.2 |
| 6. Other items (net) | 16,412.5 | 17,981.1 | 22,120.0 | 25,143.1 | 26,850.0 | 26,867.0 | 28,021.1 | 28,301.4 | 29,613.9 | 28,885.8 | 29,148.1 | 27,817.9 |
| Total (1+2+3+4+5+6) | 73,107.8 | 79,636.5 | 82,594.1 | 101,068.7 | 106,934.8 | 109,051.9 | 118,767.4 | 136,298.9 | 139,920.3 | 137,620.5 | 137,254.3 | 136,059.7 |

^a The privatisation of Privredna banka Zagreb brought about a one-off decrease in its balance sheet total of HRK 2,759.4m. Loans in f/c to public enterprises diminished on the assets side and at the same time obligations to the Republic of Croatia arising from loans in f/c diminished on the liabilities side. Loans in f/c to public enterprises are listed under assets item "2.2. Claims on other domestic sectors". Obligations to the Republic of Croatia arising from loans in f/c are listed under assets item "2.1 Claims on central government and funds (net)".

^b The first revaluation of securities with the effect of HRK 165.5m was conducted within the CNB's international reserves as at 31 December 2001. Accrued interest on deposits, with the effect of HRK 63.8m, was included in the international reserves as at 31 December 2001 as well. The CNB's foreign liabilities increased by HRK 6.4m on the basis of accrued interest, while liabilities on the basis of required foreign exchange reserves increased by HRK 8.6m.

Table B1: Monetary Survey

The monetary survey shows consolidated data from the Monetary Authorities Accounts (Table C1) and DMBs' Accounts (Table D1).

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

Domestic credit is the sum of corresponding items from Monetary Authorities Accounts and DMBs' 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 DMBs.

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 DMBs' demand deposits (item Demand deposits in DMBs' 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 DMBs' Accounts, while item Restricted and blocked deposits represents the sum of corresponding items from the Monetary Authorities Accounts (excluding DMBs' blocked deposits with the CNB) and DMBs' Accounts. Other items (net) are unclassified liabilities decreased by unclassified assets.

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 DMBs' balance sheet total amounted to 4,296.3 million kuna. Data for June 1999 are comparable with data for July 1999 if Claims on other domestic sectors and Other items (net) are increased by 3,513.5 million kuna.

Table B2: Number of Reporting Deposit Money Banks and Savings Banks and their Classification by Total Assets

| Year | Month | Total number of reporting DMBs | Reporting DMBs 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 |
| 1993 | December | 43 | 16 | 12 | 7 | 4 | 2 | 2 | 0 | 0 | 0 | 0 |
| 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 | January | 45 | 3 | 15 | 9 | 6 | 10 | 2 | 27 | 5 | 17 | 5 |
| | February | 45 | 3 | 15 | 9 | 5 | 11 | 2 | 27 | 5 | 17 | 5 |
| | March | 45 | 3 | 15 | 8 | 6 | 11 | 2 | 27 | 5 | 17 | 5 |
| | April | 45 | 3 | 15 | 8 | 6 | 11 | 2 | 26 | 5 | 16 | 5 |
| | May | 45 | 3 | 15 | 8 | 6 | 11 | 2 | 26 | 5 | 16 | 5 |
| | June | 45 | 3 | 15 | 8 | 6 | 11 | 2 | 26 | 4 | 17 | 5 |
| | July | 45 | 3 | 15 | 8 | 6 | 11 | 2 | 25 | 4 | 16 | 5 |
| | August | 45 | 3 | 15 | 8 | 6 | 11 | 2 | 25 | 4 | 16 | 5 |
| | September | 45 | 3 | 15 | 8 | 6 | 10 | 3 | 24 | 4 | 15 | 5 |
| | October | 45 | 3 | 15 | 8 | 5 | 11 | 3 | 23 | 4 | 14 | 5 |
| | November | 45 | 3 | 15 | 7 | 6 | 11 | 3 | 22 | 3 | 14 | 5 |
| | December | 44 | 3 | 13 | 7 | 7 | 10 | 4 | 21 | 4 | 12 | 5 |
| 2002 | January | 45 | 3 | 14 | 7 | 7 | 9 | 5 | 19 | 3 | 12 | 4 |
| | February | 45 | 4 | 13 | 7 | 7 | 9 | 5 | 18 | 2 | 12 | 4 |
| | March | 46 | 5 | 12 | 8 | 7 | 11 | 3 | 17 | 2 | 11 | 4 |
| | April | 48 | 5 | 14 | 8 | 7 | 11 | 3 | 15 | 2 | 11 | 2 |

Table B2: Number of Reporting Deposit Money Banks and Savings Banks and their Classification by Total Assets

The table shows the total number of DMBs and savings banks which report monthly to the CNB. Their operations are shown in the DMBs' Accounts.

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. In accordance with the Banking Law, savings banks must meet the conditions set out in the Law by December 31, 2001, or they will be liquidated.

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

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics.

Table C1: Monetary Authorities Accounts

End of period, million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|--|----------|----------|----------|----------|----------|----------|----------|-------------------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Dec. ^b | Jan. | Feb. | Mar. | Apr. |
| ASSETS | | | | | | | | | | | | |
| 1. Foreign assets | 16,005.6 | 17,592.5 | 23,135.7 | 28,747.4 | 30,652.0 | 32,843.9 | 36,351.8 | 39,308.9 | 41,386.5 | 40,852.8 | 41,501.9 | 41,082.3 |
| 1.1. Gold | – | – | – | – | – | 993.8 | – | – | – | – | – | – |
| 1.2. Holdings of SDRs | 927.0 | 1,444.4 | 1,449.2 | 1,204.2 | 1,216.9 | 1,073.9 | 1,027.3 | 905.8 | 939.1 | 915.3 | 884.4 | 753.8 |
| 1.3. Reserve position in the IMF | 0.7 | 1.0 | 1.6 | 1.8 | 1.9 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 |
| 1.4. Currency and demand deposits with foreign banks | 510.6 | 342.0 | 1,109.6 | 7.4 | 7.6 | 6.8 | 6.8 | 6.1 | 270.2 | 7.1 | 229.0 | 10.5 |
| 1.5. Time deposits with foreign banks | 12,169.5 | 11,696.6 | 17,702.4 | 20,986.9 | 20,594.7 | 20,156.6 | 24,713.3 | 25,565.9 | 28,747.6 | 28,144.2 | 27,595.0 | 26,936.8 |
| 1.6. Securities in f/c | 2,396.5 | 4,107.2 | 2,871.6 | 6,545.7 | 8,829.7 | 10,609.6 | 10,601.4 | 12,829.3 | 11,427.8 | 11,784.3 | 12,791.7 | 13,379.4 |
| 1.7. Nonconvertible foreign exchange | 1.4 | 1.4 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. Claims on central government and funds | – | – | 24.1 | 0.0 | – | 0.0 | – | – | – | – | – | – |
| 2.1. Claims in kuna | – | – | 24.1 | 0.0 | – | 0.0 | – | – | – | – | – | – |
| 2.2. Claims in f/c | – | – | – | – | – | – | – | – | – | – | – | – |
| 3. Claims on other domestic sectors | 24.4 | 1.0 | 276.8 | 289.5 | 275.2 | 269.7 | 264.3 | 229.2 | 192.3 | 128.1 | 128.2 | 122.6 |
| 4. Claims on DMBs | 33.5 | 1,053.8 | 1,138.7 | 329.9 | 22.7 | 225.6 | 17.5 | 18.5 | 16.6 | 1,046.7 | 578.7 | 16.9 |
| 4.1. Credits to DMBs | 31.0 | 1,044.4 | 1,125.3 | 313.6 | 6.5 | 209.8 | – | – | – | 1,030.0 | 562.0 | 0.0 |
| Lombard credits | 30.0 | 252.3 | 176.7 | – | – | – | – | – | – | 1,030.0 | 4.0 | – |
| Short-term liquidity credits | – | – | 929.0 | – | – | – | – | – | – | – | 558.0 | – |
| Other credits | 1.0 | 333.0 | 19.7 | 14.0 | 6.5 | 1.7 | – | – | – | – | – | – |
| CNB bills under repurchase agreement | – | 459.2 | – | 299.6 | – | 208.0 | – | – | – | – | – | – |
| 4.2. CNB deposits with DMBs | 2.5 | 9.3 | 13.4 | 15.2 | 16.1 | 15.8 | 16.7 | 16.6 | 16.6 | 16.7 | 16.7 | 16.9 |
| 4.3. Overdue claims | 0.0 | 0.0 | 0.0 | 1.1 | 0.1 | – | 0.8 | 1.9 | – | – | – | – |
| 5. Claims on other banking institutions | – | – | – | – | – | – | – | – | – | – | – | – |
| Total (1+2+3+4+5) | 16,063.5 | 18,647.3 | 24,575.3 | 29,366.8 | 30,950.0 | 33,339.3 | 36,633.6 | 39,556.6 | 41,595.5 | 42,027.6 | 42,208.8 | 41,221.8 |
| LIABILITIES | | | | | | | | | | | | |
| 1. Reserve money | 10,346.1 | 9,954.2 | 10,310.0 | 11,717.3 | 11,346.1 | 12,553.5 | 13,627.4 | 17,803.2 | 17,631.9 | 18,954.0 | 19,747.8 | 20,757.4 |
| 1.1. Currency outside banks | 5,307.5 | 5,718.8 | 5,958.9 | 6,636.7 | 6,411.7 | 7,266.3 | 7,474.7 | 8,507.4 | 8,254.7 | 8,345.4 | 9,145.9 | 9,112.4 |
| 1.2. DMBs' cash in vaults | 216.9 | 251.4 | 382.1 | 532.3 | 373.9 | 485.9 | 436.4 | 538.8 | 471.6 | 471.1 | 891.3 | 831.6 |
| 1.3. DMBs' deposits | 4,821.6 | 3,980.2 | 3,960.4 | 4,540.7 | 4,545.5 | 4,777.4 | 5,698.3 | 8,741.5 | 8,891.6 | 10,114.1 | 9,706.6 | 10,808.7 |
| Settlement accounts | 866.6 | 467.5 | 247.9 | 459.5 | 1,153.7 | 1,229.4 | 911.0 | 2,450.1 | 2,306.6 | 3,227.9 | 2,635.8 | 3,699.8 |
| Statutory reserves | 3,955.0 | 3,512.7 | 3,712.5 | 4,081.2 | 3,391.8 | 3,548.0 | 4,787.3 | 6,291.4 | 6,584.9 | 6,886.2 | 7,070.7 | 7,109.0 |
| CNB bills on obligatory basis | – | – | – | – | – | – | – | – | – | – | – | – |
| 1.4. Deposits of other banking institutions | – | 2.4 | 8.5 | 7.5 | 4.7 | 10.1 | 4.8 | 15.5 | 5.1 | 10.8 | 4.0 | 4.7 |
| 1.5. Deposits of other domestic sectors | 0.1 | 1.3 | – | 0.0 | 10.2 | 13.8 | 13.2 | 0.1 | 8.9 | 12.6 | – | – |
| 2. Restricted and blocked deposits | 101.1 | 1,787.6 | 5,016.8 | 5,805.5 | 5,937.6 | 6,806.0 | 7,162.1 | 6,030.5 | 6,618.1 | 6,816.5 | 6,951.0 | 6,708.0 |
| 2.1. Statutory reserve in f/c | – | 1,668.4 | 4,636.2 | 5,490.5 | 5,676.1 | 6,510.8 | 6,719.4 | 5,705.1 | 6,259.6 | 6,462.5 | 6,840.9 | 6,660.1 |
| 2.2. Restricted deposits | 101.1 | 119.1 | 380.6 | 315.0 | 261.4 | 295.2 | 442.7 | 325.4 | 358.5 | 354.1 | 110.1 | 47.9 |
| 2.3. Escrow deposits | – | – | – | – | – | – | – | – | – | – | – | – |
| 3. Foreign liabilities | 1,471.4 | 1,465.4 | 1,671.2 | 1,630.8 | 1,335.1 | 1,347.2 | 1,486.7 | 1,597.5 | 2,513.1 | 2,137.6 | 1,995.7 | 2,033.0 |
| 3.1. Use of IMF credit | 1,468.4 | 1,461.3 | 1,501.7 | 1,290.3 | 1,323.5 | 1,179.7 | 1,139.1 | 1,025.5 | 1,061.2 | 1,040.5 | 1,010.3 | 877.6 |
| 3.2. Liabilities to international organizations | 3.0 | 4.1 | 6.8 | 9.5 | 11.6 | 12.1 | 11.5 | 12.2 | 13.8 | 13.6 | 13.5 | 13.1 |
| 3.3. Liabilities to foreign banks ^a | – | – | 162.7 | 331.0 | 0.0 | 155.4 | 336.0 | 559.8 | 1,438.1 | 1,083.4 | 971.9 | 1,142.3 |
| 4. Central government and funds deposits | 1,032.7 | 434.8 | 397.2 | 1,157.4 | 2,341.2 | 2,672.2 | 1,852.9 | 1,752.1 | 1,395.9 | 1,565.4 | 1,086.0 | 851.3 |
| 4.1. Demand deposits | 805.7 | 390.2 | 394.2 | 1,008.5 | 1,339.8 | 1,711.9 | 1,757.8 | 1,752.1 | 1,395.9 | 1,565.4 | 1,086.0 | 851.3 |
| Central government demand deposits | 625.7 | 291.0 | 388.0 | 980.8 | 1,262.2 | 1,539.3 | 1,715.8 | 1,564.8 | 1,340.2 | 1,559.4 | 1,033.7 | 822.8 |
| Central government funds demand deposits | 180.1 | 99.3 | 6.2 | 27.7 | 77.6 | 172.6 | 42.1 | 187.3 | 55.7 | 6.0 | 52.3 | 28.5 |
| 4.2. Central government f/c deposits | 147.6 | – | 0.0 | – | 768.2 | 740.9 | – | – | – | – | – | – |
| 4.3. CNB bills | 79.4 | 44.6 | 2.9 | 148.8 | 233.3 | 219.4 | 95.0 | – | – | – | – | – |
| 5. CNB bills | 722.0 | 2,242.9 | 2,887.2 | 4,207.3 | 4,517.9 | 4,267.8 | 6,531.1 | 6,372.3 | 6,421.3 | 5,933.8 | 6,052.0 | 5,248.2 |
| 5.1. CNB bills in kuna | 722.0 | 830.7 | 1,252.5 | 2,394.6 | 2,580.8 | 3,157.8 | 3,453.2 | 3,458.9 | 3,260.3 | 3,199.8 | 4,026.3 | 3,327.2 |
| 5.2. CNB bills in f/c | – | 1,412.2 | 1,634.7 | 1,812.7 | 1,937.1 | 1,110.0 | 3,077.9 | 2,913.4 | 3,161.1 | 2,734.0 | 2,025.7 | 1,921.0 |
| 6. Capital accounts | 2,361.8 | 2,898.2 | 4,535.5 | 5,216.6 | 5,914.6 | 6,143.4 | 6,452.3 | 6,425.2 | 7,443.4 | 6,918.9 | 6,802.4 | 6,050.4 |
| 7. Other items (net) | 28.5 | –135.8 | –242.4 | –368.1 | –442.6 | –450.8 | –478.9 | –424.2 | –428.3 | –298.6 | –426.1 | –426.5 |
| Total (1+2+3+4+5+6+7) | 16,063.5 | 18,647.3 | 24,575.3 | 29,366.8 | 30,950.0 | 33,339.3 | 36,633.6 | 39,556.6 | 41,595.5 | 42,027.6 | 42,208.8 | 41,221.8 |

^a Since October 2001, Liabilities to foreign banks include also liabilities based on CNB bills subscribed by nonresidents.

^b The first revaluation of securities with the effect of HRK 165.5m was conducted within the CNB's international reserves as at 31 December 2001. Accrued interest on deposits, with the effect of HRK 63.8m, was included in the international reserves as at 31 December 2001 as well. The CNB's foreign liabilities increased by HRK 6.4m on the basis of accrued interest, while liabilities on the basis of required foreign exchange reserves increased by HRK 8.6m.

Table C1: Monetary Authorities Accounts

The table reports data on claims and liabilities by monetary authorities. In September 1999, the data were revised, with savings banks being transferred from the sub-sector other banking institutions to the sub-sector banks. The whole data series has been revised accordingly.

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 vaults, reserve position in the International Monetary Fund, current account balances with foreign banks and accrued interest, time deposits with foreign banks, 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. 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 decrees by the government of the Republic of Croatia, and overdue claims on the budgetary central government based on the liabilities to the IMF and foreign banks. Item Claims in foreign currency was a counter-entry to the liability to the IMF based on the succession of membership in that institution. In accordance with the new Law on the Croatian National Bank that entered into force in April 2001, the Croatian National Bank may not extend credit to the Republic of Croatia.

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

Claims on DMBs are credits to DMBs, deposits by the CNB with DMBs and overdue claims on DMBs. Credits to DMBs are split according to the type of financial instruments. Item Lombard credits comprises credits to DMBs 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) and due but unpaid credits. Overdue claims on DMBs 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 initi-

ated. Due to the reclassification of savings banks from the sub-sector other banking institutions to the sub-sector banks, data for Claims on DMBs and Claims on other banking institutions have been revised.

Reserve money consists of currency outside banks, cash in DMBs' vaults, DMBs' deposits with the CNB, other banking institutions' deposits and other domestic sectors' deposits with the CNB. DMBs' deposits are: settlement account balances, statutory reserves deposited on a special account with the CNB as well as CNB bills on an obligatory basis. Deposits by other banking institutions are settlement account balances of housing savings banks. Deposits by other domestic sectors are other domestic sectors' giro account balances which, on the basis of legal acts are deposited with the Croatian National Bank.

Restricted and blocked deposits include required foreign exchange reserves and accrued interest, restricted deposits and blocked foreign exchange deposits. Banks and savings banks are required to place foreign exchange reserve deposits in accounts at the Croatian National Bank on the basis of certain foreign exchange deposits they hold. Restricted deposits are kuna funds set aside on the basis of a court order or legal regulation, 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 exchange 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 sub-sector other banking institutions to the sub-sector banks, data for Currency outside banks, DMBs' cash in vaults, DMBs' deposits and Deposits of other banking institutions were revised.

Table D1: Deposit Money Banks' Accounts

End of period, million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|--|----------|----------|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Dec. | Dec. | Dec. ^a | Dec. | Mar. | Jun. | Sep. | Dec. | Jan. | Feb. | Mar. | Apr. |
| ASSETS | | | | | | | | | | | | |
| 1. Reserves with the CNB | 5,045.6 | 5,908.1 | 8,987.9 | 10,588.9 | 10,625.5 | 11,796.5 | 12,985.7 | 15,002.7 | 15,651.0 | 17,087.5 | 17,532.5 | 18,502.5 |
| 1.1. In kuna | 5,045.6 | 4,239.7 | 4,352.6 | 5,098.4 | 4,949.5 | 5,285.6 | 6,266.3 | 9,306.2 | 9,401.5 | 10,633.2 | 10,701.6 | 11,852.7 |
| 1.2. In f/c | – | 1,668.4 | 4,635.3 | 5,490.5 | 5,676.1 | 6,510.8 | 6,719.4 | 5,696.5 | 6,249.5 | 6,454.3 | 6,830.8 | 6,649.8 |
| 2. Foreign assets | 16,185.8 | 12,763.1 | 12,400.1 | 19,710.4 | 20,416.7 | 18,258.3 | 20,644.3 | 32,807.6 | 30,792.8 | 30,818.3 | 26,352.3 | 23,221.9 |
| 3. Claims on central government and funds | 15,238.8 | 14,864.2 | 16,264.4 | 19,076.0 | 19,676.4 | 19,313.7 | 20,305.3 | 20,156.3 | 22,345.0 | 21,238.1 | 21,752.8 | 21,349.0 |
| 3.1. Bonds arising from blocked f/c deposits | 6,714.4 | 5,802.3 | 5,419.9 | 4,484.4 | 4,036.4 | 3,847.7 | 3,472.7 | 3,420.1 | 3,513.5 | 2,962.8 | 2,948.8 | 2,953.0 |
| 3.2. Big bonds | 2,291.9 | 2,103.1 | 1,321.8 | 1,475.7 | 1,712.4 | 1,696.6 | 1,683.8 | 1,659.4 | 1,659.3 | 1,660.1 | 1,650.9 | 1,663.8 |
| 3.3. Other claims | 6,232.5 | 6,958.8 | 9,522.8 | 13,115.8 | 13,927.6 | 13,769.4 | 15,148.8 | 15,076.8 | 17,172.2 | 16,615.1 | 17,153.2 | 16,732.2 |
| 4. Claims on other domestic sectors | 48,592.2 | 59,596.7 | 55,399.7 | 60,363.9 | 64,209.8 | 66,958.5 | 70,899.8 | 74,283.8 | 76,602.1 | 76,719.0 | 79,103.2 | 81,445.2 |
| 4.1. Claims on local government and funds | 308.8 | 654.0 | 905.6 | 1,174.9 | 1,186.8 | 1,163.9 | 1,224.7 | 1,280.0 | 1,239.5 | 1,214.3 | 1,194.2 | 1,178.6 |
| 4.2. Claims on enterprises | 35,487.2 | 41,225.5 | 35,244.3 | 35,890.7 | 37,892.8 | 38,972.6 | 40,622.5 | 42,882.0 | 44,147.6 | 44,170.9 | 45,346.0 | 46,466.6 |
| 4.3. Claims on households | 12,796.2 | 17,717.2 | 19,249.8 | 23,298.3 | 25,130.1 | 26,822.0 | 29,052.5 | 30,121.9 | 31,215.1 | 31,333.8 | 32,563.0 | 33,800.0 |
| 5. Claims on other banking institutions | – | 0.4 | 45.4 | 48.2 | 77.2 | 97.1 | 71.5 | 73.8 | 77.5 | 71.8 | 70.1 | 66.9 |
| 6. Claims on other financial institutions | 246.8 | 193.9 | 154.0 | 161.7 | 161.6 | 248.3 | 206.7 | 281.4 | 335.2 | 325.7 | 462.5 | 398.0 |
| Total (1+2+3+4+5+6) | 85,309.3 | 93,326.4 | 93,251.5 | 109,949.1 | 115,167.2 | 116,672.4 | 125,113.3 | 142,605.6 | 145,803.7 | 146,260.4 | 145,273.4 | 114,983.6 |
| LIABILITIES | | | | | | | | | | | | |
| 1. Demand deposits | 8,423.8 | 7,808.9 | 7,891.5 | 11,386.0 | 10,968.6 | 11,774.9 | 12,791.8 | 15,180.6 | 14,129.6 | 13,796.1 | 15,225.2 | 17,301.4 |
| 2. Savings and time deposits | 5,598.9 | 5,683.8 | 5,397.5 | 7,651.1 | 8,951.0 | 8,920.3 | 8,879.1 | 10,213.1 | 10,922.3 | 10,784.6 | 10,626.7 | 10,700.5 |
| 3. Foreign currency deposits | 31,278.1 | 37,970.9 | 36,966.0 | 46,901.6 | 50,706.4 | 51,210.3 | 58,662.4 | 71,836.9 | 74,897.7 | 73,618.2 | 70,938.8 | 68,872.0 |
| 4. Bonds and money market instruments | 133.6 | 154.1 | 436.8 | 478.2 | 709.3 | 494.2 | 517.7 | 317.8 | 429.1 | 616.2 | 304.4 | 342.1 |
| 5. Foreign liabilities | 13,807.1 | 16,176.8 | 17,209.1 | 17,809.7 | 18,358.6 | 19,393.6 | 21,078.8 | 21,857.8 | 22,286.8 | 22,300.4 | 23,144.1 | 22,538.1 |
| 6. Central government and funds' deposits | 6,874.7 | 7,298.3 | 5,828.6 | 6,730.5 | 6,241.8 | 5,524.8 | 5,557.9 | 5,634.7 | 5,615.4 | 6,530.0 | 5,890.8 | 6,203.9 |
| 7. Credit from central bank | 33.7 | 1,049.2 | 1,138.7 | 328.8 | 22.6 | 225.6 | 16.7 | 16.6 | 16.6 | 1,046.7 | 578.7 | 16.9 |
| 8. Restricted and blocked deposits | 5,852.3 | 4,196.0 | 3,434.2 | 2,549.6 | 2,318.8 | 2,199.7 | 1,959.8 | 1,600.8 | 1,300.6 | 1,196.8 | 1,751.3 | 1,861.0 |
| o/w: Households' blocked f/c deposits | 4,573.8 | 3,419.1 | 2,742.7 | 1,695.1 | 1,465.5 | 1,371.0 | 1,015.4 | 770.2 | 610.4 | 564.9 | 538.6 | 513.2 |
| 9. Capital accounts | 17,027.0 | 19,785.6 | 21,975.4 | 24,953.1 | 25,329.2 | 24,667.2 | 25,448.2 | 25,455.1 | 25,778.4 | 25,671.8 | 25,694.4 | 25,093.9 |
| 10. Other items (net) | -3,719.9 | -6,797.2 | -7,026.4 | -8,839.4 | -8,439.2 | -7,738.2 | -9,799.1 | -9,507.8 | -9,572.7 | -9,300.3 | -8,890.9 | -7,946.1 |
| Total (1+2+3+4+5+6+7+8+9+10) | 85,309.3 | 93,326.4 | 93,251.5 | 109,949.1 | 115,167.2 | 116,672.4 | 125,113.3 | 142,605.6 | 145,803.7 | 146,260.4 | 145,273.4 | 144,983.6 |

^a The privatisation of Privredna banka Zagreb brought about a one-off decrease in its balance sheet total amount of HRK 2,759.4m. Loans in f/c to public enterprises diminished on the assets side and at the same time obligations to the Republic of Croatia arising from loans in f/c diminished on the liabilities side. Loans in f/c to public enterprises are listed under assets item "4.2 Claims on enterprises". Obligations to the Republic of Croatia arising from loans in f/c are listed under liabilities item "6. Central government and funds' deposits".

Table D1: Deposit Money Banks' Accounts

DMBs' Accounts include data on DMBs' claims and liabilities. DMBs' mutual claims and liabilities are consolidated. In September 1999, the data was revised to include savings banks. The whole data series was revised accordingly.

Required reserves held at the central bank include kuna and foreign exchange reserves. Kuna reserves include vault cash and kuna funds held in accounts at the central bank. Foreign exchange reserves include foreign exchange held in accounts at the central bank.

Foreign assets are the following forms of kuna and foreign currency claims on foreign legal and natural persons: foreign cash in vaults, deposits with foreign banks (including loro letters of credit and other 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. The main forms of claims on the central government are shown separately: bonds issued in accordance with the Law on Converting Households' Foreign Exchange Deposits into the Public Debt of the Republic of Croatia, and bonds issued in accordance with the Law on the Issue of Bonds for the Restructuring of the Economy of the Republic of Croatia.

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 other 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 other 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 obtained. Issued debt 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 debt and hybrid instruments, purchased by foreign investors, are also included in loans received. Central government and funds' deposits are all forms of DMBs' kuna and foreign currency liabilities (except restricted and blocked deposits) to the central government and funds.

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

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

Capital accounts are share capital, profit or loss for the current year, retained profit (loss), required reserves, reserves provided for by the articles of association, other capital reserves and provisions for identified and unidentified losses.

Other items (net) are unclassified liabilities decreased by unclassified assets.

In May 1999, bankruptcy proceedings have been initiated against several few banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' share in the DMBs' balance sheet total amounted to 5,701.4 million kuna. On the assets side, most significant were: Claims on enterprises (4,378.7 million kuna) and Claims on households (701.4 million kuna). On the liabilities side, most significant were: Foreign currency deposits (3,443.7 million kuna), Foreign liabilities (1,024.6 million kuna) and Capital accounts (854.6 million kuna). Beginning in July 1999, the total amount of provisions for identified losses is shown within the Capital accounts item. Data for June 1999 are comparable to data for July 1999 if Claims on other domestic sectors and Capital accounts are increased by 3,513.5 million kuna. Other items have been corrected by small amounts.

Tables: D2-D12

This group of tables (with the exception of Table D5) represents an elaborate presentation of appropriate items of claims and liabilities of DMBs' Accounts (Table D1).

Table D2: Deposit Money Banks' Foreign Assets

End of period, million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|---------------------------------|--------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Dec. | Jan. | Feb. | Mar. | Apr. |
| | 1. Foreign assets in f/c | 16,167.9 | 12,743.4 | 12,352.8 | 19,619.2 | 20,362.4 | 18,198.1 | 20,595.2 | 32,763.6 | 30,757.6 | 30,781.1 | 26,321.8 | 23,166.3 |
| 1.1. Claims on foreign banks | 15,425.6 | 11,980.5 | 11,598.5 | 19,154.9 | 19,721.6 | 16,959.6 | 19,643.7 | 31,660.3 | 29,603.4 | 29,466.8 | 25,055.2 | 21,979.0 |
| Foreign currencies | 850.4 | 586.9 | 886.7 | 1,002.8 | 771.9 | 1,008.7 | 1,137.2 | 7,324.7 | 1,870.2 | 1,655.8 | 1,760.3 | 1,079.0 |
| Demand deposits | 6,938.5 | 6,228.6 | 1,498.5 | 995.0 | 985.0 | 1,177.6 | 1,165.7 | 1,231.9 | 1,046.8 | 1,129.2 | 1,080.2 | 832.4 |
| Time and notice deposits | 7,010.9 | 4,637.1 | 8,509.4 | 16,286.7 | 16,778.9 | 14,003.2 | 16,561.5 | 21,765.2 | 25,088.2 | 24,741.1 | 20,236.6 | 18,058.2 |
| Securities | 88.6 | 51.1 | – | 454.9 | 760.1 | 490.0 | 467.9 | 1,008.5 | 1,262.3 | 1,611.1 | 1,646.0 | 1,680.7 |
| Loans and advances | 408.7 | 343.4 | 569.8 | 370.9 | 380.4 | 240.8 | 270.9 | 290.3 | 295.2 | 289.6 | 292.3 | 288.9 |
| Shares and participations | 128.4 | 133.5 | 134.1 | 44.6 | 45.3 | 39.4 | 40.6 | 39.7 | 40.7 | 40.0 | 39.8 | 39.8 |
| 1.2. Claims on foreign nonbanks | 742.4 | 762.9 | 754.3 | 464.3 | 640.7 | 1,238.4 | 951.5 | 1,103.3 | 1,154.3 | 1,314.3 | 1,266.6 | 1,187.4 |
| Claims on foreign governments | – | – | 399.9 | 137.8 | 244.6 | 603.0 | 528.4 | 596.2 | 611.4 | 713.6 | 683.5 | 683.1 |
| Claims on other nonresidents | 580.4 | 583.9 | 350.4 | 322.4 | 392.0 | 633.8 | 421.4 | 505.5 | 541.3 | 599.1 | 581.5 | 502.7 |
| Securities | 17.7 | 3.7 | 4.5 | – | – | 251.3 | – | 72.1 | 75.1 | 110.2 | 109.0 | 57.4 |
| Loans and advances | 562.7 | 580.2 | 345.9 | 322.4 | 392.0 | 382.5 | 421.4 | 433.4 | 466.1 | 488.9 | 472.5 | 445.3 |
| Shares and participations | 162.0 | 179.0 | 4.0 | 4.1 | 4.2 | 1.6 | 1.7 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 |
| 2. Foreign assets in kuna | 17.9 | 19.7 | 47.3 | 91.2 | 54.3 | 60.3 | 49.2 | 44.1 | 35.2 | 37.2 | 30.5 | 55.5 |
| 2.1. Claims on foreign banks | 3.6 | 3.1 | 16.6 | 66.1 | 40.8 | 46.7 | 35.8 | 29.2 | 22.7 | 24.8 | 19.9 | 19.9 |
| 2.2. Claims on foreign nonbanks | 14.3 | 16.6 | 30.6 | 25.1 | 13.5 | 13.6 | 13.3 | 14.8 | 12.5 | 12.4 | 10.6 | 35.6 |
| o/w: Loans and advances | 14.3 | 16.6 | 29.6 | 23.3 | 11.6 | 11.7 | 12.4 | 13.9 | 11.6 | 11.6 | 9.8 | 34.8 |
| Total (1+2) | 16,185.8 | 12,763.1 | 12,400.1 | 19,710.4 | 20,416.7 | 18,258.3 | 20,644.3 | 32,807.6 | 30,792.8 | 30,818.3 | 26,352.3 | 23,221.9 |

Table D2: Deposit Money Banks' Foreign Assets

This table shows DMBs' claims on foreign legal and natural persons.

Foreign assets of DMBs' comprise foreign assets in kuna and foreign currency.

Claims on foreign banks and Claims on foreign nonbanks (total and by financial instruments) are shown separately within both foreign as-

sets in kuna and in foreign currency.

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' Foreign assets amounted to 402.3 million kuna. Through June 1999, some households' f/c savings deposits were included in Demand deposits and f/c savings deposits.

Table D3: Deposit Money Banks' Claims on the Central Government and Funds

End of period, million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Bonds (c'part to blocked f/c savings deposits) | 6,714.4 | 5,802.3 | 5,419.9 | 4,484.4 | 4,036.4 | 3,847.7 | 3,472.7 | 3,420.1 | 3,513.5 | 2,962.8 | 2,948.8 | 2,953.0 |
| 2. Big bonds | 2,291.9 | 2,103.1 | 1,321.8 | 1,475.7 | 1,712.4 | 1,696.6 | 1,683.8 | 1,659.4 | 1,659.3 | 1,660.1 | 1,650.9 | 1,663.8 |
| 3. Other claims | 6,232.5 | 6,958.8 | 9,522.8 | 13,115.8 | 13,927.6 | 13,769.4 | 15,148.8 | 15,076.8 | 17,172.2 | 16,615.1 | 17,153.2 | 16,732.2 |
| 3.1. In kuna | 4,261.8 | 5,066.1 | 8,564.0 | 11,432.5 | 12,335.9 | 12,348.6 | 12,674.6 | 12,795.6 | 13,715.1 | 13,967.6 | 14,307.5 | 14,012.8 |
| 3.1.1. Claims on central government | 4,191.8 | 4,614.1 | 7,831.3 | 9,812.6 | 10,679.2 | 10,833.0 | 10,947.6 | 11,150.7 | 12,014.3 | 12,309.0 | 12,664.4 | 12,617.6 |
| Securities | 4,171.7 | 4,426.9 | 6,897.3 | 8,587.8 | 9,795.6 | 10,035.9 | 10,144.4 | 10,323.7 | 11,103.4 | 10,905.2 | 10,674.4 | 10,292.1 |
| Loans and advances | 20.1 | 187.2 | 934.0 | 1,224.9 | 883.6 | 797.1 | 803.1 | 826.9 | 910.8 | 1,403.8 | 1,990.0 | 2,325.4 |
| 3.1.2. Claims on central government funds | 70.0 | 452.0 | 732.7 | 1,619.9 | 1,656.7 | 1,515.7 | 1,727.0 | 1,644.9 | 1,700.8 | 1,658.7 | 1,643.1 | 1,395.2 |
| Securities | – | – | – | 647.8 | 622.1 | 591.5 | 669.8 | 656.5 | 699.2 | 681.6 | 682.1 | 646.5 |
| Loans and advances | 70.0 | 452.0 | 732.7 | 972.1 | 1,034.6 | 924.2 | 1,057.3 | 988.4 | 1,001.7 | 977.0 | 961.0 | 748.7 |
| 3.2. In f/c | 1,970.7 | 1,892.7 | 958.8 | 1,683.3 | 1,591.7 | 1,420.8 | 2,474.2 | 2,281.2 | 3,457.1 | 2,647.5 | 2,845.7 | 2,719.4 |
| 3.2.1. Claims on central government | 1,966.7 | 1,879.5 | 921.4 | 1,492.7 | 1,317.4 | 1,162.0 | 1,551.5 | 1,390.9 | 2,525.5 | 1,761.2 | 1,935.7 | 1,833.5 |
| Bonds | 1,172.5 | 1,182.2 | 518.1 | 869.2 | 666.8 | 538.7 | 878.6 | 1,065.5 | 1,534.3 | 1,377.3 | 1,555.2 | 1,459.2 |
| Loans and advances | 794.2 | 697.3 | 403.3 | 623.5 | 650.6 | 623.4 | 672.8 | 325.5 | 991.1 | 383.9 | 380.5 | 374.2 |
| 3.2.2. Claims on central government funds | 4.0 | 13.2 | 37.4 | 190.6 | 274.3 | 258.8 | 922.7 | 890.3 | 931.6 | 886.2 | 910.0 | 885.9 |
| Securities | 2.8 | 0.2 | 27.6 | 35.0 | 78.7 | 76.9 | 77.5 | 75.4 | 78.3 | 68.5 | 69.6 | 68.7 |
| Loans and advances | 1.3 | 13.0 | 9.8 | 155.5 | 195.6 | 181.9 | 845.3 | 814.8 | 853.3 | 817.8 | 840.4 | 817.3 |
| Total (1+2+3) | 15,238.8 | 14,864.2 | 16,264.4 | 19,076.0 | 19,676.4 | 19,313.7 | 20,305.3 | 20,156.3 | 22,345.0 | 21,238.1 | 21,752.8 | 21,349.0 |

Table D3: Deposit Money Banks' Claims on the Central Government and Funds

The table shows kuna and foreign currency DMBs' claims on the central government and funds.

Bonds arising from blocked foreign currency savings deposits are issued in accordance with the Law on Converting Households' Foreign Exchange Deposits into the Public Debt of the Republic of Croatia.

Big bonds are those issued in accordance with the Law on the Issue

of Bonds for the Restructuring of the Economy of the Republic of Croatia.

Other claims are all other DMBs' kuna and foreign currency claims on central government and funds: securities, loans and equities.

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' Claims on central government and funds amounted to 17.8 million kuna.

Table D4: Deposit Money Banks' Claims on Other Domestic Sectors

End of period, million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|--------------------------------|----------|----------|-------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. ^a | Dec. | Mar. | Jun. | Sep. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Claims in kuna | 40,149.5 | 50,509.7 | 48,336.4 | 53,739.5 | 57,600.1 | 60,484.1 | 64,138.2 | 66,626.8 | 68,814.9 | 68,740.8 | 70,267.6 | 72,327.9 |
| 1.1. Money market instruments | 81.5 | 101.8 | 365.7 | 231.9 | 237.8 | 402.4 | 491.3 | 544.7 | 569.4 | 588.8 | 619.7 | 645.5 |
| 1.2. Bonds | 1.7 | 0.7 | 0.0 | 1.0 | 1.0 | 2.3 | 8.3 | 7.7 | 70.6 | 126.5 | 124.5 | 168.1 |
| 1.3. Loans and advances | 35,971.2 | 45,956.0 | 44,505.1 | 49,566.8 | 53,820.2 | 56,561.0 | 60,170.1 | 62,180.6 | 64,558.0 | 64,389.1 | 65,820.6 | 67,653.7 |
| 1.4. Shares and participations | 4,095.2 | 4,451.3 | 3,465.5 | 3,939.8 | 3,541.1 | 3,518.4 | 3,468.4 | 3,893.8 | 3,616.9 | 3,636.4 | 3,702.8 | 3,860.7 |
| 2. Claims in f/c | 8,442.7 | 9,087.0 | 7,063.3 | 6,624.3 | 6,609.7 | 6,474.4 | 6,761.6 | 7,657.0 | 7,787.2 | 7,978.2 | 8,835.5 | 9,117.3 |
| 2.1. Securities | 0.6 | 0.6 | 74.9 | 112.4 | 32.6 | 63.1 | 61.6 | 126.6 | 131.2 | 129.1 | 201.6 | 396.8 |
| 2.2. Loans and advances | 8,442.1 | 9,086.3 | 6,988.5 | 6,512.0 | 6,577.0 | 6,411.2 | 6,700.1 | 7,530.5 | 7,656.1 | 7,849.1 | 8,633.9 | 8,720.5 |
| Total (1+2) | 48,592.2 | 59,596.7 | 55,399.7 | 60,363.9 | 64,209.8 | 66,958.5 | 70,899.8 | 74,283.8 | 76,602.1 | 76,719.0 | 79,103.2 | 81,445.2 |

^a Loans in f/c decreased by a one-off HRK 2,759.4m.

Table D4: Deposit Money Banks' Claims on Other Domestic Sectors

The table shows DMBs' kuna and foreign currency claims on other domestic sectors, classified according to financial instruments: money market instruments, bonds, loans and advances (including acceptances and purchased claims), and equities and arrears.

Until October 1994, foreign currency loans could be granted only when a DMB simultaneously borrowed abroad in their own name and for the account of the end-user.

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' Claims on other domestic sector amounted to 5,088.0 million kuna. Data for June 1999 are comparable with data for July 1999 if item Loans and advances under Claims in kuna is increased by 2,904.3 million kuna, item Shares and participations is decreased by 520.3 million kuna, and if item Loans and advances under Claims in f/c is increased by 1,129.4 million kuna.

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

End of period, million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|--|----------|----------|-------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. ^a | Dec. | Mar. | Jun. | Sep. | Dec. | Jan. | Feb. | Mar. | Apr. |
| LOANS IN KUNA | | | | | | | | | | | | |
| 1. Loans to central government and funds | 74.6 | 633.2 | 1,666.6 | 2,196.9 | 1,918.2 | 1,721.3 | 1,860.4 | 1,815.4 | 1,912.5 | 2,380.8 | 2,951.0 | 3,074.2 |
| 1.1. Loans to central government | 4.6 | 181.9 | 934.0 | 1,224.9 | 883.6 | 797.1 | 803.1 | 826.9 | 910.8 | 1,403.8 | 1,990.0 | 2,325.4 |
| 1.2. Loans to central government funds | 70.0 | 451.3 | 732.7 | 972.1 | 1,034.6 | 924.2 | 1,057.3 | 988.4 | 1,001.7 | 977.0 | 961.0 | 748.7 |
| 2. Loans to local governments and funds | 293.2 | 623.5 | 785.7 | 996.8 | 1,006.9 | 981.0 | 1,015.3 | 1,069.1 | 1,025.5 | 994.3 | 965.3 | 945.7 |
| 3. Loans to enterprises | 22,925.8 | 27,660.0 | 24,533.4 | 25,328.0 | 27,735.6 | 28,810.2 | 30,154.7 | 31,049.4 | 32,381.7 | 32,123.5 | 32,361.7 | 32,978.9 |
| 4. Loans to households | 12,752.2 | 17,672.5 | 19,186.1 | 23,242.1 | 25,077.7 | 26,769.9 | 29,000.1 | 30,062.1 | 31,150.9 | 31,271.3 | 32,493.6 | 33,729.1 |
| 5. Loans to other banking institutions | – | 0.4 | 31.3 | 33.5 | 32.0 | 32.8 | 38.5 | 34.7 | 40.4 | 43.2 | 34.6 | 22.4 |
| 6. Loans to other financial institutions | 166.6 | 114.2 | 138.6 | 105.5 | 138.7 | 220.3 | 165.1 | 240.9 | 294.7 | 264.3 | 320.5 | 319.3 |
| A. Total (1+2+3+4+5+6) | 36,212.4 | 46,703.7 | 46,341.6 | 51,902.8 | 55,909.1 | 58,535.3 | 62,234.1 | 64,271.6 | 66,805.7 | 67,077.4 | 69,126.8 | 71,069.5 |
| LOANS IN f/c | | | | | | | | | | | | |
| 1. Loans to central government and funds | 679.9 | 637.4 | 413.1 | 779.1 | 846.2 | 805.3 | 1,518.1 | 1,140.3 | 1,844.5 | 1,201.7 | 1,221.0 | 1,191.5 |
| 1.1. Loans to central government | 678.6 | 624.5 | 403.3 | 623.5 | 650.6 | 623.4 | 672.8 | 325.5 | 991.1 | 383.9 | 380.5 | 374.2 |
| 1.2. Loans to central government funds | 1.3 | 13.0 | 9.8 | 155.5 | 195.6 | 181.9 | 845.3 | 814.8 | 853.3 | 817.8 | 840.4 | 817.3 |
| 2. Loans to local governments and funds | 13.1 | 30.5 | 118.7 | 171.6 | 172.9 | 164.5 | 190.2 | 179.1 | 182.5 | 179.2 | 179.1 | 177.2 |
| 3. Loans to enterprises | 8,382.3 | 9,009.8 | 6,806.1 | 6,284.0 | 6,351.6 | 6,194.6 | 6,457.4 | 7,291.7 | 7,409.3 | 7,607.4 | 8,385.4 | 8,472.4 |
| 4. Loans to households | 46.8 | 46.0 | 63.7 | 56.3 | 52.5 | 52.1 | 52.4 | 59.7 | 64.2 | 62.5 | 69.4 | 70.9 |
| 5. Loans to other banking institutions | – | – | 1.7 | – | – | – | – | – | – | – | – | – |
| 6. Loans to other financial institutions | – | – | – | – | – | – | – | – | – | – | – | – |
| B. Total (1+2+3+4+5+6) | 9,122.0 | 9,723.8 | 7,403.2 | 7,291.0 | 7,423.2 | 7,216.6 | 8,218.1 | 8,670.7 | 9,500.6 | 9,050.8 | 9,854.9 | 9,912.0 |
| TOTAL (A+B) | 45,334.4 | 56,427.5 | 53,744.9 | 59,193.9 | 63,332.3 | 65,751.9 | 70,452.2 | 72,942.3 | 76,306.3 | 76,128.1 | 78,981.7 | 80,981.5 |

^a Loans in f/c to public enterprises decreased by a one-off HRK 2,759.4m.

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

The table shows data on kuna and foreign currency loans granted by DMBs to domestic sectors, including acceptances, financial leases, payments made on the basis of guarantees and similar instruments and purchased claims.

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' loans amounted to 4,463.3 million kuna. Data for June 1999 are comparable with data for July 1999 if total loans in kuna are increased by 2,972.6 million kuna, and total loans in f/c are increased by 840.9 million kuna.

Table D6: Demand Deposits with Deposit Money Banks

End of period, million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|---|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Local governments and funds | 484.2 | 514.3 | 314.7 | 573.6 | 590.0 | 547.1 | 856.1 | 907.0 | 811.3 | 918.0 | 1,014.8 | 1,396.3 |
| 2. Enterprises | 5,692.8 | 4,794.2 | 4,695.6 | 7,087.1 | 6,407.6 | 6,652.2 | 7,245.0 | 8,981.6 | 8,037.9 | 7,506.2 | 8,587.7 | 9,729.5 |
| 3. Households | 2,235.7 | 2,492.2 | 2,686.5 | 3,499.7 | 3,741.8 | 4,171.2 | 4,358.8 | 4,872.0 | 4,803.0 | 4,970.9 | 4,979.6 | 5,317.3 |
| 4. Other banking institutions | – | – | 6.9 | 11.6 | 11.1 | 12.1 | 14.0 | 17.0 | 20.0 | 28.4 | 25.7 | 37.1 |
| 5. Other financial institutions | 203.8 | 190.0 | 190.0 | 221.7 | 223.0 | 397.0 | 322.8 | 407.1 | 461.3 | 376.7 | 622.0 | 826.6 |
| 6. Less: Checks of other banks and checks in collection | -192.6 | -181.8 | -2.2 | -7.6 | -4.8 | -4.7 | -5.0 | -4.2 | -3.9 | -4.1 | -4.7 | -5.3 |
| Total (1+2+3+4+5+6) | 8,423.8 | 7,808.9 | 7,891.5 | 11,386.0 | 10,968.6 | 11,774.9 | 12,791.8 | 15,180.6 | 14,129.6 | 13,796.1 | 15,225.2 | 17,301.4 |

Table D6: Demand Deposits with Deposit Money Banks

The table shows demand deposits with DMBs, classified by domestic institutional sectors.

Demand deposits are the sum of other domestic sectors', other banking institutions' and other financial institutions' giro and current accounts balances, minus currency in the payment system (i.e. amount

of checks in banks' vaults and checks in collection). Banks' obligations arising from kuna payment instruments issued are included in the household sector.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, Demand deposits with those banks amounted to 259.3 million kuna.

Table D7: Time and Savings Deposits with Deposit Money Banks

End of period, million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Savings deposits | 1,115.7 | 1,117.5 | 1,371.4 | 1,676.1 | 1,642.6 | 1,729.1 | 1,825.0 | 2,006.8 | 2,053.7 | 2,041.9 | 1,916.8 | 1,980.5 |
| 1.1. Local governments and funds | – | – | 91.7 | 137.6 | 94.0 | 100.3 | 123.6 | 118.3 | 127.7 | 132.4 | 13.3 | 9.6 |
| 1.2. Enterprises | – | – | 92.1 | 142.4 | 115.4 | 109.0 | 80.8 | 88.0 | 104.2 | 87.2 | 105.2 | 93.5 |
| 1.3. Households | 1,115.7 | 1,117.5 | 1,167.3 | 1,348.3 | 1,413.3 | 1,495.8 | 1,592.0 | 1,712.2 | 1,728.4 | 1,779.4 | 1,780.9 | 1,797.5 |
| 1.4. Other banking institutions | – | – | 2.6 | 0.6 | 0.6 | 7.8 | 6.2 | 20.8 | 68.2 | 0.0 | 0.0 | 66.1 |
| 1.5. Other financial institutions | – | – | 17.8 | 47.2 | 19.3 | 16.1 | 22.4 | 67.5 | 25.2 | 42.9 | 17.3 | 14.0 |
| 2. Time and notice deposits | 4,483.2 | 4,566.3 | 4,026.2 | 5,975.0 | 7,308.4 | 7,191.3 | 7,054.0 | 8,206.3 | 8,868.5 | 8,742.7 | 8,709.9 | 8,720.0 |
| 2.1. Local governments and funds | 102.6 | 185.3 | 176.1 | 230.7 | 286.3 | 306.2 | 339.9 | 340.7 | 374.5 | 382.2 | 409.9 | 402.3 |
| 2.2. Enterprises | 1,785.0 | 1,569.2 | 1,417.0 | 2,871.4 | 3,800.9 | 3,407.4 | 3,101.1 | 3,618.3 | 4,088.1 | 3,858.7 | 3,853.4 | 3,817.4 |
| 2.3. Households | 1,962.1 | 1,998.7 | 1,531.7 | 1,789.8 | 2,085.6 | 2,225.2 | 2,238.4 | 2,554.1 | 2,697.8 | 2,767.2 | 2,803.2 | 2,886.0 |
| 2.4. Other banking institutions | – | – | 33.5 | 20.8 | 27.0 | 33.9 | 40.9 | 24.7 | 24.5 | 18.5 | 14.5 | 7.1 |
| 2.5. Other financial institutions | 633.6 | 813.1 | 867.8 | 1,062.2 | 1,108.6 | 1,218.6 | 1,333.8 | 1,668.5 | 1,683.7 | 1,716.1 | 1,628.9 | 1,607.3 |
| Total (1+2) | 5,598.9 | 5,683.8 | 5,397.5 | 7,651.1 | 8,951.0 | 8,920.3 | 8,879.1 | 10,213.1 | 10,922.3 | 10,784.6 | 10,626.7 | 10,700.5 |

Table D7: Time and Savings Deposits with Deposit Money Banks

The table shows Kuna savings and time deposits by other domestic sectors, other banking institutions and other financial institutions with DMBs.

In May 1999, bankruptcy proceedings have been initiated against

several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, Time and savings deposits with those banks amounted to 323.7 million kuna. In July 1999, certain deposits of local government, enterprises, other banking institutions and other financial institutions were reclassified from savings to time deposits.

Table D8: Foreign Currency Deposits with Deposit Money Banks

End of period, million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|-----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Savings deposits | 10,750.3 | 12,140.3 | 12,228.1 | 14,566.3 | 14,895.1 | 15,265.7 | 17,542.7 | 23,748.8 | 24,212.3 | 23,200.6 | 21,658.3 | 20,767.1 |
| 1.1. Local governments and funds | 111.7 | 19.5 | 29.5 | 16.8 | 15.8 | 19.3 | 22.6 | 13.2 | 18.8 | 13.0 | 16.2 | 16.2 |
| 1.2. Enterprises | 1,969.4 | 2,091.9 | 1,842.6 | 2,408.0 | 2,450.7 | 2,777.0 | 3,131.0 | 2,884.2 | 3,249.3 | 2,971.2 | 2,819.3 | 2,838.8 |
| 1.3. Households | 8,616.2 | 9,976.4 | 10,256.6 | 12,041.5 | 12,319.5 | 12,261.4 | 14,237.3 | 20,688.3 | 20,736.5 | 20,079.5 | 18,721.1 | 17,797.9 |
| 1.4. Other banking institutions | – | – | 6.4 | 10.3 | 11.1 | 13.1 | 22.6 | 23.9 | 21.9 | 25.0 | 18.3 | 17.2 |
| 1.5. Other financial institutions | 52.9 | 52.5 | 93.0 | 89.8 | 98.1 | 194.9 | 129.2 | 139.2 | 185.8 | 111.9 | 83.4 | 97.0 |
| 2. Time deposits | 20,527.8 | 25,830.6 | 24,737.9 | 32,335.3 | 35,811.3 | 35,944.6 | 41,119.7 | 48,088.1 | 50,685.4 | 50,417.6 | 49,280.6 | 48,104.9 |
| 2.1. Local governments and funds | – | – | 15.5 | 8.2 | 4.7 | 3.0 | 1.4 | 1.7 | 1.8 | 5.7 | 9.7 | 9.7 |
| 2.2. Enterprises | 1,457.2 | 1,579.4 | 1,442.3 | 2,753.1 | 2,936.9 | 3,053.8 | 4,710.8 | 4,619.1 | 4,814.3 | 4,959.6 | 5,040.9 | 4,868.2 |
| 2.3. Households | 18,849.8 | 23,994.7 | 22,957.7 | 29,097.2 | 32,266.8 | 32,321.6 | 35,660.5 | 42,705.4 | 44,936.5 | 44,646.2 | 43,324.6 | 42,454.2 |
| 2.4. Other banking institutions | – | – | 2.5 | 4.2 | 9.3 | 4.3 | 5.8 | 11.5 | 11.7 | 5.9 | 9.4 | 12.5 |
| 2.5. Other financial institutions | 220.8 | 256.5 | 320.0 | 472.7 | 593.6 | 561.9 | 741.3 | 750.3 | 921.1 | 800.3 | 896.0 | 760.2 |
| Total (1+2) | 31,278.1 | 37,970.9 | 36,966.0 | 46,901.6 | 50,706.4 | 51,210.3 | 58,662.4 | 71,836.9 | 74,897.7 | 73,618.2 | 70,938.8 | 68,872.0 |

Table D8: Foreign Currency Deposits with Deposit Money Banks

The table shows foreign currency savings and time deposits by other domestic sectors, other banking institutions and other financial institutions with DMBs. 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.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, Foreign currency deposits with those banks amounted to 3,443.7 million kuna.

Table D9: Bonds and Money Market Instruments

End of period, million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Money market instruments (net) | 7.0 | 4.5 | 1.4 | – | – | – | – | – | – | – | – | – |
| 2. Bonds (net) | 19.1 | 24.1 | 384.1 | 353.5 | 310.8 | 281.4 | 279.9 | 104.4 | 107.8 | 105.5 | 103.4 | 105.1 |
| 3. Other domestic borrowing | 107.5 | 125.6 | 51.2 | 124.7 | 141.1 | 212.8 | 237.8 | 213.4 | 321.3 | 510.7 | 201.0 | 237.1 |
| 3.1. Local governments and funds | 0.0 | 0.0 | – | – | – | – | – | – | – | – | – | – |
| 3.2. Enterprises | 29.9 | 22.5 | 13.7 | 15.2 | 47.2 | 45.0 | 82.4 | 158.1 | 196.3 | 204.0 | 45.8 | 45.2 |
| 3.3. Other banking institutions | – | 54.2 | 15.7 | 1.3 | 2.4 | 4.5 | 8.5 | 4.6 | 4.8 | 5.1 | 4.8 | 3.6 |
| 3.4. Other financial institutions | 77.6 | 48.9 | 21.8 | 108.2 | 91.5 | 163.3 | 146.9 | 50.7 | 120.2 | 301.6 | 150.4 | 188.3 |
| Total (1+2+3) | 133.6 | 154.1 | 436.8 | 478.2 | 451.9 | 494.2 | 517.7 | 317.8 | 429.1 | 616.2 | 304.4 | 342.1 |

Table D9: Bonds and Money Market Instruments

The table shows DMBs' liabilities for securities issued (net) and loans received from other domestic sectors, other banking institutions and other financial institutions.

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

Bonds (net) comprise DMBs' net liabilities for kuna and foreign currency bonds issued, as well as issued debt and hybrid instruments, ex-

cluding those purchased by foreign investors.

Other domestic borrowing comprises loans received, reported total and classified by institutional sectors.

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' Bonds and Money market instruments amounted to 9 million kuna. In July 1999, certain debt and hybrid instruments were reclassified from Time and notice deposits to Bonds (net). The amount reclassified was 3,513.5 million kuna.

Table D10: Deposit Money Banks' Foreign Liabilities

End of period, million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|--------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Foreign liabilities in f/c | 13,540.1 | 15,878.2 | 17,066.0 | 17,669.8 | 18,465.1 | 19,159.0 | 20,904.1 | 21,692.7 | 22,129.4 | 22,156.2 | 22,109.0 | 22,320.2 |
| 1.1. Liabilities to foreign banks | 8,979.3 | 10,557.0 | 11,525.4 | 11,957.6 | 13,643.2 | 14,474.3 | 15,947.1 | 16,407.4 | 16,617.9 | 16,678.8 | 16,644.2 | 16,904.0 |
| Demand deposits | 300.9 | 242.3 | 157.1 | 176.3 | 121.0 | 124.1 | 132.2 | 147.1 | 121.0 | 95.5 | 113.2 | 95.8 |
| Time and notice deposits | 2,365.5 | 411.5 | 1,267.0 | 345.9 | 981.1 | 1,335.9 | 848.6 | 1,208.3 | 1,295.5 | 1,470.2 | 1,677.4 | 2,543.2 |
| Loans and advances | 6,313.0 | 9,903.2 | 10,101.2 | 11,435.4 | 12,541.1 | 13,014.4 | 14,966.3 | 15,052.1 | 15,201.4 | 15,113.2 | 14,853.6 | 14,265.1 |
| 1.2. Liabilities to foreign nonbanks | 4,560.8 | 5,321.2 | 5,540.7 | 5,712.2 | 4,821.9 | 4,684.8 | 4,957.0 | 5,285.2 | 5,511.5 | 5,477.4 | 5,464.8 | 5,416.1 |
| Savings and time deposits | 2,056.8 | 2,892.6 | 2,545.9 | 2,868.1 | 3,195.2 | 3,131.7 | 3,416.1 | 3,777.8 | 3,990.1 | 3,981.2 | 3,977.1 | 3,941.3 |
| Sight deposits | 608.4 | 620.5 | 754.0 | 745.5 | 821.6 | 759.5 | 813.5 | 873.7 | 911.9 | 902.2 | 925.9 | 901.4 |
| Time and notice deposits | 1,448.4 | 2,272.1 | 1,791.9 | 2,122.6 | 2,373.6 | 2,372.2 | 2,602.6 | 2,904.1 | 3,078.2 | 3,079.0 | 3,051.2 | 3,039.8 |
| Loans and advances | 2,504.0 | 2,428.6 | 2,994.8 | 2,844.1 | 1,626.7 | 1,553.1 | 1,540.9 | 1,507.4 | 1,521.4 | 1,496.3 | 1,487.7 | 1,474.9 |
| 2. Foreign liabilities in kuna | 266.9 | 298.6 | 143.1 | 140.0 | 150.9 | 234.5 | 174.7 | 165.1 | 157.4 | 144.1 | 1,035.1 | 217.9 |
| 2.1. Liabilities to foreign banks | 187.1 | 156.3 | 65.0 | 37.0 | 41.2 | 116.0 | 67.9 | 46.9 | 59.4 | 46.4 | 949.4 | 126.6 |
| Demand deposits | 52.3 | 70.5 | 52.6 | 14.4 | 13.1 | 37.5 | 44.0 | 38.2 | 39.6 | 39.9 | 50.7 | 112.5 |
| Time and notice deposits | 128.4 | 85.8 | 11.7 | 22.0 | 23.6 | 71.9 | 20.0 | 4.2 | 14.5 | 4.6 | 880.4 | 12.7 |
| Loans and advances | 6.4 | – | 0.7 | 0.7 | 4.6 | 6.6 | 3.9 | 4.5 | 5.4 | 2.0 | 18.3 | 1.5 |
| 2.2. Liabilities to foreign nonbanks | 79.9 | 142.3 | 78.1 | 103.0 | 109.6 | 118.5 | 106.8 | 118.2 | 98.0 | 97.7 | 85.7 | 91.3 |
| Demand deposits | 42.0 | 41.0 | 42.1 | 50.8 | 57.1 | 70.8 | 59.8 | 60.1 | 57.7 | 57.9 | 53.2 | 58.9 |
| Time and notice deposits | 33.1 | 96.1 | 35.9 | 52.2 | 52.5 | 47.7 | 47.0 | 58.1 | 40.2 | 39.8 | 32.5 | 32.4 |
| Loans and advances | 4.8 | 5.2 | 0.1 | – | – | – | – | – | – | – | – | – |
| Total (1+2) | 13,807.1 | 16,176.8 | 17,209.1 | 17,809.7 | 18,616.0 | 19,393.6 | 21,078.8 | 21,857.8 | 22,286.8 | 22,300.4 | 23,144.1 | 22,538.1 |

Table D10: Deposit Money Banks' Foreign Liabilities

The table shows DMBs' 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.

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

Within foreign kuna and foreign currency liabilities, liabilities to for-

ign banks are reported separately from liabilities to foreign nonbanks (total and by financial instruments). Within foreign liabilities in f/c, loans and advances also include issued debt and hybrid instruments purchased by foreign investors.

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' Foreign liabilities amounted to 1,024.6 million kuna.

Table D11: Central Government and Funds' Deposits with Deposit Money Banks

End of period, million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|---|---------|---------|-------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Dec. | Dec. | Dec. ^a | Dec. | Mar. | Jun. | Sep. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. In kuna | 2,386.3 | 3,033.3 | 3,269.6 | 3,073.3 | 3,049.6 | 2,941.0 | 3,180.3 | 3,335.1 | 3,386.3 | 3,651.9 | 3,685.8 | 3,759.2 |
| 1.1. Central government deposits | 82.1 | 130.1 | 330.9 | 430.0 | 469.8 | 366.0 | 286.6 | 295.9 | 272.4 | 443.7 | 583.0 | 711.1 |
| Demand deposits | 31.7 | 4.5 | 74.7 | 116.7 | 87.2 | 21.7 | 22.6 | 33.9 | 23.0 | 106.8 | 249.3 | 397.2 |
| Savings deposits | – | – | 15.9 | 26.1 | 43.4 | 35.1 | 41.8 | 41.6 | 34.1 | 38.1 | 33.3 | 17.3 |
| Time and notice deposits | 21.7 | 100.4 | 202.3 | 259.5 | 311.4 | 281.2 | 194.2 | 217.6 | 212.1 | 295.9 | 297.6 | 293.7 |
| Loans and advances | 28.7 | 25.2 | 38.1 | 27.7 | 27.9 | 28.0 | 28.0 | 2.8 | 3.2 | 2.9 | 2.9 | 2.9 |
| 1.2. Central government funds' deposits | 2,304.2 | 2,903.2 | 2,938.8 | 2,643.3 | 2,579.8 | 2,574.9 | 2,893.7 | 3,039.2 | 3,113.9 | 3,208.2 | 3,102.8 | 3,048.1 |
| Demand deposits | 85.7 | 83.0 | 40.6 | 116.9 | 26.3 | 144.6 | 268.5 | 214.6 | 188.7 | 263.0 | 156.2 | 201.1 |
| Savings deposits | – | – | 4.5 | 15.2 | 6.5 | 6.8 | 5.0 | 10.8 | 7.1 | 7.7 | 7.6 | 0.0 |
| Time and notice deposits | 19.4 | 33.9 | 57.2 | 32.6 | 78.6 | 96.0 | 126.1 | 195.2 | 233.0 | 250.0 | 232.2 | 240.0 |
| Loans and advances | 2,199.1 | 2,786.4 | 2,836.5 | 2,478.6 | 2,468.5 | 2,327.6 | 2,494.2 | 2,618.6 | 2,685.1 | 2,687.5 | 2,706.7 | 2,607.0 |
| 2. In f/c | 4,488.4 | 4,265.0 | 2,559.0 | 3,657.1 | 3,192.2 | 2,583.9 | 2,377.5 | 2,299.6 | 2,229.1 | 2,878.1 | 2,205.0 | 2,444.7 |
| 2.1. Central government deposits | 4,483.7 | 4,249.5 | 2,497.6 | 3,622.6 | 3,171.8 | 2,538.7 | 2,331.6 | 2,275.0 | 2,187.9 | 2,835.9 | 2,146.8 | 2,383.9 |
| Savings deposits | 160.1 | 83.2 | 59.1 | 1,256.1 | 460.4 | 381.2 | 404.9 | 329.8 | 296.5 | 433.9 | 311.8 | 613.9 |
| Time and notice deposits | 0.1 | 0.1 | 10.5 | 27.0 | 591.8 | 56.4 | 60.2 | 55.8 | 57.3 | 597.4 | 52.6 | 52.6 |
| Refinanced loans and advances | 4,323.5 | 4,166.2 | 2,428.0 | 2,339.4 | 2,119.6 | 2,101.2 | 1,866.4 | 1,889.5 | 1,834.1 | 1,804.6 | 1,782.4 | 1,717.5 |
| 2.2. Central government funds' deposits | 4.7 | 15.5 | 61.4 | 34.6 | 20.4 | 45.2 | 45.9 | 24.5 | 41.2 | 42.3 | 58.2 | 60.8 |
| Savings deposits | 4.7 | 8.0 | 55.2 | 25.0 | 14.4 | 38.1 | 39.9 | 22.9 | 41.2 | 42.3 | 56.9 | 60.8 |
| Time and notice deposits | – | 7.5 | 6.1 | 9.5 | 6.0 | 7.1 | 6.0 | 1.6 | 0.0 | – | 1.4 | – |
| Total (1+2) | 6,874.7 | 7,298.3 | 5,828.6 | 6,730.5 | 6,241.8 | 5,524.8 | 5,557.9 | 5,634.7 | 5,615.4 | 6,530.0 | 5,890.8 | 6,203.9 |

^a Refinanced loans and advances decreased by a one-off HRK 2,759.4m.

Table D11: Central Government and Funds' Deposits with Deposit Money Banks

The table reports total DMBs' 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 DMBs.

Kuna and foreign currency deposits by the Republic of Croatia and central government funds are shown separately. Kuna deposits com-

prise demand deposits, savings deposits, kuna time and notice deposits, and kuna loans obtained from the central government and funds. Foreign currency deposits comprise foreign currency sight deposits, as well as savings deposits, foreign currency time and notice deposits.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, Central government and funds deposits with those banks amounted to 193.5 million kuna.

Table D12: Restricted and Blocked Deposits with Deposit Money Banks

End of period, million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Restricted deposits | 1,199.4 | 700.6 | 691.4 | 854.4 | 853.3 | 828.8 | 944.4 | 830.6 | 690.2 | 631.9 | 1,212.7 | 1,347.7 |
| 1.1. In kuna | 260.9 | 202.5 | 81.8 | 131.6 | 100.1 | 105.2 | 86.3 | 100.3 | 101.2 | 116.9 | 393.7 | 755.6 |
| 1.2. In f/c | 938.5 | 498.0 | 609.7 | 722.8 | 753.2 | 723.6 | 858.1 | 730.3 | 589.0 | 515.0 | 819.0 | 592.2 |
| 2. Blocked f/c deposits | 4,652.9 | 3,495.5 | 2,742.7 | 1,695.1 | 1,465.5 | 1,371.0 | 1,015.4 | 770.2 | 610.4 | 564.9 | 538.6 | 513.2 |
| 2.1. Central government | 69.9 | 74.0 | – | – | – | – | – | – | – | – | – | – |
| 2.2. Enterprises | 9.1 | 2.4 | – | – | – | – | – | – | – | – | – | – |
| 2.3. Households | 4,573.8 | 3,419.1 | 2,742.7 | 1,695.1 | 1,465.5 | 1,371.0 | 1,015.4 | 770.2 | 610.4 | 564.9 | 538.6 | 513.2 |
| Total (1+2) | 5,852.3 | 4,196.0 | 3,434.2 | 2,549.6 | 2,318.8 | 2,199.7 | 1,959.8 | 1,600.8 | 1,300.6 | 1,196.8 | 1,751.3 | 1,861.0 |

Table D12: Restricted and Blocked Deposits with Deposit Money Banks

The table shows restricted and blocked deposits by the central government and funds, other domestic sectors, other banking institutions, other financial institutions and foreign legal and natural persons with DMBs.

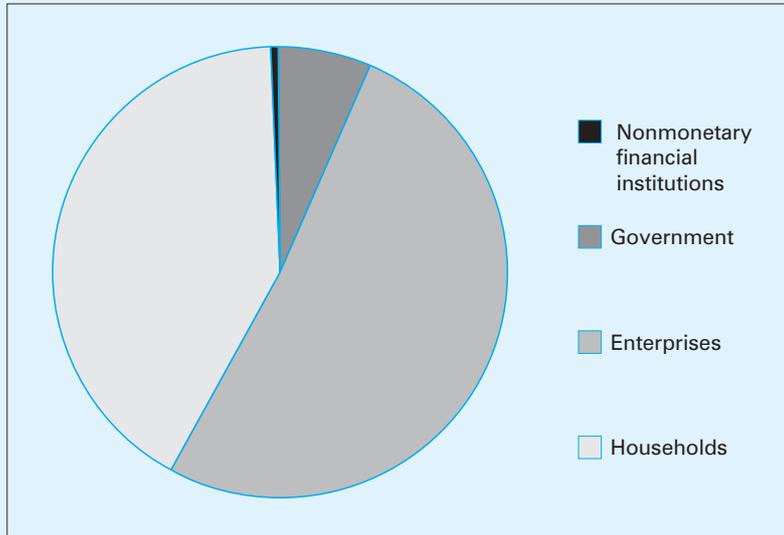
Restricted and blocked deposits include two categories of deposits: restricted (kuna and foreign currency) deposits and blocked foreign currency deposits.

Blocked foreign currency deposits include households' foreign currency deposits regulated by the Law on Converting Households' Foreign Exchange Deposits into the Public Debt of the Republic of Croatia.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, Restricted and blocked deposits with those banks amounted to 39.9 million kuna. In July 1999, data on blocked deposits of the central government and of enterprises were revised.

Figure D1

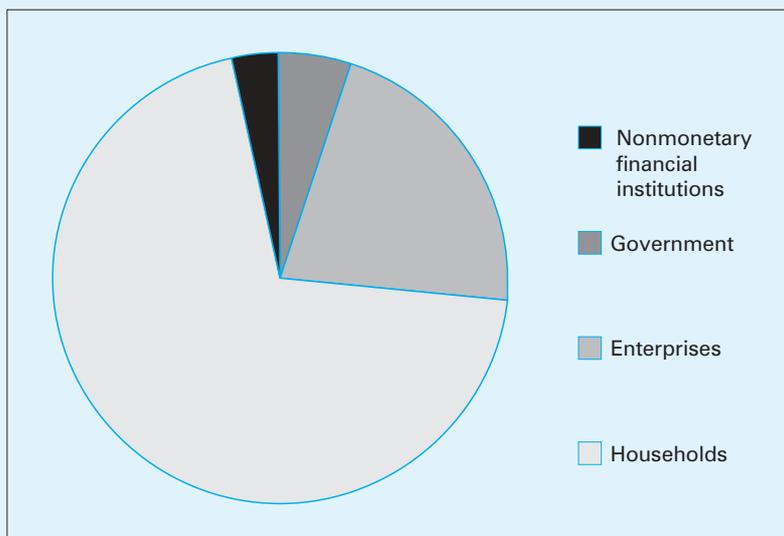
**DISTRIBUTION OF DEPOSIT MONEY BANKS' LOANS
BY DOMESTIC INSTITUTIONAL SECTORS**



April 2002

Figure D2

**DISTRIBUTION OF DEPOSIT MONEY BANKS' DEPOSITS
BY DOMESTIC INSTITUTIONAL SECTORS**



April 2002

Note:
Sector "Government" includes the central government and funds and local government and funds.
Sector "Nonmonetary financial institutions" includes other banking institutions and other financial institutions.

Table E1: Housing Savings Banks' Accounts

End of Period, million kuna

| | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|---|-------|-------|-------|-------|-------|-------|---------|---------|---------|---------|---------|
| | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Dec. | Jan. | Feb. | Mar. | Apr. |
| ASSETS | | | | | | | | | | | |
| 1. Reserves with the CNB | 2.4 | 8.6 | 7.6 | 4.7 | 10.1 | 4.8 | 15.5 | 5.2 | 10.8 | 4.0 | 4.7 |
| 2. Claims on central government and funds | 49.7 | 81.4 | 497.6 | 621.1 | 706.0 | 889.4 | 1,208.8 | 1,266.1 | 1,270.0 | 1,310.3 | 1,333.4 |
| 3. Claims on other domestic sectors | – | 5.3 | 1.1 | 3.0 | 5.5 | 8.3 | 11.6 | 14.8 | 19.7 | 25.0 | 32.1 |
| o/w: Claims on households | – | – | 0.6 | 3.0 | 5.5 | 8.3 | 11.6 | 14.8 | 19.7 | 25.0 | 32.1 |
| 4. Claims on banks | 54.2 | 57.0 | 7.6 | 10.4 | 14.5 | 26.4 | 18.1 | 19.6 | 15.9 | 15.1 | 8.9 |
| 5. Claims on other banking institutions | – | – | – | – | – | 0.2 | – | – | – | – | – |
| Total (1+2+3+4+5) | 106.3 | 152.3 | 513.8 | 639.2 | 736.1 | 929.1 | 1,254.0 | 1,305.6 | 1,316.3 | 1,354.5 | 1,379.1 |
| LIABILITIES | | | | | | | | | | | |
| 1. Time deposits | 8.7 | 87.6 | 437.8 | 539.9 | 624.2 | 822.3 | 1,137.5 | 1,204.1 | 1,216.5 | 1,253.8 | 1,287.6 |
| 2. Bonds and money market instruments | 0.4 | – | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 11.2 |
| 3. Capital accounts | 108.3 | 117.4 | 112.5 | 113.6 | 125.5 | 121.2 | 124.0 | 122.1 | 119.9 | 120.3 | 117.4 |
| 4. Other items (net) | –11.0 | –52.7 | –46.5 | –24.2 | –23.6 | –24.4 | –17.5 | –30.6 | –30.1 | –29.7 | –37.1 |
| Total (1+2+3+4) | 106.3 | 152.3 | 513.8 | 639.2 | 736.1 | 929.1 | 1,254.0 | 1,305.6 | 1,316.3 | 1,354.5 | 1,379.1 |

Table E1: Housing Savings Banks' Accounts

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

Housing savings banks' required reserves held at the central bank include kuna vault cash and 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 extended to banks, as well as depos-

its 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 obtained.

Capital accounts include share capital, profit or loss for the current year, retained profit (loss), required reserves, reserves provided for by the articles of association, other capital reserves and provisions for identified and 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 | Credit rates | | | | | | |
|------|-----------|-------------------|--------------------|-------------------------|---------------------------------|---------------------------------|--|---|------------|
| | | | On lombard credits | On intervention credits | On intra-day refinance facility | On short-term liquidity credits | On advances on the account of statutory reserves | On inaccurately calculated statutory reserves | On arrears |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1992 | December | 1,889.39 | 2,840.09 | – | 6,881.51 | – | 4,191.93 | 6,881.51 | 4,191.93 |
| 1993 | December | 34.49 | 46.78 | – | 289.60 | – | 101.22 | 289.60 | 166.17 |
| 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 | January | 5.90 | 12.00 | 18.00 | – | 13.00 | – | 18.00 | 18.00 |
| | February | 5.90 | 12.00 | 18.00 | – | 13.00 | – | 18.00 | 18.00 |
| | March | 5.90 | 9.50 ^a | 18.00 | – | 10.50 | – | 18.00 | 18.00 |
| | April | 5.90 | 9.50 | 18.00 | – | 10.50 | – | 18.00 | 18.00 |
| | May | 5.90 | 9.50 | 18.00 | – | 10.50 | – | 18.00 | 18.00 |
| | June | 5.90 | 9.50 | 18.00 | – | 10.50 | – | 18.00 | 18.00 |
| | July | 5.90 | 9.50 | 18.00 | – | 10.50 | – | 18.00 | 18.00 |
| | August | 5.90 | 9.50 | – | – | 10.50 | – | 18.00 | 18.00 |
| | September | 5.90 | 10.50 ^b | – | – | 11.50 | – | 18.00 | 18.00 |
| | October | 5.90 | 10.50 | – | – | 11.50 | – | 18.00 | 18.00 |
| | November | 5.90 | 10.00 ^c | – | – | 11.00 | – | 15.00 ^c | 18.00 |
| | December | 5.90 | 10.00 | – | – | 11.00 | – | 15.00 | 18.00 |
| 2002 | January | 5.90 | 10.00 | – | – | 11.00 | – | 15.00 | 18.00 |
| | February | 5.90 | 10.00 | – | – | 11.00 | – | 15.00 | 18.00 |
| | March | 5.90 | 10.00 | – | – | 11.00 | – | 15.00 | 18.00 |
| | April | 5.90 | 9.50 ^d | – | – | 10.50 | – | 15.00 | 18.00 |

^a Since 14 March 2001. ^b Since 15 September 2001. ^c Since 22 November 2001. ^d Since 24 April 2002.

Table F1: Credit Rates of the Croatian National Bank

The table shows interest rates used by the CNB to calculate and charge interest on loans and on all other claims.

Credit rates of the CNB are being set by special decisions of the Council of the Croatian National Bank, on annual basis. Exceptionally, from June 1995 to September 11, 1996 interest rate charged by the CNB on lombard credits was 1.5 percentage point 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 weighted average interest rate on lombard credits. Interest rate in September 1996 is calculated as the weighted average of interest rate applied in the first 10 days of September 1996 (according to the regime mentioned above) and fixed interest rate applied since September 11, 1996.

Time series presented in the table contain certain breaks, due to changes in CNB's monetary policy instruments. Consequently, until November 1994, column 4 shows interest rates on regular credits for maintenance of day-to-day liquidity, which were granted based on securities portfolio, and from December 1994 onwards, interest rates on lombard credits.

Furthermore, data shown in column 6 refer, until September 1994, to interest rates on special credits for savings deposits' payments and for payments from households' current accounts, and from October 1994 until September 1997 to interest rates on daily credits for savings deposits and households' current accounts in kuna. Daily credits, as opposed to special credits, are paid back on the same day. In October 1997, this instrument was replaced by daily credits for overcoming

short-term liquidity problems that are collateralized by CNB bills. Since December 1998 until April 1999, this credit is incorporated in lombard credit, applying different interest rate for its usage within one day.

Data shown in column 7 refer, until December 1994, to interest rate on initial credits, and since March 18, 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. Since December 1999, 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.

Interest rates reported in column 8 refer to the use of statutory reserves, which was being used by banks (in prescribed percentage) to maintain day-to-day liquidity until September 1994. Interest rates paid until September 1994 on the use of statutory reserve funds in amount above prescribed and/or for longer period than allowed are shown in column 9. Since October 1994, interest rates paid on the use of statutory reserve funds are the same as those used for any other failure to fulfill financial obligations, in accordance with the late interest regulations (shown in column 10).

Until June 1994, the same interest rate was applied to funds used above amounts available on giro accounts and to inaccurately calculated or under-appropriated statutory reserves (reported in column 9). From July to September 1994, interest rate applied to the use of those funds from the primary issue was 21%, and since October 1994, the same interest rates have been applied as for other failures to fulfill financial obligations, shown in column 10.

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 | | | | Interest rates on f/c CNB bills on a voluntary basis | | | |
|------|-----------|--|--|--|----------------|----------------|-----------------|--|----------------|-----------------|-----------------|
| | | | | Due in 7 days | Due in 35 days | Due in 70 days | Due in 105 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 |
| 1992 | December | 367.60 | 556.66 | 1,057.67 | 1,889.39 | – | – | – | – | – | – |
| 1993 | December | 0.00 | – | 67.84 | 63.08 | 97.38 | – | – | – | – | – |
| 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 | January | 4.50 | – | – | 6.64 | 6.99 | 7.70 | 4.96 | 5.22 | – | – |
| | February | 4.50 | – | – | 6.63 | 6.90 | – | 4.95 | 5.18 | – | – |
| | March | 3.70 ^b | – | – | 6.61 | 6.80 | 7.00 | 4.68 | 4.77 | – | – |
| | April | 3.70 | – | – | 6.36 | 6.73 | 6.95 | 4.52 | 4.38 | – | – |
| | May | 3.70 | – | – | 6.34 | 6.72 | 6.93 | 4.26 | 4.26 | – | – |
| | June | 3.70 | – | – | 5.48 | 5.87 | 6.30 | 3.98 | 4.17 | – | – |
| | July | 3.50 ^c | – | – | – | – | – | 3.98 | 4.27 | – | – |
| | August | 3.50 | – | – | 4.06 | 4.80 | 5.34 | 3.91 | 4.12 | – | – |
| | September | 2.00 ^d | – | – | 5.00 | 5.50 | 6.00 | 3.47 | 4.08 | – | – |
| | October | 2.00 | – | – | 4.99 | 5.92 | 6.16 | 3.05 | 3.09 | – | – |
| | November | 2.00 | – | – | 4.53 | 4.97 | 5.51 | 2.96 | 3.19 | – | – |
| | December | 2.00 | – | – | 3.36 | 4.26 | 4.85 | 2.62 | 3.06 | – | – |
| 2002 | January | 2.00 | – | – | 3.72 | 4.16 | 4.78 | 2.86 | 3.04 | – | – |
| | February | 2.00 | – | – | 3.41 | 4.05 | 4.37 | 2.53 | 3.10 | – | – |
| | March | 2.00 | – | – | – | – | – | 2.78 | 3.18 | 2.15 | 2.82 |
| | April | 1.75 ^d | – | – | 3.03 | 3.79 | 4.35 | 2.50 | 3.09 | – | 3.29 |

^a Since 8 November 2000. ^b Since 9 July 2001. ^c Since 15 September 2001. ^d Since 24 April 2002.

Table F2: Deposit Rates of the Croatian National Bank

The table shows interest rates paid by the CNB on funds deposited with the CNB as well as on securities issued.

Interest rates paid by the CNB for appropriated statutory reserve funds are being set by the Council of the CNB. Until 7 October 1993, the CNB was setting different exchange rates for statutory reserve funds based on savings and time deposits. Therefore, for that period the table reports the weighted average interest rate on appropriated statutory reserve funds (column 3). From October 8, 1993 until the end of February 1994, the CNB paid no interest on appropriated statutory reserve funds, and since March 1994, uniform rate has been applied to these funds.

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

Until October 1993, interest rates on CNB bills on a voluntary basis were also set by the Council of the CNB, while since November 1993, they have been set at CNB bills' auction sales. Congruently, since November 1993, columns 5, 6 and 7 report weighted average interest rates attained at auctions of CNB bills.

Until October 1994, interest rates on CNB bills on a voluntary basis due in 30 and 90 days are reported in columns 6 and 7, respectively. From November 1994 through January 2001, columns 7 and 9 report interest rates on CNB bills on a voluntary basis due in 91 and 182 days, respectively.

Since April 1998 columns 9, 10, 11 report weighted average interest rates of CNB bills on a voluntary basis in EUR and USD (until December 1998 in DEM and USD), due in 63, 91, 182 and 365 days attained at CNB bills' auctions as a weighted average of subscribed amounts in those two currencies.

Table F3: Deposit Money Banks' Reserve Requirements

Daily averages and percentages, million kuna and %

| Year | Month | Reserve requirement (RR) | Weighted average RR in % of res. base | Statutory reserves deposited with the CNB | Statutory reserves deposited with the CNB in % of RR | Other deposits with the CNB on obligatory basis | Total reserve requirement | Total reserve requirement in % of res. base | Weighted avg. remuneration in % of total RR | Use of reserve requirements |
|------|-----------|--------------------------|---------------------------------------|---|--|---|---------------------------|---|---|-----------------------------|
| 1 | 2 | 3 | 4 | 5 | 6= $\frac{5}{3} \times 100$ | 7 | 8=3+7 | 9 | 10 | 11 |
| 1993 | December | 894.9 | 25.32 | 804.0 | 89.84 | 19.8 | 914.7 | 25.88 | 1.97 | 143.6 |
| 1994 | December | 1,826.0 | 26.20 | 1,779.2 | 97.44 | 188.3 | 2,014.3 | 28.90 | 5.63 | 3.5 |
| 1995 | December | 2,431.8 | 30.90 | 2,215.9 | 91.12 | 826.5 | 3,258.4 | 41.40 | 7.93 | 45.9 |
| 1996 | December | 3,652.9 | 35.91 | 3,312.0 | 90.67 | – | 3,652.9 | 35.91 | 4.99 | 0.1 |
| 1997 | December | 4,348.8 | 32.02 | 3,914.2 | 90.01 | – | 4,348.8 | 32.02 | 4.05 | 0.5 |
| 1998 | December | 3,967.2 | 29.57 | 3,469.8 | 87.46 | 57.4 | 4,024.7 | 30.00 | 5.28 | 9.6 |
| 1999 | December | 4,210.1 | 30.50 | 3,695.1 | 87.77 | 37.3 | 4,247.4 | 30.77 | 5.62 | 0.9 |
| 2000 | December | 4,646.8 | 24.17 | 4,191.6 | 90.21 | 5.0 | 4,651.8 | 24.20 | 4.05 | 1.1 |
| 2001 | January | 4,561.9 | 23.50 | 4,030.3 | 88.35 | 0.0 | 4,562.0 | 23.50 | 3.98 | 1.1 |
| | February | 4,666.4 | 23.50 | 3,928.1 | 84.18 | 0.2 | 4,666.6 | 23.50 | 3.79 | 0.4 |
| | March | 4,688.1 | 23.50 | 3,503.8 | 74.74 | 0.7 | 4,688.8 | 23.50 | 3.82 | 0.2 |
| | April | 4,825.4 | 23.50 | 3,469.0 | 71.89 | 0.7 | 4,826.1 | 23.50 | 3.59 | 0.1 |
| | May | 5,030.1 | 23.50 | 3,525.8 | 70.09 | 0.7 | 5,030.8 | 23.50 | 3.61 | – |
| | June | 5,108.8 | 23.50 | 3,542.8 | 69.35 | 0.7 | 5,109.5 | 23.50 | 3.59 | – |
| | July | 4,904.7 | 22.38 | 3,467.4 | 70.69 | – | 4,904.7 | 22.38 | 3.51 | – |
| | August | 4,944.5 | 22.00 | 3,486.5 | 70.51 | – | 4,944.5 | 22.00 | 3.32 | – |
| | September | 6,268.1 | 26.84 | 4,400.5 | 70.20 | – | 6,268.1 | 26.84 | 2.56 | 7.7 |
| | October | 8,137.3 | 34.94 | 5,779.4 | 71.02 | – | 8,137.3 | 34.94 | 1.94 | 3.9 |
| | November | 8,665.9 | 36.56 | 6,233.7 | 71.93 | – | 8,665.9 | 36.56 | 1.97 | 3.4 |
| | December | 8,691.5 | 35.37 | 6,287.8 | 72.34 | – | 8,691.5 | 35.37 | 1.97 | 2.3 |
| 2002 | January | 9,003.6 | 35.18 | 6,518.2 | 72.40 | – | 9,003.6 | 35.18 | 1.96 | 0.3 |
| | February | 9,431.5 | 36.09 | 6,810.9 | 72.21 | – | 9,431.5 | 36.09 | 1.93 | – |
| | March | 9,676.3 | 36.57 | 7,029.1 | 72.64 | – | 9,676.3 | 36.57 | 1.94 | – |
| | April | 9,720.5 | 35.90 | 7,113.7 | 73.18 | – | 9,720.5 | 35.90 | 1.91 | – |

Table F3: Deposit Money Banks' Reserve Requirements

This table shows data on monthly averages of day-to-day balances of DMBs' required reserves with the CNB. Savings banks are included beginning in July 1999, and the earlier data series has not been revised.

Reserve requirement (column 3) represents the prescribed amount of funds banks are required to deposit on a special statutory reserve account with the CNB, or to maintain (in average) on their settlement accounts or in vaults. This amount corresponds with the statutory reserve instrument of January 1995, 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).

Column 4 shows the weighted average reserve requirement ratio as a percentage of the reserve requirement (column 3) in the reserve base. Starting from September 2001, column 3 includes also the f/c component of reserve requirements that is set aside/maintained in kuna.

Column 5 shows the portion of the reserve requirement banks are required to deposit on a special statutory reserves account with the CNB (until December 1994 this amount corresponded with the statutory reserves instrument, while since January 1995 a minimum percentage of the total reserve requirement banks are required to deposit on a special statutory reserves account with the CNB has been prescribed). This percentage currently stands at 40%.

Column 6 shows the percentage of the statutory reserves deposited with the CNB in the total reserve requirement.

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) and statutory reserves on f/c deposits, f/c credits from foreign banks and guarantees and f/c credits from foreign banks.

Column 8 shows the total reserve requirement as a sum of reserve requirement and other deposits with the CNB on an obligatory basis. Column 9 shows the percentage of total reserve requirement in the reserve base.

Column 10 shows the weighted average remuneration rate for all forms of immobilized funds (i.e. for all components of total reserve requirement).

Column 11 shows the use of required reserves, which includes use of appropriated statutory reserve funds (authorized and unauthorized), inaccurately calculated statutory reserves, non-maintenance of the prescribed minimal liquidity, i.e. (since January 1995) non-maintenance of the minimal average settlement account and vault balance (determined in accordance with the calculation of statutory reserves), unregistered amount of the CNB bills on an obligatory basis and inaccurately calculated special statutory reserves (until July 1995) and inaccurately calculated statutory reserves on f/c deposits, f/c credits from foreign banks and guarantees and f/c credits from foreign banks.

Table F4: Deposit Money Banks' Liquidity Indicators

Daily averages and percentages, million kuna and %

| Year | Month | Free reserves | Primary liquidity ratio (in %) | Secondary liquidity sources | Kuna CNB bills | F/c CNB bills |
|------|-----------|---------------|--------------------------------|-----------------------------|----------------|---------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1993 | December | -18.5 | -0.52 | 188.0 | 1.9 | - |
| 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 | - |
| 1997 | December | 396.3 | 2.92 | 32.7 | 728.9 | - |
| 1998 | December | 221.9 | 1.65 | 445.5 | 850.4 | 1,377.4 |
| 1999 | December | 179.6 | 1.30 | 1,183.6 | 1,348.7 | 1,507.6 |
| 2000 | December | 638.8 | 3.32 | 80.1 | 2,496.0 | 1,692.7 |
| 2001 | January | 580.2 | 2.99 | 12.1 | 2,649.2 | 1,813.6 |
| | February | 565.6 | 2.85 | 39.8 | 2,309.1 | 1,774.3 |
| | March | 642.8 | 3.22 | 8.9 | 2,197.9 | 1,917.1 |
| | April | 436.8 | 2.13 | 20.3 | 2,492.0 | 1,815.5 |
| | May | 728.5 | 3.40 | 3.9 | 2,245.1 | 1,433.1 |
| | June | 530.8 | 2.44 | 16.2 | 2,945.6 | 1,223.8 |
| | July | 1,245.2 | 5.68 | 6.6 | 2,787.9 | 1,013.8 |
| | August | 540.7 | 2.41 | 388.4 | 4,105.9 | 1,177.1 |
| | September | 271.8 | 1.16 | 353.6 | 2,580.3 | 2,449.9 |
| | October | 343.4 | 1.47 | 3.3 | 2,052.8 | 3,509.7 |
| | November | 647.5 | 2.73 | 2.5 | 2,023.8 | 3,143.0 |
| | December | 794.4 | 3.23 | 2.6 | 2,656.2 | 2,630.8 |
| 2002 | January | 586.2 | 2.29 | 1.0 | 3,252.8 | 3,084.0 |
| | February | 272.0 | 1.04 | 51.9 | 3,087.7 | 3,025.9 |
| | March | 910.1 | 3.44 | 241.8 | 3,275.8 | 2,296.0 |
| | April | 2,120.0 | 7.83 | 134.0 | 2,816.8 | 1,982.9 |

Table F4: Deposit Money Banks' Liquidity Indicators

The table reports monthly averages of day-to-day balances of some indicators of DMBs' liquidity. Savings banks are included beginning in July 1999. The earlier data series has not been revised.

Column 3 shows free reserves, defined as bank's total reserves (on settlement accounts and in vaults) decreased by the minimal average settlement account and vault balance, as prescribed by instruments of the CNB (until December 1994 by the requirement for banks' minimal liquidity, and since January 1995 by statutory reserve requirement).

Column 4 shows the primary liquidity ratio as a percentage of monthly day-to-day free reserves averages in monthly day-to-day averages of deposits which constitute the reserve base.

Column 5 shows the monthly average of day-to-day balances of secondary liquidity sources used. Secondary liquidity sources com-

prise: use of statutory reserves (until October 1994), regular loans for maintenance of day-to-day liquidity (until November 1994), use of funds exceeding those available on the bank's giro account (until October 1994), special credits for overcoming liquidity problems (initial credits, credits for overcoming liquidity problems of banks under evaluation for entry into rehabilitation and restructuring procedures), lombard credits (since December 1994), intervention credits for overcoming liquidity problems (since October 1994), short-term liquidity credits (since February 1999) as well as overdue liabilities to the CNB.

Column 6 reports the monthly average of day-to-day balances of CNB bills on a voluntary basis in kuna (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 7 reports the monthly average of day-to-day balances on CNB bills on a voluntary basis in foreign currency (EUR and USD).

Table G1: Deposit Money 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 daily market | On overnight market | Total average | On short-term credits | | | | | | On long-term credits | | |
| | | | | | Total average | Enterprises | Households | | | Total average | Enterprises | Households | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | |
| 1992 | December | 2,182.26 | 2,182.26 | 2,332.92 | 2,384.89 | .... | .... | .... | .... | 1,166.29 | .... | .... |  |
| 1993 | December | 86.90 | 34.49 | 59.00 | 59.00 | .... | .... | .... | .... | 78.97 | .... | .... |  |
| 1994 | December | 17.76 | 8.50 | 15.39 | 15.43 | .... | .... | .... | .... | 13.82 | .... | .... |  |
| 1995 | December | 27.15 | 27.26 | 22.32 | 22.56 | 22.23 | 23.81 | 23.75 | 25.58 | 13.48 | 13.39 | 14.38 | |
| 1996 | December | 10.41 | 9.66 | 18.46 | 19.35 | 19.18 | 20.18 | 19.90 | 23.12 | 11.51 | 11.29 | 14.28 | |
| 1997 | December | 9.41 | 8.46 | 14.06 | 14.12 | 13.17 | 19.26 | 19.34 | 18.11 | 13.24 | 12.98 | 13.75 | |
| 1998 | December | 15.81 | 10.00 | 16.06 | 16.22 | 14.89 | 20.77 | 20.80 | 19.92 | 11.73 | 11.48 | 13.16 | |
| 1999 | December | 12.72 | 10.00 | 13.54 | 13.52 | 10.55 | 20.83 | 20.84 | 20.39 | 15.14 | 15.31 | 14.16 | |
| 2000 | December | 4.46 | 2.39 | 10.45 | 10.45 | 6.81 | 20.30 | 20.33 | 19.05 | 9.90 | 9.64 | 12.97 | |
| 2001 | January | 3.81 | 2.24 | 10.81 | 10.82 | 6.37 | 20.36 | 20.36 | 21.02 | 10.72 | 9.81 | 12.04 | |
| | February | 4.49 | 3.31 | 10.89 | 10.89 | 6.75 | 20.27 | 20.27 | 23.93 | 10.84 | 9.69 | 11.41 | |
| | March | 3.61 | 2.71 | 8.98 | 8.97 | 5.56 | 20.18 | 20.20 | 15.99 | 9.99 | 9.10 | 11.27 | |
| | April | 5.04 | 3.60 | 8.99 | 8.97 | 6.08 | 19.35 | 19.36 | 18.39 | 10.46 | 9.72 | 11.33 | |
| | May | 4.13 | 2.96 | 9.32 | 9.31 | 5.57 | 19.42 | 19.43 | 16.08 | 10.43 | 9.92 | 11.53 | |
| | June | 2.79 | 2.69 | 9.88 | 9.89 | 6.08 | 19.38 | 19.42 | 14.64 | 9.64 | 9.51 | 13.79 | |
| | July | 3.04 | 3.55 | 9.39 | 9.33 | 5.57 | 19.41 | 19.43 | 16.05 | 11.70 | 9.62 | 12.11 | |
| | August | 4.04 | 3.88 | 9.27 | 9.25 | 6.65 | 19.44 | 19.45 | 17.02 | 11.17 | 8.59 | 12.21 | |
| | September | 5.38 | 4.75 | 9.46 | 9.44 | 6.69 | 19.45 | 19.47 | 17.32 | 11.26 | 9.15 | 12.66 | |
| | October | 4.81 | 4.04 | 8.53 | 8.52 | 5.64 | 18.94 | 18.96 | 16.14 | 12.06 | 10.78 | 13.48 | |
| | November | 2.99 | 4.08 | 9.56 | 9.54 | 5.35 | 18.88 | 18.90 | 16.28 | 12.64 | 11.45 | 13.30 | |
| | December | 2.67 | 3.56 | 9.51 | 9.49 | 5.43 | 18.81 | 18.85 | 14.88 | 11.42 | 10.06 | 13.14 | |
| 2002 | January | 1.88 | 1.62 | 15.28 | 15.30 | 9.69 | 18.98 | 19.04 | 10.97 | 13.69 | 10.57 | 14.41 | |
| | February | 2.18 | 2.31 | 14.57 | 14.66 | 9.46 | 18.16 | 18.23 | 11.33 | 11.20 | 8.69 | 12.70 | |
| | March | 2.38 | 3.08 | 13.73 | 13.84 | 8.86 | 17.32 | 17.47 | 11.08 | 11.89 | 7.24 | 12.38 | |
| | April | 2.54 | 3.15 | 13.70 | 13.95 | 8.78 | 17.22 | 17.34 | 11.68 | 10.68 | 7.08 | 12.39 | |
| Relative significance ^a | | – | – | 35.85 | 33.22 | 12.88 | 20.34 | 19.90 | 0.44 | 2.63 | 0.85 | 1.78 | |

^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: Deposit Money Banks' Interest Rates on Kuna Credits Not Indexed to Foreign Currency

The table contains weighted averages of DMBs' and savings banks' monthly interest rates on kuna credits not indexed to f/c, reported on a yearly basis.

Up to December 2001, data refer to weighted averages of DMBs' 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.

Starting from January 2002, data refer to weighted averages of DMBs' and savings 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.

Columns 3 and 4 show interest rates on the interbank, daily and overnight money markets, according to information published by the

Zagreb Money Market. Columns 5 through 13 show weighted averages of DMBs' and savings 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 DMBs' and savings banks' interest rates on kuna credits not indexed to f/c are based on DMBs' and savings banks' periodic reports. The basis for calculation of 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 weighted averages were calculated based on the balance of these loans at the end of the reporting month.

Relative significance of particular interest rates (reported in the last line of the table) refers to data for the last period included in the table. It is calculated as a percentage of the corresponding credit category (to which exchange rates apply) in total credits included in the calculation of weighted averages for that period.

Table G2: Deposit Money 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 | Total average | Households | Other | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 1992 | December | 20.41 | 9.90 | .... | .... | 21.41 | .... | .... | .... | .... | .... | .... | .... |
| 1993 | December | 21.84 | 19.00 | .... | .... | 23.14 | .... | .... | .... | .... | .... | .... | .... |
| 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 | January | 10.26 | 9.99 | 9.83 | 15.05 | 10.53 | 9.26 | 11.39 | .... | .... | 7.83 | 8.14 | 7.42 |
| | February | 10.27 | 9.99 | 9.89 | 14.28 | 10.55 | 9.24 | 11.62 | .... | .... | 6.48 | 6.29 | 7.09 |
| | March | 9.82 | 9.82 | 10.06 | 7.88 | 9.83 | 7.96 | 11.43 | .... | .... | 6.80 | 6.68 | 7.23 |
| | April | 9.81 | 9.99 | 9.95 | 10.57 | 9.72 | 7.85 | 11.32 | .... | .... | 6.83 | 6.98 | 6.46 |
| | May | 10.34 | 10.33 | 10.27 | 11.03 | 10.35 | 8.40 | 11.37 | .... | .... | 7.15 | 7.11 | 7.24 |
| | June | 10.15 | 10.09 | 9.98 | 10.65 | 10.18 | 8.73 | 11.27 | .... | .... | 6.80 | 6.80 | 6.80 |
| | July | 9.31 | 9.27 | 9.17 | 10.19 | 9.34 | 7.96 | 10.87 | .... | .... | 6.50 | 7.01 | 6.08 |
| | August | 9.64 | 9.76 | 9.66 | 11.13 | 9.56 | 7.98 | 10.85 | .... | .... | 6.51 | 6.05 | 8.54 |
| | September | 9.81 | 9.81 | 9.73 | 11.85 | 9.81 | 8.02 | 11.09 | .... | .... | 6.44 | 6.47 | 6.22 |
| | October | 9.37 | 9.24 | 9.61 | 7.56 | 9.45 | 7.71 | 10.97 | .... | .... | 5.93 | 5.65 | 6.27 |
| | November | 9.68 | 9.36 | 9.24 | 11.65 | 9.87 | 7.89 | 11.00 | .... | .... | 5.61 | 5.58 | 5.84 |
| | December | 9.29 | 9.45 | 9.45 | 11.30 | 9.20 | 7.52 | 10.79 | .... | .... | 5.94 | 5.70 | 7.27 |
| 2002 | January | 9.58 | 9.80 | 9.37 | 12.22 | 9.48 | 7.59 | 10.97 | 8.86 | 11.58 | 8.26 | 8.53 | 7.61 |
| | February | 9.29 | 9.78 | 9.38 | 11.43 | 9.12 | 7.29 | 10.22 | 8.55 | 10.61 | 7.76 | 7.58 | 8.36 |
| | March | 9.21 | 9.08 | 8.57 | 11.32 | 9.24 | 7.03 | 10.10 | 8.22 | 10.36 | 6.20 | 6.44 | 5.86 |
| | April | 7.36 | 9.08 | 8.42 | 11.69 | 7.05 | 5.27 | 9.81 | 7.95 | 10.16 | 6.38 | 6.62 | 6.05 |
| Relative significance ^a | | 56.54 | 8.57 | 6.84 | 1.73 | 47.97 | 29.18 | 18.79 | 2.97 | 15.82 | 7.61 | 4.39 | 3.21 |

^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: Deposit Money Banks' Interest Rates on Kuna Credits Indexed to Foreign Currency and on Credits in Euros

The table contains weighted averages of DMBs' and savings 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 weighted averages of DMBs' 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.

Starting from January 2002, data refer to weighted averages of DMBs' and savings 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 DMBs' and savings banks' interest rates on kuna credits indexed to f/c and on credits in euros are based on DMBs' and savings

banks' periodic reports. The basis for calculation of weighted averages are amounts of credits bearing corresponding interest rates, which were disbursed during the reporting month.

Columns 3 through 11 show weighted averages of DMBs' and savings 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 weighted averages are calculated based on their kuna equivalent using current exchange rate. Credits released in other currencies are not included in this table.

Relative significance of particular interest rates (reported in the last line of the table) refers to data for the last period included in the table. It is calculated as a percentage of the corresponding credit category (to which exchange rates apply) in total credits included in the calculation of weighted averages for that period.

Table G3: Deposit Money 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 |
| 1992 | December | 434.47 | 184.69 | 1,867.18 | .... | .... | .... | .... | .... | .... |
| 1993 | December | 27.42 | 18.16 | 52.16 | .... | .... | .... | .... | .... | .... |
| 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 | January | 3.45 | 1.52 | 7.17 | 7.08 | 7.17 | 7.04 | 8.99 | 9.30 | 8.58 |
| | February | 3.60 | 1.60 | 7.36 | 7.33 | 7.01 | 7.43 | 8.32 | 9.03 | 7.31 |
| | March | 3.60 | 1.59 | 7.07 | 7.04 | 6.99 | 7.05 | 8.30 | 8.83 | 7.89 |
| | April | 3.54 | 1.57 | 7.15 | 7.14 | 6.88 | 7.21 | 7.66 | 8.07 | 5.60 |
| | May | 3.32 | 1.53 | 6.72 | 6.71 | 6.66 | 6.72 | 7.51 | 8.24 | 5.83 |
| | June | 3.18 | 1.54 | 6.26 | 6.23 | 6.51 | 6.13 | 7.97 | 8.42 | 6.68 |
| | July | 3.04 | 1.46 | 6.07 | 6.03 | 6.58 | 5.88 | 7.50 | 8.14 | 5.65 |
| | August | 3.11 | 1.49 | 6.28 | 6.21 | 6.40 | 6.13 | 8.13 | 8.64 | 7.13 |
| | September | 3.10 | 1.50 | 6.44 | 6.39 | 6.56 | 6.33 | 8.09 | 8.47 | 6.92 |
| | October | 3.06 | 1.43 | 6.24 | 6.19 | 6.46 | 6.09 | 7.57 | 8.02 | 7.11 |
| | November | 2.99 | 1.42 | 5.93 | 5.90 | 6.18 | 5.81 | 6.92 | 8.00 | 6.27 |
| | December | 2.76 | 1.40 | 5.68 | 5.60 | 6.35 | 5.38 | 7.35 | 7.93 | 6.70 |
| 2002 | January | 2.48 | 1.34 | 5.79 | 5.74 | 6.31 | 5.45 | 7.53 | 7.74 | 6.85 |
| | February | 2.32 | 1.25 | 5.47 | 5.41 | 5.93 | 5.01 | 7.20 | 7.59 | 5.73 |
| | March | 2.02 | 1.16 | 5.06 | 5.00 | 5.55 | 4.59 | 7.24 | 7.47 | 5.70 |
| | April | 1.94 | 1.18 | 4.58 | 4.56 | 5.62 | 3.80 | 5.15 | 7.12 | 3.06 |
| Relative significance ^a | | 39.60 | 32.46 | 3.84 | 3.72 | 1.56 | 2.16 | 0.11 | 0.06 | 0.06 |

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

Table G3: Deposit Money Banks' Interest Rates on Kuna Deposits Not Indexed to Foreign Currency

The table contains weighted averages of DMBs' and savings banks' monthly interest rates on kuna deposits not indexed to f/c, reported on a yearly basis.

Up to December 2001, data refer to weighted averages of DMBs' 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.

Starting from January 2002, data refer to weighted averages of DMBs' and savings 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 DMBs' and savings banks' interest rates on kuna deposits not indexed to f/c are based on DMBs' and savings banks' periodic reports.

Column 3 reports 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 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 weighted averages of monthly interest rates on total time deposits not indexed to f/c.

The basis for calculation of 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 calculation of weighted averages for deposits in giro and current accounts are the end-of-month book balances of those deposits. Weighted 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 weighted averages.

Relative significance of particular interest rates (reported in the last line of the table) refers to data for the last period included in the table. It is calculated as a percentage of the corresponding deposit category (to which exchange rates apply) in total deposits included in the calculation of weighted averages for that period.

Table G4a: Deposit Money Banks' Interest Rates on Kuna Deposits Indexed to Foreign Currency and on Foreign Currency Deposits

Weighted averages of monthly interest rates, in % on annual basis

| Year | Month | Interest rates on savings and time deposits indexed to f/c | | | | Interest rates on foreign currency deposits | | | | | |
|------------------------------------|-----------|--|------------------------|-----------------------|---------------|---|------------|------|-------------|------|------|
| | | Total average | On short-term deposits | On long-term deposits | Total average | Savings deposits | | | | | |
| | | | | | | Total average | Households | | Enterprises | | |
| | | | | | | | EUR | USD | EUR | USD | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | |
| 1992 | December | 6.04 | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| 1993 | December | 5.91 | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| 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 | January | 5.19 | 5.21 | 6.36 | 3.13 | 1.01 | 0.95 | 1.11 | 1.11 | 1.09 | |
| | February | 5.22 | 5.32 | 5.42 | 3.27 | 0.95 | 0.91 | 1.07 | 0.81 | 1.07 | |
| | March | 5.64 | 5.75 | 5.35 | 3.26 | 0.93 | 0.89 | 1.06 | 0.73 | 1.07 | |
| | April | 5.40 | 5.67 | 5.48 | 3.13 | 0.90 | 0.87 | 0.99 | 0.91 | 0.94 | |
| | May | 5.94 | 6.30 | 3.07 | 3.09 | 0.87 | 0.84 | 1.00 | 0.87 | 0.82 | |
| | June | 5.69 | 5.95 | 5.06 | 2.98 | 0.85 | 0.82 | 0.89 | 0.96 | 0.86 | |
| | July | 5.29 | 5.71 | 2.97 | 2.93 | 0.77 | 0.75 | 0.87 | 0.70 | 0.72 | |
| | August | 4.63 | 4.81 | 4.35 | 2.96 | 0.77 | 0.75 | 0.86 | 0.76 | 0.70 | |
| | September | 4.98 | 5.37 | 3.84 | 2.83 | 0.76 | 0.75 | 0.86 | 0.84 | 0.56 | |
| | October | 4.58 | 4.84 | 3.07 | 2.75 | 0.73 | 0.73 | 0.81 | 0.83 | 0.51 | |
| | November | 4.40 | 4.61 | 3.50 | 2.59 | 0.70 | 0.73 | 0.81 | 0.71 | 0.33 | |
| | December | 4.58 | 4.92 | 2.56 | 2.60 | 0.71 | 0.71 | 0.81 | 0.82 | 0.40 | |
| 2002 | January | 3.00 | 3.77 | 1.58 | 2.72 | 0.67 | 0.67 | 0.70 | 0.74 | 0.38 | |
| | February | 3.32 | 4.22 | 3.80 | 2.62 | 0.65 | 0.64 | 0.70 | 0.65 | 0.63 | |
| | March | 2.80 | 4.58 | 3.22 | 2.62 | 0.60 | 0.60 | 0.64 | 0.61 | 0.40 | |
| | April | 3.76 ^a | 3.87 | 5.22 | 2.60 | 0.59 | 0.61 | 0.61 | 0.56 | 0.38 | |
| Relative significance ^a | | 1.03 | 0.53 | 0.06 | 59.37 | 39.97 | 29.47 | 5.53 | 3.55 | 1.42 | |

^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, 67.54 percent refers to enterprises.

Table G4 a and b: Deposit Money Banks' Interest Rates on Kuna Deposits Indexed to Foreign Currency and on Foreign Currency Deposits

The table contains weighted averages of DMBs' and savings 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 weighted averages of DMBs' 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.

Starting from January 2002, data refer to weighted averages of DMBs' and savings 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 DMBs' and savings banks' interest rates on kuna deposits indexed to f/c and on foreign currency deposits are based on DMBs' and savings banks' periodic reports.

Column 3 reports 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 weighted averages of monthly interest rates on time deposits are shown in columns 4 (short-term deposits) and 5 (long-term deposits) respectively.

Up to December 2001, interest rates on foreign currency deposits

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

The basis for calculation of 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 calculation of weighted averages for savings deposits indexed to f/c are the end-of-month book balances of those deposits. Starting from January 2002, weighted 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, which are weighted by the end-of-month balances of all categories included in the calculation.

The basis for calculation of 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 calculation of 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 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: Deposit Money 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 |
| 1992 | December | .... | .... | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| 1993 | December | .... | .... | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| 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 | January | 4.05 | 3.70 | 3.64 | 4.82 | 3.69 | 3.09 | 5.39 | 5.26 | 6.36 | 3.97 | 4.25 |
| | February | 4.26 | 4.02 | 3.50 | 4.70 | 4.58 | 5.57 | 5.27 | 4.93 | 6.72 | 6.66 | 7.16 |
| | March | 4.23 | 3.95 | 3.47 | 4.10 | 4.70 | 5.15 | 5.46 | 4.97 | 5.70 | 6.67 | 8.51 |
| | April | 4.07 | 3.81 | 3.48 | 4.02 | 4.52 | 4.68 | 5.19 | 4.99 | 5.80 | 6.36 | 5.54 |
| | May | 4.04 | 3.92 | 3.47 | 4.07 | 4.72 | 5.02 | 4.63 | 4.27 | 5.41 | 6.24 | 5.99 |
| | June | 3.88 | 3.76 | 3.50 | 3.79 | 4.57 | 4.15 | 4.63 | 4.50 | 4.86 | 5.65 | 3.61 |
| | July | 3.87 | 3.68 | 3.52 | 3.76 | 4.39 | 3.73 | 4.85 | 4.74 | 5.11 | 5.32 | 4.10 |
| | August | 3.94 | 3.72 | 3.50 | 3.76 | 4.46 | 3.71 | 4.98 | 4.87 | 5.28 | 6.21 | 0.72 |
| | September | 3.71 | 3.58 | 3.48 | 3.50 | 4.20 | 3.26 | 4.40 | 4.65 | 4.72 | 6.60 | 0.39 |
| | October | 3.61 | 3.45 | 3.46 | 3.36 | 3.88 | 2.85 | 4.64 | 4.64 | 4.80 | 5.92 | 2.41 |
| | November | 3.40 | 3.21 | 3.24 | 3.17 | 3.59 | 2.25 | 4.56 | 4.59 | 4.36 | 4.81 | 3.02 |
| | December | 3.54 | 3.35 | 3.42 | 3.23 | 3.60 | 2.44 | 4.59 | 4.72 | 4.42 | 4.58 | 0.23 |
| 2002 | January | 3.75 | 3.41 | 3.63 | 3.18 | 3.35 | 1.24 | 4.82 | 5.08 | 4.52 | 3.73 | 0.32 |
| | February | 3.39 | 3.22 | 3.35 | 2.88 | 3.33 | 1.92 | 4.73 | 4.95 | 4.38 | 3.51 | 2.75 |
| | March | 3.31 | 3.17 | 3.42 | 2.82 | 3.27 | 1.98 | 4.57 | 4.75 | 4.17 | 3.65 | - |
| | April | 3.31 | 3.17 | 3.33 | 2.76 | 3.36 | 1.91 | 4.51 | 4.72 | 4.20 | 3.50 | 6.46 |
| Relative significance ^a | | 19.40 | 17.37 | 11.69 | 2.00 | 2.46 | 1.22 | 2.03 | 1.55 | 0.23 | 0.25 | 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).

Relative significance of particular interest rates (reported in the last line of the table) refers to data for the last period included in the table. It is calculated as a percentage of the corresponding deposit category

(to which exchange rates apply) in total deposits included in the calculation of weighted averages for that period.

Table G5: Deposit Money Banks' Trade with Foreign Exchange

Million EUR, current exchange rate

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | | |
|---|----------|----------|----------|----------|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | | | Mar. | Jun. | Sep. | Dec. | Jan. | Feb. | Mar. | (Apr.) | (May) |
| A. Purchase of foreign exchange | | | | | | | | | | | | | |
| 1. Legal persons | 2,506.4 | 3,186.0 | 2,924.9 | 3,316.4 | 308.7 | 377.5 | 422.3 | 653.2 | 447.6 | 507.1 | 706.0 | 625.8 | 451.6 |
| 2. Natural persons | 2,093.4 | 2,273.5 | 2,170.0 | 2,549.2 | 197.3 | 281.1 | 292.3 | 375.9 | 252.1 | 230.8 | 241.0 | 265.4 | 275.8 |
| 2.1. Residents | 1,695.5 | 1,854.5 | 1,794.7 | 2,021.1 | 180.2 | 206.5 | 229.6 | 339.9 | 236.3 | 217.0 | 226.6 | | |
| 2.2. Non-residents | 397.9 | 419.1 | 375.3 | 528.0 | 17.1 | 74.6 | 62.7 | 36.0 | 15.8 | 13.7 | 14.4 | | |
| 3. Commercial banks | 1,002.3 | 1,138.2 | 1,204.4 | 2,441.4 | 295.0 | 410.1 | 244.7 | 221.2 | 318.5 | 349.2 | 471.7 | 401.4 | 507.2 |
| 4. Croatian National Bank | 57.1 | 582.2 | 934.8 | 168.2 | 19.1 | – | – | 7.3 | 140.7 | – | 73.9 | | |
| Total (1+2+3+4) | 5,659.1 | 7,179.9 | 7,234.0 | 8,475.2 | 820.1 | 1,068.7 | 959.4 | 1,257.6 | 1,158.8 | 1,087.1 | 1,492.7 | 1,292.6 | 1,234.6 |
| B. Sale of foreign exchange | | | | | | | | | | | | | |
| 1. Legal persons | 4,513.7 | 4,656.0 | 4,487.0 | 5,414.8 | 615.3 | 723.9 | 693.3 | 847.8 | 828.7 | 707.6 | 785.6 | 917.8 | 847.9 |
| 2. Natural persons | 925.9 | 1,011.8 | 893.1 | 963.6 | 85.1 | 97.4 | 109.3 | 108.6 | 167.1 | 99.7 | 93.3 | 97.4 | 88.1 |
| 2.1. Residents | 925.2 | 1,011.5 | 892.7 | 962.8 | 85.1 | 97.2 | 109.1 | 108.5 | 166.9 | 99.7 | 93.2 | | |
| 2.2. Non-residents | 0.7 | 0.3 | 0.4 | 0.6 | – | 0.1 | 0.2 | 0.1 | – | 0.1 | 0.1 | | |
| 3. Commercial banks | 1,002.3 | 1,138.2 | 1,204.4 | 2,441.4 | 295.0 | 410.1 | 244.7 | 221.2 | 318.5 | 349.2 | 471.7 | 401.4 | 507.2 |
| 4. Croatian National Bank | 257.8 | 217.0 | 48.3 | 284.2 | – | – | 180.7 | 210.4 | 50.8 | 67.1 | 237.9 | 27.8 | 141.3 |
| Total (1+2+3+4) | 6,699.7 | 7,022.9 | 6,632.8 | 9,104.1 | 995.4 | 1,231.4 | 1,228.0 | 1,388.0 | 1,365.2 | 1,223.7 | 1,588.5 | 1,444.4 | 1,584.5 |
| C. Net purchase (A-B) | | | | | | | | | | | | | |
| 1. Legal persons | –2,007.4 | –1,470.1 | –1,562.1 | –2,098.4 | –306.6 | –346.5 | –271.0 | –194.6 | –381.1 | –200.5 | –79.5 | –292.0 | –396.2 |
| 2. Natural persons | 1,167.5 | 1,261.7 | 1,276.8 | 1,585.4 | 112.1 | 183.7 | 183.0 | 267.3 | 84.9 | 131.0 | 147.8 | 168.1 | 187.7 |
| 2.1. Residents | 770.3 | 843.0 | 901.9 | 1,058.2 | 95.0 | 109.3 | 120.5 | 231.4 | 69.4 | 117.3 | 133.5 | | |
| 2.2. Non-residents | 397.3 | 418.7 | 374.9 | 527.3 | 17.1 | 74.5 | 62.5 | 35.9 | 15.8 | 13.6 | 14.3 | | |
| 3. Croatian National Bank | –200.7 | 365.2 | 886.5 | –116.0 | 19.1 | – | –180.7 | –203.1 | 89.9 | –67.1 | –164.0 | –27.8 | –141.3 |
| Total (1+2+3) | –1,040.6 | 156.8 | 601.2 | –628.9 | –175.4 | –162.8 | –268.7 | –130.4 | –206.3 | –136.6 | –95.7 | –151.8 | –349.8 |
| Memo items: Other Croatian National Bank transactions | | | | | | | | | | | | | |
| Purchase of foreign exchange | 78.5 | 254.5 | 1,044.9 | 405.8 | 75.0 | – | 185.8 | 100.6 | – | – | – | | |
| Sale of foreign exchange | 8.4 | 279.5 | 100.4 | 86.9 | – | 1.4 | – | 1.0 | – | – | – | 0.6 | |

Table G5: Deposit Money Banks' Trade with Foreign Exchange

Data on trade with foreign exchange between DMBs comprise transactions of purchase and sale of foreign exchange on domestic foreign currency market. The transactions are classified by categories of participants (legal and natural persons, banks, CNB). Source of data are

DMBs' periodic reports on trading with foreign exchange, sent to the CNB on a regular basis. The amounts are stated in the euro (EUR), converted from other foreign currencies using the CNB's midpoint exchange rate (reporting period average). Other Croatian National Bank transactions include foreign exchange sales and purchases on behalf of the Ministry of Finance.

Table H1: Balance of Payments – Summary (revised data)

Million US dollars

| | 1997 | 1998 | 1999 | 2000 | 2002 ^a | 2001 | | | |
|---------------------------------------|-----------|-----------|-----------|-----------|-------------------|----------|----------|----------|-----------------|
| | | | | | | Q1 | Q2 | Q3 | Q4 ^a |
| A. CURRENT ACCOUNT (1+6) | -2,325.1 | -1,530.6 | -1,390.4 | -432.7 | -623.2 | -611.3 | -832.9 | 1,200.4 | -379.4 |
| 1. Goods, services, and income (2+5) | -3,194.5 | -2,236.6 | -2,022.9 | -1,315.9 | -1,588.9 | -833.9 | -1,087.0 | 962.3 | -630.3 |
| 1.1. Credit | 8,578.4 | 8,963.5 | 8,370.0 | 8,997.2 | 9,999.5 | 1,793.6 | 2,162.4 | 3,892.6 | 2,150.9 |
| 1.2. Debit | -11,772.9 | -11,200.1 | -10,392.9 | -10,313.1 | -11,588.4 | -2,627.4 | -3,249.5 | -2,930.3 | -2,781.2 |
| 2. Goods and services (3+4) | -3,172.0 | -2,072.6 | -1,673.4 | -935.9 | -1,060.5 | -679.9 | -835.7 | 1,065.9 | -610.8 |
| 2.1. Credit | 8,214.6 | 8,568.6 | 8,117.8 | 8,663.1 | 9,598.9 | 1,694.9 | 2,068.1 | 3,757.6 | 2,078.2 |
| 2.2. Debit | -11,386.6 | -10,641.2 | -9,791.1 | -9,598.9 | -10,659.4 | -2,374.8 | -2,903.8 | -2,691.7 | -2,689.0 |
| 3. Goods | -5,196.2 | -4,147.4 | -3,298.6 | -3,203.8 | -4,011.9 | -808.2 | -1,284.4 | -975.1 | -944.1 |
| 3.1. Credit | 4,210.3 | 4,604.5 | 4,394.7 | 4,567.2 | 4,752.1 | 1,111.3 | 1,163.9 | 1,220.2 | 1,256.6 |
| 3.2. Debit | -9,406.5 | -8,751.9 | -7,693.3 | -7,770.9 | -8,763.9 | -1,919.6 | -2,448.3 | -2,195.4 | -2,200.7 |
| 4. Services | 2,024.2 | 2,074.8 | 1,625.2 | 2,267.9 | 2,951.4 | 128.3 | 448.7 | 2,041.1 | 333.3 |
| 4.1. Credit | 4,004.3 | 3,964.1 | 3,723.0 | 4,095.9 | 4,846.8 | 583.6 | 904.2 | 2,537.4 | 821.6 |
| 4.2. Debit | -1,980.1 | -1,889.3 | -2,097.8 | -1,828.0 | -1,895.4 | -455.3 | -455.6 | -496.3 | -488.3 |
| 5. Income | -22.4 | -164.0 | -349.5 | -380.1 | -528.4 | -154.0 | -251.3 | -103.7 | -19.5 |
| 5.1. Credit | 363.8 | 394.9 | 252.2 | 334.1 | 400.6 | 98.6 | 94.3 | 134.9 | 72.7 |
| 5.2. Debit | -386.2 | -558.9 | -601.7 | -714.2 | -929.1 | -252.6 | -345.6 | -238.6 | -92.2 |
| 6. Current transfers | 869.4 | 706.0 | 632.5 | 883.2 | 965.7 | 222.6 | 254.1 | 238.1 | 250.9 |
| 6.1. Credit | 964.0 | 919.1 | 967.4 | 1,101.0 | 1,174.5 | 269.4 | 297.9 | 289.7 | 317.6 |
| 6.2..Debit | -94.6 | -213.1 | -335.0 | -217.8 | -208.8 | -46.8 | -43.8 | -51.6 | -66.7 |
| B. CAPITAL AND FINANCIAL ACCOUNT | 2,651.6 | 1,469.0 | 2,291.3 | 927.0 | 980.0 | 178.1 | 735.8 | -224.3 | 290.3 |
| B1. Capital account | 21.5 | 19.1 | 24.9 | 20.9 | 133.0 | 3.4 | 119.3 | 4.4 | 5.9 |
| B2. Financial account, excl. reserves | 3,058.2 | 1,601.5 | 2,644.9 | 1,488.3 | 2,160.0 | 314.8 | 1,003.3 | 185.4 | 656.6 |
| 1. Direct investment | 346.7 | 834.9 | 1,444.6 | 1,086.2 | 1,325.4 | 75.4 | 366.3 | 231.3 | 652.4 |
| 1.1. Abroad | -186.1 | -97.5 | -34.4 | -28.7 | -121.3 | -10.5 | -16.4 | -54.3 | -40.1 |
| 1.2. In Croatia | 532.9 | 932.4 | 1,479.0 | 1,114.9 | 1,446.7 | 85.9 | 382.7 | 285.6 | 692.5 |
| 2. Portfolio investment | 577.0 | 14.9 | 574.0 | 722.2 | 716.0 | 575.9 | 26.7 | 174.8 | -61.4 |
| 2.1. Assets | 11.1 | -0.1 | -0.3 | -0.2 | -6.3 | 0.0 | 3.2 | 36.0 | -45.4 |
| 2.2. Liabilities | 565.9 | 15.1 | 574.3 | 722.3 | 722.3 | 576.0 | 23.5 | 138.8 | -16.0 |
| 3. Other investment | 2,134.4 | 751.7 | 626.3 | -320.1 | 118.6 | -336.6 | 610.2 | -220.7 | 65.7 |
| 3.1. Assets | 171.3 | 348.8 | -179.9 | -848.4 | 312.2 | 80.2 | 196.9 | -444.1 | 479.1 |
| 3.2. Liabilities | 1,963.2 | 402.9 | 806.2 | 528.3 | -193.5 | -416.8 | 413.4 | 223.4 | -413.5 |
| B3. Reserve assets (CNB) | -428.0 | -151.5 | -378.5 | -582.1 | -1,313.1 | -140.0 | -386.8 | -414.1 | -372.2 |
| C. NET ERRORS AND OMISSIONS | -326.5 | 61.7 | -900.9 | -494.3 | -356.8 | 433.2 | 97.1 | -976.1 | 89.1 |

^a Preliminary data.

Table H1-H5: Balance of Payments

The balance of payments is compiled in accordance with the recommendations of the International Monetary Fund (Balance of Payments Manual, Fifth Edition, 1993). Data sources include: reports of the Central Bureau of Statistics, the Croatian Institute for Health Insurance, the Institute for Payment Transactions, banks, enterprises and the Croatian National Bank, as well as research by the Institute for Tourism and the Croatian National Bank.

Balance of payments of the Republic of Croatia data are recorded in US dollars (USD) and domestic currency (HRK). The balance of payments in both reporting currencies is compiled using the same sources of information and the same principles regarding the scope of transactions covered and the procedures for composing particular positions. Depending on the sources of data available, conversion of transaction values from the original currencies into reporting currencies is performed:

- by applying the midpoint exchange rate of the Croatian National Bank on the date of the transaction;
- by applying monthly and quarterly average midpoint exchange rates of the Croatian National Bank;
- by applying the average monthly exchange rate versus the US dollar when assessing transactions representing the difference between balances evaluated according to the exchange rate applicable at the end of the period.

Exports and Imports are shown on an f.o.b. basis. The basic data source for these items is the Report of the Central Bureau of Statistics on merchandise foreign trade of the Republic of Croatia. The data of the Central Bureau of Statistics are modified in accordance with the compilation method of the IMF: merchandise imports, which are shown in the Central Bureau of Statistics' report in c.i.f. terms, are corrected to f.o.b. (corrected for classification) and both imports and exports are corrected so that the coverage includes goods defined as such in the balance of payments methodology but not included in the statistics on merchandise trade.

Regarding exports, beginning with the first quarter of 1999, coverage has been increased via estimates on purchases by individual foreign travelers in the Republic of Croatia. These estimates are based on the Survey on Consumption of Foreign Travelers in Croatia, carried out jointly by the Croatian National Bank and the Institute for Tourism. Regarding imports, the difference between c.i.f. and f.o.b. is estimated on the basis of research studies of the CNB on samples of the largest and large importers, and the resulting value of f.o.b. imports is adjusted on the basis of foreign payments for repairs of ships and supply purchases in foreign ports, as well as estimates on purchases by individual Croatian citizens abroad, obtained via a research study of the CNB. From the first quarter of 1999 on, estimates are based on the Survey on Consumption of Domestic Travelers Abroad, carried out jointly by the Croatian National Bank and the Institute for Tourism. For the 1993 to 1996 period, merchandise imports from the merchandise trade statis-

Table H2: Balance of Payments – Goods and Services (revised data)

Million US dollars

| | 1997 | 1998 | 1999 | 2000 | 2002 ^a | 2001 | | | |
|---|----------|----------|----------|----------|-------------------|----------|----------|----------|-----------------|
| | | | | | | Q1 | Q2 | Q3 | Q4 ^a |
| 1. Goods | -5,196.2 | -4,147.4 | -3,298.6 | -3,203.8 | -4,011.9 | -808.2 | -1,284.4 | -975.1 | -944.1 |
| 1.1. Credit | 4,210.3 | 4,604.5 | 4,394.7 | 4,567.2 | 4,752.1 | 1,111.3 | 1,163.9 | 1,220.2 | 1,256.6 |
| 1.1.1. Exports f.o.b. in trade statistics | 4,170.7 | 4,541.1 | 4,302.5 | 4,431.6 | 4,659.3 | 1,093.2 | 1,141.2 | 1,195.7 | 1,229.2 |
| 1.1.2. Adjustments for coverage | 39.6 | 63.4 | 92.2 | 135.6 | 92.8 | 18.1 | 22.7 | 24.6 | 27.4 |
| 1.2. Debit | -9,406.5 | -8,751.9 | -7,693.3 | -7,770.9 | -8,763.9 | -1,919.6 | -2,448.3 | -2,195.4 | -2,200.7 |
| 1.2.1. Imports c.i.f. in trade statistics | -9,104.0 | -8,383.1 | -7,798.6 | -7,886.5 | -9,043.7 | -1,989.7 | -2,543.8 | -2,247.2 | -2,263.0 |
| 1.2.2. Adjustments for coverage | -948.9 | -964.0 | -448.4 | -444.4 | -362.3 | -71.2 | -85.1 | -107.7 | -98.3 |
| 1.2.3. Adjustments for classification | 646.4 | 595.2 | 553.7 | 559.9 | 642.1 | 141.3 | 180.6 | 159.6 | 160.7 |
| 2. Services | 2,024.2 | 2,074.8 | 1,625.2 | 2,267.9 | 2,951.4 | 128.3 | 448.7 | 2,041.1 | 333.3 |
| 2.1. Transportation | 282.5 | 227.6 | 83.8 | 178.6 | 168.6 | 45.4 | 38.3 | 49.6 | 35.3 |
| 2.1.1. Credit | 681.5 | 565.7 | 484.0 | 557.3 | 588.6 | 135.2 | 154.2 | 160.7 | 138.5 |
| 2.1.2. Debit | -399.0 | -338.1 | -400.1 | -378.7 | -420.0 | -89.8 | -115.9 | -111.2 | -103.1 |
| 2.2. Travel | 1,993.0 | 2,133.2 | 1,742.0 | 2,189.9 | 2,728.6 | 80.9 | 391.8 | 1,981.0 | 274.9 |
| 2.2.1. Credit | 2,523.1 | 2,733.4 | 2,493.4 | 2,758.0 | 3,335.0 | 237.5 | 533.2 | 2,151.2 | 413.1 |
| 2.2.2. Debit | -530.1 | -600.3 | -751.4 | -568.1 | -606.4 | -156.6 | -141.4 | -170.2 | -138.2 |
| 2.3. Other services | -251.4 | -286.0 | -200.6 | -100.6 | 54.2 | 2.0 | 18.5 | 10.5 | 23.1 |
| 2.3.1. Credit | 799.6 | 665.0 | 745.7 | 780.6 | 923.2 | 210.9 | 216.8 | 225.5 | 270.1 |
| 2.3.2. Debit | -1,051.0 | -951.0 | -946.3 | -881.2 | -869.0 | -208.9 | -198.2 | -215.0 | -246.9 |
| Total (1+2) | -3,172.0 | -2,072.6 | -1,673.4 | -935.9 | -1,060.5 | -679.9 | -835.7 | 1,065.9 | -610.8 |

^a Preliminary data.

tics are modified by estimates on imports in duty-free zones (prepared by the CNB), while from 1997 on, data on these imports are included in the merchandise trade statistics.

Beginning with the first quarter of 1999, income and expenditures from transport services are compiled on the basis of data from a new CNB research project on international transport services, with two exceptions: first, income and expenditures from road transport are compiled via data on realized foreign payments, and second, a portion of expenditures on transport services for transport of goods imported to the Republic of Croatia are based on a survey of the largest and large Croatia importers. This survey is carried out in the context of the reformulation of data on imports from a c.i.f. to an f.o.b. basis.

Income from travel-tourism is calculated on the basis of the Survey on Consumption of Foreign Travelers in Croatia starting in the first quarter of 1999. This survey is carried out jointly by the Croatian National Bank and the Institute for Tourism. Additional data from the Croatian Institute for Health Insurance on health services provided to non-residents is also used.

Expenditures from travel-tourism are, starting in the first quarter of 1999, based on the results of the Survey on Consumption of Domestic Travelers Abroad, and supplemented by data on foreign exchange expenditures of the Croatian Institute for Health Insurance.

Item Other services includes data from the foreign payments statistics which relate to investment projects abroad, representation fees, insurance services, delivery services, postal services and the costs of Croatian representative offices overseas. To this category is added a part of unclassified services which can be explained as a linear trend, as well as estimates on expenditures of international peacekeeping and humanitarian missions for goods and services in the Republic of Croatia, based on a research by the Croatian National Bank.

The income account includes data from the foreign payments statistics on compensation of employees, payments on the basis of interest, data from the CNB's research on income paid from foreign direct and portfolio investment of the private sector, Croatian National Bank data and Institute for Payment Transactions data on income paid from foreign portfolio investment in the official sector and estimates on resi-

dents' income from factor services to peacekeeping and humanitarian missions in the Republic of Croatia, based on the research of the Croatian National Bank for the period 1993 to 1996, data on foreign direct investment do not include data on retained profit.

Current transfers to the government include data from the foreign payments statistics on the payment of pensions and other social transfers, monetary support and gifts, as well as data from the merchandise trade statistics of the Republic of Croatia on imports and exports of goods without payment obligation.

Income from transfers to other sectors includes data from the foreign payments statistics on the total value of foreign exchange transfers received from abroad. To this is added an estimate on unregistered transfers. For the 1993 to 1998 period, this estimate is seen as 15% of the difference between the unexplained foreign exchange inflows and outflows of the household sector. Beginning with the first quarter of 1999, data on buy-out of foreign exchange cheques from domestic natural persons are also included.

The foreign exchange receipts of the household sector include the purchase of foreign cash at exchange offices from residents and deposits of foreign cash in foreign exchange accounts of residents at domestic banks. Payments made abroad and income earned through business trips, education and training, tourist receipts and other tourist income are added to this. The total inflow is decreased by: estimated tourist income and estimates on purchases by individual foreign tourists in the Republic of Croatia (Survey on Consumption of Foreign Tourists in Croatia, carried out jointly by the Croatian National Bank and the Institute for Tourism) plus estimated consumption of goods and services by members of peacekeeping and humanitarian missions in the Republic of Croatia.

The foreign exchange expenditures of the household sector include purchases of foreign cash from exchange offices and withdrawals of foreign cash from households' foreign exchange accounts at domestic banks. Realized foreign payments and expenditures from business trips, education and training, tourist payments and other tourist expenditures are added to this. The total outflow is decreased by: individuals' expenditures for goods abroad and expenditures for foreign tourism by

Table H3: Balance of Payments – Income and Current Transfers (revised data)

Million US dollars

| | 1997 | 1998 | 1999 | 2000 | 2001 ^a | 2001 | | | |
|----------------------------------|--------|--------|--------|--------|-------------------|--------|--------|--------|-----------------|
| | | | | | | Q1 | Q2 | Q3 | Q4 ^a |
| 1. Income | -22.4 | -164.0 | -349.5 | -380.1 | -528.4 | -154.0 | -251.3 | -103.7 | -19.5 |
| 1.1. Compensation of employees | 55.6 | 69.7 | 60.3 | 69.6 | 124.5 | 28.8 | 29.6 | 31.9 | 34.3 |
| 1.1.1. Credit | 70.2 | 81.0 | 75.2 | 82.7 | 137.3 | 31.6 | 32.7 | 34.7 | 38.2 |
| 1.1.2. Debit | -14.6 | -11.4 | -14.9 | -13.1 | -12.8 | -2.9 | -3.1 | -2.8 | -3.9 |
| 1.2. Direct investment income | -52.0 | -100.6 | -69.5 | -140.6 | -345.2 | -25.2 | -220.3 | -87.9 | -11.8 |
| 1.2.1. Credit | 16.9 | 5.3 | 4.2 | 7.4 | 18.1 | 1.9 | 10.3 | 3.1 | 2.8 |
| 1.2.2. Debit | -68.9 | -105.9 | -73.7 | -148.0 | -363.3 | -27.1 | -230.7 | -90.9 | -14.6 |
| 1.3. Portfolio investment income | -91.6 | -102.6 | -129.2 | -178.8 | -218.1 | -123.7 | -23.8 | -65.5 | -5.1 |
| 1.3.1. Credit | 2.6 | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.3.2. Debit | -94.2 | -102.8 | -129.3 | -178.8 | -218.1 | -123.7 | -23.8 | -65.5 | -5.1 |
| 1.4. Other investment income | 65.6 | -30.5 | -211.1 | -130.2 | -89.7 | -33.8 | -36.7 | 17.8 | -36.9 |
| 1.4.1. Credit | 274.1 | 308.3 | 172.8 | 244.0 | 245.2 | 65.1 | 51.3 | 97.1 | 31.7 |
| 1.4.2. Debit | -208.6 | -338.8 | -383.9 | -374.3 | -334.9 | -98.9 | -88.0 | -79.4 | -68.6 |
| 2. Current transfers | 869.4 | 706.0 | 632.5 | 883.2 | 965.7 | 222.6 | 254.1 | 238.1 | 250.9 |
| 2.1. General government | 32.8 | -9.2 | -130.3 | 21.7 | 56.7 | 14.9 | 22.7 | 12.1 | 7.0 |
| 2.1.1. Credit | 55.6 | 77.6 | 76.2 | 118.0 | 125.5 | 27.7 | 35.2 | 28.9 | 33.8 |
| 2.1.2. Debit | -22.8 | -86.8 | -206.5 | -96.3 | -68.9 | -12.8 | -12.5 | -16.8 | -26.8 |
| 2.2. Other sectors | 836.5 | 715.2 | 762.7 | 861.5 | 909.0 | 207.7 | 231.5 | 226.0 | 243.9 |
| 2.2.1. Credit | 908.4 | 841.5 | 891.2 | 983.0 | 1,049.0 | 241.7 | 262.7 | 260.8 | 283.8 |
| 2.2.2. Debit | -71.9 | -126.3 | -128.5 | -121.5 | -139.9 | -34.0 | -31.3 | -34.8 | -39.9 |
| Total (1+2) | 846.9 | 542.0 | 283.0 | 503.1 | 437.3 | 68.6 | 2.9 | 134.4 | 231.4 |

^a Preliminary data.

residents (Survey on Consumption of Domestic Travelers Abroad, which is carried out jointly by the Croatian National Bank and the Institute for Tourism). Expenditures on transfers of other sectors are based on foreign payments statistics data on the total value of foreign exchange transfers abroad.

Capital accounts are compiled from data on realized foreign payments by migrants (income and expenditures).

Foreign direct and portfolio investment includes data on those investments from the research of the CNB and data from the securities register of the official sector (central bank and central government) at the Croatian National Bank and the Institute for Payment Transactions. In the 1993 to 1996 period, data on foreign direct investment of the private sector (banks and other sectors) did not include direct foreign debt investment, nor retained profit of the investor.

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

Item Assets - Trade credits has been compiled since the first quarter of 1996. It includes advances paid for goods imports by Croatian importers. Starting in the first quarter of 1999, it includes loans with a maturity below 90 days given by Croatian exporters to foreign buyers as well as long-term and short-term (from 91 days to 1 year) trade credits granted to the government and other sectors.

Item Assets - Loans includes data on loans granted abroad, classified according to institutional sectors. The data are obtained from statistics on foreign credit relations of the Croatian National Bank, which are based on concluded credit agreements registered with the Croatian National Bank.

Item Assets - Currency and deposits - Banks in the 1993 to 1998 period shows the change in the total liquid foreign exchange of banks authorized to do business abroad reduced by the amount of foreign exchange deposited by DMBs with the CNB in fulfillment of a part of their reserve requirements. Beginning with the first quarter of 1999,

transaction-based changes are estimated by converting changes in the original currencies into US dollar changes using the average monthly exchange rate of currencies held in the banks' assets against the US dollar. Item Assets - Currency and deposits - Other sectors, in the 1993 to 1998 period includes a part of the net foreign exchange inflows of the household sector which is not classified on the current account, and which amounts to 85% of the unexplained foreign exchange inflows to the household sector. Beginning with the first quarter of 1999, this item is no longer estimated.

Item Liabilities - Trade credits has been compiled since the first quarter of 1996, and includes data on loans with a maturity below 90 days granted by foreign suppliers to Croatian importers. From the first quarter of 1999 on, this item includes data on advances granted by foreign purchasers to Croatian exporters for exports of goods, as well as data on long-term and short-term (from 91 days to 1 year) trade credits received by the government and other sectors.

Data on credits received from abroad and corresponding arrears are shown by institutional sectors. They are obtained from statistics on foreign credit relations of the Croatian National Bank, which are based on concluded credit agreements registered with the Croatian National Bank.

Item Liabilities - Currency and deposits includes changes in those foreign exchange and kuna foreign liabilities of the monetary authorities (CNB) and banks based on current accounts, time and notice deposits, sight deposits and demand deposits.

Changes in the international reserves of the Croatian National Bank on a transactions basis are estimated using accounting data on the stock of foreign exchange reserves in particular currencies at the end of the month. In the estimate on transactions in the period from 1993 to the fourth quarter of 1998, changes in the original currencies were transformed into dollar changes using the average monthly exchange rate of the currency in question against the US dollar. Starting from the first quarter of 1999, the source of data on changes in international reserves has been a Report on International Reserves Transactions compiled by the CNB Accounting Department.

Table H4: Balance of Payments – Other Investments (revised data)

Million US dollars

| | 1997 | 1998 | 1999 | 2000 | 2001 ^a | 2001 | | | |
|-------------------------------------|---------|---------|--------|--------|-------------------|--------|--------|--------|-----------------|
| | | | | | | Q1 | Q2 | Q3 | Q4 ^a |
| ASSETS | 171.3 | 348.8 | -179.9 | -848.4 | 312.2 | 80.2 | 196.9 | -444.1 | 479.1 |
| 1. Trade credits | 18.1 | -19.5 | -293.4 | 92.3 | 59.8 | 119.4 | -114.5 | 145.4 | -90.6 |
| 1.1. General government | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.1.1. Long-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.1.2. Short-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.2. Other sectors | 18.1 | -19.5 | -293.4 | 92.4 | 59.8 | 119.4 | -114.5 | 145.4 | -90.6 |
| 1.2.1. Long-term | 0.0 | 0.0 | -13.8 | -2.5 | 8.3 | 4.2 | 3.2 | 0.6 | 0.3 |
| 1.2.2. Short-term | 18.1 | -19.5 | -279.6 | 94.9 | 51.5 | 115.2 | -117.7 | 144.8 | -90.8 |
| 2. Loans | 0.0 | 0.0 | -84.3 | 7.4 | -11.8 | -9.5 | 6.6 | -7.5 | -1.4 |
| 2.1. General government | 0.0 | 0.0 | 1.1 | 1.1 | -3.2 | -4.0 | 0.0 | 0.0 | 0.8 |
| 2.1.1. Long-term | 0.0 | 0.0 | 1.1 | 1.1 | -3.2 | -4.0 | 0.0 | 0.0 | 0.8 |
| 2.1.2. Short-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2. Banks | 0.0 | 0.0 | -85.4 | 6.2 | -8.6 | -5.6 | 6.6 | -7.5 | -2.2 |
| 2.2.1. Long-term | 0.0 | 0.0 | -76.1 | 6.5 | -3.0 | 1.8 | 3.8 | -8.6 | 0.1 |
| 2.2.2. Short-term | 0.0 | 0.0 | -9.3 | -0.3 | -5.6 | -7.4 | 2.8 | 1.2 | -2.2 |
| 2.3. Other sectors | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.3.1. Long-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.3.2. Short-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3. Currency and deposits | 153.2 | 368.3 | 197.9 | -948.1 | 264.1 | -29.7 | 304.8 | -582.1 | 571.1 |
| 3.1. General government | 30.7 | -22.3 | 12.3 | -26.7 | -15.2 | -64.3 | 10.6 | 53.1 | -14.6 |
| 3.2. Banks | -371.8 | 406.1 | 185.6 | -921.4 | -1,613.7 | 34.6 | 294.2 | -635.2 | -1,307.3 |
| 3.3. Other sectors | 494.3 | -15.5 | 0.0 | 0.0 | 1,893.0 | 0.0 | 0.0 | 0.0 | 1,893.0 |
| LIABILITIES | 1,963.2 | 402.9 | 806.2 | 528.3 | -193.5 | -416.8 | 413.4 | 223.4 | -413.5 |
| 1. Trade credits | 217.9 | -466.9 | 309.6 | 279.7 | -0.7 | -429.9 | 388.5 | 196.4 | -155.7 |
| 1.1. General government | 0.0 | 0.0 | 0.7 | -3.2 | 1.1 | 0.0 | 1.1 | 0.0 | 0.0 |
| 1.1.1. Long-term | 0.0 | 0.0 | -1.0 | -0.5 | 1.1 | 0.0 | 1.1 | 0.0 | 0.0 |
| 1.1.2. Short-term | 0.0 | 0.0 | 1.6 | -2.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.2. Other sectors | 217.9 | -466.9 | 309.0 | 282.9 | -1.8 | -429.9 | 387.4 | 196.4 | -155.7 |
| 1.2.1. Long-term | 0.0 | 0.0 | -36.7 | -9.9 | -29.9 | -6.3 | 9.0 | -15.9 | -16.7 |
| 1.2.2. Short-term | 217.9 | -466.9 | 345.7 | 292.7 | 28.1 | -423.7 | 378.5 | 212.3 | -139.1 |
| 2. Loans | 1,474.1 | 1,045.7 | 460.9 | 353.5 | -394.6 | -63.6 | -23.1 | 28.4 | -336.3 |
| 2.1. Monetary authorities | 37.3 | -8.9 | -31.4 | -28.7 | -30.8 | 0.0 | -13.8 | -3.1 | -13.9 |
| 2.1.1. Use of Fund credit and loans | 37.3 | -8.9 | -31.4 | -28.7 | -30.8 | 0.0 | -13.8 | -3.1 | -13.9 |
| 2.1.1.1. Drawings | 39.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.1.1.2. Repayments | -2.2 | -8.9 | -31.4 | -28.7 | -30.8 | 0.0 | -13.8 | -3.1 | -13.9 |
| 2.2. General government | 95.7 | -61.4 | 258.3 | 270.3 | -343.4 | 23.0 | -8.4 | -34.7 | -323.3 |
| 2.2.1. Long-term | 104.2 | -12.2 | 229.8 | -16.6 | 16.6 | 23.0 | -8.4 | -34.7 | 36.7 |
| 2.2.1.1. Drawings | 180.7 | 248.0 | 297.2 | 235.1 | 166.7 | 50.6 | 11.8 | 44.9 | 59.3 |
| 2.2.1.2. Repayments | -76.4 | -260.2 | -67.4 | -251.7 | -150.1 | -27.6 | -20.3 | -79.6 | -22.6 |
| 2.2.2. Short-term (net) | -8.6 | -49.2 | 28.5 | 286.9 | -360.0 | 0.0 | 0.0 | 0.0 | -360.0 |
| 2.3. Banks | 399.2 | 311.6 | -66.9 | -165.1 | 80.8 | -26.4 | 1.3 | 97.6 | 8.3 |
| 2.3.1. Long-term | 337.3 | 362.3 | -53.9 | -152.4 | 80.7 | -27.2 | 2.2 | 97.6 | 8.2 |
| 2.3.1.1. Drawings | 587.9 | 517.0 | 589.4 | 347.9 | 336.6 | 39.8 | 40.6 | 182.9 | 73.3 |
| 2.3.1.2. Repayments | -250.6 | -154.7 | -643.3 | -500.3 | -255.9 | -67.0 | -38.4 | -85.4 | -65.1 |
| 2.3.2. Short-term (net) | 61.8 | -50.7 | -13.0 | -12.7 | 0.1 | 0.8 | -0.9 | 0.1 | 0.1 |
| 2.4. Other sectors | 942.0 | 804.3 | 300.9 | 277.1 | -101.2 | -60.1 | -2.2 | -31.4 | -7.4 |
| 2.4.1. Long-term | 747.0 | 668.0 | 247.2 | 336.6 | -54.3 | -7.7 | 25.3 | -21.6 | -50.3 |
| 2.4.1.1. Drawings | 1,007.0 | 969.7 | 770.9 | 829.6 | 588.0 | 105.5 | 174.9 | 154.9 | 152.6 |
| 2.4.1.2. Repayments | -259.9 | -301.8 | -523.6 | -493.0 | -642.3 | -113.2 | -149.6 | -176.5 | -202.9 |
| 2.4.2. Short-term (net) | 194.9 | 136.4 | 53.7 | -59.6 | -46.9 | -52.4 | -27.5 | -9.8 | 42.8 |
| 3. Currency and deposits | 271.1 | -175.9 | 35.6 | -104.9 | 201.7 | 76.7 | 48.0 | -1.5 | 78.6 |
| 3.1. Monetary authorities | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 | 0.0 | 0.0 | 1.0 | 0.0 |
| 3.2. Banks | 271.1 | -175.9 | 35.6 | -104.9 | 200.7 | 76.7 | 48.0 | -2.5 | 78.6 |
| 4. Other liabilities (short-term) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4.1. General government | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4.2. Banks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4.3. Other sectors | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

^a Preliminary data.

Table H5: Balance of Payments – Summary (revised data)

Million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 ^a | 2001 | | | |
|---|-----------|-----------|-----------|-----------|-------------------|-----------|-----------|-----------|-----------------|
| | | | | | | Q1 | Q2 | Q3 | Q4 ^a |
| A. CURRENT ACCOUNT (1+6) | -14,078.7 | -9,726.7 | -9,830.5 | -3,560.7 | -5,405.8 | -5,109.3 | -7,033.2 | 9,882.6 | -3,145.9 |
| 1. Goods, services, and income (2+5) | -19,421.5 | -14,223.5 | -14,333.7 | -10,884.2 | -13,461.2 | -6,961.1 | -9,191.9 | 7,915.5 | -5,223.7 |
| 1.1. Credit | 53,096.0 | 57,052.5 | 59,793.0 | 74,698.6 | 83,387.7 | 14,902.2 | 18,403.3 | 32,225.6 | 17,856.6 |
| 1.2. Debit | -72,517.4 | -71,276.1 | -74,126.8 | -85,582.8 | -96,848.9 | -21,863.4 | -27,595.1 | -24,310.1 | -23,080.3 |
| 2. Goods and services (3+4) | -19,349.8 | -13,153.1 | -11,852.6 | -7,793.8 | -8,980.5 | -5,684.2 | -7,060.1 | 8,800.9 | -5,037.1 |
| 2.1. Credit | 50,830.7 | 54,546.5 | 57,995.6 | 71,898.9 | 80,048.7 | 14,085.8 | 17,600.8 | 31,108.3 | 17,253.8 |
| 2.2. Debit | -70,180.5 | -67,699.6 | -69,848.2 | -79,692.7 | -89,029.2 | -19,770.0 | -24,660.9 | -22,307.4 | -22,290.9 |
| 3. Goods | -32,205.2 | -26,422.2 | -23,586.6 | -26,686.7 | -33,588.9 | -6,765.1 | -10,901.7 | -8,098.8 | -7,823.4 |
| 3.1. Credit | 25,758.2 | 29,278.2 | 31,369.6 | 37,910.1 | 39,635.8 | 9,228.4 | 9,889.8 | 10,098.2 | 10,419.4 |
| 3.2. Debit | -57,963.4 | -55,700.4 | -54,956.2 | -64,596.7 | -73,224.8 | -15,993.5 | -20,791.5 | -18,197.0 | -18,242.8 |
| 4. Services | 12,855.4 | 13,269.1 | 11,734.0 | 18,892.9 | 24,608.4 | 1,080.9 | 3,841.6 | 16,899.6 | 2,786.3 |
| 4.1. Credit | 25,072.5 | 25,268.3 | 26,626.0 | 33,988.9 | 40,412.9 | 4,857.4 | 7,711.0 | 21,010.1 | 6,834.5 |
| 4.2. Debit | -12,217.1 | -11,999.2 | -14,892.0 | -15,096.0 | -15,804.4 | -3,776.5 | -3,869.4 | -4,110.5 | -4,048.1 |
| 5. Income | -71.7 | -1,070.4 | -2,481.1 | -3,090.4 | -4,480.7 | -1,276.9 | -2,131.8 | -885.4 | -186.6 |
| 5.1. Credit | 2,265.3 | 2,506.0 | 1,797.5 | 2,799.7 | 3,339.0 | 816.5 | 802.5 | 1,117.3 | 602.7 |
| 5.2. Debit | -2,336.9 | -3,576.5 | -4,278.6 | -5,890.1 | -7,819.7 | -2,093.4 | -2,934.3 | -2,002.7 | -789.3 |
| 6. Current transfers | 5,342.8 | 4,496.8 | 4,503.2 | 7,323.5 | 8,055.5 | 1,851.8 | 2,158.7 | 1,967.2 | 2,077.8 |
| 6.1. Credit | 5,925.4 | 5,846.2 | 6,898.2 | 9,131.4 | 9,795.4 | 2,239.8 | 2,530.9 | 2,393.8 | 2,630.9 |
| 6.2. Debit | -582.6 | -1,349.4 | -2,394.9 | -1,807.9 | -1,740.0 | -388.0 | -372.3 | -426.7 | -553.1 |
| B. CAPITAL AND FINANCIAL ACCOUNT | 16,177.9 | 9,123.9 | 15,759.8 | 7,624.3 | 8,126.4 | 1,425.0 | 6,264.5 | -2,251.6 | 2,688.6 |
| B1. Capital account | 132.4 | 121.9 | 178.0 | 172.1 | 1,140.1 | 27.9 | 1,027.1 | 36.6 | 48.6 |
| B2. Financial account, excl. reserves | 18,730.7 | 10,056.6 | 18,573.8 | 12,261.9 | 18,021.4 | 2,604.0 | 8,515.2 | 1,174.5 | 5,727.6 |
| 1. Direct investment | 2,135.2 | 5,349.3 | 10,333.9 | 8,752.9 | 11,053.8 | 627.4 | 3,109.1 | 1,919.5 | 5,397.8 |
| 1.1. Abroad | -1,149.7 | -619.7 | -250.4 | -253.1 | -1,012.4 | -87.8 | -140.2 | -452.0 | -332.4 |
| 1.2. In Croatia | 3,284.8 | 5,969.1 | 10,584.3 | 9,005.9 | 12,066.2 | 715.2 | 3,249.3 | 2,371.5 | 5,730.2 |
| 2. Portfolio investment | 3,523.4 | 107.9 | 3,996.9 | 5,781.8 | 5,995.1 | 4,776.5 | 202.5 | 1,149.4 | -133.3 |
| 2.1. Assets | 70.6 | -0.9 | -2.1 | -1.4 | 2.4 | -0.3 | 2.7 | -0.1 | 0.1 |
| 2.2. Liabilities | 3,452.8 | 108.8 | 3,999.1 | 5,783.2 | 5,992.8 | 4,776.8 | 199.8 | 1,149.5 | -133.3 |
| 3. Other investment | 13,072.0 | 4,599.3 | 4,242.9 | -2,272.8 | 972.4 | -2,799.9 | 5,203.7 | -1,894.4 | 463.1 |
| 3.1. Assets | 750.9 | 2,139.9 | -1,594.1 | -6,972.8 | 2,669.7 | 667.8 | 1,687.8 | -3,658.5 | 3,972.5 |
| 3.2. Liabilities | 12,321.1 | 2,459.4 | 5,837.1 | 4,700.0 | -1,697.3 | -3,467.8 | 3,515.9 | 1,764.0 | -3,509.4 |
| B3. Reserve assets (CNB) | -2,685.2 | -1,054.5 | -2,992.0 | -4,809.8 | -11,035.1 | -1,206.8 | -3,277.9 | -3,462.7 | -3,087.7 |
| C. NET ERRORS AND OMISSIONS | -2,099.2 | 602.9 | -5,929.3 | -4,063.6 | -2,720.6 | 3,684.3 | 768.7 | -7,631.0 | 457.3 |

^a Preliminary data.

Table H6: International Reserves and Banks' Foreign Exchange Reserves

End of period, million US dollars

| Year | Month | International reserves of the Croatian National Bank | | | | | | Banks' foreign exchange reserves ^a | |
|------|-----------------------|--|------------------------|------------------------------|-------|------------------|-----------------------|---|-----------------|
| | | Total | Special drawing rights | Reserve position in the Fund | Gold | Foreign exchange | | | |
| | | | | | | Total | Currency and deposits | | Bonds and notes |
| 1991 | December | – | – | – | – | – | – | 200.9 | |
| 1992 | December | 166.8 | – | – | – | 166.8 | 166.8 | – | 484.0 |
| 1993 | December | 616.2 | 3.7 | – | – | 612.5 | 612.5 | – | 689.4 |
| 1994 | December | 1,405.0 | 4.5 | – | – | 1,400.5 | 1,400.5 | – | 878.7 |
| 1995 | December | 1,895.2 | 139.8 | – | – | 1,755.4 | 1,651.0 | 104.3 | 1,330.3 |
| 1996 | December | 2,314.0 | 125.6 | – | – | 2,188.4 | 2,016.6 | 171.8 | 1,919.5 |
| 1997 | December | 2,539.1 | 147.1 | 0.1 | – | 2,391.9 | 2,011.7 | 380.2 | 2,291.3 |
| 1998 | December | 2,815.7 | 231.2 | 0.2 | – | 2,584.4 | 1,927.0 | 657.4 | 1,885.2 |
| 1999 | December | 3,025.0 | 189.5 | 0.2 | – | 2,835.3 | 2,459.8 | 375.5 | 1,562.9 |
| 2000 | November | 3,336.9 | 144.9 | 0.2 | – | 3,191.8 | 2,536.1 | 655.7 | 2,301.2 |
| | December | 3,524.8 | 147.7 | 0.2 | – | 3,376.9 | 2,574.3 | 802.6 | 2,389.2 |
| 2001 | January | 3,394.1 | 146.7 | 0.2 | – | 3,247.2 | 2,347.6 | 899.7 | 2,219.3 |
| | February | 3,466.8 | 145.0 | 0.2 | – | 3,321.6 | 2,306.6 | 1,015.0 | 2,240.4 |
| | March | 3,514.1 | 139.5 | 0.2 | – | 3,374.4 | 2,362.1 | 1,012.3 | 2,295.2 |
| | April | 3,635.9 | 127.5 | 0.2 | – | 3,508.1 | 2,254.6 | 1,253.5 | 2,189.5 |
| | May | 3,695.1 | 126.0 | 0.2 | – | 3,568.9 | 2,405.7 | 1,163.2 | 1,981.7 |
| | June | 3,798.5 | 124.2 | 0.2 | 114.9 | 3,559.2 | 2,332.1 | 1,227.1 | 1,963.2 |
| | July | 4,175.8 | 126.7 | 0.2 | 114.9 | 3,934.0 | 2,770.1 | 1,163.9 | 1,961.9 |
| | August | 4,101.3 | 128.7 | 0.2 | 114.9 | 3,857.5 | 2,756.7 | 1,100.8 | 2,718.3 |
| | September | 4,416.3 | 124.8 | 0.2 | – | 4,291.3 | 3,003.3 | 1,288.0 | 2,685.7 |
| | October | 4,504.8 | 110.7 | 0.2 | – | 4,393.9 | 3,059.7 | 1,334.3 | 2,769.7 |
| | November | 4,614.9 | 108.9 | 0.2 | – | 4,505.7 | 3,105.9 | 1,399.9 | 2,958.7 |
| | December ^b | 4,704.2 | 108.4 | 0.2 | – | 4,595.6 | 3,060.3 | 1,535.3 | 3,915.0 |
| 2002 | January | 4,734.4 | 107.4 | 0.2 | – | 4,626.8 | 3,319.5 | 1,307.3 | 3,541.5 |
| | February | 4,750.0 | 106.4 | 0.2 | – | 4,643.3 | 3,273.2 | 1,370.2 | 3,457.2 |
| | March | 4,885.5 | 104.1 | 0.2 | – | 4,781.1 | 3,275.3 | 1,505.8 | 2,906.3 |
| | April | 5,018.8 | 92.1 | 0.2 | – | 4,926.5 | 3,292.0 | 1,634.5 | 2,658.1 |
| | May ^c | 5,230.8 | 92.8 | 0.2 | – | 5,137.8 | 3,365.6 | 1,772.2 | 2,745.6 |

^a HBOR excluded. ^b The first revaluation of securities with the effect of USD 19.8m was conducted within the CNB's international reserves as at 31 December 2001. Accrued interest on deposits, with the effect of USD 7.6m, was included in the international reserves as at 31 December 2001 as well. ^c Preliminary data.

Table H6: International Reserves and Banks' Foreign Exchange Reserves

The international reserves of the Croatian National Bank are shown according to the methodology contained 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 International Monetary Fund, gold, foreign currency and deposits with foreign banks, as well as bonds and debt instruments.

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

Table H7: International Reserves and Foreign Currency Liquidity

Million US dollars

| | 1999 | 2000 | 2001 | | | | 2002 | | | |
|--|------------------|----------|----------|----------|----------|-------------------|----------|----------|----------|----------|
| | Dec. | Dec. | Mar. | Jun. | Sep. | Dec. ^c | Jan. | Feb. | Mar. | Apr. |
| I. Official reserve assets and other f/c assets (approximate market value) | | | | | | | | | | |
| A. Official reserve assets | 2,847.4 | 3,432.3 | 3,398.3 | 3,749.1 | 4,335.8 | 4,704.2 | 4,734.4 | 4,750.0 | 4,885.5 | 5,018.8 |
| (1) Foreign currency reserves (in convertible f/c) | 2,616.3 | 2,567.4 | 2,411.4 | 2,731.2 | 2,989.5 | 3,420.3 | 3,217.1 | 3,429.9 | 3,661.5 | 3,744.9 |
| (a) Securities | 375.5 | 802.6 | 1,012.3 | 1,227.1 | 1,288.0 | 1,535.3 | 1,307.3 | 1,370.2 | 1,505.8 | 1,634.5 |
| o/w: issuer headquartered in reporting country but located abroad | | | | | | | | | | |
| (b) Total currency and deposits with: | 2,240.8 | 1,764.8 | 1,399.1 | 1,504.1 | 1,701.5 | 1,885.0 | 1,909.9 | 2,059.8 | 2,155.7 | 2,110.5 |
| (i) other national central banks, BIS and IMF | 712.3 | 545.7 | 506.4 | 349.3 | 412.7 | 406.9 | 349.9 | 325.4 | 382.6 | 352.2 |
| (ii) banks headquartered in the reporting country | | | | | | | | | | |
| o/w: located abroad | | | | | | | | | | |
| (iii) banks headquartered outside the reporting country | 1,528.6 | 1,219.1 | 892.6 | 1,154.8 | 1,288.8 | 1,478.1 | 1,560.0 | 1,734.3 | 1,773.0 | 1,758.2 |
| o/w: located in the reporting country | | | | | | | | | | |
| (2) IMF reserve position | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| (3) SDRs | 189.5 | 147.7 | 139.5 | 123.6 | 124.1 | 108.4 | 107.4 | 106.4 | 104.1 | 92.1 |
| (4) gold | | | | 114.9 | | | | | | |
| (5) other reserve assets | 41.4 | 717.0 | 847.1 | 779.2 | 1,221.9 | 1,175.3 | 1,409.6 | 1,213.4 | 1,119.7 | 1,181.5 |
| – reverse repo | 41.4 | 717.0 | 847.1 | 779.2 | 1,221.9 | 1,175.3 | 1,409.6 | 1,213.4 | 1,119.7 | 1,181.5 |
| B. Other foreign currency assets (specify) | 177.6 | 92.5 | 115.9 | 49.4 | 80.5 | | | | | |
| – time deposits | 177.6 | 92.5 | 115.9 | 49.4 | 80.5 | | | | | |
| C. Total (A+B) | 3,025.0 | 3,524.8 | 3,514.1 | 3,798.5 | 4,416.3 | 4,704.2 | 4,734.4 | 4,750.0 | 4,885.5 | 5,018.8 |
| 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) | -932.6 | -1,210.8 | -1,430.9 | -1,323.4 | -1,586.4 | -1,191.4 | -1,209.7 | -881.6 | -802.9 | -809.0 |
| (a) Croatian National Bank | -258.7 | -265.0 | -270.7 | -171.1 | -420.8 | -391.1 | -404.2 | -359.4 | -280.1 | -276.6 |
| Up to 1 month | Principal -90.2 | -107.6 | -119.2 | -71.7 | -108.3 | -172.9 | -156.2 | -193.2 | -141.5 | -105.0 |
| Interest | -5.0 | -4.3 | -3.9 | -3.6 | -3.5 | -2.8 | -2.5 | -2.7 | -2.3 | -2.5 |
| More than 1 and up to 3 months | Principal -123.6 | -116.5 | -118.5 | -60.6 | -282.1 | -179.6 | -223.5 | -142.7 | -106.7 | -122.4 |
| Interest | -2.7 | -2.8 | -2.2 | -1.5 | -3.0 | -1.9 | -2.3 | -0.9 | -1.7 | -1.2 |
| More than 3 months and up to 1 year | Principal -29.9 | -29.0 | -19.6 | -29.9 | -20.1 | -30.4 | -16.6 | -16.6 | -24.6 | -42.3 |
| Interest | -7.3 | -4.7 | -7.2 | -3.8 | -3.7 | -3.4 | -3.0 | -3.3 | -3.2 | -3.3 |
| (b) Central government (excluding extrabudgetary funds) ^a | -673.9 | -945.8 | -1,160.2 | -1,152.4 | -1,165.6 | -800.3 | -805.5 | -522.2 | -522.9 | -532.4 |
| Up to 1 month | Principal -63.5 | -89.3 | -4.0 | -86.2 | -363.4 | -89.7 | -302.1 | -8.2 | -3.1 | -2.4 |
| Interest | -58.3 | -69.0 | -3.2 | -61.8 | -1.3 | -49.0 | -13.3 | -96.0 | -1.3 | -1.0 |
| More than 1 and up to 3 months | Principal -6.0 | -93.8 | -16.8 | -369.5 | -20.0 | -310.1 | -11.1 | -5.3 | -19.4 | -111.6 |
| Interest | -42.9 | -77.1 | -17.1 | -22.8 | -14.2 | -110.9 | -96.9 | -2.0 | -14.0 | -69.3 |
| More than 3 months and up to 1 year | Principal -384.6 | -497.1 | -874.1 | -441.2 | -524.9 | -150.6 | -248.7 | -248.6 | -237.6 | -147.5 |
| Interest | -118.7 | -119.6 | -245.0 | -170.9 | -241.7 | -90.0 | -133.4 | -162.2 | -247.5 | -200.5 |
| 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 | -21.3 | -40.7 | | -18.0 | -40.8 | -66.3 | -164.1 | -124.9 | -113.2 | -137.1 |
| – outflows related to repos (-) | -21.3 | -40.7 | | -18.0 | -40.8 | -66.3 | -164.1 | -124.9 | -113.2 | -137.1 |
| Up to 1 month | Principal -21.3 | -40.6 | | -18.0 | -40.8 | -66.3 | -163.8 | -124.8 | -113.2 | -137.1 |
| Interest | 0.0 | -0.1 | | 0.0 | 0.0 | -0.1 | -0.2 | -0.1 | 0.0 | -0.1 |
| 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 foreign currency assets (1+2+3) | -954.0 | -1,251.5 | -1,430.9 | -1,341.4 | -1,627.2 | -1,257.7 | -1,373.7 | -1,006.5 | -916.1 | -946.2 |
| III. Contingent short-term net drains on f/c assets (nominal value) | | | | | | | | | | |
| 1. Contingent liabilities in foreign currency | -869.9 | -969.3 | -936.1 | -1,057.2 | -1,103.1 | -960.3 | -1,011.4 | -1,019.9 | -1,059.2 | -1,094.1 |
| (a) Collateral guarantees on debt falling due within 1 year | -263.6 | -296.0 | -285.4 | -304.2 | -286.7 | -278.6 | -296.5 | -269.4 | -255.1 | -281.7 |
| – Croatian National Bank | | | | | | | | | | |
| – Central government (excluding extrabudgetary funds) ^a | -263.6 | -296.0 | -285.4 | -304.2 | -286.7 | -278.6 | -296.5 | -269.4 | -255.1 | -281.7 |
| Up to 1 month | -37.3 | -48.4 | -37.7 | -38.8 | -11.2 | -43.6 | -4.8 | -16.6 | -10.8 | -52.3 |

| | | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| More than 1 and up to 3 months | -57.6 | -11.4 | -35.7 | -64.1 | -39.7 | -21.8 | -28.3 | -61.2 | -86.6 | -76.8 |
| More than 3 months and up to 1 year | -168.7 | -236.2 | -212.0 | -201.2 | -235.8 | -213.2 | -263.4 | -191.6 | -157.8 | -152.5 |
| (b) Other contingent liabilities | -606.2 | -673.2 | -650.8 | -753.0 | -816.4 | -681.7 | -714.9 | -750.4 | -804.1 | -812.4 |
| – Croatian National Bank | -606.2 | -673.2 | -650.8 | -753.0 | -816.4 | -681.7 | -714.9 | -750.4 | -804.1 | -812.4 |
| Up to 1 month | | | | | | | | | | |
| More than 1 and up to 3 months | -606.2 | -673.2 | -650.8 | -753.0 | -816.4 | -681.7 | -714.9 | -750.4 | -804.1 | -812.4 |
| More than 3 months and up to 1 year | | | | | | | | | | |
| – Central government (excluding extrabudgetary funds) ^a | | | | | | | | | | |
| 2. F/c sec. issued with embedded options (puttable bonds) | | | | | | | | | | |
| 3. Undrawn, unconditional credit lines provided by | 80.0 | 80.0 | | 90.0 | 154.7 | 150.7 | 149.0 | 149.0 | 150.1 | 211.1 |
| – BIS (+) | 80.0 | 80.0 | | | | | | | | |
| – IMF (+) | | | | 90.0 | 154.7 | 150.7 | 149.0 | 149.0 | 150.2 | 211.1 |
| 4. Aggregate short and long positions of options in foreign currencies vis-a-vis the domestic currency | | | | | | | | | | |
| 5. Total contingent short-term net drains on f/c assets (1+2+3+4) | -789.9 | -889.3 | -936.1 | -967.2 | -948.4 | -809.7 | -862.4 | -870.9 | -909.0 | -883.0 |
| IV. Memo items | | | | | | | | | | |
| (a) short-term domestic currency debt indexed to the exchange rate | | | | | | | | | | |
| o/w: central government (excluding extrabudgetary funds) | | | | | | | | | | |
| (b) financial instruments denominated in foreign currency and settled by other means (e.g., in domestic currency) | | | | | | | | | | |
| (c) pledged assets | 177.0 | | | | | | | | | |
| (d) securities lent and on repo | | | | | | | | | | |
| – lent or repoed and included in Section I | -20.1 | -40.0 | | -16.9 | -40.0 | -61.7 | -157.9 | -121.9 | -78.7 | -100.0 |
| – 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 | 37.4 | 685.6 | 783.9 | 700.1 | 1,112.1 | 1,089.3 | 1,351.8 | 1,142.7 | 1,060.7 | 1,141.3 |
| (e) financial derivative assets (net, marked to market) | | | | | | | | | | |
| (f) currency composition of official reserves assets ^b | | | | | | | | | | |
| – currencies in SDR basket | 2,983.7 | 3,524.8 | 3,398.2 | 3,634.2 | 4,335.8 | 4,704.2 | 4,734.4 | 4,749.9 | 4,885.4 | 5,018.7 |
| – currencies not in SDR basket | 41.4 | 0.0 | 0.0 | 115.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| – by individual currencies | | | | | | | | | | |
| USD | 1,186.1 | 922.5 | 842.5 | 1,202.6 | 1,534.7 | 1,533.2 | 1,588.2 | 1,609.0 | 1,702.5 | 1,756.6 |
| EUR | 1,405.1 | 2,453.9 | 2,415.6 | 2,307.4 | 2,676.2 | 2,062.0 | 3,038.6 | 3,034.2 | 3,078.6 | 3,169.8 |
| Other | 433.8 | 148.4 | 140.2 | 239.1 | 124.8 | 109.0 | 107.7 | 106.7 | 104.4 | 92.3 |

^a Preliminary data for 2001. ^b Until January 2001: Currency structure of official reserve assets and other foreign currency assets. ^c The first revaluation of securities with the effect of USD 19.8m was conducted within the CNB's international reserves as at 31 December 2001. Accrued interest on deposits, with the effect of USD 7.6m, was included in the international reserves as at 31 December 2001 as well. In accordance with the recommendation made by the IMF, time deposits with a maturity over 3 months were also included in Official reserve assets (I.A.). These deposits were previously included in Other foreign currency assets (I.B.).

Table H7: 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 "Data Template on International Reserves and Foreign Currency Liquidity – Operational Guidelines, October 1999" issued by the IMF.

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. Other foreign currency assets of the CNB (I.B.) include foreign currency time deposits with a maturity over 3 months.

The second part of the Template shows fixed predetermined foreign currency net liabilities of the Croatian National Bank and the central government (excluding extrabudgetary 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 extrabudgetary 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 DMBs (temporary sale or purchase of foreign currency). Item Other (II.3.) includes future payments arising from repo agreements 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 extrabudgetary funds), which fall due in the next 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. (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 households' deposits in foreign currency with remaining maturity of up to 3 months). 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 Law on Converting Households' Foreign Exchange 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 a pledge. Repo transactions with securities show the value of collateral that is the subject of repo agreements and reverse repo transactions with securities as well as how these transactions are registered in the Template. Until December 2000, the currency structure of international and other foreign currency reserves showed the currency structure of the total foreign currency assets of the CNB (section I.). From January 2001, the currency structure refers to official reserve assets (section I.).

Table H8: 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 |
|------|-----------|----------|----------|----------|-------------|----------|-----------|----------|----------|
| 1992 | | 0.340174 | 0.024304 | 0.050419 | 0.020916 | 0.190597 | 0.375277 | 0.264299 | 0.171018 |
| 1993 | | 4.133563 | 0.305485 | 0.621058 | 0.224018 | 2.433869 | 5.369428 | 3.577417 | 2.155526 |
| 1994 | | 7.087400 | 0.524804 | 1.079560 | 0.371475 | 4.381763 | 9.166192 | 5.995300 | 3.692018 |
| 1995 | | 6.757758 | 0.518734 | 1.047969 | 0.321342 | 4.425311 | 8.252950 | 5.229967 | 3.649342 |
| 1996 | | 6.804708 | 0.513722 | 1.062735 | 0.352150 | 4.404976 | 8.479850 | 5.433800 | 3.614536 |
| 1997 | | 6.959708 | 0.505322 | 1.056355 | 0.361942 | 4.246962 | 10.081567 | 6.157050 | 3.555932 |
| 1998 | | 7.136608 | 0.514421 | 1.079581 | 0.366683 | 4.395149 | 10.539883 | 6.362292 | 3.619321 |
| 1999 | | 7.579622 | 0.550834 | 1.155501 | 0.391455 | 4.738375 | 11.504100 | 7.112441 | 3.875409 |
| 2000 | | 7.634973 | 0.554855 | 1.163944 | 0.394313 | 4.901679 | 12.529639 | 8.276819 | 3.903700 |
| 2001 | | 7.468966 | 0.542791 | 1.138637 | 0.385740 | 4.946376 | 12.010492 | 8.339074 | 3.818822 |
| 2001 | January | 7.605594 | 0.552720 | 1.159465 | 0.392796 | 4.974222 | 11.987261 | 8.088795 | 3.888678 |
| | February | 7.697274 | 0.559383 | 1.173442 | 0.397531 | 5.013567 | 12.152421 | 8.351871 | 3.935554 |
| | March | 7.695090 | 0.559224 | 1.173109 | 0.397418 | 5.009254 | 12.215118 | 8.443783 | 3.934437 |
| | April | 7.615417 | 0.553434 | 1.160963 | 0.393303 | 4.984932 | 12.247077 | 8.528187 | 3.893701 |
| | May | 7.369043 | 0.535529 | 1.123403 | 0.380579 | 4.803162 | 11.992724 | 8.409159 | 3.767732 |
| | June | 7.298230 | 0.530383 | 1.112608 | 0.376922 | 4.792849 | 11.977367 | 8.544508 | 3.731526 |
| | July | 7.199348 | 0.523197 | 1.097533 | 0.371815 | 4.756738 | 11.843820 | 8.383935 | 3.680968 |
| | August | 7.377423 | 0.536138 | 1.124681 | 0.381012 | 4.873952 | 11.783157 | 8.208499 | 3.772017 |
| | September | 7.516445 | 0.546241 | 1.145875 | 0.388192 | 5.038014 | 12.060134 | 8.247745 | 3.843097 |
| | October | 7.475332 | 0.543253 | 1.139607 | 0.386069 | 5.051394 | 11.982631 | 8.254490 | 3.822076 |
| | November | 7.408086 | 0.538366 | 1.129355 | 0.382596 | 5.051386 | 11.982645 | 8.332980 | 3.787694 |
| | December | 7.391192 | 0.537139 | 1.126780 | 0.381723 | 5.016176 | 11.922554 | 8.285753 | 3.779057 |
| 2002 | January | 7.477062 | | | | 5.071054 | 12.130633 | 8.451613 | |
| | February | 7.500267 | | | | 5.077714 | 12.263697 | 8.626259 | |
| | March | 7.403144 | | | | 5.043763 | 12.027717 | 8.454575 | |
| | April | 7.392964 | | | | 5.043037 | 12.043841 | 8.358554 | |
| | May | 7.378303 | | | | 5.065595 | 11.779217 | 8.071944 | |

Table H9: 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 |
|------|-----------|----------|----------|----------|-------------|----------|-----------|----------|----------|
| 1992 | | 0.964508 | 0.070357 | 0.145244 | 0.054153 | 0.546218 | 1.206464 | 0.798188 | 0.495000 |
| 1993 | | 7.262200 | 0.540504 | 1.120052 | 0.381300 | 4.471653 | 9.714800 | 6.561900 | 3.801812 |
| 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 | 3.511000 |
| 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 |
| 2001 | January | 7.675722 | 0.557816 | 1.170156 | 0.396418 | 5.048821 | 12.203056 | 8.376866 | 3.924534 |
| | February | 7.703111 | 0.559807 | 1.174332 | 0.397832 | 5.014393 | 12.157688 | 8.418701 | 3.938538 |
| | March | 7.680701 | 0.558178 | 1.170915 | 0.396675 | 5.034874 | 12.436368 | 8.722122 | 3.927080 |
| | April | 7.526926 | 0.547003 | 1.147472 | 0.388733 | 4.898110 | 12.060449 | 8.358607 | 3.848456 |
| | May | 7.278507 | 0.528950 | 1.109601 | 0.375904 | 4.767165 | 12.068491 | 8.504916 | 3.721442 |
| | June | 7.320680 | 0.532015 | 1.116030 | 0.378082 | 4.812438 | 12.152523 | 8.646132 | 3.743004 |
| | July | 7.185933 | 0.522222 | 1.095488 | 0.371122 | 4.757006 | 11.684444 | 8.217190 | 3.674109 |
| | August | 7.610640 | 0.553087 | 1.160235 | 0.393057 | 5.019549 | 12.155630 | 8.372541 | 3.891258 |
| | September | 7.542032 | 0.548101 | 1.149775 | 0.389513 | 5.104590 | 12.105990 | 8.230964 | 3.856180 |
| | October | 7.444006 | 0.540977 | 1.134831 | 0.384451 | 5.061195 | 11.967855 | 8.220879 | 3.806060 |
| | November | 7.432042 | 0.540108 | 1.133007 | 0.383833 | 5.082781 | 11.939023 | 8.361883 | 3.799943 |
| | December | 7.370030 | 0.535601 | 1.123554 | 0.380630 | 4.977396 | 12.101856 | 8.356043 | 3.768237 |
| 2002 | January | 7.568480 | | | | 5.146875 | 12.391094 | 8.741603 | |
| | February | 7.437848 | | | | 5.037827 | 12.179217 | 8.600657 | |
| | March | 7.402535 | | | | 5.052580 | 12.107516 | 8.494991 | |
| | April | 7.395818 | | | | 5.054205 | 11.969280 | 8.185742 | |
| | May | 7.377827 | | | | 5.039844 | 11.587603 | 7.928032 | |

Table H10: Indices of the Effective Exchange Rate of the Kuna

Indices 1995=100

| Year | Month | Nominal effective exchange rate of the kuna | Real effective exchange rate of the kuna; deflator | |
|------|-----------|---|--|---------------------|
| | | | Indices of producers' prices | Retail price index |
| 1997 | December | 107.96 | 104.89 | 103.27 |
| 1998 | December | 111.87 | 108.03 | 102.41 |
| 1999 | December | 122.56 | 116.27 | 109.49 |
| 2000 | November | 127.29 | 115.06 | 108.76 |
| | December | 125.97 | 113.53 | 107.66 |
| 2001 | January | 124.42 | 113.87 | 106.35 |
| | February | 126.69 | 114.54 | 108.30 |
| | March | 127.10 | 116.70 | 108.89 |
| | April | 126.60 | 116.60 | 107.37 |
| | May | 123.23 | 113.72 | 104.46 |
| | June | 123.03 | 113.20 | 104.75 |
| | July | 121.19 | 111.46 | 103.63 |
| | August | 122.41 | 112.96 | 103.63 |
| | September | 124.23 | 114.02 | 105.23 |
| | October | 123.80 | 112.11 | 104.80 |
| | November | 123.41 | 111.98 | 104.61 |
| | December | 122.99 | 111.96 | 104.32 |
| 2002 | January | 124.74 | 113.95 | 105.45 |
| | February | 125.80 | 114.35 | 106.57 |
| | March | 123.91 | 114.53 ^a | 105.08 ^a |
| | April | 123.36 | 113.53 ^a | 104.60 ^a |
| | May | 121.86 | | |

^a Preliminary data.

Note: From 1 January 2001, the euro-zone related price series includes Greece as well.

Table H10: 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 exchange rates of the kuna against the euro, US dollar, Swiss franc, British pound and Slovenian tolar. The weights are determined based on the average share of a particular foreign currency in the structure of the current account of the balance of foreign currency transactions between July 1996 and January 2000. The year 1995 is a base period for calculating the index. 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. The index of the real effective exchange rate is a weighted geometric average of the index of bilateral exchange rates of the kuna corrected for the relevant relative price indices (the ratio of price indices in partner countries and domestic prices). Producer price and retail price indices are used, in particular the total harmonized retail price index for the Economic and Monetary Union member countries. 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 H11: External Debt by Domestic Sectors

Million US dollars

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|-----------------------------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Dec.* | Jan. | Feb. | Mar. | Apr. |
| 1. Direct investment | 0.0 | 476.5 | 539.9 | 1,114.7 | 1,174.9 | 1,316.6 | 1,164.6 | 1,116.0 | 1,078.1 | 1,118.5 | 1,148.5 | 1,191.2 |
| 2. Government | 2,905.7 | 3,395.3 | 3,973.0 | 4,795.3 | 5,204.7 | 5,127.3 | 5,431.1 | 5,011.0 | 4,864.4 | 5,088.0 | 5,112.4 | 5,258.3 |
| 2.1 Portfolio investment | 1,954.5 | 2,049.3 | 2,522.9 | 3,141.2 | 3,562.0 | 3,516.9 | 3,807.9 | 3,683.1 | 3,568.4 | 3,687.5 | 3,712.1 | 3,810.8 |
| Bonds | 1,954.5 | 2,049.3 | 2,522.9 | 3,141.2 | 3,562.0 | 3,516.9 | 3,807.9 | 3,683.1 | 3,568.4 | 3,687.5 | 3,712.1 | 3,810.8 |
| 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 |
| 2.2 Other investment | 951.2 | 1,346.0 | 1,450.2 | 1,654.1 | 1,642.7 | 1,610.3 | 1,623.3 | 1,328.0 | 1,296.0 | 1,400.5 | 1,400.3 | 1,447.5 |
| 2.2.1 Trade credits | 18.1 | 2.7 | 3.4 | 0.1 | 0.1 | 1.2 | 1.1 | 1.1 | 1.1 | 1.2 | 1.5 | 1.6 |
| Long-term | 18.1 | 1.8 | 0.7 | 0.1 | 0.1 | 1.2 | 1.1 | 1.1 | 1.1 | 1.2 | 1.5 | 1.6 |
| Short-term | 0.0 | 0.8 | 2.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.2 Credits | 933.1 | 1,343.3 | 1,446.8 | 1,654.0 | 1,642.6 | 1,609.2 | 1,622.1 | 1,326.8 | 1,294.8 | 1,399.4 | 1,398.8 | 1,445.9 |
| Long-term | 833.1 | 1,293.3 | 1,371.5 | 1,294.0 | 1,282.6 | 1,249.2 | 1,262.1 | 1,326.8 | 1,294.8 | 1,399.4 | 1,398.8 | 1,445.9 |
| Short-term | 100.0 | 50.0 | 75.3 | 360.0 | 360.0 | 360.0 | 360.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3. Croatian National Bank | 231.8 | 233.9 | 196.6 | 158.7 | 151.7 | 136.4 | 138.4 | 122.2 | 120.8 | 120.7 | 118.4 | 106.4 |
| o/w: IMF | 231.8 | 233.9 | 196.6 | 158.7 | 151.7 | 136.4 | 138.4 | 122.2 | 120.8 | 120.7 | 118.4 | 106.4 |
| 4. Banks | 2,215.6 | 2,265.6 | 1,954.5 | 1,597.1 | 1,592.3 | 1,604.7 | 1,779.2 | 1,818.8 | 1,785.8 | 1,807.9 | 1,949.1 | 2,008.3 |
| 4.1. Portfolio investment | 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 |
| 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 |
| 4.2 Other investment | 2,215.6 | 2,265.6 | 1,954.5 | 1,597.1 | 1,592.3 | 1,604.7 | 1,779.2 | 1,818.8 | 1,785.8 | 1,807.9 | 1,949.1 | 2,008.3 |
| 4.2.1 Currency and deposits | 789.9 | 614.6 | 537.7 | 432.8 | 509.5 | 557.3 | 554.9 | 633.5 | 646.5 | 661.5 | 798.6 | 830.3 |
| 4.2.2 Credits | 1,425.7 | 1,651.0 | 1,416.8 | 1,164.3 | 1,082.8 | 1,047.4 | 1,224.3 | 1,185.3 | 1,139.3 | 1,146.4 | 1,150.5 | 1,178.0 |
| Long-term | 1,382.0 | 1,616.1 | 1,385.6 | 1,156.4 | 1,074.4 | 1,040.0 | 1,216.6 | 1,176.9 | 1,131.9 | 1,138.9 | 1,142.8 | 1,170.1 |
| Short-term | 43.7 | 34.9 | 31.2 | 7.9 | 8.5 | 7.4 | 7.8 | 8.4 | 7.4 | 7.5 | 7.7 | 7.9 |
| 5. Other sectors | 2,098.5 | 3,214.9 | 3,208.3 | 3,336.3 | 3,162.2 | 3,101.4 | 3,246.3 | 3,114.9 | 3,080.3 | 3,066.9 | 3,060.5 | 3,239.9 |
| 5.1 Portfolio investment | 0.0 | 8.7 | 48.5 | 38.4 | 41.3 | 61.8 | 64.7 | 54.8 | 45.8 | 45.7 | 31.9 | 150.4 |
| Bonds | 0.0 | 0.0 | 31.1 | 28.9 | 27.3 | 26.2 | 28.4 | 27.4 | 26.8 | 26.8 | 27.0 | 145.5 |
| Money market instruments | 0.0 | 8.7 | 17.4 | 9.5 | 14.0 | 35.6 | 36.3 | 27.4 | 18.9 | 18.9 | 4.9 | 4.9 |
| 5.2 Other investment | 2,098.5 | 3,206.2 | 3,159.8 | 3,298.0 | 3,120.9 | 3,039.6 | 3,181.7 | 3,060.0 | 3,034.6 | 3,021.2 | 3,028.6 | 3,089.5 |
| 5.2.1 Trade credits | 608.4 | 441.1 | 373.8 | 341.6 | 321.4 | 324.1 | 330.5 | 299.1 | 285.6 | 286.2 | 287.3 | 295.7 |
| Long-term | 442.8 | 323.4 | 274.3 | 277.3 | 256.9 | 257.3 | 258.8 | 242.3 | 236.7 | 236.8 | 239.0 | 239.8 |
| Short-term | 165.6 | 117.7 | 99.5 | 64.4 | 64.4 | 66.9 | 71.7 | 56.8 | 48.9 | 49.4 | 48.2 | 55.9 |
| 5.2.2 Credits | 1,490.1 | 2,765.1 | 2,786.0 | 2,956.3 | 2,799.5 | 2,715.5 | 2,851.2 | 2,761.0 | 2,749.0 | 2,735.0 | 2,741.4 | 2,793.7 |
| Long-term | 1,260.9 | 2,373.1 | 2,535.7 | 2,810.4 | 2,710.6 | 2,656.3 | 2,798.8 | 2,671.2 | 2,649.2 | 2,632.3 | 2,636.5 | 2,676.1 |
| Short-term | 229.2 | 392.0 | 250.3 | 145.9 | 88.9 | 59.1 | 52.4 | 89.8 | 99.7 | 102.7 | 104.9 | 117.6 |
| Total (1+2+3+4+5) | 7,451.6 | 9,586.2 | 9,872.3 | 11,002.2 | 11,285.8 | 11,286.4 | 11,759.7 | 11,182.9 | 10,929.4 | 11,202.0 | 11,388.9 | 11,804.1 |

Table H11: External Debt by Domestic Sectors

According to a new methodology in force starting in March 2000, external debt is defined as the total of liabilities of residents, including: deposits of foreign legal and natural persons (these deposits were not included under the old methodology), loans granted by foreigners with an original maturity longer than 150 days (up to July 11, 2001, this maturity was 90 days), loans for financial purposes, counted exceptionally regardless of their maturity, and bonds and money market instruments issued on foreign markets (at face value).

External debt by domestic sectors is shown in the same manner as in the Capital and Financial Account of the BOP: Direct investment includes borrower – lender transactions that are interrelated by ownership (borrower or lender owns more than 10 percent of the other). Item Government shows external debt of the broadly defined government sector, which includes the central government, government

funds (including the Croatian Bank for Reconstruction and Development), as well as local government authorities and funds. Item Croatian National Bank shows the central bank debts. Item Banks shows debts of banks and saving banks. Item Other sectors consists of other financial institutions (other than banks and savings banks), enterprises and households.

Each sector is further divided into Portfolio and other investment. Portfolio investment includes bonds and money market instruments. Other investment includes Currency and deposits (foreign deposits) and Credits. Credits are divided into Trade credits (sale of goods for delayed payment) and Credits (all other credit obligations).

Outstanding external debt is expressed in millions of US dollars according to the CNB's midpoint exchange rate at the end of the period.

The debt balance includes so-called non-reported principal payments (they should have been paid but are not statistically reported as paid) and future principal payments.

Table H12: External Debt by Creditors

Million US dollars

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | | |
|--|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Dec.* | Jan. | Feb. | Mar. | Apr. |
| 1. Portfolio investment | 1,954.8 | 2,058.0 | 2,571.4 | 3,179.6 | 3,603.3 | 3,578.8 | 3,872.5 | 3,737.9 | 3,614.2 | 3,733.2 | 3,744.0 | 3,961.2 |
| Bonds | 1,954.8 | 2,049.3 | 2,554.0 | 3,170.1 | 3,589.3 | 3,543.2 | 3,836.3 | 3,710.5 | 3,595.3 | 3,714.3 | 3,739.1 | 3,956.3 |
| o/w: London Club | 1,428.4 | 1,404.7 | 1,380.9 | 1,255.4 | 1,180.7 | 1,180.7 | 1,106.0 | 1,106.0 | 1,031.4 | 1,031.4 | 1,031.4 | 1,031.4 |
| Money market instruments | 0.0 | 8.7 | 17.4 | 9.5 | 14.0 | 35.6 | 36.3 | 27.4 | 18.9 | 18.9 | 4.9 | 4.9 |
| 2. Other investment | 5,496.8 | 7,528.1 | 7,301.0 | 7,822.6 | 7,682.4 | 7,707.7 | 7,887.2 | 7,445.0 | 7,315.2 | 7,468.8 | 7,644.8 | 7,842.8 |
| 2.1. Currency and deposits | 789.9 | 614.6 | 537.7 | 432.8 | 509.5 | 557.3 | 554.9 | 633.5 | 646.5 | 661.5 | 798.6 | 830.3 |
| 2.2. Long-term | 4,168.4 | 6,249.1 | 6,221.9 | 6,724.8 | 6,485.2 | 6,432.4 | 6,682.7 | 6,581.5 | 6,426.2 | 6,561.5 | 6,603.9 | 6,758.5 |
| 2.2.1. Public creditors | 1,867.0 | 2,196.7 | 2,162.4 | 2,254.2 | 2,152.0 | 2,100.0 | 2,205.1 | 2,231.7 | 2,177.3 | 2,317.3 | 2,324.0 | 2,302.0 |
| a) International financial organizations | 851.0 | 1,039.2 | 1,013.9 | 1,115.1 | 1,083.8 | 1,068.7 | 1,137.6 | 1,168.0 | 1,169.4 | 1,293.6 | 1,299.8 | 1,250.6 |
| – IMF | 231.8 | 233.9 | 196.6 | 158.7 | 151.7 | 136.4 | 138.4 | 122.2 | 120.8 | 120.7 | 118.4 | 106.4 |
| – IBRD | 294.5 | 344.1 | 395.0 | 412.6 | 418.1 | 413.1 | 429.6 | 469.2 | 465.5 | 568.2 | 570.5 | 577.5 |
| – IFC | 0.0 | 30.9 | 28.6 | 71.9 | 68.7 | 79.4 | 86.8 | 85.7 | 92.6 | 92.5 | 90.0 | 91.0 |
| – EBRD | 171.2 | 251.3 | 218.8 | 296.8 | 275.9 | 280.6 | 302.4 | 319.3 | 322.1 | 345.3 | 346.4 | 283.2 |
| – EUROFIMA | 42.9 | 72.6 | 78.5 | 85.6 | 80.8 | 77.8 | 86.0 | 83.0 | 81.6 | 81.3 | 91.1 | 94.5 |
| – EIB | 108.3 | 105.2 | 81.0 | 65.6 | 65.6 | 58.9 | 59.0 | 52.4 | 50.5 | 49.2 | 46.9 | 48.7 |
| – CEB | 2.3 | 1.1 | 15.4 | 24.0 | 23.1 | 22.5 | 35.2 | 36.1 | 36.3 | 36.3 | 36.5 | 49.3 |
| b) Governments and government agencies | 1,016.0 | 1,157.5 | 1,148.5 | 1,139.1 | 1,068.2 | 1,031.3 | 1,067.5 | 1,063.7 | 1,007.9 | 1,023.7 | 1,024.2 | 1,051.4 |
| – Paris Club | 852.5 | 884.8 | 770.8 | 686.4 | 641.2 | 626.2 | 635.1 | 619.1 | 593.0 | 592.6 | 595.3 | 607.6 |
| – Other | 163.5 | 272.7 | 377.7 | 452.7 | 427.0 | 405.0 | 432.4 | 444.5 | 414.9 | 431.1 | 428.9 | 443.8 |
| 2.2.2. Private creditors | 2,301.4 | 4,052.5 | 4,059.5 | 4,470.7 | 4,333.1 | 4,332.4 | 4,477.6 | 4,349.9 | 4,248.9 | 4,244.3 | 4,279.9 | 4,456.6 |
| a) Banks | 1,833.3 | 3,257.5 | 3,311.9 | 3,351.4 | 3,269.2 | 3,294.2 | 3,464.9 | 3,332.1 | 3,283.5 | 3,258.5 | 3,268.2 | 3,394.7 |
| o/w: guaranteed by government agencies | 167.0 | 213.7 | 330.7 | 608.1 | 596.1 | 579.5 | 618.3 | 601.6 | 584.7 | 584.1 | 594.6 | 610.3 |
| b) Other sectors | 468.1 | 794.9 | 747.6 | 1,119.3 | 1,063.9 | 1,038.3 | 1,012.7 | 1,017.7 | 965.4 | 985.8 | 1,011.6 | 1,061.9 |
| o/w: guaranteed by government agencies | 17.6 | 28.5 | 17.8 | 13.8 | 11.6 | 11.0 | 11.2 | 10.3 | 10.0 | 10.0 | 9.2 | 9.5 |
| 2.3. Short-term | 538.5 | 664.4 | 541.3 | 665.0 | 687.8 | 718.0 | 649.6 | 230.0 | 242.5 | 245.8 | 242.4 | 253.9 |
| 2.3.1. Public creditors | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.3.2. Private creditors | 538.5 | 664.4 | 541.3 | 665.0 | 687.8 | 718.0 | 649.6 | 230.0 | 242.5 | 245.8 | 242.4 | 253.9 |
| a) Banks | 370.1 | 381.1 | 246.1 | 486.9 | 430.6 | 412.1 | 400.7 | 73.1 | 82.8 | 83.9 | 84.6 | 96.9 |
| o/w: guaranteed by government agencies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| b) Other sectors | 168.4 | 283.3 | 295.2 | 178.3 | 257.1 | 305.9 | 248.9 | 156.9 | 159.8 | 161.9 | 157.7 | 157.0 |
| o/w: guaranteed by government agencies | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total (1+2) | 7,451.6 | 9,586.2 | 9,872.3 | 11,002.2 | 11,285.7 | 11,286.4 | 11,759.7 | 11,182.9 | 10,929.4 | 11,202.0 | 11,388.9 | 11,804.0 |

Table H12: External Debt by Creditors

The Table shows outstanding external debt by foreign creditors valued in the same way as in Table H11.

Table H13: External Debt by Domestic Sectors and Projected Future Payments

Million US dollars

| | Outstanding debt 30/04/2002 | Nonreported principal payments | Projected future principal payments | | | | | | | | | | | |
|---|--------------------------------|--------------------------------|-------------------------------------|-------|-------|---------|---------|---------|---------|---------|-------|-------|-------|---------|
| | | | Q2/02 | Q3/02 | Q4/02 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | Other |
| 1. Direct investment | 1,191.2 | 94.7 | 56.8 | 24.0 | 66.8 | 147.7 | 158.3 | 124.5 | 214.0 | 256.8 | 92.6 | 21.7 | 13.3 | 67.6 |
| 2. Government | 5,258.3 | 1.1 | 67.4 | 113.2 | 32.9 | 213.4 | 318.0 | 752.3 | 743.4 | 759.3 | 533.4 | 221.3 | 667.5 | 1,048.7 |
| 2.1. Portfolio investment | 3,810.8 | 0.0 | 46.0 | 74.7 | 0.0 | 120.6 | 161.2 | 533.9 | 613.0 | 627.9 | 391.0 | 78.0 | 529.7 | 755.6 |
| Bonds | 3,810.8 | 0.0 | 46.0 | 74.7 | 0.0 | 120.6 | 161.2 | 533.9 | 613.0 | 627.9 | 391.0 | 78.0 | 529.7 | 755.6 |
| 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 | 0.0 | 0.0 | 0.0 |
| 2.2. Other investment | 1,447.5 | 1.1 | 21.4 | 38.5 | 32.9 | 92.8 | 156.8 | 218.4 | 130.4 | 131.4 | 142.4 | 143.3 | 137.8 | 293.1 |
| 2.2.1. Trade credits | 1.6 | 0.0 | 0.1 | 0.2 | 0.1 | 0.3 | 0.6 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 1.6 | 0.0 | 0.1 | 0.2 | 0.1 | 0.3 | 0.6 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Short-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.2. Credits | 1,445.9 | 1.1 | 21.4 | 38.3 | 32.8 | 92.5 | 156.2 | 217.8 | 130.4 | 131.4 | 142.4 | 143.3 | 137.8 | 293.1 |
| Long-term | 1,445.9 | 1.1 | 21.4 | 38.3 | 32.8 | 92.5 | 156.2 | 217.8 | 130.4 | 131.4 | 142.4 | 143.3 | 137.8 | 293.1 |
| Short-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3. Croatian National Bank | 106.4 | 0.0 | 0.0 | 3.0 | 13.8 | 16.9 | 33.7 | 33.7 | 13.0 | 6.1 | 3.0 | 0.0 | 0.0 | 0.0 |
| o/w: IMF | 106.4 | 0.0 | 0.0 | 3.0 | 13.8 | 16.9 | 33.7 | 33.7 | 13.0 | 6.1 | 3.0 | 0.0 | 0.0 | 0.0 |
| 4. Banks | 2,008.3 | 50.9 | 18.9 | 76.6 | 63.2 | 158.7 | 440.4 | 145.7 | 100.1 | 94.4 | 57.9 | 53.2 | 55.7 | 851.3 |
| 4.1. Portfolio investment | 0.0 | 0.0 | 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 |
| 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 |
| 4.2. Other investment | 2,008.3 | 50.9 | 18.9 | 76.6 | 63.2 | 158.7 | 440.4 | 145.7 | 100.1 | 94.4 | 57.9 | 53.2 | 55.7 | 851.3 |
| 4.2.1. Currency and deposits | 830.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 830.3 |
| 4.2.2. Credits | 1,178.0 | 50.9 | 18.9 | 76.6 | 63.2 | 158.7 | 440.4 | 145.7 | 100.1 | 94.4 | 57.9 | 53.2 | 55.7 | 21.0 |
| Long-term | 1,170.1 | 44.9 | 18.4 | 75.7 | 62.7 | 156.7 | 440.4 | 145.7 | 100.1 | 94.4 | 57.9 | 53.2 | 55.7 | 21.0 |
| Short-term | 7.9 | 6.0 | 0.4 | 0.9 | 0.6 | 1.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5. Other sectors | 3,239.9 | 362.0 | 189.3 | 132.1 | 209.1 | 530.5 | 513.8 | 492.2 | 290.5 | 317.2 | 304.4 | 142.9 | 107.0 | 179.2 |
| 5.1. Portfolio investment | 150.4 | 0.0 | 0.0 | 0.0 | 4.9 | 4.9 | 0.0 | 28.0 | 0.0 | 0.0 | 117.5 | 0.0 | 0.0 | 0.0 |
| Bonds | 145.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 28.0 | 0.0 | 0.0 | 117.5 | 0.0 | 0.0 | 0.0 |
| Money market instruments | 4.9 | 0.0 | 0.0 | 0.0 | 4.9 | 4.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5.2. Other investment | 3,089.5 | 362.0 | 189.3 | 132.1 | 204.2 | 525.6 | 513.8 | 464.2 | 290.5 | 317.2 | 186.9 | 142.9 | 107.0 | 179.2 |
| 5.2.1. Trade credits | 295.7 | 80.8 | 29.6 | 31.2 | 33.7 | 94.5 | 70.0 | 28.1 | 13.9 | 5.2 | 1.6 | 0.6 | 0.5 | 0.6 |
| Long-term | 239.8 | 60.4 | 16.3 | 21.8 | 24.4 | 62.5 | 66.5 | 28.1 | 13.9 | 5.2 | 1.6 | 0.6 | 0.5 | 0.6 |
| Short-term | 55.9 | 20.4 | 13.3 | 9.3 | 9.3 | 32.0 | 3.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5.2.2. Credits | 2,793.7 | 281.2 | 159.7 | 100.9 | 170.5 | 431.1 | 443.8 | 436.1 | 276.6 | 312.1 | 185.3 | 142.3 | 106.5 | 178.6 |
| Long-term | 2,676.1 | 228.6 | 128.6 | 94.9 | 145.7 | 369.2 | 440.7 | 436.1 | 276.6 | 312.1 | 185.3 | 142.3 | 106.5 | 178.6 |
| Short-term | 117.6 | 52.6 | 31.1 | 6.0 | 24.8 | 61.9 | 3.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total (1+2+3+4+5) | 11,804.1 | 508.6 | 332.4 | 348.9 | 385.8 | 1,067.2 | 1,464.3 | 1,548.4 | 1,360.9 | 1,433.8 | 991.3 | 439.1 | 843.5 | 2,146.9 |
| Supplement: Projected interest payments | | 63.4 | 69.4 | 131.6 | 98.2 | 299.3 | 531.4 | 460.6 | 370.6 | 283.6 | 205.9 | 148.2 | 123.2 | 164.0 |
| Note: | | | | | | | | | | | | | | |
| Publicly guaranteed debt | 1,489.4 | | | | | | | | | | | | | |
| o/w: Banks and other sectors | 977.3 | | | | | | | | | | | | | |

Table H13: External Debt by Domestic Sectors and Projected Future Payments

The Table shows outstanding external debt at the end of the period and the principal and interest payment projection. All data are shown at the midpoint exchange rate of the CNB at the end of period.

Projected interest payments do not include interest on deposits from nonresidents and late interest. Payments are projected at the interest rates at the contracting time and do not reflect changes of vari-

able interest rates.

The note points out the outstanding publicly guaranteed debt – total and the outstanding debt of the banking sector and other sectors covered by government guarantees. The difference is the amount of the government guarantees issued to the government sector (for example the Croatian Bank for Reconstruction and Development, Croatian Roads Administration, etc. included in a broad definition of the government sector).

Table I1: Consolidated Central Government

Million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 ^b | 2001 | | | | 2002 | | |
|--|----------|----------|-----------|-----------|-------------------|----------|----------|---------|-------------------|---------|---------|----------|
| | | | | | | Mar. | Jun. | Sep. | Dec. ^b | Jan. | Feb. | Mar. |
| TOTAL REVENUE AND GRANTS | | | | | | | | | | | | |
| 1. Budgetary central government | 33,846.1 | 43,808.6 | 46,355.5 | 44,635.7 | 52,688.5 | 3,314.2 | 3,444.9 | 4,483.5 | 5,152.3 | 4,758.3 | 4,676.7 | 4,908.2 |
| 2. Extrabudgetary funds | 19,499.1 | 21,302.1 | 21,185.5 | 22,099.3 | 18,091.4 | 1,759.2 | 1,945.7 | 962.5 | 2,081.5 | 121.2 | 71.5 | 75.3 |
| 2.1. Pension Fund | 11,022.2 | 10,713.4 | 10,799.8 | 11,254.2 | 5,804.8 | 910.2 | 1,009.1 | 11.6 | 66.8 | 31.4 | 7.4 | 3.1 |
| 2.2. Health Insurance Fund | 5,824.2 | 8,269.0 | 8,686.4 | 8,967.4 | 10,281.7 | 720.1 | 790.4 | 776.7 | 1,764.9 | 9.6 | 1.0 | 18.6 |
| 2.3. Employment Fund | 638.3 | 718.2 | 760.6 | 822.4 | 911.0 | 71.6 | 75.4 | 74.4 | 88.0 | 1.5 | 2.3 | 2.3 |
| 2.4. Child Benefit Fund | 976.7 | 542.8 | 9.1 | 7.1 | 5.1 | 0.7 | 0.3 | 0.4 | 0.6 | - | - | - |
| 2.5. Croatian Roads Administration ^a | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.6. Croatian Waters | 1,037.7 | 1,058.6 | 929.6 | 1,048.2 | 1,088.8 | 56.6 | 70.4 | 99.4 | 161.1 | 78.7 | 60.8 | 51.4 |
| A. Total (1+2) | 53,345.3 | 65,110.7 | 67,541.0 | 66,735.0 | 70,779.9 | 5,073.5 | 5,390.6 | 5,446.0 | 7,233.7 | 4,879.5 | 4,748.2 | 4,983.5 |
| TOTAL EXPENDITURE AND NET LENDING (minus repayments) | | | | | | | | | | | | |
| 3. Budgetary central government | 29,409.4 | 34,125.4 | 35,979.1 | 36,730.8 | 44,223.9 | 3,483.7 | 2,298.5 | 4,621.4 | 6,083.3 | 5,118.6 | 4,849.7 | 6,526.1 |
| 4. Extrabudgetary funds | 25,522.5 | 30,103.1 | 34,363.9 | 37,701.4 | 30,053.3 | 3,285.3 | 3,343.1 | 1,584.6 | 2,855.1 | 259.1 | 242.7 | 229.0 |
| 4.1. Pension Fund | 13,795.1 | 16,170.4 | 18,998.5 | 20,180.8 | 12,121.5 | 1,908.5 | 1,950.3 | 111.3 | 178.3 | 125.6 | 117.5 | 121.7 |
| 4.2. Health Insurance Fund | 8,742.8 | 10,776.0 | 11,919.6 | 13,918.1 | 13,157.9 | 1,024.7 | 1,022.1 | 1,049.7 | 2,093.9 | -39.7 | 75.5 | 19.6 |
| 4.3. Employment Fund | 714.1 | 571.2 | 824.9 | 995.5 | 983.4 | 77.7 | 79.4 | 72.7 | 128.9 | 13.9 | 20.0 | 24.2 |
| 4.4. Child Benefit Fund | 1,003.7 | 1,032.1 | 1,136.2 | 1,250.6 | 2,465.9 | 215.4 | 204.7 | 232.7 | 216.5 | - | - | - |
| 4.5. Croatian Roads Administration ^a | - | - | - | - | - | - | - | - | - | - | - | - |
| 4.6. Croatian Waters | 1,266.8 | 1,553.3 | 1,484.8 | 1,356.4 | 1,324.7 | 59.0 | 86.6 | 118.3 | 237.4 | 159.3 | 29.7 | 63.5 |
| B. Total (3+4) | 54,931.9 | 64,228.6 | 70,343.0 | 74,432.3 | 74,277.3 | 6,769.0 | 5,641.6 | 6,206.0 | 8,938.5 | 5,377.7 | 5,092.4 | 6,755.2 |
| C. Overall surplus/deficit (A-B) | -1,586.7 | 882.1 | -2,802.1 | -7,697.3 | -3,497.4 | -1,695.5 | -251.0 | -760.0 | -1,704.7 | -498.2 | -344.2 | -1,771.6 |
| 5. Budgetary central government (1-3) | 4,436.7 | 9,683.1 | 10,376.4 | 7,904.8 | 8,464.6 | -169.5 | 1,146.4 | -137.9 | -931.1 | -360.3 | -173.0 | -1,617.9 |
| 6. Extrabudgetary funds (2-4) | -6,023.4 | -8,801.1 | -13,178.4 | -15,602.1 | -11,961.9 | -1,526.1 | -1,397.4 | -622.1 | -773.7 | -137.9 | -171.2 | -153.7 |

^a In 1995 included in government budget. ^b Preliminary data. Source: Ministry of Finance.

Table I2: Budgetary Central Government Operations

Million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 ^c | 2001 | | | | 2002 | | |
|---|----------|----------|----------|----------|-------------------|----------|---------|---------|-------------------|---------|---------|----------|
| | | | | | | Mar. | Jun. | Sep. | Dec. ^c | Jan. | Feb. | Mar. |
| 1. Total revenue | 33,846.1 | 43,808.6 | 46,355.5 | 44,635.7 | 53,443.6 | 3,314.2 | 3,444.9 | 4,617.2 | 5,288.6 | 5,007.4 | 4,966.0 | 5,163.1 |
| 1.1. Current revenue | 33,385.0 | 42,019.4 | 40,044.6 | 41,535.0 | 48,900.2 | 3,297.2 | 3,426.4 | 4,594.7 | 4,856.3 | 4,994.3 | 4,953.8 | 5,145.1 |
| 1.1.1. Tax revenue | 31,338.2 | 39,899.7 | 38,317.6 | 39,939.0 | 47,274.0 | 3,203.4 | 3,325.0 | 4,441.6 | 4,755.8 | 4,847.1 | 4,870.3 | 5,063.5 |
| 1.1.2. Nontax revenue | 2,046.8 | 2,119.7 | 1,727.0 | 1,595.9 | 1,626.2 | 93.8 | 101.4 | 153.1 | 100.4 | 147.1 | 83.5 | 81.6 |
| 1.2. Capital revenue | 461.1 | 1,789.2 | 6,310.9 | 3,100.7 | 4,543.4 | 17.0 | 18.5 | 22.5 | 432.3 | 13.2 | 12.2 | 17.9 |
| 2. Grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.1. Current | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2. Capital | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| A. Total revenue and grants (1+2) | 33,846.1 | 43,808.6 | 46,355.5 | 44,635.7 | 53,443.6 | 3,314.2 | 3,444.9 | 4,617.2 | 5,288.6 | 5,007.4 | 4,966.0 | 5,163.1 |
| 3. Total expenditure | 34,395.2 | 41,390.4 | 47,379.6 | 49,567.5 | 56,386.7 | 4,932.9 | 3,703.6 | 5,321.9 | 6,588.0 | 5,332.0 | 5,314.5 | 6,907.0 |
| 3.1. Current expenditure | 29,579.7 | 34,883.0 | 38,476.1 | 44,237.4 | 52,555.9 | 4,973.2 | 3,452.6 | 5,006.3 | 5,956.7 | 5,221.3 | 5,188.0 | 6,654.5 |
| 3.2. Capital expenditure | 4,815.5 | 6,507.3 | 8,903.5 | 5,330.1 | 3,830.9 | 229.7 | 251.0 | 255.5 | 631.3 | 110.7 | 126.5 | 252.5 |
| 4. Lending minus repayments | 611.1 | 1,161.5 | 1,499.2 | 1,176.1 | 815.3 | 84.1 | 76.6 | 100.9 | 227.0 | 112.8 | 20.0 | 31.4 |
| B. Total expenditure and net lending (3+4) | 35,006.3 | 42,551.9 | 48,878.8 | 50,743.5 | 57,202.1 | 5,017.0 | 3,780.3 | 5,422.8 | 6,815.0 | 5,444.7 | 5,334.5 | 6,938.4 |
| 5. Current account surplus without grants (1.1.-3.1.) | 3,805.3 | 7,136.4 | 1,568.5 | -2,702.4 | -3,655.6 | -1,406.0 | -26.2 | -471.7 | -1,100.4 | -227.0 | -234.2 | -1,509.4 |
| 6. Current account surplus with current grants (5+2.1.) | 3,805.3 | 7,136.4 | 1,568.5 | -2,702.4 | -3,655.6 | -1,406.0 | -26.2 | -471.7 | -1,100.4 | -227.0 | -234.2 | -1,509.4 |
| 7. Gross fixed capital formation ^a | 1,516.4 | 976.1 | -2,216.9 | -395.4 | -3,088.0 | 63.6 | 79.5 | 97.2 | -170.0 | 52.4 | 32.6 | 80.2 |
| 8. Gross capital formation ^b | 1,516.4 | 976.1 | -2,216.9 | -395.4 | -3,088.0 | 63.6 | 79.5 | 97.2 | -170.0 | 52.4 | 32.6 | 80.2 |
| C. Overall surplus/deficit (A-B) | -1,160.2 | 1,256.7 | -2,523.3 | -6,107.9 | -3,758.5 | -1,702.8 | -335.3 | -805.6 | -1,526.4 | -437.3 | -368.3 | -1,775.6 |
| 9. Foreign financing | 2,985.9 | -9.1 | 4,615.1 | 6,921.5 | 4,112.2 | 3,265.4 | -28.9 | 1,515.7 | 1,550.8 | -36.9 | 707.1 | 981.8 |
| 10. Domestic financing | -1,825.7 | -1,247.6 | -2,091.8 | -813.6 | -353.7 | -1,562.7 | 364.2 | -710.1 | -24.4 | 474.3 | -338.5 | 793.5 |
| 10.1. From other government | 0.0 | 190.0 | -87.0 | -92.0 | -11.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 10.2. From monetary authorities | -354.8 | 112.4 | 2.0 | -12.5 | -447.3 | -197.0 | 126.6 | -120.1 | -132.3 | 8.6 | -16.7 | 62.5 |
| 10.3. From deposit money banks | -1,357.3 | -1,638.6 | -1,859.4 | -288.8 | 425.2 | -1,239.2 | 237.5 | -568.0 | 122.0 | 459.6 | -454.7 | 596.8 |
| 10.4. Other domestic financing | -113.6 | 88.7 | -147.4 | -420.3 | -320.6 | -126.4 | 0.0 | -22.0 | -14.1 | 6.0 | 132.8 | 134.2 |
| D. Total financing (9+10) | 1,160.2 | -1,256.7 | 2,523.3 | 6,107.9 | 3,758.5 | 1,702.8 | 335.3 | 805.6 | 1,526.4 | 437.3 | 368.6 | 1,775.3 |

^a Net purchase of fixed capital formation. ^b Net purchase of fixed capital formation and net purchase of shares. ^c Preliminary data. Source: Ministry of Finance.

Table I3: Central Government Debt

End of period, million kuna

| | 1997 | 1998 | 1999 | 2000 | 2001 | | | | 2002 | | |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Dec* | Jan. | Feb. | Mar. |
| 1. Domestic debt of central government | 15,538.4 | 15,047.8 | 16,754.6 | 21,344.7 | 22,551.6 | 22,832.8 | 24,002.7 | 25,003.7 | 26,505.3 | 25,548.3 | 26,363.6 |
| 1.1. Domestic debt of the Republic of Croatia | 15,467.1 | 14,582.9 | 16,012.1 | 18,509.7 | 19,595.3 | 20,080.7 | 20,329.2 | 21,467.9 | 22,870.4 | 22,003.9 | 22,820.2 |
| Treasury bills | 449.6 | 565.8 | 776.7 | 2,564.6 | 4,418.0 | 5,579.7 | 4,454.2 | 4,892.3 | 5,183.2 | 5,376.7 | 5,672.2 |
| Money market instruments | 44.0 | 96.8 | 153.3 | 14.2 | 11.8 | 10.6 | 1.5 | 7.4 | 0.1 | 0.7 | 0.1 |
| Bonds | 14,159.2 | 13,035.8 | 13,720.7 | 14,082.5 | 13,631.2 | 13,070.0 | 14,397.6 | 15,415.8 | 15,785.1 | 14,838.8 | 14,777.4 |
| Credits from the CNB | – | – | 24.1 | 0.0 | – | 0.0 | – | – | – | – | – |
| Credits from DMBs | 814.3 | 884.4 | 1,337.3 | 1,848.4 | 1,534.2 | 1,420.5 | 1,475.9 | 1,152.4 | 1,902.0 | 1,787.7 | 2,370.5 |
| 1.2. Domestic debt of central government funds | 71.3 | 465.0 | 742.5 | 2,835.0 | 2,956.3 | 2,752.1 | 3,673.5 | 3,535.8 | 3,634.9 | 3,544.4 | 3,543.4 |
| Money market instruments | – | – | – | 20.5 | 21.0 | 20.8 | 96.6 | 96.4 | 99.7 | 98.4 | 98.5 |
| Bonds | – | – | – | 1,686.8 | 1,705.1 | 1,625.2 | 1,674.3 | 1,636.1 | 1,680.2 | 1,651.2 | 1,643.4 |
| Credits from DMBs | 71.3 | 465.0 | 742.5 | 1,127.6 | 1,230.2 | 1,106.1 | 1,902.5 | 1,803.3 | 1,855.0 | 1,794.8 | 1,801.5 |
| 2. External debt of central government | 18,270.6 | 21,049.7 | 29,977.3 | 38,658.9 | 44,945.4 | 43,909.3 | 44,217.4 | 41,280.4 | 42,046.8 | 43,293.4 | 42,964.0 |
| 2.1. External debt of the Republic of Croatia | 17,513.8 | 19,920.2 | 28,610.0 | 36,577.8 | 42,150.8 | 41,197.4 | 41,834.6 | 38,551.1 | 39,265.3 | 40,559.4 | 40,250.5 |
| Money market instruments | – | – | – | – | – | – | – | – | – | – | – |
| Bonds | 12,319.4 | 12,431.3 | 18,904.8 | 25,231.2 | 30,341.6 | 29,702.7 | 30,641.7 | 30,029.0 | 30,472.3 | 31,005.0 | 30,830.5 |
| Credits | 5,194.4 | 7,488.9 | 9,705.2 | 11,346.6 | 11,809.2 | 11,494.7 | 11,192.9 | 8,522.1 | 8,793.1 | 9,554.3 | 9,420.0 |
| 2.2. External debt of central government funds | 756.9 | 1,129.5 | 1,367.2 | 2,081.1 | 2,794.6 | 2,711.9 | 2,382.8 | 2,729.3 | 2,781.5 | 2,734.1 | 2,713.5 |
| Money market instruments | – | – | – | – | – | – | – | – | – | – | – |
| Bonds | – | 372.4 | 391.5 | 386.5 | 726.5 | 705.3 | 700.6 | 696.6 | 721.6 | 709.5 | 703.6 |
| Credits | 756.9 | 757.2 | 975.8 | 1,694.6 | 2,068.1 | 2,006.6 | 1,682.2 | 2,032.7 | 2,059.9 | 2,024.6 | 2,009.8 |
| 3. Total (1+2) | 33,809.1 | 36,097.5 | 46,731.9 | 60,003.6 | 67,497.0 | 66,742.1 | 68,220.1 | 66,284.1 | 68,552.1 | 68,841.8 | 69,327.6 |
| Supplement: Central government guaranteed debt | | | | | | | | | | | |
| – guarantees for domestic debt | .... | .... | .... | 4,104.5 | 5,492.0 | 6,412.1 | 8,022.4 | 8,141.2 | 8,467.0 | 8,413.0 | 8,587.4 |
| – guarantees for external debt | .... | 9,656.1 | 11,260.4 | 12,741.1 | 13,344.8 | 12,669.9 | 12,216.8 | 12,215.7 | 12,506.6 | 12,335.9 | 12,225.1 |

Table I3: Central Government Debt

Data on the central government debt are gathered from available data and are not reconciled with the Ministry of Finance of the Republic of Croatia. The central government debt consists of domestic and external debt. The sources of data on domestic debt of the central government are the following: the Ministry of Finance Monthly Statistical

Review, Monetary Authorities Accounts and Deposit Money Banks' Accounts. The source of data on the central government external debt is the external debt statistics collected by the CNB. The supplement provides data on the central government guaranteed debt. DMBs are the source of data on guarantees for domestic debt, while the external debt statistics collected by the CNB are the source of data on guarantees for external debt.

Table J1: Retail Prices, Cost of Living and Producer Prices Indices

| Year | Month | Chain indices | | | Monthly year-on-year indices | | | Cumulative year-on-year indices | | |
|------|-----------|---------------|----------------|-----------------|------------------------------|----------------|-----------------|---------------------------------|----------------|-----------------|
| | | Retail prices | Cost of living | Producer prices | Retail prices | Cost of living | Producer prices | Retail prices | Cost of living | Producer prices |
| 1992 | December | 122.4 | 125.3 | 129.1 | 1,053.4 | 1,026.3 | 1,120.9 | 745.4 | 694.7 | 846.6 |
| 1993 | December | 99.5 | 100.6 | 98.5 | 1,249.7 | 1,225.1 | 1,175.6 | 1,616.6 | 1,591.3 | 1,610.4 |
| 1994 | December | 100.2 | 100.9 | 100.2 | 97.0 | 102.5 | 94.5 | 197.5 | 207.2 | 177.7 |
| 1995 | December | 100.2 | 100.7 | 100.5 | 103.7 | 104.6 | 101.6 | 102.0 | 104.0 | 100.8 |
| 1996 | December | 100.0 | 100.4 | 100.3 | 103.4 | 103.7 | 101.5 | 103.5 | 104.3 | 101.4 |
| 1997 | December | 100.7 | 101.2 | 99.9 | 103.8 | 104.9 | 101.6 | 103.6 | 104.1 | 102.3 |
| 1998 | December | 100.2 | 100.7 | 100.0 | 105.4 | 105.3 | 97.9 | 105.7 | 106.4 | 98.8 |
| 1999 | December | 100.3 | 101.0 | 100.3 | 104.4 | 103.6 | 105.9 | 104.2 | 103.5 | 102.6 |
| 2000 | December | 100.0 | 100.5 | 100.2 | 107.4 | 106.8 | 111.2 | 106.2 | 105.3 | 109.7 |
| 2001 | January | 100.1 | 100.5 | 99.3 | 106.6 | 106.4 | 108.2 | 106.6 | 106.4 | 108.2 |
| | February | 100.5 | 100.3 | 100.9 | 106.8 | 106.0 | 108.3 | 106.7 | 106.3 | 108.2 |
| | March | 100.1 | 100.1 | 98.4 | 106.0 | 105.6 | 105.5 | 106.5 | 105.9 | 107.3 |
| | April | 101.4 | 101.4 | 100.0 | 106.8 | 106.4 | 105.1 | 106.6 | 106.1 | 106.7 |
| | May | 100.6 | 101.2 | 100.0 | 107.2 | 106.9 | 105.2 | 106.8 | 106.3 | 106.4 |
| | June | 99.7 | 99.6 | 100.1 | 104.9 | 105.8 | 104.5 | 106.4 | 106.2 | 106.1 |
| | July | 99.4 | 98.8 | 99.3 | 103.8 | 104.3 | 104.0 | 106.0 | 105.9 | 105.8 |
| | August | 101.0 | 100.1 | 99.5 | 104.9 | 104.7 | 103.4 | 105.9 | 105.8 | 105.5 |
| | September | 100.3 | 100.3 | 100.6 | 103.8 | 103.6 | 103.0 | 105.7 | 105.5 | 105.2 |
| | October | 99.9 | 99.5 | 100.2 | 103.2 | 102.5 | 102.1 | 105.3 | 105.2 | 104.8 |
| | November | 99.8 | 100.1 | 99.5 | 102.8 | 102.4 | 98.0 | 105.1 | 104.9 | 104.2 |
| | December | 99.8 | 100.6 | 99.0 | 102.6 | 102.5 | 96.9 | 104.9 | 104.8 | 103.6 |
| 2002 | January | 100.8 | 101.1 | 99.9 | 103.3 | 103.2 | 97.4 | 103.3 | 103.2 | 97.4 |
| | February | 100.1 | 100.0 | 100.6 | 102.8 | 102.9 | 97.2 | 103.0 | 103.0 | 97.3 |
| | March | 100.4 | 100.1 | 98.9 | 103.2 | 102.9 | 97.7 | 103.2 | 103.0 | 97.4 |
| | April | 100.4 | 100.5 | 100.9 | 102.2 | 102.0 | 98.6 | 102.9 | 102.8 | 97.7 |
| | May | 100.2 | 100.7 | 100.2 | 101.8 | 101.5 | 98.8 | 102.6 | 102.5 | 97.9 |

Source: Central Bureau of Statistics.

Table J2: Core Retail Prices Indices

| Year | Month | Chain indices | | | Monthly year-on-year indices | | |
|------|-----------|---------------|-------|----------|------------------------------|-------|----------|
| | | Total | Goods | Services | Total | Goods | Services |
| 1994 | December | 100.1 | 99.9 | 101.2 | 96.3 | 94.8 | 109.1 |
| 1995 | December | 100.1 | 100.0 | 100.5 | 103.1 | 102.6 | 107.1 |
| 1996 | December | 100.0 | 100.0 | 100.0 | 102.8 | 101.9 | 109.5 |
| 1997 | December | 100.2 | 100.2 | 100.5 | 102.5 | 102.3 | 104.5 |
| 1998 | December | 100.1 | 100.0 | 100.2 | 105.7 | 105.3 | 107.8 |
| 1999 | December | 100.1 | 100.2 | 100.0 | 104.2 | 104.2 | 104.1 |
| 2000 | December | 100.1 | 100.1 | 100.2 | 104.6 | 104.8 | 103.5 |
| 2001 | January | 100.0 | 100.0 | 100.2 | 104.5 | 104.8 | 103.6 |
| | February | 100.2 | 100.2 | 100.0 | 104.5 | 104.7 | 103.4 |
| | March | 100.3 | 100.1 | 100.9 | 104.6 | 104.6 | 104.1 |
| | April | 100.5 | 100.5 | 100.6 | 104.9 | 104.9 | 104.3 |
| | May | 100.4 | 100.4 | 101.2 | 105.1 | 105.1 | 105.5 |
| | June | 100.2 | 100.2 | 100.1 | 104.4 | 104.2 | 105.4 |
| | July | 100.2 | 100.2 | 100.8 | 103.8 | 103.6 | 105.5 |
| | August | 100.2 | 100.1 | 100.3 | 103.9 | 103.5 | 105.9 |
| | September | 99.9 | 99.9 | 100.3 | 102.3 | 102.0 | 104.7 |
| | October | 100.0 | 100.0 | 100.2 | 102.1 | 101.7 | 104.9 |
| | November | 100.0 | 99.9 | 100.2 | 102.0 | 101.5 | 104.8 |
| | December | 99.8 | 99.7 | 100.8 | 101.7 | 101.1 | 105.6 |
| 2002 | January | 100.2 | 100.0 | 101.1 | 101.9 | 101.0 | 106.6 |
| | February | 100.1 | 100.2 | 100.1 | 101.8 | 101.0 | 106.7 |
| | March | 100.3 | 100.3 | 100.1 | 101.8 | 101.2 | 105.8 |
| | April | 100.1 | 100.1 | 100.0 | 101.4 | 100.8 | 105.2 |
| | May | 100.0 | 100.0 | 100.1 | 101.0 | 100.5 | 104.1 |

Source: Central Bureau of Statistics.

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 |
|------|-----------|---------------------------|---------------|---------------------------------|------------------------------------|
| 1992 | December | 74.4 | 120.2 | 681.7 | 409.4 |
| 1993 | December | 1,073.2 | 105.2 | 1,442.1 | 1,605.3 |
| 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 | November | 3,503.0 | 104.0 | 108.4 | 109.0 |
| | December | 3,499.0 | 99.9 | 107.3 | 108.9 |
| 2001 | January | 3,546.0 | 101.3 | 111.2 | 111.2 |
| | February | 3,395.0 | 95.7 | 106.8 | 109.0 |
| | March | 3,535.0 | 104.1 | 107.0 | 108.3 |
| | April | 3,513.0 | 99.4 | 109.5 | 108.6 |
| | May | 3,625.0 | 103.2 | 107.6 | 108.4 |
| | June | 3,503.0 | 96.7 | 105.2 | 107.8 |
| | July | 3,550.0 | 101.3 | 108.4 | 107.9 |
| | August | 3,567.0 | 100.5 | 105.9 | 107.6 |
| | September | 3,431.0 | 96.2 | 103.9 | 107.2 |
| | October | 3,538.0 | 103.1 | 105.0 | 107.0 |
| | November | 3,707.0 | 104.8 | 105.8 | 106.9 |
| | December | 3,582.0 | 96.6 | 102.4 | 106.5 |
| 2002 | January | 3,597.0 | 100.4 | 101.4 | 101.4 |
| | February | 3,500.0 | 97.3 | 103.1 | 102.3 |
| | March | 3,622.0 | 103.5 | 102.5 | 102.3 |

Source: Central Bureau of Statistics.

Table J2: Core Retail Prices Indices

The Central Bureau of Statistics calculates the core retail price index 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 ser-

vices used in the calculation of the retail price index. A total of 88 goods and services are excluded and their share in the retail price basket stands at 22.06% in 2001 (of which: agricultural products account for 2.28 percentage points, and administrative prices for 19.78 percentage points). The zero weighting method is used to exclude prices and goods.

List of Deposit Money Banks & Savings Banks

June 1, 2002

Licensed Banks

a) licensed banks in accordance with Article 37 of the Banking Law (full authorization)

1. Brodsko-posavska banka d.d., Slavonski Brod
2. Cassa di Risparmio di Trieste – Banca d.d., Zagreb
3. Centar banka d.d., Zagreb
4. Convest banka d.d., Zagreb
5. Credo banka d.d., Split
6. Croatia banka d.d., Zagreb
7. Dalmatinska banka d.d., Zadar
8. Dresdner Bank Croatia d.d., Zagreb
9. Dubrovačka banka d.d., Dubrovnik
10. Erste & Steiermärkische Bank d.d., Zagreb
11. Gospodarsko kreditna banka d.d., Zagreb
12. Hrvatska poštanska banka d.d., Zagreb
13. HVB Bank Croatia d.d., Zagreb
14. Hypo Alpe-Adria-Bank d.d., Zagreb
15. Imex banka d.d., Split
16. Istarska banka d.d., Pula
17. Istarska kreditna banka Umag d.d., Umag
18. Jadranska banka d.d., Šibenik
19. Karlovačka banka d.d., Karlovac
20. Kreditna banka Zagreb d.d., Zagreb
21. Kvarner banka d.d., Rijeka
22. Međimurska banka d.d., Čakovec
23. Partner banka d.d., Zagreb
24. Podravska banka d.d., Koprivnica
25. Požeška banka d.d., Požega
26. Privredna banka – Laguna banka d.d., Poreč
27. Privredna banka Zagreb d.d., Zagreb
28. Raiffeisenbank Austria d.d., Zagreb
29. Riadria banka d.d., Rijeka
30. Riječka banka d.d., Rijeka
31. Sisačka banka d.d., Sisak
32. Slatinska banka d.d., Slatina

33. Slavonska banka d.d., Osijek
34. Splitska banka d.d., Split
35. Štedbanka d.d., Zagreb
36. Varaždinska banka d.d., Varaždin
37. Volksbank d.d., Zagreb
38. Zagrebačka banka d.d., Zagreb

b) licensed banks in accordance with Article 36 of the Banking Law (medium authorization)

39. Hypobanka d.d., Zagreb
40. Nava banka d.d., Zagreb
41. Primorska banka d.d., Rijeka

c) licensed banks in accordance with Article 35 of the Banking Law (limited authorization)

42. Banka Brod d.d., Slavonski Brod
43. Banka Kovanica d.d., Varaždin
44. Banka Sonic d.d., Zagreb
45. Križevačka banka d.d., Križevci
46. Prva obrtnička banka d.d., Zagreb
47. Samoborska banka d.d., Samobor
48. Splitsko-dalmatinska banka d.d., Split
49. Zagorska banka d.d., Krapina

Licensed Savings Banks

1. Banica Credo štedionica d.d., Split¹
2. Međimurska štedionica d.d., Čakovec¹

Licensed Housing Savings Banks

1. Hrvatska stambena štedionica d.d., Varaždin
2. Prva stambena štedionica d.d., Zagreb
3. Raiffeisen stambena štedionica d.d., Zagreb
4. Wüstenrot stambena štedionica d.d., Zagreb

¹ Operating license includes collection of households' foreign exchange savings and exchange operations.

Other Licensed Institutions with Full Authorization

1. Hrvatska banka za obnovu i razvitak, Zagreb

Representative Offices of Foreign Banks

1. Bank für Kärnten und Steiermark AG, Zagreb
2. Cardine Banca S.p.A., Zagreb
3. Commerzbank Aktiengesellschaft, Zagreb
4. Deutsche Bank AG, Zagreb
5. Kreditna banka d.d. Tuzla, Zagreb
6. LHB Internationale Handelsbank AG, Zagreb

Banks and Savings Banks under Bankruptcy Proceedings

| Name of bank/savings bank | Date of bankruptcy proceedings initiation |
|---|---|
| 1. Adria štedionica d.o.o., Zagreb | 12/10/2000 |
| 2. Agroobrtnička banka d.d., Zagreb | 14/06/2000 |
| 3. Alpe Jadran banka d.d., Split | 15/06/2002 |
| 4. Cibalae banka d.d., Vinkovci | 20/10/2000 |
| 5. Glumina banka d.d., Zagreb | 30/04/1999 |
| 6. Gold štedionica d.o.o., Split | 05/10/2001 |
| 7. Gradska banka d.d., Osijek | 03/05/1999 |
| 8. Građanska štedionica d.o.o., Karlovac | 03/11/1998 |
| 9. Hrvatska gospodarska banka d.d., Zagreb | 19/04/2000 |
| 10. Ilirija banka d.d., Zagreb | 06/04/1999 |
| 11. Invest štedionica d.o.o., Zagreb | 30/06/1999 |
| 12. Komercijalna banka d.d., Zagreb | 30/04/1999 |
| 13. Neretvansko gospodarska banka d.d., Ploče | 10/05/1999 |
| 14. Promdei banka d.d., Zagreb | 22/12/1999 |

| | |
|---|------------|
| 15. Razvojna banka Dalmacija d.o.o., Split | 24/09/2001 |
| 16. Štedionica Dugi pogled d.o.o., Zagreb | 19/01/2001 |
| 17. Štedionica Groš banak d.o.o., Zagreb | 23/04/2001 |
| 18. Štedionica Mediteran d.o.o., Split | 5/12/2001 |
| 19. Štedionica za razvoj i obnovu d.o.o, Zagreb | 02/07/2001 |
| 20. Trgovačko-turistička banka d.d., Split | 08/09/2000 |
| 21. Vukovarska banka d.d., Vukovar | 25/02/1998 |
| 22. Županjska banka d.d., Županja | 03/05/1999 |

Banks and Savings Banks under Liquidation Proceedings

| Name of bank/savings bank | Date of liquidation proceedings initiation |
|---|--|
| 1. Gospodarska štedionica d.d., Vrbovec | 06/04/2002 |
| 2. Investicijsko-komercijalna štedionica d.d., Zagreb | 31/05/2000 |
| 3. Kaptol banka d.d., Zagreb | 04/05/2001 |
| 4. Slavonska štedionica d.d, Zagreb | 24/12/2001 |
| 5. Štedionica Dora d.d., Zagreb | 01/01/2002 |
| 6. Štedionica SA-GA d.d., Zagreb | 31/12/2001 |
| 7. Štedionica Zlatni vrutak d.d., Zagreb | 28/12/2001 |
| 8. Trgovačka štedionica d.o.o., Zagreb | 01/01/2002 |

Banks and Savings Banks whose License Was Revoked, but Have Not Initiated Liquidation Proceedings

| Name of bank/savings bank | Date of revoking operating license |
|---------------------------------------|------------------------------------|
| 1. Hibis štedionica d.d., Zagreb | 07/03/2001 |
| 2. Marvil štedionica d.d., Zagreb | 08/06/2001 |
| 3. Zagrebačka štedionica d.d., Zagreb | 22/03/2000 |

Management of the Croatian National Bank

June 1, 2002

Members of the Council of the Croatian National Bank

| | |
|-------------------------|---|
| Chairman of the Council | Željko Rohatinski |
| Members of the Council | Boris Vujčić Relja Martić Tomislav Presečan Čedo Maletić Adolf Matejka Mate Babić Alen Belullo Božidar Jelčić Branimir Lokin Damir Novotny Silvije Orsag Sandra Švaljek Branko Vukmir |

Management of the CNB

| | |
|-----------------|-------------------|
| Governor | Željko Rohatinski |
| Deputy Governor | Boris Vujčić |
| Vicegovernor | Relja Martić |
| Vicegovernor | Tomislav Presečan |
| Vicegovernor | Čedo Maletić |
| Vicegovernor | Adolf Matejka |

Executive Directors

| | |
|---|-------------------------|
| Research and Statistics Area | Ljubinko Jankov |
| Central Banking Operation Area | Irena Kovačec |
| International Affairs and External Relations Area | Jadranka Granić |
| Banker Supervision Area | Marija Mijatović-Jakšić |
| Planning, Analysis and Accounting Area | |
| Payment Operations Area | |
| Organization Planning and Information Technology Area | Petar Ćurković |
| Legal, Personnel and General Services Area | |

List of Abbreviations & Symbols

| | |
|---------|--|
| avg. | – average |
| b.p. | – basis points |
| CBF | – Child Benefit Fund |
| CBRD | – Croatian Bank for Reconstruction and Development |
| CBS | – Central Bureau of Statistics |
| CEFTA | – Central European Free Trade Agreement |
| CEI | – Croatian Employment Institute |
| cent. | – central |
| CIHI | – Croatian Institute for Health Insurance |
| CLVPS | – Croatian Large Value Payment System |
| CNB | – Croatian National Bank |
| consol. | – consolidated |
| count. | – country |
| CPI | – consumer price index |
| CPII | – Croatian Pension Insurance Institute |
| CPF | – Croatian Privatization Fund |
| DAB | – State Agency for Bank Rehabilitation and Deposit Insurance |
| def. | – deficit |
| dep. | – deposit |
| DMB | – deposit money bank |
| ECB | – European Central Bank |
| EFTA | – European Free Trade Association |
| EMU | – European Monetary Union |
| EU | – European Union |
| excl. | – excluding |
| FISIM | – Financial Intermediation Services Indirectly Measured |
| f/c | – foreign currency |
| FDI | – foreign direct investment |
| FED | – Federal Reserve System |
| FINA | – Financial Agency |
| financ. | – financing |
| GDP | – gross domestic product |
| GNP | – gross national product |
| gov. | – government |
| HICP | – harmonized index of consumer prices |
| HR | – Croatia |
| HT | – Croatian Telekom |
| HU | – Hungary |
| ILO | – International Labor Organization |
| IMF | – International Monetary Fund |
| indebt. | – indebted |
| IPT | – Institute for Payment Transactions |
| MoF | – Ministry of Finance |
| MUICP | – Monetary Union Index of Consumer Prices |
| NCEA | – National Classification of Economic Activities |
| NCS | – National Clearing System |
| NDA | – net domestic assets |
| NFA | – net foreign assets |
| NUR | – net usable reserves |

| | |
|----------|--|
| OECD | – Organization for Economic Co-operation and Development |
| OPEC | – Organization of Petroleum Exporting Countries |
| OTC | – over-the-counter |
| o.w. | – of which |
| PIF | – Privatization Investment Fund |
| PPI | – producer price index |
| Q | – quarterly |
| REER | – real effective exchange rate |
| res. | – reserve |
| RPI | – retail price index |
| RR | – reserve requirement |
| SDR | – special drawing rights |
| sec. | – securities |
| SITC | – Standard International Trade Classification |
| soc. | – social |
| theoret. | – theoretical |
| transit. | – transition |
| util. | – utilities |
| VAT | – value-added tax |
| VSM | – Varaždin Securities Market |
| ZIBOR | – Zagreb Interbank Offered Rate |
| ZMM | – Zagreb Money Market |
| ZSE | – Zagreb Stock Exchange |
| WTO | – World Trade Organization |

Abbreviations for Currency

| | |
|-----|----------------------|
| HRK | – Croatian kuna |
| ATS | – Austrian schilling |
| FRF | – French franc |
| DEM | – German mark |
| CHF | – Swiss franc |
| GBP | – pound sterling |
| ITL | – Italian lira |
| USD | – US dollar |
| SIT | – Slovenian tolar |
| EUR | – euro |
| JPY | – Japanese yen |
| ESP | – Spanish peseta |

Symbols

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

