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Phone: +385 1 45 64 555
Contact phone: +385 1 45 65 006
Fax: +385 1 45 64 687

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General information on Croatia

Economic indicators

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Area (square km)	56,594	56,594	56,594	56,594	56,594	56,594	56,594	56,594	56,594
Population (million)	4.442	4.440	4.436	4.434	4.429	4.418	4.280	4.268	4.256
GDP (million HRK, current prices) ^a	270,191	294,437	322,310	347,685	330,966	328,041	332,587	330,456	330,135
GDP (million EUR, current prices)	36,512	40,208	43,935	48,135	45,093	45,022	44,737	43,959	43,591
GDP per capita (in EUR)	8,220	9,056	9,904	10,856	10,181	10,191	10,453	10,300	10,242
GDP – real year-on-year rate of growth (in %)	4.2	4.8	5.2	2.1	-7.4	-1.7	-0.3	-2.2	-0.9
Average year-on-year CPI inflation rate	3.3	3.2	2.9	6.1	2.4	1.1	2.3	3.4	2.2
Current account balance (million EUR) ^b	-1,892*	-2,615	-3,138*	-4,245*	-2,304*	-502.6*	-360.3*	-61.0*	341.2*
Current account balance (as % of GDP)	-5.2*	-6.5*	-7.1*	-8.8*	-5.1*	-1.1*	-0.8*	-0.1*	0.8*
Exports of goods and services (as % of GDP)	39.4*	39.7*	39.0*	38.5*	34.5*	37.7*	40.5*	41.6*	43.0*
Imports of goods and services (as % of GDP)	45.5*	46.4*	46.3*	46.5*	38.2*	38.1*	40.9*	41.2*	42.5*
External debt (million EUR, end of year) ^b	25,990	29,725	33,721	40,590	45,600	46,908	46,397	45,276	45,920
External debt (as % of GDP)	71.2	73.9	76.8	84.3	101.1	104.2	103.7	103.0	105.3
External debt (as % of exports of goods and services)	180.6*	186.1*	196.6*	219.0*	292.7*	276.2*	256.3*	247.3*	244.9*
External debt service (as % of exports of goods and services) ^c	27.7*	41.2*	39.4*	33.6*	52.0*	48.6*	39.5*	42.7*	40.1*
Gross international reserves (million EUR, end of year)	7,438	8,725	9,307	9,121	10,376	10,660	11,195	11,236	12,908
Gross international reserves (in terms of months of imports of goods and services, end of year)	5.4*	5.6*	5.5*	4.9*	7.2*	7.5*	7.3*	7.5*	8.4*
National currency: kuna (HRK)									
Exchange rate on 31 December (HRK : 1 EUR)	7.3756	7.3451	7.3251	7.3244	7.3062	7.3852	7.5304	7.5456	7.6376
Exchange rate on 31 December (HRK : 1 USD)	6.2336	5.5784	4.9855	5.1555	5.0893	5.5683	5.8199	5.7268	5.5490
Average exchange rate (HRK : 1 EUR)	7.4000	7.3228	7.3360	7.2232	7.3396	7.2862	7.4342	7.5173	7.5735
Average exchange rate (HRK : 1 USD)	5.9500	5.8392	5.3660	4.9344	5.2804	5.5000	5.3435	5.8509	5.7059
Consolidated general government net lending (+)/borrowing (-) (million HRK) ^d	-10,075.6	-9,863.3	-8,086.5	-9,396.5	-19,640.2	-19,794.6	-25,494.3	-18,653.8	-17,188.5
Consolidated general government net lending (+)/borrowing (-) (as % of GDP)	-3.7	-3.3	-2.5	-2.7	-5.9	-6.0	-7.7	-5.6	-5.2
General government debt (as % of GDP) ^d	38.6	36.1	34.4	36.0	44.5	52.8	59.9	64.5	75.7
Unemployment rate (ILO, persons above 15 years of age)	12.7	11.2	9.6	8.4	9.1	11.8	13.5	15.8	17.3
Employment rate (ILO, persons above 15 years of age)	43.3	43.6	44.2	44.5	43.3	41.1	39.5	38.1	42.1

^a The GDP data are presented according to the ESA 2010 methodology, while 2013 values are preliminary and were obtained on the basis of the preliminary annual accounts.

^b Balance of payments and external debt data are compiled in accordance with the methodology prescribed by the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) and the new sector classification of institutional units in line with ESA 2010.

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

^d Fiscal data is shown according to the ESA 2010 methodology.

Sources: CBS, MoF and CNB.

Contents

1 Summary	3	Table D4a Credit institutions' kuna claims on other domestic sectors	55
2 Global developments	5	Table D5 Distribution of credit institutions' loans by domestic institutional sectors	56
Croatia's main trading partners	6	Table D5a Distribution of credit institutions' kuna loans by domestic institutional sectors	57
Exchange rates and price movements	7	Table D5b Distribution of credit institutions' loans by domestic institutional sectors and original maturity	58
Benchmark interest rate trends	8	Table D5c Distribution of credit institutions' loans to households by purpose and currency composition	59
3 Aggregate demand and supply	9	Table D5d Distribution of credit institutions' working capital and investment loans to non-financial corporations by currency composition	60
Aggregate demand	9	Table D6 Demand deposits with credit institutions	60
Aggregate supply	11	Table D7 Kuna deposits with credit institutions	61
Box 1 The effect of resource reallocation across firms on productivity	12	Table D8 Foreign currency deposits with credit institutions	62
4 Labour market	15	Table D8a Currency composition of time deposits of households and non-financial corporations	62
Box 2 Reform of the Labour Act and labour market flexibility in Croatia	16	Table D8b Maturity composition of time deposits by sectors	63
Box 3 Survey on the labour market and wage setting in Croatia	19	Table D9 Bonds and money market instruments	64
5 Inflation	21	Table D10 Foreign liabilities of credit institutions	65
Box 4 Decomposition of recent inflation rates into domestic and external factors	23	Table D11 Deposits of the central government and social security funds with credit institutions	66
6 Foreign trade and competitiveness	26	Table D12 Restricted and blocked deposits with credit institutions	66
7 Financing conditions and capital flows	28	F Monetary policy instruments and liquidity	67
Financing conditions	28	Table F1 Credit rates of the Croatian National Bank	67
Foreign capital flows	29	Table F2 Deposit rates of the Croatian National Bank	68
Box 5 Bank lending survey	30	Table F3 Banks' reserve requirements	69
8 Monetary policy	33	Table F4 Banks' liquidity indicators	70
9 Public finance	35	G Financial markets	71
Consolidated general government revenues and expenditures	35	Table G1a Credit institutions' interest rates on kuna deposits not indexed to foreign currency (new business)	71
Consolidated general government deficit and debt	36	Table G1b Credit institutions' interest rates on kuna deposits indexed to foreign currency (new business)	72
Box 6 Impact of ESA 2010 implementation on the general government balance and public debt and differences relative to the national budget accounting	37	Table G1c Credit institutions' interest rates on foreign currency deposits (new business)	73
10 Deviations from the previous projection	39	Table G2a Credit institutions' interest rates on kuna loans to households not indexed to foreign currency (new business)	74
11 Appendix	41	Table G2b Credit institutions' interest rates on kuna loans to households indexed to foreign currency (new business)	75
Statistical survey	43	Table G2c Credit institutions' interest rates on foreign currency loans to households (new business)	76
Classification and presentation of data on claims and liabilities	45	Table G3a Credit institutions' interest rates on kuna loans to non-financial corporations not indexed to foreign currency (new business)	77
A Monetary and credit aggregates	47	Table G3b Credit institutions' interest rates on kuna loans to non-financial corporations indexed to foreign currency (new business)	78
Table A1 Monetary and credit aggregates	47	Table G3c Credit institutions' interest rates on foreign currency loans to non-financial corporations (new business)	79
B Monetary institutions	48	Table G4 Credit institutions' effective interest rates on selected loans (new business)	80
Table B1 Monetary survey	48	Table G5a Credit institutions' interest rates on kuna deposits and loans not indexed to foreign currency (outstanding amounts)	81
Table B2 Number of credit institutions and their classification by total assets	49	Table G5b Credit institutions' interest rates on kuna deposits and loans indexed to foreign currency (outstanding amounts)	82
C Monetary authorities	50		
Table C1 Monetary authorities accounts	50		
D Credit institutions	52		
Table D1 Credit institutions' accounts	52		
Table D2 Foreign assets of credit institutions	53		
Table D3 Credit institutions' claims on the central government and social security funds	54		
Table D3a Credit institutions' kuna claims on the central government and social security funds	54		
Table D4 Credit institutions' claims on other domestic sectors	55		

Table G5c Credit institutions' interest rates on foreign currency deposits and loans (outstanding amounts)	84	Table H12 Gross external debt by domestic sectors	112
Table G6a Credit institutions' interest rates on kuna deposits and loans not indexed to foreign currency (new business)	86	Table H13 Public sector gross external debt and publicly guaranteed and non-publicly guaranteed private sector gross external debt	114
Table G6b Credit institutions' interest rates on kuna deposits and loans indexed to foreign currency (new business)	87	Table H14 Gross external debt by domestic sectors and projected future payments	116
Table G6c Credit institutions' interest rates on foreign currency deposits and loans (new business)	89	Table H15 Gross external debt by other sectors	118
Table G7a Interest rates on interbank demand deposit trading	91	Table H16 International investment position – summary	120
Table G7b Interest rates quoted on the interbank market (ZIBOR)	92	Table H17 International investment position – direct investment	122
Table G8a Interest rates on MoF treasury bills	93	Table H18 International investment position – portfolio investment	122
Table G8b Yields to maturity on the bonds of the Republic of Croatia, for selected currencies and maturities	94	Table H19 International investment position – other investment	123
Table G10a Midpoint exchange rates of the Croatian National Bank (period average)	95	I Government finance – selected data	124
Table G10b Midpoint exchange rates of the Croatian National Bank (end of period)	96	Table I1 Consolidated central government according to the government level	124
Table G11 Banks' trade with foreign exchange	97	Table I2 Budgetary central government operations	125
		Table I3 General government debt	126
H International economic relations	98		
Table H1 Balance of payments – summary	98	J Non-financial statistics – selected data	128
Table H2 Balance of payments – goods and services	99	Table J1 Consumer price and producer price indices	128
Table H3 Balance of payments – primary and secondary income	100	Table J2 Core consumer price indices	129
Table H4 Balance of payments – direct and portfolio investments	101	Table J3 Hedonic real estate price index	130
Table H5 Balance of payments – other investment	103	Table J4 Average monthly net wages	130
Table H6 Balance of payments – summary	105	Table J5 Consumer confidence index, consumer expectations index and consumer sentiment index	131
Table H7 International reserves and banks' foreign currency reserves	108	List of banks and savings banks	133
Table H8 International reserves and foreign currency liquidity	109	Management of the Croatian National Bank	134
Table H11 Indices of the effective exchange rate of the kuna	111	Abbreviations and symbols	135



Information on economic trends and forecasts

1 Summary

Real GDP is expected to fall in 2014, for the sixth consecutive year.

Economic activity could hold steady in 2015.

Although the fall in employment came to a halt in 2014, any favourable shift in the labour market dynamics will depend on the revival of economic activity.

The average annual inflation rate in 2014 could be slightly negative, while the general price level is expected to increase marginally in 2015.

Having stabilised in 2014, the surplus in the current and capital accounts could improve in 2015.

Notwithstanding the gradual improvement in financing conditions, domestic credit activity has remained subdued, and its recovery is expected no sooner than in the medium term.

Real GDP could drop by 0.5% in 2014 due to the continued slump in domestic demand. The only positive contribution to a change in GDP could come from exports of goods and services, thanks to favourable results of goods exports and the recovery in the main foreign trade partners. The expected decline in GDP is slightly larger than projected in July, above all due to the stronger contraction in investment and government consumption in the second quarter.

Economic activity is expected to stagnate in 2015 (rate of change of 0.2%). The increase in exports of goods and services should continue in line with the expected stronger economic growth in Croatia's trading partners. Personal consumption could also rise marginally due to changes in income tax. Bearing in mind the announced fiscal consolidation, government consumption could continue to shrink. No major recovery in investment is expected in view of the delays in the implementation of announced projects, the lower-than-expected impact of the investment promotion laws and the absence of growth in aggregate demand. The projection of real growth is mostly exposed to downside risks, stemming from the possible need for further fiscal savings, the lower-than-expected effect of tax changes on personal consumption, slower recovery of the main trading partners and the uncertain dynamics of withdrawing funds from the EU's structural and investment programmes. An upside risk to growth could arise from the implementation of additional structural reforms, which would also reduce the costs of government foreign borrowing.

The number of persons in employment levelled off in the first ten months of 2014. Registered unemployment continued to fall steadily in the same period, above all due to removals from the CES register on account of non-compliance with legal provisions. Nominal gross and net wages could also hold steady in 2014, while their real values could edge up due to a marginal decrease in consumer prices. No significant recovery in labour market conditions is expected in 2015, given the expected lack of economic recovery and the planned cuts in the number of civil servants and government employees. The rise in net wages alone could gain momentum after the adoption of income tax-related changes, which will be implemented from 2015.

The annual rate of change in the consumer price index fluctuated around the average level of -0.2% in the first ten months of 2014. The fall in prices was mostly due to the drop in the prices of food raw materials on the global market and, to a smaller extent, sluggish domestic economic activity and low core inflation in the euro area. Furthermore, the negative effect of the rapid fall in crude oil prices in the global market has been gaining momentum in recent months. The average annual inflation rate is expected to decline from 2.2% in 2013 to -0.2% in 2014 as a whole. Against the background of low imported inflation and weak inflationary pressures on the demand side, the average annual inflation rate projected for 2015 should move around 0.2%. A mild upward pressure on prices could stem from the expected expansion of personal consumption, while the fall in oil prices on an annual level could produce the strongest opposite effect.

The current and capital account balance could be approximately the same in 2014 as in 2013 (0.9% of GDP). Export performance has been much better than in the previous year, while the growth in imports is somewhat stronger. By contrast, the rise in expenditures on direct equity investment and the decrease in net income based on secondary income have had a negative impact on the overall balance. The positive balance in the current and capital accounts could improve further in 2015 thanks to the expected steady increase in net exports of goods and services as well as the gradually increasing use of EU funds. With regard to foreign capital flows, net foreign direct investments will remain relatively modest. Gross external debt could hover around 108% of GDP in 2014 and 2015; debt of the government and other domestic sectors is expected to grow, partly on account of the negative effect of cross-currency changes, while credit institutions will probably continue to deleverage.

Strong levels of liquidity in the international and domestic financial systems are conducive to reductions in the financing costs of domestic sectors. Financing costs for the government thus dropped to the lowest level from the beginning of the crisis, although the risk premium for Croatia remained much higher than for peer countries. Nominal interest rates on most corporate and household loans have also been falling gradually. However, demand for loans is weak and corporate and household deleveraging continue in the context of an uncertain economic outlook. As risks to the downside prevail, placements are expected to hold steady in 2015 and recover slightly no sooner than in the medium term.

Monetary policy will continue to be expansionary and to support the stability of the kuna/euro exchange rate.

Government finance in 2014 will be marked by a persistently high budget deficit and a steady increase in public debt. The implementation of fiscal consolidation is expected in 2015.

Macroeconomic outlook

The central bank will continue to maintain high liquidity in the monetary system created in the previous years, without jeopardising the stability of the domestic currency exchange rate. The high liquidity level is conducive to the maintenance of overnight interbank interest rates at extremely low levels and, indirectly, to the more favourable conditions for short-term government borrowing in the T-bills market. Although the CNB will continue to encourage the growth of corporate placements by the redemption of compulsory CNB bills, the effect of that measure is constrained by the factors outside the reach of monetary policy.

The revised central government budget for 2014 adopted in November projects that the general government deficit on an annual basis could be HRK 16.2bn or 5.0% of GDP. However, CNB projections show that the general government deficit has grown from the previous year and that it could be higher, 5.9% of GDP (ESA 2010). General government debt (adjusted to ESA 2010) stood at HRK 256.1bn (78.1% of GDP) at the end of September, up HRK 6.1bn from the end of 2013. Fiscal consolidation efforts will have to continue in 2015 in the context of the excessive deficit procedure and implementation of structural reforms.

Table 1.1 shows central estimates/projections for Croatia's major macroeconomic measures for 2014 and 2015.

Table 1.1 Summary table of projected macroeconomic measures

	2008	2009	2010	2011	2012	2013	2014	2015
National accounts (real rate of change, in %)								
GDP	2.1	-7.4	-1.7	-0.3	-2.2	-0.9	-0.5	0.2
Personal consumption	1.3	-7.6	-1.3	0.3	-3.0	-1.3	-0.7	0.3
Government consumption	-0.2	0.4	-2.1	-1.4	-1.0	0.5	-1.1	-1.2
Gross fixed capital formation	8.7	-14.2	-15.0	-3.4	-3.3	-1.0	-3.2	0.3
Exports of goods and services	1.7	-16.2	4.8	1.7	-0.1	3.0	6.2	2.8
Imports of goods and services	4.0	-21.4	-2.8	2.1	-3.0	3.2	4.0	2.6
Labour market								
Number of employed persons (average rate of change, in %)	2.3	-2.1	-4.2	-1.1	-1.2	-1.5	-2.1	-1.0
Prices								
Consumer price index (average rate of change, in %)	6.1	2.4	1.1	2.3	3.4	2.2	-0.2	0.2
External sector								
Current account balance (as % of GDP)	-8.8	-5.1	-1.1	-0.8	-0.1	0.8	0.8	0.8
Goods	-22.4	-16.5	-13.2	-14.3	-14.3	-15.1	-14.9	-14.8
Services	14.4	12.9	12.8	13.8	14.8	15.6	16.3	16.7
Primary income	-3.0	-3.7	-3.1	-2.9	-3.3	-2.1	-2.8	-3.3
Secondary income	2.2	2.2	2.4	2.6	2.6	2.5	2.1	2.2
Current and capital account balance (as % of GDP)	-8.8	-5.0	-1.0	-0.7	0.0	0.9	0.9	1.3
Gross external debt (as % of GDP)	84.3	101.1	104.2	103.7	103.0	105.3	107.9	107.8
Monetary developments (rate of change, in %)								
Total liquid assets – M4	4.7	0.1	3.0	1.6	3.2	2.9	3.6	3.0
Total liquid assets – M4 ^a	4.4	0.4	1.8	0.3	3.1	2.4	2.8	2.8
Credit institution placements to the private sector	13.4	0.0	6.1	4.9	-3.9	-0.7	-2.1	0.0
Credit institution placements to the private sector ^{a,b}	11.4	0.3	2.8	3.1	-4.1	-1.4	-2.6	0.1

^a Exchange rate effects excluded.

^b In addition to exchange rate effects, if we exclude one-off effects of the assumption of loans to the shipyards by the Ministry of Finance, the reduction of partly recoverable and fully irrecoverable placements of one credit institution which transferred a portion of its claims to a company indirectly owned by a parent bank, the bankruptcy of Centar banka d.d. and the methodological changes in the recording of fees, the growth rate of placements stands at 0.4% and 0.1% in 2012 and 2013 respectively.

Note: Projections for 2014 and 2015 were derived from data available until early December 2014.

Sources: CBS, MoF and CNB.

2 Global developments

The global economy might grow by 3.3% in 2014, down 0.3 percentage points from the July expectations. In the first nine months, global economic growth was marked by the divergent movements of real economic activity in developed countries and different approaches to monetary policy in the US and the euro area. Among developed countries, the US recorded positive results in the second and third quarter, with the improvement of indicators in the labour market and stable inflationary trends. As a result of these developments, in October the Fed stopped implementing the quantitative easing policy, while its key interest rates remained unchanged. On the other hand, the euro area economy stagnated in the second and third quarter, so that ECB officials adopted additional unconventional monetary policy measures in order to boost growth. Inflation in the euro area continued to decline due to a fall in food and raw material prices as a result of the increased supply of oil and the weaker recovery of the global economy. Due to weaker real outcomes in the euro area than in the US, the Fed's and ECB's divergent movements in monetary policy and the slowdown in inflation in the euro area, the American dollar strengthened against the euro in 2014. Developing countries and emerging market countries continued

to record high growth rates; however, a slowdown in economic activity has been observed, especially prominent in China.

Global economic activity is expected to strengthen moderately over the next term, so that the real growth in global GDP might accelerate to 3.8% in 2015. The US economy should make a positive contribution to the acceleration in the global economy in 2015, in which the continuation of normalisation of monetary policy and sustainable growth at the level of 3.1% is expected. A stabilisation of real economic activity and consumer prices is expected for Japan in 2015, as a result of the sales tax increase in April. The growth of the euro area will depend, among other things, on the effects of the transfer of the ECB's monetary measures to the non-financial sector, the possibilities of fiscal adjustment in peripheral euro area member countries and trade relations with Russia. Growth in developing countries and emerging market countries could accelerate gradually to 5.0% in 2015. The main risk to growth projection in this group of countries lies in increased foreign financing costs should the announced increase in benchmark interest rates in the US materialise.

In 2014, economic activity in the euro area could grow by

Table 2.1 Global economic developments

	2012	2013	2014			2015		
			Current projection	Previous projection	Δ Previous projection	Current projection	Previous projection	Δ Previous projection
GDP (real rate of change, in %)								
World	3.4	3.3	3.3	3.6	-0.3	3.8	3.9	-0.1
Euro area	-0.7	-0.4	0.8	1.2	-0.3	1.3	1.5	-0.1
USA	2.3	2.2	2.2	2.8	-0.6	3.1	3.0	0.1
Developing countries and emerging market countries	5.1	4.7	4.4	4.9	-0.5	5.0	5.3	-0.4
Central and Eastern Europe	1.4	2.8	2.7	2.4	0.3	2.9	2.9	0.0
China	7.7	7.7	7.4	7.5	-0.2	7.1	7.3	-0.2
Main trading partners of the Republic of Croatia (GEE) ^a	0.2	0.8	1.2	1.6	-0.4	2.1	2.4	-0.2
Main trading partners of the Republic of Croatia	0.1	0.7	1.2	1.5	-0.3	1.8	1.8	0.0
Italy	-2.4	-1.9	-0.2	0.6	-0.8	0.9	1.1	-0.3
Germany	0.9	0.5	1.4	1.7	-0.3	1.5	1.6	-0.1
Slovenia	-2.6	-1.0	1.4	0.3	1.1	1.4	0.9	0.4
Austria	0.9	0.3	1.0	1.7	-0.7	1.9	1.7	0.1
Bosnia and Herzegovina	-1.2	2.1	0.7	2.0	-1.3	3.5	3.2	0.3
Serbia	-1.5	2.5	-0.5	1.0	-1.5	1.0	1.5	-0.5
Other	2.0	2.0	2.0	2.2	-0.2	2.3	2.3	0.0
Real imports of trading partners ^a	-0.6	0.7	4.5	3.8	0.8	3.6	4.8	-1.2
Prices								
Euro area HICP	2.5	1.3	0.5	0.9	-0.4	0.9	1.2	-0.2
Oil prices (USD/barrel) ^b	112.0	108.9	100.4	108.1	-7.8	80.3	103.7	-23.4
Oil prices (year-on-year rate of change)	0.9	-2.8	-7.8	-0.7	-7.1	-20.0	-4.1	-15.9
Raw materials prices (excl. energy) (year-on-year rate of change)	-10.0	-1.2	-3.0	-3.5	0.4	-4.1	-3.9	-0.2
EURIBOR 3M (end of year) ^c	0.19	0.29	0.08	-	-	0.07	-	-
EUR/USD exchange rate (average) ^d	1.28	1.33	1.33	1.36	-0.03	1.22	1.31	-0.09
EUR/CHF exchange rate (average) ^d	1.21	1.23	1.22	1.23	-0.01	1.22	1.25	-0.03

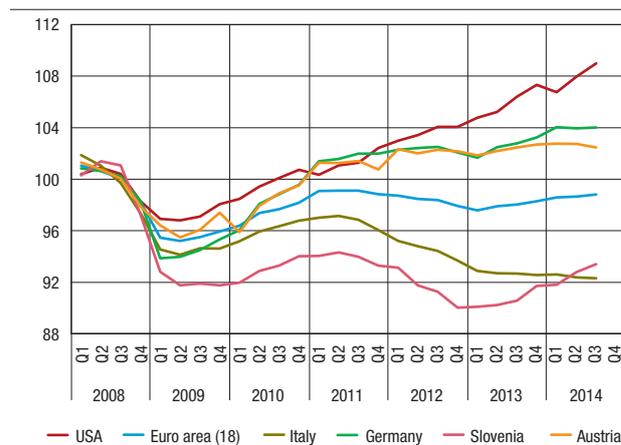
^a IMF (*Global Economic Environment*, GEE), October 2014. ^b Bloomberg, *Brent crude oil futures*. ^c Bloomberg. ^d CNB, *Foreign Exchange Consensus Forecasts*, November 2014. Source: IMF (*World Economic Outlook*, WEO), October 2014.

0.8%, with a gradual acceleration to 1.3% in 2015. The euro area economy recorded a slowdown in the real growth rate in the second and third quarters of 2014 of 0.1% and 0.2%, respectively, following a slight growth at the beginning of the year. Investments are still weak, hampered by the strained trade relations with Russia. Economic developments in the euro area differed greatly. The German economy stagnated in the second and third quarters, and similar trends were recorded in Austria. Italy was technically in recession again, while the Spanish economy grew in both quarters. A positive contribution to the otherwise feeble growth of the euro area came from ECB stimulus measures and a very low benchmark interest rate. The fall in oil prices and a weaker euro, which depreciated against the US dollar by almost 9% from the end of June, also made a positive contribution to the growth of the euro area. With the still subdued domestic demand and weak outlooks for economic growth, the inflation rate decelerated to 0.3% year-on-year in November, far below the target of 2%. At the end of November, the European Commission officials unveiled the European Fund for Strategic Investment worth EUR 315bn, which should mobilise private and public sources of financing with the aim of boosting investments in the euro area. Any faster growth was considerably prevented by the continued high levels of debt of the private sector, high unemployment, external imbalances and low inflation.

In 2014, the growth in real economic activity in the US could be at the level of the 2013 results of 2.2%, while it could accelerate to approximately 3% in 2015. These forecasts are based on the assumption of a fast recovery in domestic demand driven by improved indicators in the labour market, as well as favourable financing conditions. Following the unexpected downturn in economic activity in the first quarter, conditioned primarily by unfavourable weather conditions, the US economy recovered fast and recorded the annual growth rates of 4.6% and 3.9% in the second and third quarter, respectively. Government and personal consumption, and a somewhat lower trade deficit, provided a strong contribution to growth in the third quarter. The narrowing of the foreign trade deficit may be attributed to the decline in demand for foreign products intended for final consumption and a drop in the imports of oil due to the growth in domestic oil production. The strong growth of employment and decline in unemployment increased employer optimism on the sustainability of the US economic growth, despite the growth slowdown in Europe and Asia. In accordance with earlier announcements and the good results of the American economy, the third quantitative easing stimulus programme ended in October. The inflation rate, measured by the personal consumption expenditure deflator was 1.4% year-on-year in October, which indicated the absence of inflation pressures that might lead to a significant shift in Fed's monetary policy. Although the unemployment rate dropped below 6.5%, which had previously been set as a threshold below which the Fed could begin raising interest rates, the Fed left its key interest rates unchanged. This level could be retained as long as the US economy fully returns to a stable path of growth, sustainable even without monetary stimuli. The recovery in domestic demand, improved indicators in the labour market and the increase in domestic oil production led to a gradual strengthening of the US dollar against the euro in 2014, a trend that may have a negative impact on the competitiveness of US exporters if it continues.

Developing countries and emerging market countries should continue to be the key economic growth factor, although their growth might be slower when compared to earlier years. Growth is expected to slow down to 4.4% in 2014, which may be followed by a faster recovery. Asian developing countries might maintain higher growth rates in the coming period, and more

Figure 2.1 Gross domestic product of selected economies
seasonally adjusted data, constant prices, 2008 = 100



Source: Eurostat.

favourable outlooks for growth are present in India, while the Chinese economy should converge to somewhat lower, but more sustainable growth rates in terms of structure and equilibrium. Favourable financing conditions and accommodative monetary policies should support investments in Asia, but the credit expansion so far has resulted in the creation of the real estate market bubble, in particular prominent in China. A stronger recovery of the US economy also has a positive effect on the growth of developing countries and emerging market countries, so that the positive shocks of real growth in the US will spill over more to the economies of Asian countries, and less to the Central and Eastern European countries. Central and Eastern European countries are faced with structural imbalances manifested in the problems inherited from the global financial crisis, such as high unemployment and accumulated debt.

The outlook for the growth of the Chinese economy was slightly lower than in the previous projection, and China could record a growth of 7.4% in 2014, with a gradual slowdown to 7.1% in 2015. The growth of the Chinese economy in the third quarter of 7.3% at an annual level was somewhat weaker than expected, the reason for this being weaker domestic demand. Chinese authorities will probably continue with measures to stimulate domestic demand that should include a decrease in the key interest rates, an increase in liquidity in financial markets and a better regulation of real estate ownership. Medium-term risks for growth are reflected in the imbalances present in the real estate market whose sharp increase in previous years accounted for a significant contribution to the overall growth in China.

Croatia's main trading partners

The economic recovery is expected to strengthen gradually for most of Croatia's main trading partners in 2015. Among Croatia's main trading partners from the euro area, Germany and Austria might report favourable results of real economic activity in 2014. In the current year, Italy might record the contraction of economic activity, although it should be smaller than in 2013. Compared to the previous projection, growth outlooks have improved significantly for Slovenia, with the expected growth rates of the Slovenian economy for 2014 and 2015 being revised upwards by 1.1 and 0.4 percentage points, respectively, compared to the July estimate and projection (see Table 2.1). As regards non-euro area trading partners, somewhat slower growth should be reported by Bosnia and Herzegovina in 2014,

mostly due to damage from the floods that hit the country in mid-2014. Negative growth is forecast for Serbia in the current year, as in Bosnia and Herzegovina, caused by adverse weather factors and accumulated internal imbalances, after which gradual recovery is expected. Risks surrounding the projection of growth of the euro area main trading partners result from a possible further deterioration of trade relations with Russia. Trade sanctions have so far mainly had a negative impact on Russia's direct trading partners, and any further straining of trade relations with Russia could slow down the recovery of the euro area member countries, as well as of Croatia.

In Italy, the rate of change in real GDP could stand at -0.2% in 2014, growing by 0.9% in 2015. Unfavourable trends recorded in the first half of the year continued in the third quarter of 2014, making the stagnation of economic activity a particular reason for concern as growth of GDP at a quarterly level was last recorded in 2011. In the first six months, investments fell due to the rising uncertainty that had an adverse impact on investors' expectations and investment decisions in the short term. The construction sector was still weak, despite a slower fall in the prices of real estate. A slightly more favourable development of economic activity was observed in personal consumption, which grew in the first half of the year because of a mild improvement in the indicators in the labour market, although expectations with regard to future consumption were still subdued. The slowdown in real economic activity in the euro area and low inflationary expectations will represent additional risks that could hold back a faster recovery of the Italian economy.

At the entire-2014 level, Germany might see a real GDP growth rate of 1.4% , accelerating to 1.5% in 2015. Real activity in the largest European economy did not grow in the second and third quarters, despite good results in the first quarter. The growth in household consumption and government consumption, as well as slightly improved performance in the developments of net exports in the third quarter, were offset by a decline in investments. The recent slowdown in the German economy was partially the consequence of the weak performance of the euro area economy, as well as worsening trade relations with Russia.

After the slowdown in 2013, Austria might see a real growth rate of 1% in 2014. Data for the third quarter suggest a stagnation of economic activity relative to the previous quarter, by which the Austrian economy followed the dynamics of change in the GDP of main trading partners, in particular Germany. A sharp decline in gross fixed capital formation and a real fall in the exports of goods and services, which decreased for the second consecutive quarter, contributed the most to the negative trends in the third quarter. Personal and government consumption grew at positive rates, reflecting favourable conditions in the labour market and the stability of government finance. In 2015, real growth in Austria might accelerate to 1.9% .

The Slovenian economy might record a real GDP growth of 1.4% in 2014, or an upward change of 1.1 percentage point from the July expectations. Following the decline in 2013, the Slovenian economy recovered and grew by 1.0% and 0.7% in the second and third quarter, respectively. Strong exports and the increase in investments and in inventories were the main growth generators in the first half of the year. However, the weakening of foreign demand from the main trading partners and the growing uncertainty triggered by the Russia-Ukraine crisis slowed down the growth of Slovenian exports in the middle of the year. Thanks to good labour market indicators and export-oriented domestic enterprises, in 2015, Slovenia might see a growth rate at the level of the expectation for the current year.

As regards non-euro area trading partners, Bosnia and

Herzegovina could record economic growth in 2014, despite the damage from floods that made a significant contribution to the decrease in real economic activity in the second quarter. In line with these developments, the projection for growth in 2014 was lowered from 2% to 0.7% , relative to the July expectations. In the first half of the year, current movements were very unfavourable, reflecting the already mentioned weather-related factors, as well as the inherited structural imbalances of the domestic economy, such as the high rate of unemployment (above 30%) and the persistent current account deficit. An annual real growth above 3.5% is expected in 2015.

In Serbia, a 0.5% fall in real economic activity is expected in 2014, and a gradual recovery in 2015. Like Bosnia and Herzegovina, Serbia recorded a contraction of real economic activity in the second quarter relative to the previous quarter, primarily because of the negative impacts of floods on the movement of industrial production that decreased continually since May. Preliminary data on the fall in real economic activity in the third quarter suggested a further weakening of the domestic economy that limited the recovery of domestic demand and created negative pressures on wages. Due to the public finance situation, Serbia agreed a three-year arrangement with the IMF in mid-November worth around 1 billion euros. In order to bring the budget deficit within sustainable values, the Serbian government committed itself to implement fiscal reforms in the forthcoming period, including the restructuring of public enterprises, decrease in employment in the public sector, improved collection of taxes and continued fight against the grey economy, and announced a linear reduction of the public sector wage bill and a progressive reduction of pensions above a certain amount.

Exchange rates and price movements

The strengthening of the US dollar against the euro is expected to continue until the end of 2014 and in 2015. In 2014, the depreciation of the euro exchange rate against the US dollar was largely determined by the Fed's and ECB's divergent movements in monetary policy, a noticeably slower growth in the euro area than in the US and the slowdown in inflation in the euro area. Geopolitical instabilities in the region related to the conflict in Ukraine, reduced investor confidence in the euro further and resulted in the transfer of the capital to safer currencies, such as the Swiss franc and the US dollar. A further strengthening of the US dollar against the euro is expected in the medium term,

Figure 2.2 Exchange rates of individual currencies against the euro
2008 = 100



Note: A growth in the index denotes a depreciation of a currency against the euro. Data for the fourth quarter are up to 31 October 2014.

Source: Eurostat.

reflecting negative expectations concerning the sluggish recovery of the euro area economy, because of which even benchmark interest rates in the euro area could remain very low over a longer period of time. The reduction of the US current account deficit, deleveraging by the private sector and optimistic outlooks for a stable and sustainable economic growth in the coming period should contribute to the strengthening of the US dollar.

The exchange rate of the Swiss franc versus the euro was relatively stable in the first ten months of 2014, moving within a narrow range between EUR/CHF 1.21 and EUR/CHF 1.23, while the average exchange rate of the Swiss franc against the euro strengthened by 1.1% relative to the average in 2013. In anticipation of the referendum to bolster gold holdings in the total assets of the Swiss central bank, the Swiss franc exchange rate neared the administratively set floor of minimum EUR/CHF 1.20 at the beginning of November. The Swiss central bank also pledged to keep the Swiss franc at a minimum set level against the euro should the economic situation and deflationary risks in the euro area increase, which does not exclude the implementation of a negative interest rate policy. Until the end of the year, the average exchange rate of the Swiss franc versus the euro is not expected to change significantly, and its average value in 2014 could stand at EUR/CHF 1.22 with a gradual slight weakening of the Swiss franc against the euro in the course of 2015.

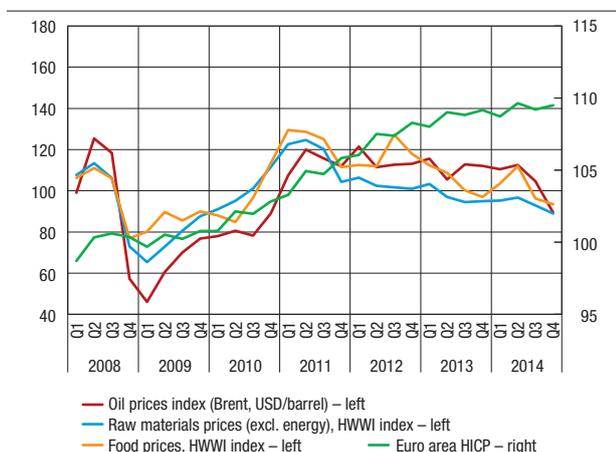
The average Brent oil price should be lower in 2014 than that in 2013, as a consequence of a sharp decrease in oil prices in the second half of the year. The average Brent crude oil price was down by 7% in the third quarter from the previous quarter. The fall in oil prices continued in October, while the price of oil fell below USD 80 per barrel in mid-November. This dynamics of the change in oil prices results from favourable developments on the side of supply, mostly due to increased shale oil production in the US and a stable production in the Middle East, despite the present geopolitical risks. A slower than expected global economic recovery, somewhat lower demand from China and Europe and the strengthening of the US dollar contributed further to the fall in oil prices. Despite the fall in oil prices, OPEC countries decided to leave the volume of crude oil output unchanged in order to keep their market share. Should the fall in crude oil prices continue, this could give momentum to the global economy, as well as increase deflationary pressures. Market expectations incorporated in spot contracts indicate the stabilisation of crude oil prices in the forthcoming period.

The prices of raw materials are expected to fall further, mostly because of the fall in the prices of food products. The prices of raw materials, excluding energy, measured by the HWWI index (in US dollars) decreased in the third quarter, with an evident sharp fall in food prices, mostly those of oil, oil seeds and cereals. Favourable weather conditions had a positive impact on these movements, as well as the continued strengthening of the US dollar in 2014. In the context of industrial raw materials, the fall in the prices of iron ore and textiles were observed on the back of weakening global demand and the slowdown of the global economic growth, in particular of developing countries and emerging market countries. At the beginning of the fourth quarter, the HWWI index decreased additionally, and as a result of the current market expectations, a further drop in raw material prices is foreseen for the following year.

Benchmark interest rate trends

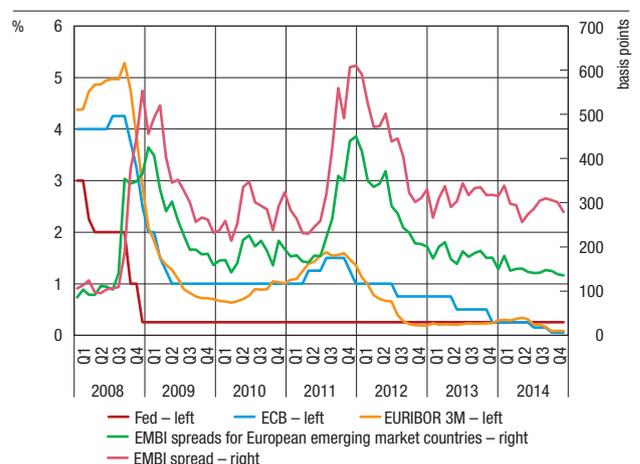
Financial markets anticipate that ECB interest rates could remain at low levels for a longer period of time, and their raising will primarily depend on any change in the inflation rate and the dynamics of recovery of the euro area members. At the beginning of November, the ECB kept its key interest rates unchanged, close to zero, and a month earlier it announced additional unconventional monetary policy measures in order to boost economic growth and bring the inflation rate closer to the target of slightly below 2%. The continuity of implementation of a very expansive monetary policy in the conditions of low inflation and a slow recovery of the euro area economy was confirmed by the initiation of the asset-backed securities (ABSs) purchase programme, which should last for at least two years. In addition to the already launched process of the purchase of covered bonds, targeted longer-term refinancing operation (TLTRO) measures have also been implemented since September 2014. These measures should lead to a more intensified lending to non-financial corporations and the resolution of structural imbalances that limit the development of the real economy. Also, the measures should lead to a significant increase in the ECB's balance sheet and improve the functioning of the monetary transmission mechanism that has so far proved to be insufficiently effective in reviving the economic growth. The ECB also expressed its readiness for additional monetary policy easing, such as the purchase of government and corporate bonds,

Figure 2.3 Prices
2008 = 100



Note: Data for the fourth quarter of 2014 refer to October.
Sources: Eurostat, Bloomberg and HWWI.

Figure 2.4 Benchmark interest rates and the average yield spread on bonds of European emerging market countries



Data for the fourth quarter are up to 30 November 2014.
Source: Bloomberg, 1 December 2014.

should the need arise to expand the measures further.

On the other hand, the Fed ended its programme of buying agency mortgage-backed bonds and longer-term Treasury securities in October, as planned. Despite very favourable fundamentals in the labour market, stable inflation and the acceleration of economic activity in the second and third quarter, the Fed left the target range for its key interest rate unchanged. This policy will probably be implemented as long as Fed officials are positive that the economy is stable on the path of growth and recovery that can be sustained without the central bank's monetary stimuli. Financial markets anticipate the growth of the Fed's key interest rate in 2015 with a further close monitoring of the

course of economic activity, indicators in the labour market and the level of inflation.

The conditions of foreign financing for Central and Eastern European countries did not change significantly during the third quarter of 2014 relative to the quarter earlier. The yield spread for Croatia increased by almost 20 basis points in the same period. These movements in the yield spread for Croatia can be linked with the growing concern of investors regarding the recovery of the Croatian economy. Any possible increase in interest rates in global financial markets would additionally increase the external vulnerability of Croatia and have a negative impact on the availability of foreign financing for the Croatian economy.

3 Aggregate demand and supply

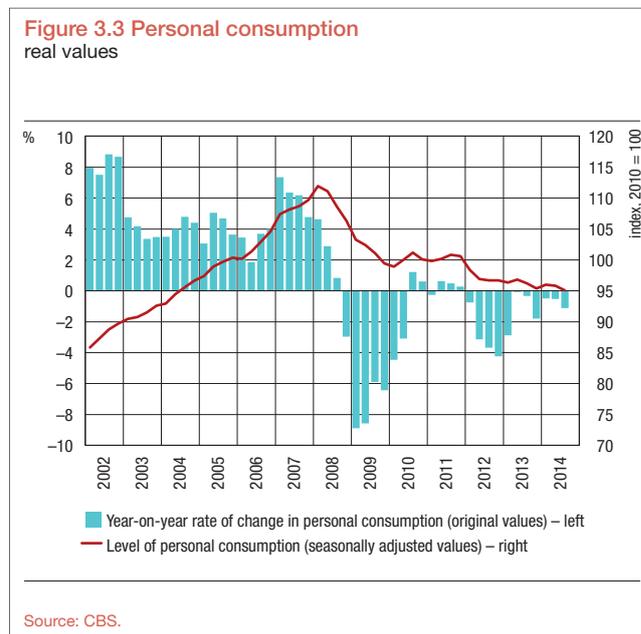
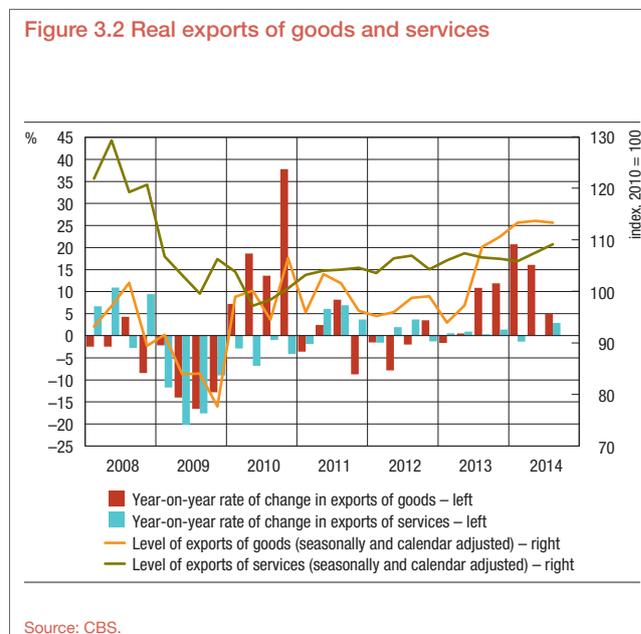
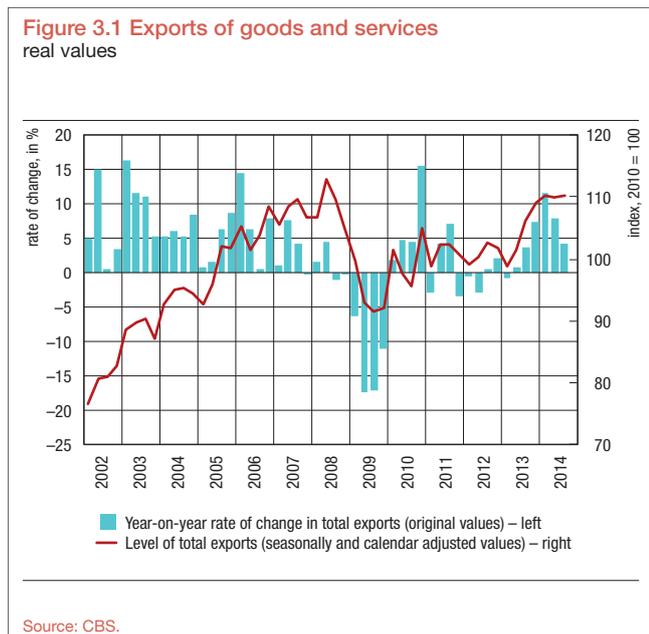
The stagnation of real gross domestic product that had lasted since the beginning of 2014, continued in the third quarter. Domestic demand fell because of the decrease in personal consumption, while the growth of the exports of services was the most pronounced. The stagnation of real GDP could also continue in the fourth quarter.¹ At the level of the whole of 2014, real GDP could decrease by 0.5%, while in 2015, economic activity is expected to stagnate (+0.2%), determined by the expected continuation of the growth of exports of goods and services and the lack of growth in domestic demand.

Aggregate demand

The real exports of goods and services stagnated in the third quarter relative to the previous quarter, while they grew by 4.1% at an annual level, primarily due to the increase in tourism revenues. However, the growth of tourism revenues was weaker than in the previous years. Goods exports continued to grow, which mainly referred to the exports of energy in July and August (current prices).

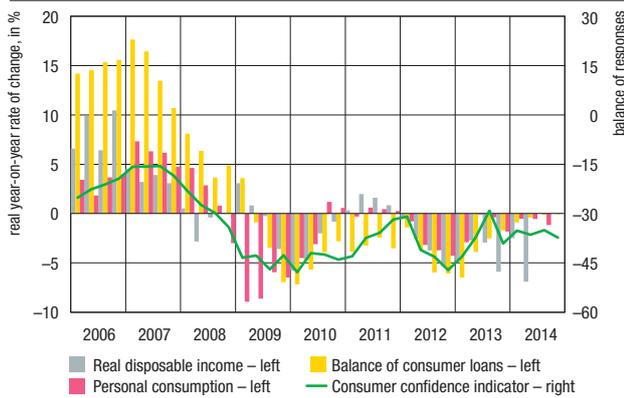
The real growth of exports might continue in 2015, at a slightly slower pace than in 2014, when export growth was at

a record high. The strong real exports of goods and services in 2014 are the result of a very good performance of goods exports



1 For a detailed methodology of nowcasting GDP based on available monthly data, see Kunovac, D., and B. Špalat (2014): *Nowcasting GDP Using Available Monthly Indicators*, Croatian National Bank, Working Papers, W-39.

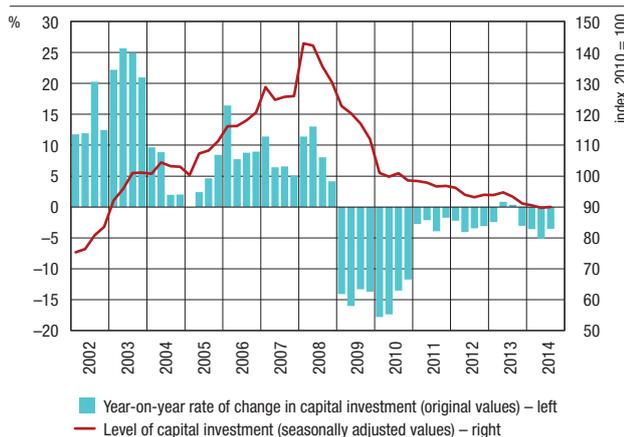
Figure 3.4 Determinants of personal consumption



Note: The values of the consumer confidence indicator in a month are calculated as three-member averages of monthly data. The value of the consumer confidence indicator for the fourth quarter of 2014 is calculated on the basis of data for October and November, and the balance of consumer loans is calculated on the basis of data for October.

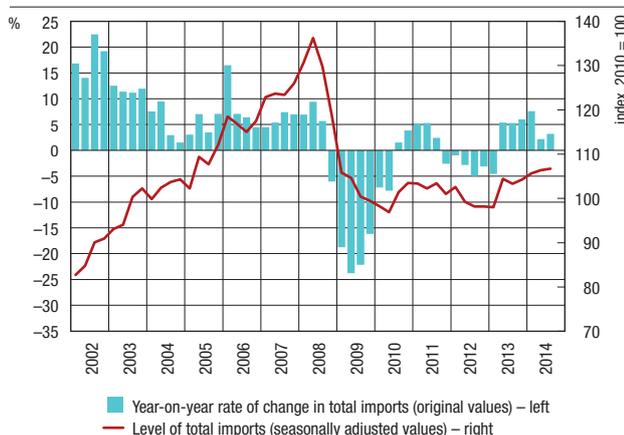
Sources: CBS, Ipsos Puls and CNB.

Figure 3.5 Gross fixed capital formation



Source: CBS.

Figure 3.6 Imports of goods and services real values



Source: CBS.

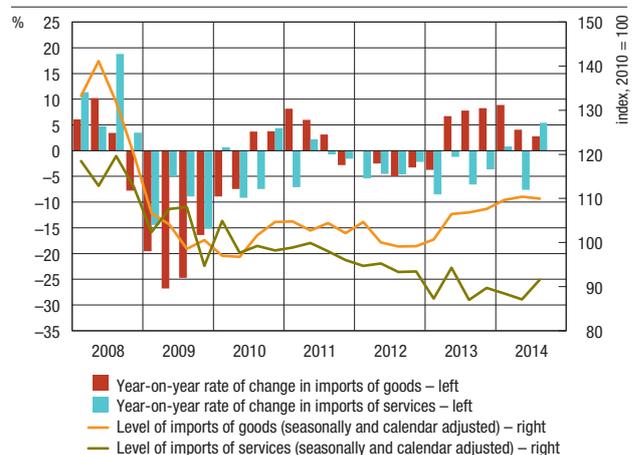
in the first half of the year and positive results in tourism during the third quarter, aided by the recovery of the main trading partners. The growth is expected to continue until the end of 2014.

Domestic demand decreased in the third quarter of 2014 as a result of the decline in personal consumption, while government consumption and investments increased slightly, following a sharp fall of these components of aggregate demand in the previous quarter.

Personal consumption decreased by 0.8% in the third quarter in the context of continued stagnation in the labour market, the deleveraging of households and negative expectations about future economic trends, while in 2015, it could pick up slightly because of the positive effects of changes in income tax on household disposable income. In the third quarter, the purchasing power of households was limited by exceptionally unfavourable labour market conditions. The consumer confidence index stagnated during the year, but exceptionally negative expectations still prevailed, which was reflected in the absence of any increase in consumer loans. Similar trends are expected to continue until the end of 2014, and it is probable that personal consumption will make a significant negative contribution to economic activity at the level of the whole year. Personal consumption might recover slightly in 2015, mostly encouraged by the positive effects of changes in the income tax on the disposable income of households and the absence of a noticeable increase in prices. However, a significant recovery in personal consumption might be limited by unfavourable expectations and deleveraging by households, as well as a further decrease in employment.

Gross fixed capital formation increased modestly (0.3%) in the third quarter, as shown by seasonally adjusted data, following a sharp fall in the previous quarter and it might decrease at the level of 2014, while it could recover slightly only in 2015. Despite the positive growth rate relative to the previous quarter, the annual rate of change in investments was negative in the third quarter, reflecting a strong decrease in activity in construction, and according to data on the hours worked at building sites in July and August there was a noticeable decrease in public sector investments. On the other hand, investments in equipment grew strongly, as indicated by data on the imports of capital goods and, to a slightly smaller extent, by data on the volume of the industrial production of capital goods, according to MIGs. At the level of the whole of 2014, gross fixed capital formation is expected to decline, with regard to the projected decline in

Figure 3.7 Real imports of goods and services



Source: CBS.

private sector investments in the context of the fall in aggregate demand, uncertainty as regards future economic developments and the absence of significant foreign investments in new production capacities. In 2015, investment activity is expected to grow very moderately, mostly driven by the growth in investments by public enterprises, while the recovery of private investments could cease due to the stagnation of economic activity and the smaller effects of laws related to investment promotion than previously expected. Also, the effect of uncertainty on investments by entrepreneurs should not be disregarded with regard to the necessity of additional fiscal adjustment in 2015 that might result in additional regulatory and tax law amendments.

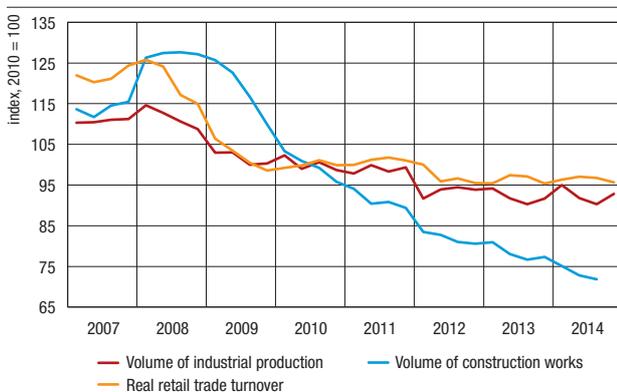
Government spending grew slightly (0.3%) in the third quarter of 2014; however, its decline is expected at the level of the whole of 2014. Employee compensation was an important determinant of growth in government consumption in the third quarter, as the number of persons employed in public administration, education and health care activities rose, following a sharp decline in the first half of the year. On the other hand, the planned savings in the use of goods and services, as well as in benefits in kind point to a decrease in these government consumption components in the third quarter. For this reason, in accordance with the second budget revision for 2014, government consumption is expected to decline at the level of the whole year. In 2015, government consumption might continue to decline, with regard to the planned savings under the excessive deficit procedure.

Aggregate supply

Gross value added in the overall economy stagnated in the third quarter of 2014 and was mostly in line with the movements of gross domestic product. Stagnation marked a large number of activities, in particular manufacturing and mining, retail trade, transportation, accommodation and food service activities, as well as a part of service activities. GVA decreased significantly in construction, thus continuing its long-term downward trend.²

Available monthly data point to a further stagnation of economic activity at the beginning of the fourth quarter of 2014. The volume of industrial production increased by 2.8% in

Figure 3.8 Short-term economic indicators seasonally and calendar adjusted

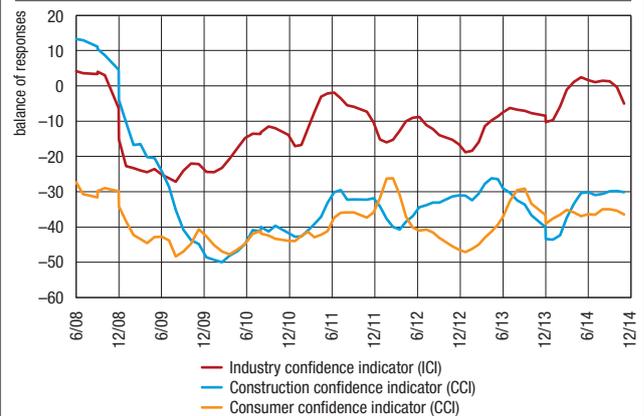


Note: Quarterly data are calculated as a simple average of monthly data. Data used for the calculation of the volume of construction works in the third quarter exclude September. Data used for the calculation of the volume of industrial production and the real retail trade turnover in the fourth quarter include only October.

Source: CBS data seasonally adjusted by the CNB.

2 This points to the reallocation of resources to tradable and potentially more productive activities. For this reason, Box 1 analyses the importance of resource reallocation for the productivity of the Croatian economy.

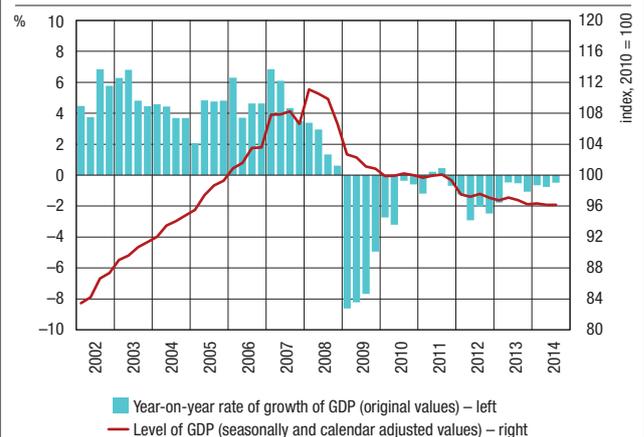
Figure 3.9 Business confidence indicators



Note: The presented values are three-member moving averages of monthly data. The Business Confidence Survey has been carried out since May 2008. The last data available refers to November 2014.

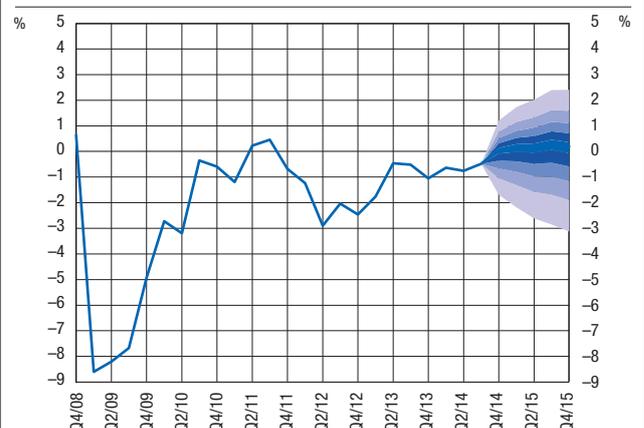
Sources: Ipsos Puls and CNB.

Figure 3.10 Gross domestic product real values



Source: CBS.

Figure 3.11 Projection of real GDP dynamics year-on-year rate of growth



Sources: CBS and CNB.

October, relative to the average of the previous quarter, while real retail trade turnover recorded a decline of 1.1%. The results of the business confidence survey for October and November suggest a slide in business optimism in construction, and similar trends have also been recorded in the indicator of business optimism in industry. Consumer confidence declined in the same period, mostly because of negative expectations about the development of the economic situation in Croatia in the next 12 months and the expected rise in unemployment. Positive results in tourism continued during October when the number of overnight stays grew by 4.3% at an annual level, but this had a small effect due to the seasonal character of tourism.

Until the end of 2014, a noticeable recovery in the most important NCA activities might not materialise, primarily in the activities of manufacturing and mining and retail trade, while a strong contraction can be expected in construction. These activities might grow slightly in 2015, except construction, whose growth might be limited by a slow recovery of investments.

The estimated rate of change in real GDP in 2014 is -0.5% . In 2015, the Croatian economy might see a stagnation ($+0.2\%$) in economic activity, mostly determined by weak domestic demand and a positive contribution of net exports. Personal consumption should recover slightly in 2015, on the basis of the announced income tax changes.

Risks to the downside prevail in the projection of real growth (Figure 3.11). The majority of downside risks remained mostly unchanged when compared to the previous projection.

Additional consolidation measures could perhaps be adopted, although with uncertain contents that might have a negative impact on economic activity in the short run. Also, the failure to achieve fiscal targets under the excessive deficit procedure might result in a further rise in the costs of public and private sector borrowing and could hamper the absorption of funds under EU structural and investment programmes. With regard to very unfavourable expectations of households and a high level of uncertainty about future developments, changes in income tax might not have the expected impact on personal consumption, so that the projected growth of household consumption might not materialise. The structure and dynamics of the withdrawal of EU funds pose an additional risk, on which economic activity movements will depend in the projection period. Relative to the previous projection, the potential worsening of trade relations between Russia and EU member states is another downside risk for the economic recovery of the euro area, which could have an unfavourable impact on foreign demand for Croatian products and services. An upside risk to the central projection of real growth is the adoption of additional structural reforms for the purpose of improving the business environment that would additionally prompt the growth of economic activity and reduce the cost of government borrowing within the projection horizon. An additional risk to the upside stems from the potential further decline in the prices of oil that might have a favourable effect on economic activity.

Box 1 The effect of resource reallocation across firms on productivity

Although efficient resource reallocation enables better-performing firms to use more factors of production, numerous institutional and market imperfections impede such allocation in reality. Based on the example of Croatian non-financial corporations, this box assesses how important allocation of production factors across firms is for aggregate productivity. The results of empirical analysis suggest that the productivity dispersion of Croatian firms is substantial, with a relatively large number of low-productive firms and a smaller number of high-productive firms. On average, firms that are more productive hire more employees and thereby raise the aggregate level of productivity by approximately 25% from what it would be with randomly allocated labour. This indicator edged up during the recession, which indicates the potentially positive effects of the recession on the allocative efficiency of the Croatian economy. The positive effect of resource allocation across firms on the productivity level is also evident in most of the activities observed, but with considerable variations across activity areas.

Empirical research shows that economic activity is generated by relatively few highly productive firms and many low-productive firms (ECB, 2014³), which stresses the importance of the economy's ability to enable the flow of resources to more

productive firms. In other words, the market system should enable efficient resource allocation so that better performing firms use more factors of production. However, the markets are characterised by a series of inefficiencies, which is why resource reallocation is often less than optimal, as confirmed in, for example, Hsieh and Klenow (2009)⁴ and Bartelsman et al. (2013)⁵. Institutional characteristics in a country play an important role in the effective allocation of factors of production (Andrews and Cingano, 2012; Restuccia and Rogerson, 2008; Aghion et al., 2007)⁶. An assessment of the effect of allocative efficiency on productivity in Croatia becomes even more important in view of the fact that Croatia lags behind most of its peers according to various measures of institutional development and the business environment (such as the Doing Business index).

Used to examine the features of the allocative efficiency of the Croatian economy are firm-level data from the register of financial statements maintained by the Financial Agency (FINA), for the period from 2002 to 2012.⁷ The methodological approach and data processing methods were for the most part taken over from the Competitiveness Research Network (CompNet) organised under the auspices of the ECB. The analysis includes the majority of non-financial corporations in the business sector.⁸

3 ECB (2014): *Micro-based evidence of EU competitiveness: The COMPNET database*, ECB Working paper series, No. 1634.

4 Hsieh, C. T., and P. J. Klenow (2009): *Misallocation and Manufacturing TFP in China and India*, *The Quarterly Journal of Economics* 124(4), pp. 1403–1448.

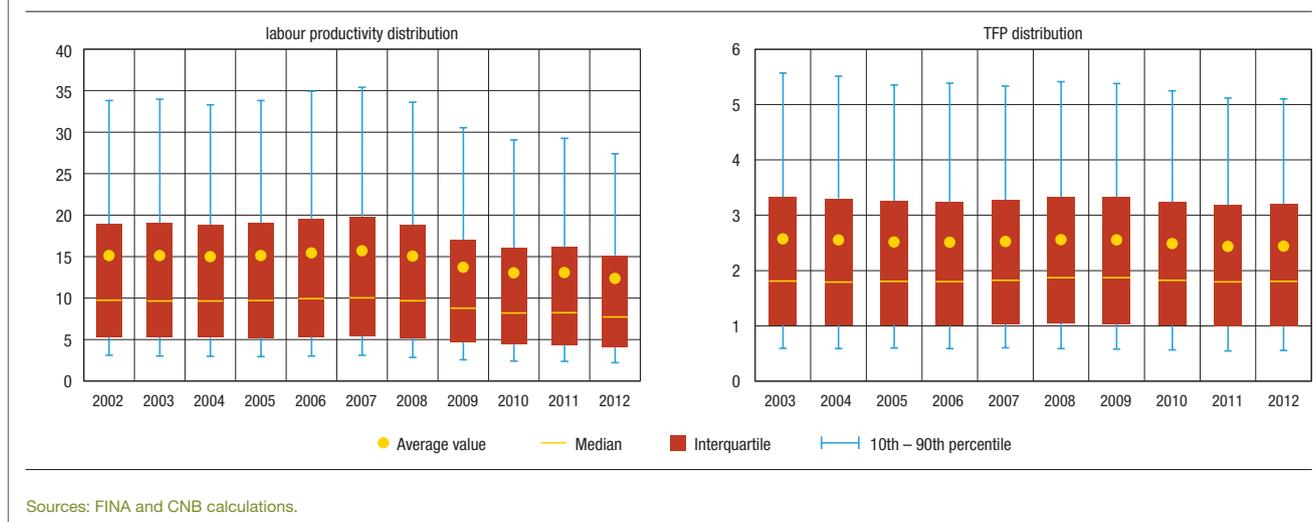
5 Bartelsman, E., J. Haltiwanger, and S. Scarpetta (2013): *Cross-Country Differences in Productivity: The Role of Allocation and Selection*, *American Economic Review* 103(1), pp. 305–334.

6 Andrews, D., and F. Cingano (2012): *Public policy and resource allocation: evidence from firms in OECD countries*, OECD Economics Department Working Papers 996, OECD Publishing; Restuccia, D., and R. Rogerson (2008): *Policy distortions and aggregate productivity with heterogeneous establishments*, *Review of Economic Dynamics* 11, pp. 707–720; Aghion, P., T. Fally, and S. Scarpetta (2007): *Credit Constraints as a Barrier to the Entry and Post-Entry Growth of Firms*, *Economic Policy* (October), pp. 731–779.

7 The period analysed in the box differs depending on whether TFP or contributions to productivity growth are assessed as different time lags are needed for the purpose of assessment.

8 Activities such as agriculture and fishing, mining and quarrying, manufacture of coke and refined petroleum products, gas, steam and air conditioning supply, activities related to financial intermediation and activities related to public administration are excluded since they are often subject to various deficiencies, such as extensive regulation, monopoly and non-market operation.

Figure 3.12 Labour productivity and TFP distribution



Observed are firms from fifty five NCA sections, which are then aggregated, using different weights, into nine macro-sectors⁹ and the level of the overall economy. Productivity measures analysed are labour productivity (based on value added) and total factor productivity (TFP) estimated according to Wooldridge (2009)¹⁰. The features of distribution of the two mentioned measures of firm productivity in Croatia are analysed in the remainder of this box and efforts are made to quantify the effect of resource allocation across firms on the level of and changes in productivity.

As in similar research, the results show substantial dispersion of productivity across Croatian firms, with a relatively large number of low-productive firms and a smaller number of highly productive firms (Figure 3.12), which implies that aggregate productivity could be increased by resource reallocation. Productivity distribution in Croatia is skewed to the right, which is evident from the distance of the median from the average as well as the distance of the 90th percentile from the average in a given year. As labour productivity comprises not only the marginal labour product, but also contributions of other factors of production, such as capital, TFP distribution is also presented. TFP relates to the part of production which cannot be explained by the use of labour, capital and material, but assumes a certain influence of technology, the efficiency of using resources, management etc. TFP distribution also shows that there is a relatively large number of low-productive firms and a small number of highly productive firms, but the dispersion is much less pronounced than in labour productivity, which is also a common result of empirical research (Bartelsman et al., 2013).

If one observes the features of labour productivity dispersion (Figure 3.12), it is evident that the 90th percentile of productivity (the top productive firms) has fallen sharply in absolute terms from the start of the recession, while the 10th percentile of productivity (the least productive firms) has decreased more in terms of percentage points. Both changes indicate lesser productivity dispersion as its standard deviation decreased. Similar

changes are also observed in TFP distribution.

The comparison between firm productivity and size (measured in terms of number of employees) confirms that the top productive firms in Croatia are on average larger than the least productive firms, which is in line with the findings for other countries (ECB, 2014). In the case of TFP distribution, the difference in firm size is even more evident. This further emphasises the importance of reallocating factors of production towards more productive firms so as to facilitate their growth.

Having established that there are noticeable differences in productivity across firms, the remainder of the text quantifies the importance of resource reallocation across firms for aggregate productivity. Two approaches are applied: assessment of the contribution of resource reallocation to the level of aggregate productivity by means of the Olley and Pakes decomposition (1996)¹¹ and assessment of its contribution to changes in aggregate productivity by means of the Foster, Haltiwanger and Krizan decomposition (2006)¹².

The Olley-Pakes (OP) decomposition of the contribution of resource reallocation to the level of productivity divides total productivity into the unweighted average productivity in a particular sector if all firms were equal in size and the component that represents a covariance of the deviation of a firm from the average size and from the average productivity in the industry:

$$y_{st} = \sum_{i \in s} \theta_{it} \omega_{it} = \bar{\omega}_{st} + \sum_{i \in s} (\theta_{it} - \bar{\theta}_{st})(\omega_{it} - \bar{\omega}_{st}), \quad (1)$$

where θ_{it} represents the size of a firm i in industry s and at time t , while ω_{it} is a measure of productivity. $\bar{\omega}_{st}$ is the unweighted average productivity in a particular industry and $\bar{\theta}_{st}$ is the unweighted average size in the industry. The OP covariance is $\sum_{i \in s} (\theta_{it} - \bar{\theta}_{st})(\omega_{it} - \bar{\omega}_{st})$, and it is aggregated at the level of the overall economy by means of the share of employees (value added) in a particular industry in the total number of employees (value added). A larger covariance implies a stronger correlation between above-average productivity of a firm and its size, i.e. it

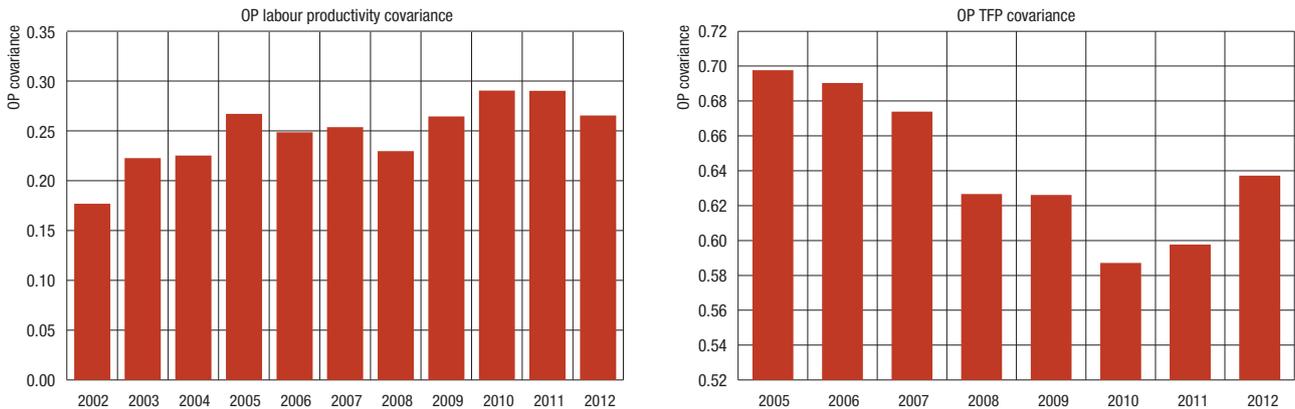
9 Macro-sectors include the following: manufacturing; construction; wholesale and retail trade; transportation and storage; accommodation and food service activities; information and communication; real estate activities; professional, scientific and technical activities; and administrative and support service activities.

10 Wooldridge, J. M. (2009): *On estimating firm-level production functions using proxy variables to control for unobservables*, Economics Letters, 104(5), pp. 112–114.

11 Olley, G. S., and A. Pakes (1996): *The Dynamics of Productivity in the Telecommunications Equipment Industry*, Econometrica 64(6), pp. 1265–1297.

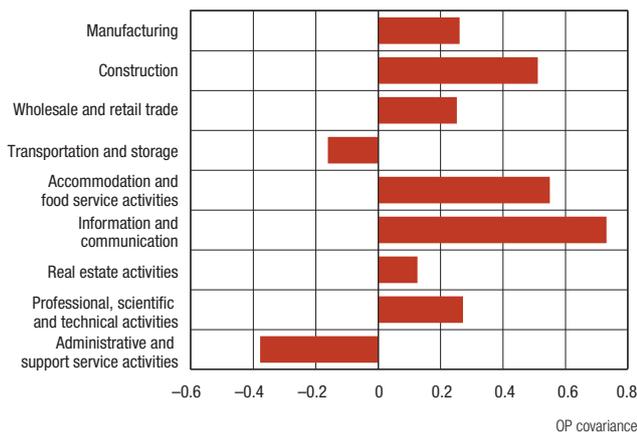
12 Foster, L., J. Haltiwanger, and C. J. Krizan (2006): *Market Selection, Reallocation, and Restructuring in the U.S. Retail Trade Sector in the 1990s*, The Review of Economics and Statistics 88(4), pp. 748–758.

Figure 3.13 Allocative efficiency indicator



Sources: FINA and CNB calculations.

Figure 3.14 OP labour productivity covariance by macro-sectors (2002 – 2012 average)



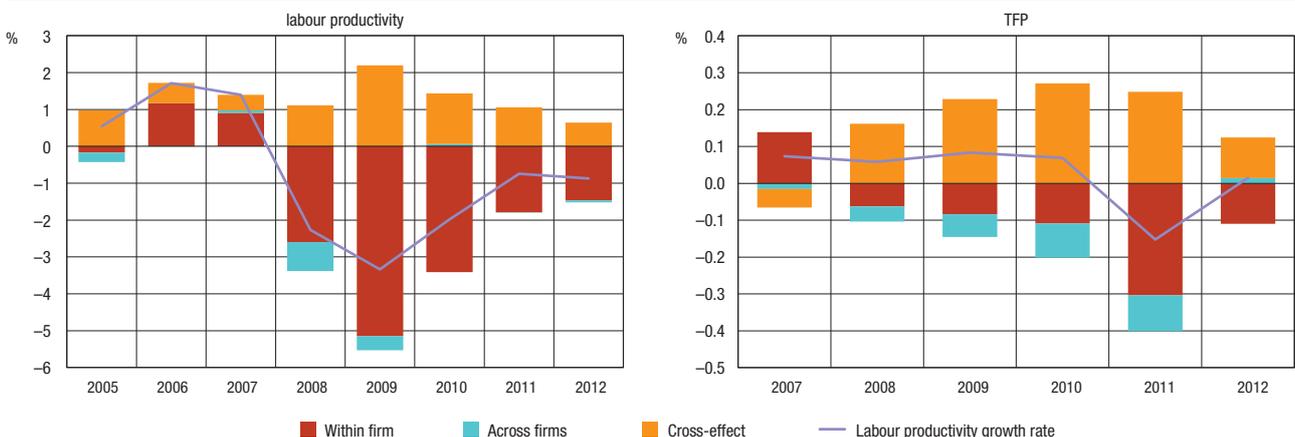
Sources: FINA and CNB calculations.

implies that resources are distributed across firms in such a way that more productive firms use more resources than the industry-average.

Figure 3.13 shows the OP covariance, revealing that the productivity level of the Croatian non-financial business sector was on average around 25% higher, which means that firms of above-average productivity had more employees than the sector average. In addition, this indicator increased during the recession, to some 29% of total productivity, which indicates possibly positive effects of the recession on the allocative efficiency of the Croatian economy. On the other hand, the OP TFP covariance indicates lower values in recession years, which implies that the effect of the recession on resource reallocation is not uniform and calls for a more thorough analysis in further research.

In line with the results at the aggregate level, a positive covariance is also characteristic for the majority of activities in the observed period, though it varies significantly across activity areas (Figure 3.14). Thus, the indicator of allocative efficiency in manufacturing is almost equal to the average value for the entire economy. This finding is contrary to expectations because manufacturing is a tradable industry and faces strong competitive

Figure 3.15 FHK decomposition



Sources: FINA and CNB calculations.

pressures, which creates an expectation of an above-average value of OP covariance, as confirmed for a number of countries (ECB, 2014). On the other hand, service activities like information and communication, and accommodation and food service activities show a relatively high OP covariance between size and productivity. Construction may also be included in the group with a relatively high covariance. This order also holds for the TFP decomposition.

The second approach to analysing allocative efficiency is based on an estimate of the contribution of resource reallocation to productivity changes on the basis of the Foster, Haltiwanger and Krizan decomposition (FHK decomposition):

$$\Delta y_{st} = \sum_{i \in C} \theta_{i-k} \Delta \omega_{it} + \sum_{i \in C} \Delta \theta_{i-k} (\omega_{i-k} - \widehat{\omega}_{st-k}) + \sum_{i \in C} \Delta \theta_{it} \omega_{it} \quad (2)$$

where the signs of the variables are identical to those in equation (1), while k denotes the time lag, C denotes continuing firms, which means that exiting and entering firms are excluded, and $\widehat{\omega}_{st-k}$ denotes the weighted average of industry productivity in year $t-k$. Three sources of productivity growth are identified by the FHK decomposition: a) $\sum_{i \in C} \theta_{i-k} \Delta \omega_{it}$ which measures within-firm productivity growth in such a way that the firm size remains constant from the previous period; b) $\sum_{i \in C} \Delta \theta_{i-k} (\omega_{i-k} - \widehat{\omega}_{st-k})$ measures productivity growth caused by resource reallocation across firms, i.e. labour reallocation (it is positive when the size of above-average productive firms increases; and c) $\sum_{i \in C} \Delta \theta_{it} \omega_{it}$ measures the cross-effect of resource reallocation and productivity changes.

The FHK decomposition yields the conclusion that the bulk of productivity growth comes from within-firm growth. Figure 3.15 shows the dominant contribution of within-firm growth, which is particularly pronounced during recessions, when it obviously determines the growth dynamics of total labour productivity. The rise in labour productivity triggered by resource reallocation across firms operating within the same sector has slightly negative values before the recession and is of negligible effect during the recession. By contrast, the cross-effect has a stronger

influence on labour productivity growth, which remains positive even during the recession. The cross-effect is positive, which means that there is a positive correlation between changes in firm size and changes in labour productivity. This is in contrast with the results of most research work, where this indicator is negative (Foster et al., 2006; Nishida et al., 2013; Lopez-Garcia et al., 2007)¹³, which is usually explained by the incorrectly reported number of employees, leading to a negative correlation between shifts in the market share and productivity and the positive effects of size reduction on productivity. Results of the FHK TFP decomposition are mostly in line with the results for labour productivity with regard to the signs of the effects, but their intensity differs. For TFP, the cross-effect is stronger than the effect of other sources of productivity growth, while the negative contribution of between-firm reallocation is more pronounced. In addition to ambiguous interpretation of the cross-effect, one should take into account that this analysis leaves out the contribution of entry and exit of firms from the market. This is why the OP decomposition seems more appropriate for assessing the dynamics of allocative efficiency, while the significance of an examination of FHK decomposition stems mostly from the fact that it indicates the importance of developments in within-firm productivity for aggregate output.

The analysis conducted indicates a perceptible heterogeneity in firm productivity with a relatively large number of poorly performing firms. The results show that firms in Croatia with above average productivity also had more employees than the sector average, which implies that the allocation of resources to better-performing firms is important for the level of productivity. This regularity is also observed in most of the industries under review, but with significant differences across activity areas. However, if one quantifies the effect of resource reallocation on changes in productivity, it becomes obvious that most changes stem from within-firm growth, while the contribution of resource reallocation towards more productive firms is less pronounced. At the same time, the influence of recession on allocative efficiency does not yield uniform results and calls for additional analysis.

4 Labour market

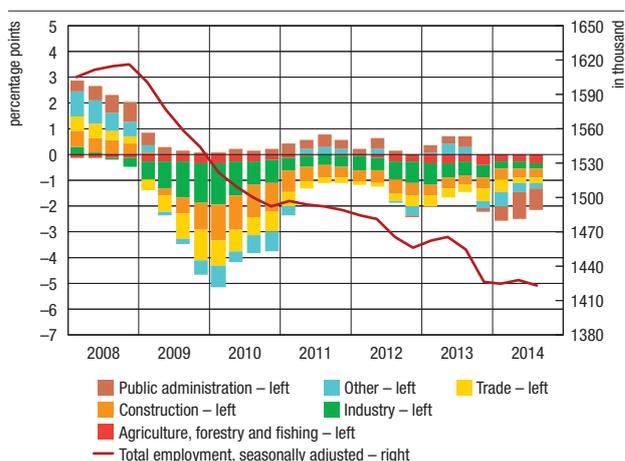
The number of employed persons remained unchanged for the third consecutive quarter and the stagnation continued into October as well. The stagnation in the third quarter of 2014 reflects a decline in the number of employed persons in most of the NCA categories, except public administration, education and health care, financial and insurance, and real estate activities. The number of employed persons in the first ten months decreased by 2.3% year-on-year relative to the same period in 2013, due to a strong fall at the end of 2013. All sectors had a negative impact on movements in total employment. The fall in the number of employed persons reflected the economic downturn and methodological changes.¹⁴

Estimated annual fall in the total number of employed

13 Nishida, M., A. Petrin, and S. Polanec (2013): *Exploring reallocation's apparent weak contribution to growth*, Journal of Productivity Analysis, ISSN 0895-562X; Lopez-Garcia, P., S. Puente, and A. Luis Gomez (2007): *Firm productivity dynamics in Spain*, Banco de Espana Working Paper, No. 0739.

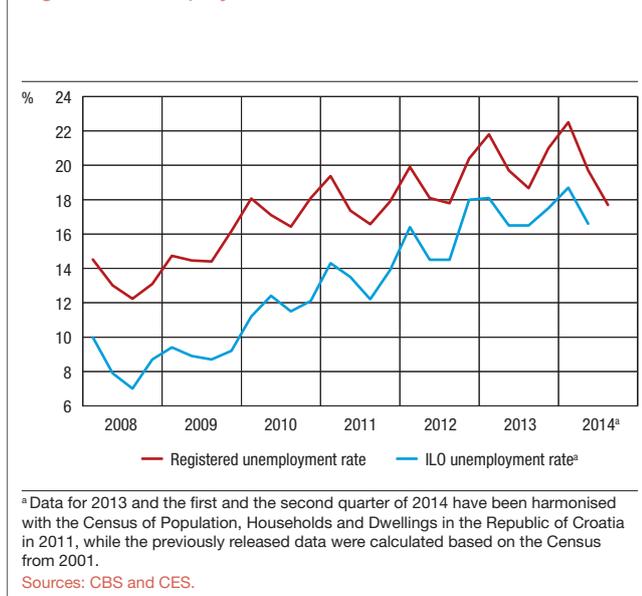
14 The fall in employment was affected by a decline in the scope of data on active insured persons, the number of employed persons being reduced by around 20,000 in October 2013, according to CPIA data. The CNB still collects information on this methodological change, which was not noted when data were published.

Figure 4.1 Total employment and contribution to the year-on-year change in employment by sector



Source: CPIA data seasonally adjusted by the CNB.

Figure 4.2 Unemployment rates

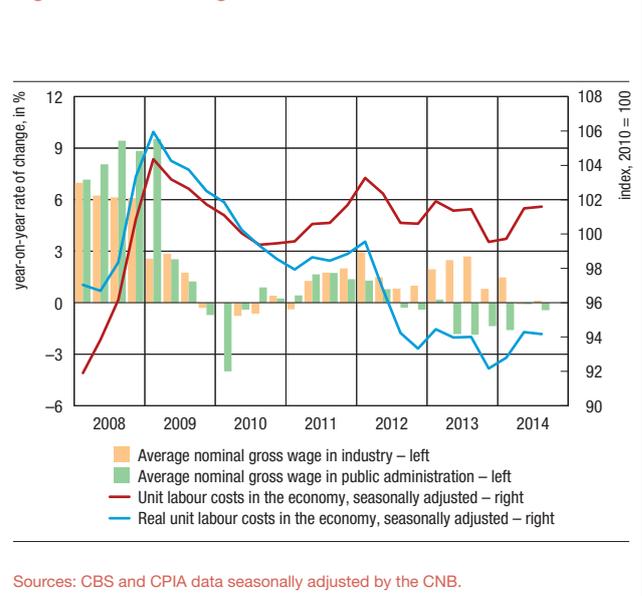


persons was 2.1% in 2014 and could moderate to 1.0% in 2015. Expected further decline in the number of employed persons in 2015 reflects a planned reduction in the number of persons employed in public and government services¹⁵, but also the subdued economic activity (Box 3 provides an analysis of the impact and relevance of unfavourable economic developments, but also numerous structural obstacles to employment, while Box 2 gives an overview of structural reforms adopted so far, aimed at reducing rigidity in the labour market in Croatia).

The number of unemployed persons could also decrease in 2014. Due to increased removal of unemployed persons from the CES register due to their failure to meet legal requirements and a decrease in newly unemployed persons, the number of unemployed persons in the third quarter of 2014 declined by 6.4% from the previous quarter. Outflows from the CES register for employment also decreased in the same period. However, the number of newly registered unemployed persons increased sharply in October, mostly from inactivity, while outflows from the register for employment declined from the third quarter of 2014.

The unemployment rate could grow slightly in 2014 and remain at the same level in 2015 (19.7%), given the projected further slight decline in the number of employed persons. The registered unemployment rate stood at 19.2% in the third quarter of 2014, a decrease of 1 percentage point from the previous quarter, while in October it stood at 19%. The ILO unemployment

Figure 4.3 Gross wages and unit labour costs



rate, available for the first six months of 2014, stands at 17.7%, a slight increase from the same period last year, when it was 17.4%.

Gross nominal wages could remain unchanged in 2015, while net wages could rise (2.4%), due to the effects of legislative changes in income tax from 1 January 2015. Nominal gross and net wages increased slightly in the third quarter of 2014 from the previous quarter, whereas real wages recorded no significant changes, due to a slight increase in consumer prices in the same period. Nominal gross wages went up in most of the NCA activities in the mentioned period, with a stagnation in the industry sector. The mentioned developments from the third quarter continued into October, the sharpest growth being recorded in nominal gross wages in industry sector. At the entire 2014 level, nominal net and gross wages could stagnate, whereas real wages could increase slightly.

Unit labour costs increased mildly in the third quarter of 2014 relative to the previous quarter, due to growth in employee compensations faster than in labour productivity. The absence of the change in labour productivity was the result of the stagnation in economic activity and the number of employed persons in the third quarter. Nevertheless, unit labour costs could decrease slightly in 2014, given the decline in the number of employed persons and the absence of wage growth. Unit labour costs are expected to decline in 2015 as well.

Box 2 Reform of the Labour Act and labour market flexibility in Croatia

Amendments to the Labour Act reduced years-long rigidities in the Croatian labour market, which has been reflected in an improvement of position of Croatia vis-à-vis other countries as registered in internationally comparable indices – the OECD's employment protection legislation index and the World Bank's ease of employment index. However, the scope of the implemented reforms is limited as most regulatory changes apply to specific groups of workers. It may therefore be concluded that the labour

market reform has not been completed.

The key priorities of economic policy include the maintenance of high employment and low unemployment, while ensuring adequate legal protection of employment. International institutions have warned repeatedly that the level of statutory protection of employment in Croatia is too high for optimal functioning of the labour market.¹⁶ For this reason, the Labour Act was amended in 2013 and 2014 in efforts to create more flexible

¹⁵ The government of the RC announced that one person would be hired for every two employees retiring.

¹⁶ For more information, see *Council Recommendation on National Reform Program for Croatia*, 2014, http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm and *Review of progress on policy measures relevant for the correction of macroeconomic imbalances*, November 2014, European Commission, http://ec.europa.eu/economy_finance/economic_governance/documents/2014-11-07_croatia_mip_specific_monitoring_report_to_epc_en.pdf.

labour legislation, which would enable an easier and faster adjustment of employers to new business conditions, while maintaining an adequate level of legal employment protection.¹⁷

The first phase of the reform of the Labour Act (LA), completed in July 2013, focused on facilitating the use of fixed-term employment contracts and shortening collective dismissal procedures. The LA reform enabled free use of the first fixed-term contract, but renewal of the first contract was made only possible for objective reasons (the use of fixed-term contracts was formerly allowed only for objective reasons). Also, the provision of a time limit on the first use of a fixed-term contract was abolished, while the use of several successive fixed-term contracts remained limited to a maximum of three years. The LA reform of 2013 also simplified collective dismissal procedures, while the maximum permitted postponement of the start of the notice period in collective redundancies was shortened to 30 days (under the former law, in the case of collective redundancies, the Croatian Employment Service could prolong the period in which workers could not be dismissed to a maximum of three months).

Although the amendments adopted in the first phase of the reform reduced labour law rigidities, relatively strict legal arrangements characteristic of permanent, open-ended contracts remained unchanged. Legal changes affected only a minor share of employees as 85% of the employed worked under open-ended contracts in 2013.

The new Labour Act (new LA), which entered into force in August 2014, simplified procedures for the dismissal of employees with permanent contracts, changed the method of reallocating staff and using working time, and introduced some other changes for temporary work agencies and collective dismissal procedures.

Dismissal procedures for full-time workers have been simplified, but to a limited extent. The provision under which the employer is required to reassign or retrain a worker before dismissal was abolished. The provision under which priority rights based on years of service, age, disability and maintenance obligations have to be observed in case of dismissal was retained only for dismissals on operational grounds, while this provision no longer applies to dismissals on personal grounds. The notice period has also been amended. Annual leave and paid leave can no longer interrupt the notice period, while if the notice period is interrupted due to an employee's temporary disability, employment is terminated six months after the delivery of the decision on the termination of the work contract. In addition, under the new LA, compensation paid to dismissed employees under court decisions is capped at 8 average monthly salaries, instead of 18.¹⁸ Even after the adoption of the new LA, the process of dismissing employees with permanent contracts is still characterised by relatively complex procedures. For example, the employer must notify the workers' council of the intention to terminate employment. Priority rules still apply in case of dismissal for operational reasons and in the case of reemployment; i.e. in the case of dismissal for operational reasons, the employer is obliged to ensure priority to former employees in the case of rehiring in the period of six months after dismissal.

To ensure a more dynamic distribution of employees, in line with a worker's preferences and an employer's needs, a provision has been introduced under which full-time workers may take up work with a different employer up to 8 hours a week (although the application of this provision is impeded by restrictive

Table 4.1 OECD's employment protection legislation index

	Index of employment protection for regular open-ended contracts	Index of employment protection for collective dismissals	Index of employment protection for temporary contracts
Austria	2.12	3.25	2.17
Czech Republic	2.87	2.13	2.13
Estonia	1.74	2.88	3.04
Croatia (2013)	2.55	3.00	1.96
Croatia (2014)	2.28	2.25	1.96
Italy	2.41	3.75	2.71
Latvia	2.57	3.75	1.79
Hungary	1.45	3.63	2.00
Germany	2.72	3.63	1.75
Poland	2.20	2.88	2.33
Slovak Republic	1.81	3.38	2.42
Slovenia	1.99	3.38	2.13
OECD	2.04	2.91	2.08

Note: The value of 4 denotes extremely rigid, and 0 denotes extremely flexible labour legislation.

Sources: OECD (2013): *Employment protection annual time series data 1985 – 2013*.

Estimate for Croatia for 2013 was taken from Kunovac, M. (2014): *Employment protection regulation in Croatia*, Financial Theory and Practice, 38 (2), pp. 139-172, and the source for 2014 are CNB calculations.

procedures). During periods when an employer does not need employees, such employees may be reallocated within affiliated companies in Croatia (for a maximum period of 6 months) and abroad (for a maximum period of two years). Under former provisions, such reallocation required that an employee be first dismissed and paid a severance payment.

The internal flexibility of employers with regard to hours of work has been increased thanks to labour law amendments concerning part-time work, amendments related to hours of work and the adoption of new regulations on overtime work. The use of part-time work has been facilitated so that under the new LA, in addition to salaries, other benefits to employees on part-time status are determined in proportion to working hours. The uneven distribution of working hours has been extended from the previously allowed 48 hours a week to 50 hours a week; the same extension is applied to overtime work, which is now capped at 180 hours a year.¹⁹ On the other hand, the new LA has made the use of overtime work somewhat more difficult as it states that overtime work must be contracted in writing.

Continuing on from the first phase of the LA reform, further amendments were made in the area of temporary work contracts and collective dismissals. Although the permissible duration of employment through temporary work agencies has been extended from one to three years, it has had no significant effect as agency employment is of little relevance. As regards collective dismissal procedures, employers are no longer required to prepare a redundancy scheme in case of collective dismissals. On the other hand, the new LA again provides for an extended application of expired collective agreements²⁰, which may have negative implications for the restructuring of enterprises covered by such agreements.

17 The Act on Amendments to the Labour Act was adopted in July 2013 (OG 73/2013) and a completely new Labour Act (OG 93/2014) was adopted in August 2014.

18 It is difficult to assess the actual effect of this amendment on employers' costs as court practice shows that in case of dismissals under court decisions employees are usually reemployed. For more details, see: Pavičić, D. (2014): *Donesen je novi Zakon o radu*, Računovodstvo, revizija i financije (RRIF).

19 Exceptionally, if negotiated through collective agreements, overtime work may be extended to a maximum 250 hours a year.

20 For more details, see: Potočnjak, Ž. (2014): *Najznačajnije novine koji donosi novi Zakon o radu*, Hrvatska pravna revija, pp. 25 and 26.

Table 4.2 World Bank's ease of employment index

	Rigidity of employment index	Rigidity of hours index	Difficulty of redundancy index	Firing costs index	Ease of employment index
Austria	37	82	122	11	56
Belgium	37	113	1	125	62
Bulgaria	86	37	1	33	17
Croatia	123	113	146	96	152
Cyprus	123	1	122	25	59
Czech R.	1	1	1	128	14
Denmark	1	17	1	1	1
Estonia	91	164	59	73	121
Finland	123	113	59	51	100
France	167	188	122	66	170
Germany	91	17	122	133	105
Greece	123	174	98	105	158
Hungary	37	187	1	83	84
Ireland	37	1	48	88	24
Italy	86	34	146	24	69
Latvia	156	37	59	76	93
Lithuania	1	172	59	148	118
Luxembourg	167	164	98	134	176
Malta	86	82	59	29	57
Netherlands	67	37	175	35	89
Poland	37	82	98	120	94
Portugal	123	107	146	111	154
Romania	91	157	98	15	103
Slovak R.	91	17	98	121	92
Slovenia	167	96	59	59	117
Spain	167	82	59	116	140
Sweden	91	82	122	89	120
United Kingdom	37	37	1	45	9
Bosnia and Herzegovina	149	14	98	44	81
Macedonia, FYR	72	96	1	76	54
Montenegro	91	14	59	61	37
Serbia	167	28	59	30	67

Note: The value of 1 denotes the most flexible and the value of 189 denotes the most rigid labour legislation.

Sources: World Bank, *Employing Workers Data*, Data points and details, 2015, and CNB estimates.

The stated amendments to the LA mitigated labour law rigidities and brought Croatia approximately to the same position as other EU member states with regard to employment protection legislation for various types of contracts. Improvements have been achieved with regard to the OECD's employment protection legislation (EPL) index for regular open-ended contracts and EPL for collective dismissals. Thus, EPL for regular contracts was

reduced after 11 years, from the estimated 2.55 in 2013 to 2.28 in 2014 (Table 4.1) as the provision on the retraining of workers or their reallocation to another job before dismissal has been abolished, while the maximum compensation for unfair dismissal has been reduced. Simplification of collective dismissal procedures due to the abolishment of the obligation to prepare a redundancy scheme reduced EPL for collective dismissals from 3.00 in 2013 to 2.25 in 2014, while EPL for temporary contracts remained at 1.96, the same as after the first phase of the LA reform.²¹

In addition to the OECD's EPL index, labour market rigidity is assessed by the World Bank's ease of employment index. This index allows a comparison of the flexibility of the Croatian labour law with a larger number of countries, as this index is available for 189 countries, including all EU member states and the countries in the immediate geographical neighbourhood. The index assesses rigidity of labour law in aggregate terms and for four main areas: difficulty of hiring, rigidity of hours, difficulty of redundancy and firing costs. The most recent database²² comprises only the changes adopted before 1 June 2014 and is based on the Act on Amendments to the Labour Act of July 2013.

According to the ease of employment index (Table 4.2), Croatia was in the 152nd position in 2014, which represents a significant improvement from 2013 (161st position). Notwithstanding the progress made, the Croatian labour law is still one of the most rigid when compared with the other EU member states and the neighbouring countries. Among EU members, only Portugal (154), Greece (158), France (170) and Luxembourg (178) have more rigid labour laws. An analysis of the ease of employment index by components (Table 4.2) shows that the difficulty of hiring index improved (123rd position in 2014 vs 146th position in 2013). This was due to the removal of some obstacles to the use of first fixed-term contracts. Croatia's relative ranking also improved slightly (from 115 to 113) with regard to the rigidity of hours index and with regard to firing costs (from 99 to 96), in response to the relative increase in rigidity of the analysed areas in other countries under review. Compared with other observed countries, Croatia ranks the worst according to the difficulty of redundancy index, its position even deteriorating slightly from 2013 to 2014 (from 145 to 146).

Although the adoption of the new LA has reduced labour law rigidity, there is still room for further reforms and improvements in the relative position of Croatia. Assuming that the position of other countries remains the same, the relative position of Croatia has improved marginally with the entry into force of the new Labour Act. According to the overall ease of employment index Croatia has moved from the 152nd position to the 148th position. The improvement in the overall index was due to the change in the difficulty of redundancy index: Croatia ranked 122nd instead of the 146th after the abolition of the employer's duty to retrain or reassign a worker to another job before dismissal. It will be possible to assess the actual progress made by Croatia only after the updated data for 2015 are released and it will depend on the direction and intensity of reforms implemented in other countries.

21 Owing to the LA reform of 2013, EPL for collective dismissals was reduced from 3.75 (2005 – 2012) to 3, EPL for temporary contracts was reduced from 2.2 to 1.96, while EPL for regular contracts remained the same.

22 The World Bank currently publishes only the methodology for the calculation of the ease of employment index, as well as the data necessary to calculate the index for a particular country. For more details on the calculation of the ease of employment index, see CNB Bulletin 194, Box 1.

Box 3 Survey on the labour market and wage setting in Croatia

As labour costs are a significant component of the total costs of a firm, their timely adjustment to fluctuations in the economic activity is a key to the successful operations and competitiveness of any firm. High total labour costs in the economy may harm a country's competitiveness, which is particularly evident in small open economies where the ability to conduct an active exchange rate policy is limited by the high degree of euroisation. The main method of labour cost adjustment, which firms in Croatia used from 2010 to 2013 in response to the prolonged economic crisis, was the adjustment of the labour factor, by non-renewal of temporary contracts at expiration, reduction of the number of employees or freezing new hires. In the same period, there was no major correction in nominal wages, which points to nominal wage rigidity in the Croatian economy. Nevertheless, the intensity of wage rigidity weakened in the most recent crisis years. In addition, the share of firms using wage indexation is also significant, which prevents real wage adjustment.

In the period from September to November 2014, the CNB conducted a survey on the labour market and wage setting in Croatia on a sample of firms with five or more employees in the manufacturing, construction, trade, and business services sectors.²³ In view of the severe economic crisis, the aim of the survey was to collect detailed information on various strategies firms use to adjust their operations to long-lasting unfavourable conditions in the real sector, with the main focus being on the method of labour cost adjustment.²⁴

Changes in the economic environment

At the time of the survey on the labour market and wage setting, Croatia was going through the sixth consecutive year of recession, and the cumulative decrease in its economic activity from the beginning of the crisis in 2008 exceeded 12%. Gross value added in construction, manufacturing and trade and services (G – J, L – N) decreased in cumulative terms by 41%, 21% and 9% respectively. The unfavourable impact of the prolonged crisis on the firms in Croatia is also evident in the survey results. In the period from 2010 to 2013, around three-quarters of firms recorded a moderate or strong decrease in activity, which was due to the following adverse factors: changes in customers' ability to pay and meet contractual terms (55%), changes in the level of demand for products/services (46%), volatility/uncertainty of demand (44%), availability of supplies from usual suppliers

(23%) and access to external financing through the usual financial channels (21%). Furthermore, most of the firms that reported a strong decrease in activity stated that the factors causing the fall were long-lasting (73%).

Notwithstanding the extremely adverse effect of the economic environment on the activity of the firms surveyed, the majority of firms (59%) recorded a moderate or strong increase in operating expenses from 2010 to 2013, with a noticeable increase in

Table 4.4 Developments in total costs and labour costs for firms during 2010 – 2013

in %

	Moderate/ strong decrease	Un- changed	Moderate/ strong increase
Total costs	28	13	59
Total costs for firms that suffered a negative demand shock	41	13	46
Labour costs	27	25	48
Labour costs for firms that suffered a negative demand shock	42	30	28

Note: The presented results have been weighted by employment adjusted weights.
Source: CNB survey.

Table 4.5 Overview of the strategies used by firms to reduce the labour input or alter its composition when it was most urgent

	Relevant and very relevant, in %
Non-renewal of temporary contracts at expiration	49
Individual layoffs	48
Freeze or reduction of new hires	40
Early retirement schemes	34
Reduction of agency workers and others	25
Collective layoffs	18
Non-subsidised reduction of working hours (including reduction of overtime)	18
Temporary layoffs	7
Subsidised reduction of working hours	2

Note: The presented results have been weighted by employment adjusted weights.
Source: CNB survey.

Table 4.3 Impact of customers' ability to pay and meet contractual terms and impact of the level of demand for products during 2010 – 2013 on firm activity, by NCA

in %

	Customers' ability to pay and meet contractual terms			Level of demand for products/services		
	Moderate/strong decrease	Unchanged	Moderate/strong increase	Moderate/strong decrease	Unchanged	Moderate/strong increase
Industry	46	40	14	47	18	35
Construction	82	17	1	76	12	11
Trade	57	39	4	43	9	48
Services (H – J, L – N)	55	36	10	36	30	34
Total	55	36	9	46	19	35

Note: The presented results have been weighted by employment adjusted weights.
Source: CNB survey.

²³ The survey questionnaire was prepared within the European Central Bank's Wage Dynamics Network (WDN), and harmonised across the EU member states. In mid-2014, the survey was also carried out in other EU member states, except Finland and Denmark. For the purposes of the CNB, the survey was carried out by the market research agency IPSOS Puls. The survey data are preliminary.

²⁴ Previous surveys showed that labour cost adjustment is the dominant strategy used by firms to reduce their operating expenses. For more details, see Fabiani et al. (2012): *Firm Adjustment during times of Crisis*.

Table 4.6 The share of firms that froze or cut base wages

	Share of firms that froze wages, in %	Share of firms that cut wages, in %
2010	13	7
2011	13	11
2012	14	14
2013	13	16

Note: The base wage is direct remuneration excluding bonuses. Bonuses/benefits (flexible wage components) are parts of compensation different from the base wage and are usually linked to an individual's performance or the firm's performance. The presented results have been weighted by employment adjusted weights. Source: CNB survey.

Table 4.7 The share of firms that adapted changes in base wages to inflation during the crisis

	The share of firms that indexed wages, in %
Before 2010	42
During 2010 – 2013	34

Note: The presented results have been weighted by employment adjusted weights. Source: CNB survey.

labour costs (48%). The firms that suffered a moderate or strong negative shock in demand adjusted to the new economic conditions by cutting their operating expenses (41%), the dominant strategy being in the reduction of labour costs (42%).

Labour force adjustments

One of the ways to reduce labour costs is to adjust labour factors in the production process by reducing the number of employees or the number of hours worked. From 2010 to 2013, 41% of firms needed to significantly reduce labour input (59% of firms directly hit by the demand shock and 26% of other firms). The most frequently used strategies to reduce labour input were: non-renewal of temporary contracts at expiration (49%), individual layoffs (48%) and a freeze on or reduction of new hires (40%). Reduction of working hours and temporary and collective layoffs did not appear to be significant strategies for Croatian firms.²⁵

Wage adjustments

Notwithstanding the crisis, nominal net wages in the Croatian economy increased in all reference years, so that the average nominal wage in the first nine months of 2014 was 7.3% higher than in 2008. Still, one should notice a significant slowdown in the pace of the annual increase in nominal wages in recent years. The aim of this survey was to examine in detail the extent to which downward in(flexibility) of base²⁶ wages is present in the Croatian economy, since numerous research works have shown that it is one of the main reasons why, in adverse economic conditions, the burden of adjusting operating expenses is put on a decrease in the number of employees.²⁷ An additional purpose of the survey was to determine the main reasons why firms avoid wage cuts as a strategy to adjust to negative economic shocks

Table 4.8 The main theories of wage rigidity – reasons for giving up on base wage cuts

	Relevant and very relevant, in %
1 In presence of the wage cut the most productive employees might leave the firm.	78.5
2 Employees compare their wages to that of similarly qualified workers in other firms in the same market.	71.0
3 It would have a negative impact on employees' morale.	69.5
4 It would reduce employees' efforts, resulting in less output and poorer service.	60.4
5 It would create difficulties in attracting new workers.	60.0
6 A wage cut would increase the number of employees who quit, increasing the cost of hiring and training new workers.	56.4
7 Workers dislike unpredictable reductions in income. Therefore, workers and firms reach an implicit understanding that wages will neither fall in recessions nor rise in expansions.	55.6
8 It would damage the firm's reputation as an employer, making it more difficult to hire workers in the future.	54.8
9 Labour regulation/collective agreements prevent base wages from being cut.	47.7

Note: The presented results have been weighted by employment adjusted weights. Source: CNB survey.

(slump in demand, increased uncertainty related to movements in demand, impeded access to external financing etc).

The share of the firms that froze and/or reduced base wages in a certain period is used as an indicator of downward nominal wage rigidity (DNWR). The survey results (Table 4.6) show that in the first years of the economic crisis (2010) relatively few firms (7%) in Croatia resorted to wage cuts in efforts to adjust to the adverse economic shock. However, this share grew year by year and reached 16% in 2013. By contrast, a significant and relatively stable share of firms (around 14%) froze wages during the crisis. This means that downward nominal wage inflexibility was quite strong in Croatia but abated to some extent during the crisis.

Downward real wage rigidity was also estimated on the basis of the use of wage indexation, i.e. the practice of firms to adjust changes in base wages to inflation.²⁸ It was established that before 2010 a major share of firms (42%) had indexed wages to inflation, while this share dropped to a still high 34% between 2010 and 2013 (Table 4.7).²⁹

The survey was aimed at identifying the main reasons why firms were reluctant to cut base wages in efforts to adjust to adverse economic shocks. The survey offered a list with nine economic theories of downward wage rigidity, each summarised in one sentence, easily understood by the general public. The respondents could select several theories they found important for their firm.

The survey results suggest that downward wage rigidity in Croatia is best explained by the theory according to which the

25 The firms were also asked whether actions related to labour adjustments in the firm, such as dismissals and hiring, adjustment of working hours or movement of employees to other job positions, became more or less difficult in the reference period. Most firms (around 75% on average) thought that there were no significant changes in these actions. This is in line with expectations as the labour law reform in Croatia was implemented as late as the second half of 2013 and early 2014.

26 Other strategies to reduce labour costs include: reduction of bonus payments, freeze of the rate at which promotions are filled, early retirement, recruitment of new employees at lower wages, etc.

27 Fabiani et al. (2012).

28 For more details on downward nominal and real wage rigidity, see Babecky et al. (2009): *Downward Nominal and Real Wage Rigidity: Survey Evidence from European Firms*, ECB Working Paper 1105.

29 In the literature, downward real wage rigidity is associated with the widespread use of collective agreements which may contain indexation rules (Babecky et al., 2009; Fabiani et al. (2010): *Wage rigidities and labour market adjustment in Europe*, Journal of the European Economic Association, 8). The survey results for Croatia show that around 43% of employees were covered by collective agreements signed at the firm-level or outside of the firm (at the national, regional, sectoral or occupational level).

most productive employees would leave the firm if there were a wage cut, the theory according to which employees compare their wages to that of similarly qualified workers in other firms, and the theory under according to which a cut in the base wage would have a negative impact on employees' morale. The first and the third ranked theories belong to a group of efficiency wage theories. The first ranked theory claims that employers would rather resort to dismissing employees as this is effected selectively so that less productive employees are laid off. The theory according to which a cut in the base wage would have a negative impact on employees' morale implies that the wage level directly affects employee productivity, which means that a wage cut might have a negative effect on employees' morale and lead to a decrease in production. Furthermore, the theory according to which employees compare their wages to that of similarly qualified workers in other firms is based on the assumption that employee productivity and efforts depend on the extent to which employees believe that their wages are fair for the type of job they do. On the other hand, institutional obstacles to wage cuts, such as labour regulation and collective agreements, were found to be somewhat less significant reasons for downward wage inflexibility in Croatia.

Obstacles in hiring workers

The survey also looks into the main obstacles faced by firms when hiring workers with open-ended contracts. As the number of persons in employment has been falling steadily for six years in a row, any information on potential obstacles to hiring faced by firms would have significant value. Some of the offered responses relate directly to movements of the business cycle,

Table 4.9 Main obstacles in hiring workers with open-ended contracts

	Relevant and very relevant, in %
Uncertainty about economic conditions	77
High payroll taxes	71
Costs of other inputs complementary to labour	62
Risks that labour laws are changed	61
Insufficient availability of labour with the required skills	59
Firing costs	59
Hiring costs	49
Access to finance	48
Other	45
High wages	44

Note: The presented results have been weighted by employment adjusted weights.
Source: CNB survey.

while others are primarily of a structural character.

The results show that the main obstacles faced by firms when hiring workers are linked directly to economic developments; 77% of firms stated that uncertainty about economic conditions was a relevant or very relevant obstacle in hiring workers. Furthermore, more than half of the firms surveyed agreed that the following structural rigidities were an obstacle in hiring workers: high payroll taxes, high costs of other inputs complementary to labour, risks that labour laws are changed, insufficient availability of labour with the required skills and high firing costs.

5 Inflation

The annual rate of change in the overall CPI fluctuated around an average of -0.2% in the first ten months of 2014. Such developments primarily reflect the spillover of the drop in global raw material prices on domestic consumer prices³⁰. The decline in the prices of food raw materials, which were 29%³¹ lower in October 2014 than in mid-2013, was particularly prominent. Therefore, prices of food products, which account for a significant share of 26.7% in the CPI basket, were particularly responsible for the decrease in the overall annual inflation. Weak foreign and domestic economic activity and low core inflation in the euro area also contributed to the year-on-year decline in the CPI index, although to a somewhat smaller extent.

The annual consumer price inflation rate increased from -0.2% in May to 0.4% in October. The increase was primarily brought about by the slowdown in the annual drop in the prices of unprocessed food. The trend was most evident in the prices of vegetables, whose seasonal decline was less pronounced than in 2013, partially as a result of this summer's rainy weather which caused poor crop yields. The increase in the overall annual inflation rate in the same period was further boosted by the accelerated annual increase in the prices of services, for the most part owing to the rise in the prices of recreational and sporting services, and, to a smaller extent, to the rise in the prices of mobile telephone services due to new fiscal levies. Furthermore, the

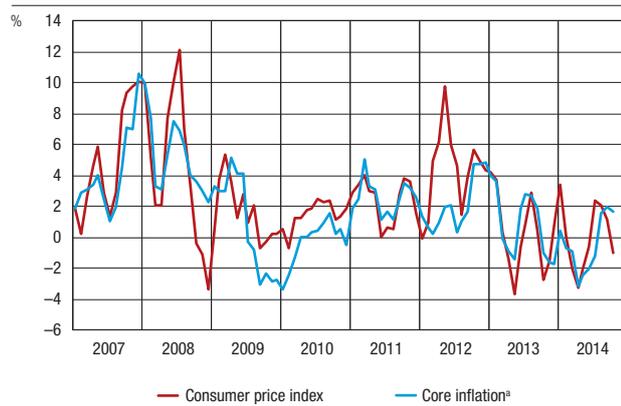
last five months saw a mild slowdown in the annual decline in the prices of industrial products, mostly as a consequence of the increase in the annual rate of change in the prices of motor cars and footwear.

The overall annual inflation in the last five months was brought down by the prices of processed food and, somewhat less, by the prices of energy. The drop in the annual rate of change in processed food prices was caused by the attenuation of effect of the increase in excises of last July on the rise in tobacco prices, as well as by the decrease in the annual rate of change in the prices of milk, cheese and eggs. The fall in the prices of food raw materials in the global market, and, to a smaller extent, the increased competition following Croatia's accession to the European Union, coupled with low domestic demand, had a dampening effect on the increase in processed food prices. The last five months also saw a slowdown in the annual rise in energy prices, particularly in the prices of fuel and lubricants for personal transport equipment. On the one hand, this trend was caused by the base effect (resulting from the price increase in the same period last year); on the other, it was driven by a slump in the prices of crude oil on the global market which began in July this year. The downward trend in the annual inflation rate is likely to continue into the remaining part of the year, spurred mainly by falling refined petroleum product prices. The

30 The significance of the impact of external and domestic factors on consumer price inflation trends in Croatia is analysed in more detail in Box 4 Decomposition of recent inflation rates into domestic and external factors.

31 Measured by the HWWI raw material price index (excluding beverages and sugar) in euro terms.

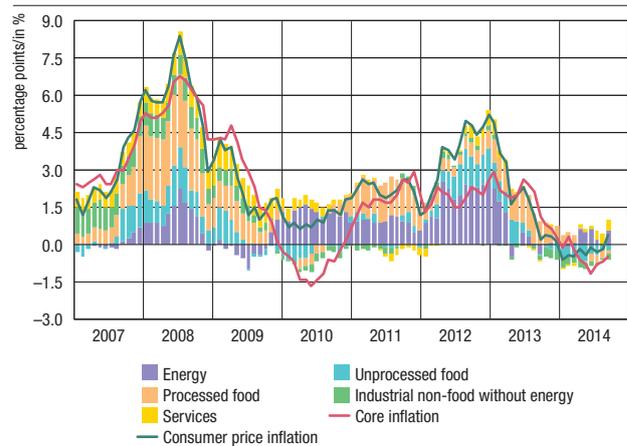
Figure 5.1 Consumer price index and core inflation
annualised month-on-month rate of change



^a Core inflation does not include agricultural product prices and administrative prices. Note: The month-on-month rate of change is calculated from the quarterly moving average of seasonally adjusted consumer price indices.

Sources: CBS and CNB calculations.

Figure 5.2 Year-on-year inflation rates and contribution of components to consumer price inflation



Sources: CBS and CNB calculations.

Table 7 Price indicators

year-on-year rate of change

	2010	2011	2012	2013	12/2013	3/2014	6/2014	9/2014	10/2014
Consumer price index and its components									
Total index	1.1	2.3	3.4	2.2	0.3	-0.4	-0.4	-0.2	0.4
Energy	9.5	6.2	10.5	3.1	0.4	-0.6	2.6	0.1	2.9
Unprocessed food	-2.2	1.2	5.8	3.8	-1.5	-3.0	-5.2	-1.6	-1.7
Processed food (incl. alcoholic drinks and tobacco)	-0.1	5.8	2.6	4.9	3.0	2.3	-0.2	-1.5	-0.8
Industrial non-food without energy	-0.7	-0.3	0.4	-0.4	-1.4	-1.2	-1.1	-0.4	-0.9
Services	1.5	-0.4	0.5	0.8	0.4	-0.3	0.6	1.7	1.8
Other price indicators									
Core inflation	-0.8	1.8	1.9	1.9	0.6	0.3	-0.8	-0.7	-0.5
Index of industrial producer prices on the domestic market	4.3	6.4	7.0	0.5	-2.6	-3.1	-2.9	-3.2	-2.1

Source: CBS.

average price of Brent crude oil (expressed in kuna) might be about 15.0% lower in the fourth quarter of 2014 than in the preceding quarter. The average annual rate of inflation is therefore expected to decelerate from 2.2% in 2013 to -0.2 in 2014.

The annual inflation rate based on the harmonised index of consumer prices fell from 0.6% in May 2014 to 0.5% in October at the EU level, while the EU core inflation indicator remained at 0.8%. On the other hand, Croatia's annual inflation rate measured by the harmonised index of consumer prices went up, reaching 0.5% in October 2014, while the annual rate of change in the HICP, excluding energy, food, beverages and tobacco, increased to 0.8%. Consumer price inflation measured by the HICP was mostly lower in Croatia than at the EU level in 2014.³² However, in May 2014 the difference began to narrow, levelling out in October. Consumer price inflation in the EU continued to slip in 2014, although at a slower pace than the year before. The drop in the annual rate of price change was predominantly brought about by the decline in the prices of energy and processed food. In the same way as in Croatia, the slower annual decline in unprocessed food prices, attributable to

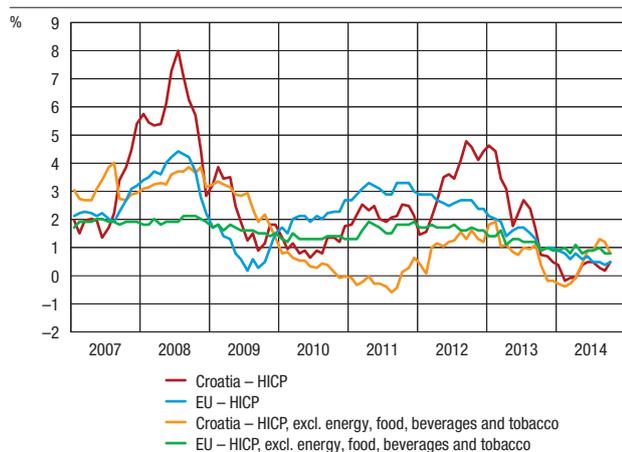
a base effect, i.e. a more marked fall in those prices in the same period last year, had the opposite effect.

Against the backdrop of low imported inflation, lack of inflationary pressures from the demand side and the stable exchange rate of the kuna against the euro, the average annual consumer price inflation rate is likely to hover around 0.2% in 2015. The rise in the average annual rate of change in the CPI, excluding food and energy, might put mild upward pressure on inflation, in line with the expected slow recovery of personal consumption. In addition, the annual rise in producer prices in euro area countries is expected to pick up, suggesting that 2015 may see a moderate growth in the import prices of finished goods. Furthermore, the drop in the average annual rate of change in food prices reflecting the expected slowdown in the annual decline in food raw material prices on the global market is projected to be less marked in 2015 than it was in 2014 due to the likely depreciation of the kuna against the US dollar³³. Nevertheless, energy prices are expected to decrease under the assumption that average global prices of Brent crude oil will slide on an annual basis and that regulated energy prices (electricity, gas and heat

³² The harmonised index of consumer prices is comparable with that of the euro area and other EU member states, while the national index is not entirely comparable.

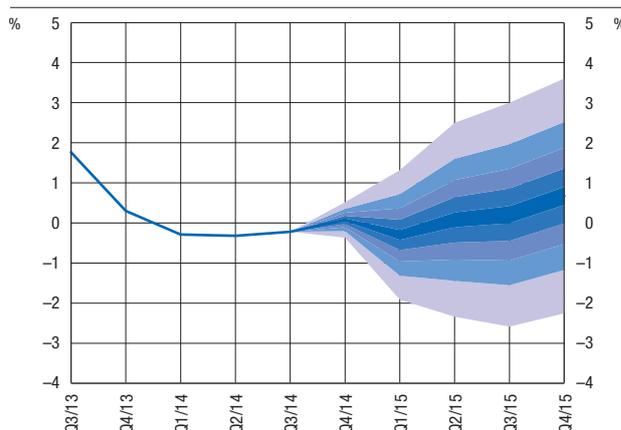
³³ As a consequence of the expected strengthening of the US dollar against the euro in the global foreign exchange market.

Figure 5.3 Overall and core inflation measured by the movements in the HICP in Croatia and European Union year-on-year rate of change



Sources: CBS and Eurostat.

Figure 5.4 Projection of consumer price inflation year-on-year rate of change



Sources: CBS and CNB calculations.

energy) will remain the same. As regards oil prices, current market expectations incorporated in spot contracts indicate that oil prices will stagnate at the level of the last quarter of 2014 in the following year.

It is estimated that the risks of lower than projected or higher than projected inflation are balanced. Risks that may lead to lower inflation include the possible sharper than expected decline in prices of crude oil and weaker domestic demand. The most recent data on price trends in the spot market suggest that the average price of Brent crude oil may hover around USD 72 in 2015, down by about USD 8 from the expected level on which

the current projection is based. Moreover, the Russian embargo on imports of foodstuffs from the European Union may cause food prices in Croatia to decline. On the other hand, risks that may contribute to a higher than forecast inflation include a possible hike in administrative prices. There is considerable risk of an increase in certain prices regulated by the local authorities (e.g. utilities, kindergarten prices, etc.) due to reduced income tax revenues. In addition, unfavourable weather conditions could lead to a more substantial increase in the prices of food raw materials, while an exacerbation of geopolitical tensions might push energy prices further up.

Box 4 Decomposition of recent inflation rates into domestic and external factors

The box seeks to identify the main determinants of domestic CPI inflation in view of the currently low inflation rates in Croatia and to decompose inflation into domestic and external factors. Results of the analysis indicate that the subdued inflation in the last several months primarily reflects the spillover of foreign food and energy prices onto domestic consumer prices. Unfavourable real developments, both in Croatia and the EU, also contribute to deflationary pressures, although to a much smaller extent than the external shocks of food and oil prices.

The analysis draws upon a series of papers on domestic inflation that emphasise the importance of external shocks for inflation dynamics³⁴, assessing the impacts of domestic real developments on inflation as relatively insignificant. Considering the recent correspondence between subdued inflation and unfavourable trends in the domestic real cycle, the extent to which (long-lasting) unfavourable domestic developments affect low inflation rates was analysed in comparison with external shocks.

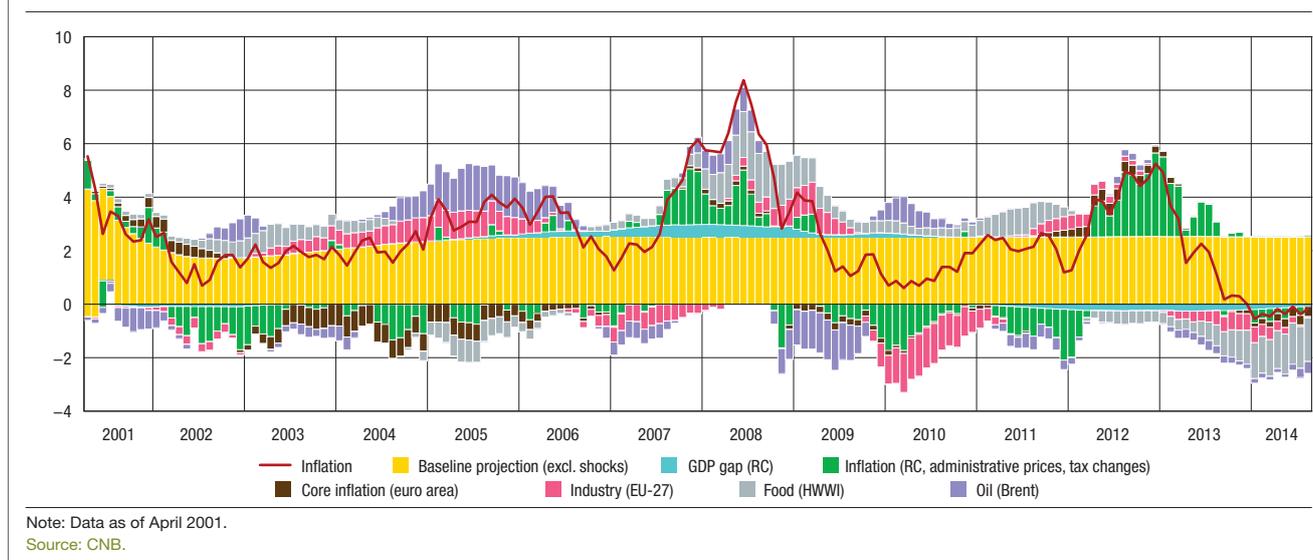
In order to achieve this, a historical decomposition into domestic and foreign shocks was performed for the inflation rate in Croatia, followed by a decomposition of inflation variance.

Domestic shocks analysed included the real economic activity shock and the domestic consumer inflation shock, while external variables were used to identify the external real shock, the foreign core inflation shock and the shocks of oil and food prices in the global market³⁵. Despite the importance that the exchange rate of the kuna against foreign currencies has for domestic prices, it was not included in the model as a separate variable, so that a model with as few unknown parameters as possible could be defined. This is particularly important bearing in mind the short time series used in the analysis. Nevertheless, it is important to note that the USD/HRK exchange rate is at least as important in the mechanics of transmission of the exchange rate to prices as the EUR/HRK exchange rate. This is particularly interesting considering the fact that the US dollar is several times

³⁴ See: Jankov, Lj. et al. (2008): *The Impact of the USD/EUR Exchange Rate on Inflation in the Central and East European Countries*, Comparative Economic Studies; Krznar, I., and D. Kunovac (2010): *Impact of External Shocks on Domestic Inflation and GDP*, Croatian National Bank, Working Papers, W-26; and Krznar, I. (2011): *An Analysis of the Domestic Inflation Rate Dynamics and the Phillips Curve*, Croatian National Bank, Working Papers, W-31.

³⁵ The domestic real variable is the GDP gap calculated via the Cobb-Douglas production function, whereas the inflation is calculated as the inter-annual CPI rate of change. Monthly external real activity is represented by the industrial production index for 27 EU member states, while core inflation is represented by HICP inflation for the euro area, excluding food and energy. Prices of crude oil are represented by the Brent oil index in kuna terms, while prices of food are represented by the corresponding HWWI index. Instead of the HWWI raw material price index, EU consumer food prices may be used as foreign food prices. In that case, they incorporate the channels of transmission of foreign raw material prices and consumer prices on domestic consumer prices. This model proved to be more economical than channel modelling, but equally as efficient: foreign raw material prices → domestic PPI (or import prices) → domestic CPI (see Krznar, I., and D. Kunovac, 2010). However, in order to comply with similar analyses contained in the literature, foreign food prices are represented by prices of raw materials.

Figure 5.5 Inflation decomposition into baseline projection and domestic and external shocks



less used in Croatian foreign trade than the euro³⁶, probably as a result of its significantly greater volatility as opposed to the relatively stable EUR/HRK exchange rate. In this analysis, trends in the USD/HRK exchange rate were only implicitly included through the prices of crude oil expressed in kuna. Such a simplification is rational keeping in mind that most domestic consumer prices sensitive to trends in the USD/HRK exchange rate are related to energy prices.

In order to examine the robustness of the model, alternative specifications were tested, which, in various combinations, consider survey inflation expectations³⁷, unit labour costs, the EUR/HRK exchange rate, domestic producer prices and alternative foreign price indicators as well. It has been found that the results of alternative specifications do not significantly alter the fundamental findings of the analysis, which is why a specification with a total of six variables was followed: the domestic GDP gap and CPI inflation were variables included in the domestic block of variables, while foreign industrial production, core inflation in the euro area and the global prices of oil and food constituted the foreign block.

The structural analysis, i.e. the historical decomposition of inflation and the inflation variance decomposition were based on a Bayesian structural VAR model with block exogeneity restrictions³⁸. The model based its assessment on the monthly data from April 2001 to September 2014. All series are expressed in annual rates of change, apart from the GDP gap, whose quarterly values have been reduced to a monthly level by interpolation. The block exogeneity of foreign variables was used for the accurate

modelling of shock transmission from a large economy (the EU, or, in more general terms, the global economy) to a small open economy (Croatia). Restrictions used provided for the impact of external shocks on the small economy, but at the same time closed the channel through which shocks in the small economy affect the large economy. Such restrictions proved necessary for an accurate identification of the structural shocks of the model. Upon estimating model parameters, structural shocks were identified and a standard structural BVAR analysis was performed – reactions to economic shocks were calculated and a historical decomposition of levels of particular series was carried out along with the corresponding variance decomposition.

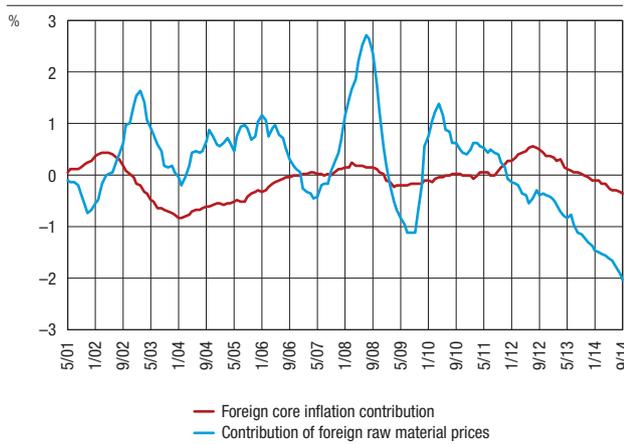
The historical inflation decomposition for the periods of recent low inflation in Croatia was of primary interest for this analysis. Historical decomposition proved a suitable methodological framework for the analysis of specific economic episodes such as the recent trends in consumer prices because it enables the identification of shocks which predominantly characterise a particular period. In terms of methodology, a historical decomposition breaks down the time series into two components. The first component represents a baseline projection, i.e. a scenario which does not take economic shocks (whether domestic or external) into account, while the other component includes only economic shocks that occurred in the past. In addition, by disregarding the impacts of particular shocks, i.e. by their selective exclusion, it is possible directly to analyse particular hypothetical scenarios (counterfactual analysis). In the context of the current low domestic inflation rate, a hypothetical inflation rate was

36 This is easy to illustrate if a generic nominal effective exchange rate is constructed in order to weigh the exchange rates of the kuna versus the US dollar and the euro by the corresponding portion of trade conducted in dollars/euros in the balance of payments of the Republic of Croatia (around 80% in euros and 20% in dollars). The correlation between annual changes in such an exchange rate and the USD/HRK exchange rate is approximately 90%, whereas the correlation with the EUR/HRK exchange rate is significantly smaller, around 70%. Certainly, the equal or even greater importance of the variation of the USD/HRK exchange rate for consumer prices in comparison with the EUR/HRK exchange rate depends exclusively on the stability of the latter. Pronounced variations in the EUR/HRK exchange rate would undoubtedly have a significant impact on domestic prices; however, as such variations have not occurred thus far, the transmission to prices is by and large materialised through the USD/HRK exchange rate. To illustrate all of the above, it is sufficient to consult the firm survey on the manner in which the prices of their main products are formed. Almost all export/import companies participating in the survey claimed they would alter the prices of their products as a result of a change in the exchange rate above 2%. For survey details, see Pufnik, A., and D. Kunovac (2013): *Pricing Behaviour of Croatian Companies: Results of a Firm Survey and a Comparison with the Eurozone*, Croatian National Bank, Working Papers, W-36.

37 Survey inflation expectations were calculated using the Carlson-Parkin method and, constructed in such manner, they do not provide any explanation for inflation variability, which is an interesting finding in the context of the evaluation of the New Keynesian Phillips curve (see Krznar, I., 2011, for different findings based exclusively on model expectations).

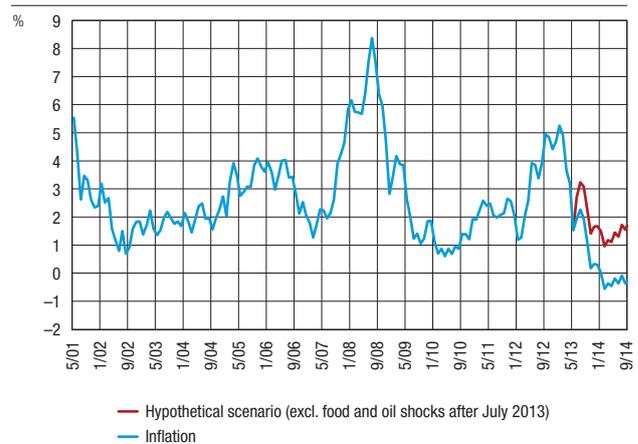
38 Posterior distribution of non-structural parameters is approximated using MCMC simulations. Based on 10,000 Gibbs sampling simulations, the model was identified recursively, with foreign variables preceding domestic variables. Block exogeneity was implemented using the appropriate prior distribution defined by determining the domestic variable parameters in the foreign block equations with zero expectation and extremely small variance. Corresponding posterior distributions thus stand under the dominant influence of prior distribution and sample information is mostly ignored, which ultimately enables the block exogeneity of the foreign block to be implemented. For model details, see Kunovac, D. (2014): *Structural BVAR with Block Exogeneity and Sign Restrictions* (forthcoming).

Figure 5.6 Contributions of euro area core inflation shocks and external shocks of food and energy to domestic inflation



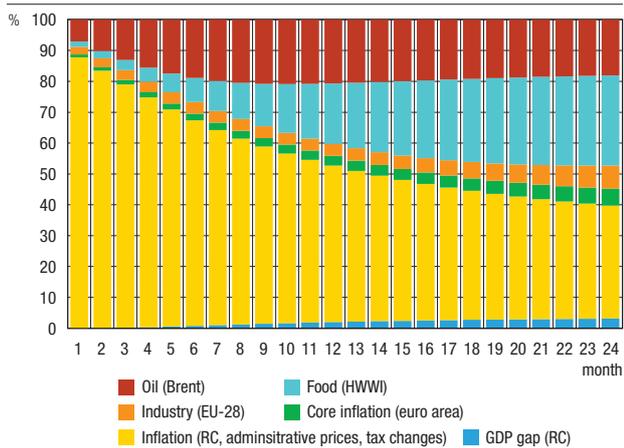
Source: CNB.

Figure 5.8 Actual consumer inflation and a hypothetical scenario that excludes external shocks of food and energy



Source: CNB.

Figure 5.7 Inflation variance decomposition on a horizon of 24 months



Source: CNB.

constructed under the assumption that there had been no negative external shocks of prices of energy and food and that these variables moved within the range of their expected (average historical) values.

Figure 5.5 shows the breakdown of CPI inflation into the baseline projection and historical shocks. The results clearly demonstrate that, after mid-2013, low inflation was predominantly caused by external shocks. Strong negative external shocks of prices of food raw materials and oil and unfavourable trends in the external real sector are primary causes of recent low inflation rates. The spillover of foreign food prices on domestic prices had the most significant deflationary impact, which is not surprising bearing in mind the high share of food in the domestic CPI as well as the substantial decline in food prices on the global market in the reference period. Since mid-2013, shocks of foreign food and oil prices have been lowering the annual inflation rate below historical values (baseline projections) by an average of 1.5 percentage points. External real shocks had an average negative impact on (contribution to) the annual inflation rate of 0.3 percentage points, while the domestic

negative GDP gap had an average negative impact on inflation of merely 0.2 percentage points. Euro area core inflation had the weakest impact of all observed shocks, negatively affecting the inflation rate by an average of 0.1 percentage points in the observed period.

In order to gain an insight into the relative importance of the spillover of foreign core inflation as against that of foreign oil and food prices, Figure 5.6 shows the contributions of raw material prices and core inflation to domestic inflation from April 2001 to September 2014. The inflation rate decomposition performed leads to the conclusion that foreign prices of raw material prices were a dominant factor contributing to recent domestic inflation. Foreign core prices and real activity also had a negative impact on inflation, although the intensity of such an impact has thus far been very low.

In addition to the aforementioned real shocks and prices of raw materials in the global market, tax changes and changes in administratively regulated prices also affected inflation in the same period; however, their impact was quite weak compared with the external shocks mentioned above. Still, even though administrative prices and tax changes had only a minor impact on inflation in the past several months, this had not always been the case in the past. Such conclusion may be drawn from the historical decomposition in Figure 5.5 as well as from Figure 5.7 showing the inflation projection variance decomposition in the period from April 2001 to September 2014. For example, on a horizon of 12 months, external oil and food price shocks account for approximately 38% of inflation variance (projection), while external real shocks account for 3.8%, foreign core inflation shocks for 3%, and domestic GDP gap shocks for a mere 2%. The remaining part of the variance (approximately 50%) is attributable to tax changes, administrative prices and a share of inflation not explained by the model.

The impact of external shocks of raw material prices on recent inflation is also evident in Figure 5.8 which shows the inflation excluding external shocks of raw material prices from mid-2013. In other words, the figure shows the hypothetical inflation scenario without the recent decline in foreign raw material prices, i.e. with these prices hovering around their expected levels. The figure demonstrates that domestic inflation is moving towards 2% in the hypothetical scenario, drawing near to its standard historical levels (around 2.5%).

6 Foreign trade and competitiveness

The several-year trend of current account balance improvement did not continue in the first three quarters of 2014. Favourable trends in foreign trade, resulting from the growth in the exports of goods and services, which exceeded that of imports, were accompanied by slightly more adverse trends in the secondary and primary income accounts. Since expenditures on direct equity investment were considerably higher than in the same period last year, the deficit based on primary income widened. In addition, net inflows based on secondary income decreased as a result of the government's payments to the EU budget, which failed to be coupled with an equal use of EU funds. Nevertheless, the overall balance of transactions with the EU was slightly positive³⁹. The current and capital account surplus is expected to remain at the last year's level of around 0.9% of estimated GDP for the whole of 2014.

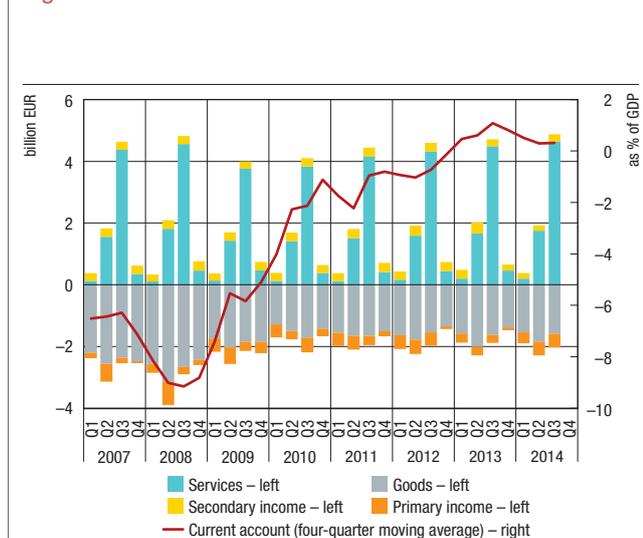
The goods trade deficit (according to CBS data) shrank in the first nine months of 2014 owing to the rise in exports (9.1%), which outstripped the rise in imports (4.4%) on an annual basis. Exports of goods were particularly dynamic in the first half of the year, but slowed down considerably in the third quarter. Detailed data show that the narrow aggregate of exports, excluding ships and oil, had the most significant impact on the annual increase in the overall exports of goods. In that regard, growing exports of wearing apparel to the Spanish market and of electricity to more recent EU member states, such as Slovenia and Hungary, are especially worth emphasizing. Exports of cork and wood, capital goods (particularly general industrial machinery and equipment) and food products, notably sugar and sugar preparations and feeding stuff for animals, also increased. On the other hand, exports of oil and refined petroleum products dropped, continuing the unfavourable trends from the preceding year, while the exports of other transport equipment (mostly ships) continued to decrease for the fourth consecutive year. The increase in the overall imports of goods is primarily a result of the rise in the imports of wearing apparel (mostly from Italy), road vehicles (from Germany) and electricity (from

Slovenia). At the same time, imports of natural and manufactured gas (mostly from Austria) and capital goods dropped considerably, with imports of electrical machinery, apparatus and appliances from China exhibiting the sharpest fall. It is important to note that the drop in the imports from China is mainly attributable to the base effect, i.e. to the surge in the imports of photovoltaic products in the same period last year.

A noticeable growth in Croatian exports of goods in 2014 led to a moderate increase in its EU market share. The Czech Republic, Romania and Slovenia also improved their relative positions in the EU market, while the market shares of all three Baltic states (which boasted the most substantial increases in market share in the last several years) dwindled. In spite of relatively favourable recent developments, Croatian exports of goods still significantly lag behind those of peer countries, which managed to significantly improve their relative position in the EU market even after the outbreak of the crisis, while Croatia's share shrank somewhat. Accumulated losses of Croatia's market shares are substantial and cannot be made up in a short period of time. The latest European Commission's Alert Mechanism Report of November 2014 stresses that Croatia's global market share in the exports of goods and services slipped by one fifth over the five-year period to 2013. This makes Croatia one of the EU countries exhibiting the most unfavourable trends in this respect, despite the indicator's moderate improvement in comparison with 2013.

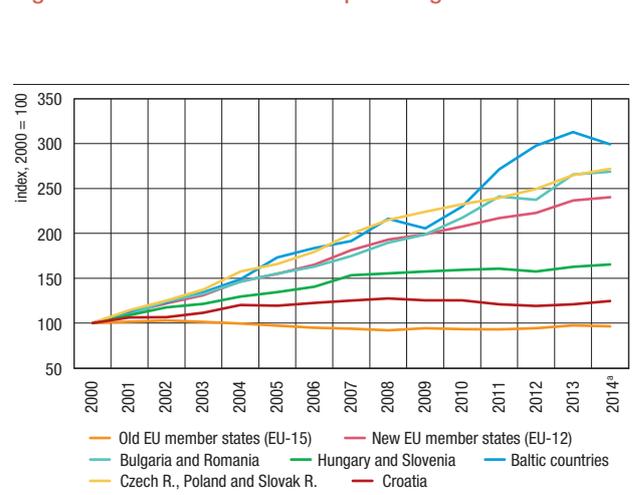
The upcoming year is likely to see further growth in the exports of goods, although it may be slower than in the preceding year due to weaker growth in foreign demand and the base effect associated with the sharp increase in the exports of goods in the first half of 2014. Further improvement of price and cost competitiveness and the positive effects of Croatia's accession to the EU may positively affect exports in the medium term. Due to the dependency of exports on imports and a gradual recovery of personal consumption in 2015, a rise in imports, which are still affected by unfavourable domestic economic developments (including those related to the labour market), is expected as well.

Figure 6.1 Current account balance and its structure



Source: CNB.

Figure 6.2 EU market share of exports of goods



^a Data refer to the first eight months of 2014.

Note: The Baltic countries include Estonia, Latvia and Lithuania. Market shares are calculated on the basis of data on EU-28 imports.

Source: Eurostat.

³⁹ Regarding the use of EU funds, it is important to keep in mind that the current and capital account only show the funds paid out to end beneficiaries, while the funds received, but not yet allocated are only recorded on the financial account.

Table 6.1 Current and capital account and its components

as % of GDP

	2008	2009	2010	2011	2012	2013	2014	2015
Current account balance	-8.8	-5.1	-1.1	-0.8	-0.1	0.8	0.8	0.8
Goods	-22.4	-16.5	-13.2	-14.3	-14.3	-15.1	-14.9	-14.8
Services	14.4	12.9	12.8	13.8	14.8	15.6	16.3	16.7
Primary income	-3.0	-3.7	-3.1	-2.9	-3.3	-2.1	-2.8	-3.3
Secondary income	2.2	2.2	2.4	2.6	2.6	2.5	2.1	2.2
Current and capital account balance	-8.8	-5.0	-1.0	-0.7	-0.0	0.9	0.9	1.3

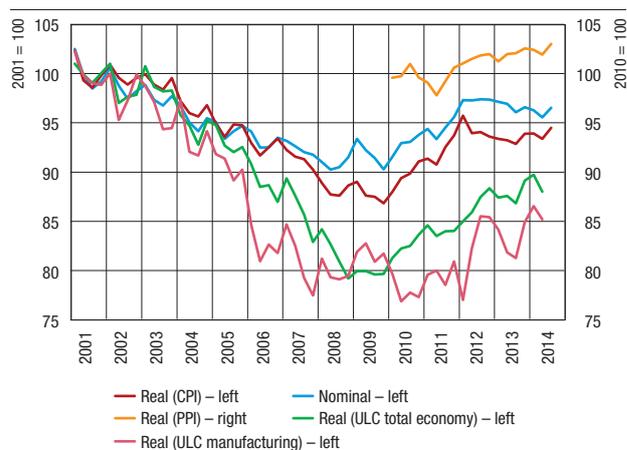
Source: CNB.

On the other hand, tumbling crude oil prices in the global market may trigger a decrease in the value of imports of oil and refined petroleum products in the forthcoming period, thus positively affecting the foreign trade balance.

In the first three quarters of 2014, net exports of services increased relative to the same period last year, primarily as a consequence of the 2.5% rise in the revenues from travel services. The higher number of arrivals and overnight stays of tourists from Germany, Austria, Hungary and the UK contributed notably to the trend. Favourable trends seen in other services also added to the increase in the services balance surplus, although to a somewhat smaller extent. The upward trend was thus observed in the net exports of transportation services and manufacturing services on physical inputs owned by others. At the same time, net imports of other services declined on account of the fall in the net imports of financial services and the rise in the net exports of telecommunication, IT and information services. The increase in revenues from tourism is estimated to be lower in 2014 than in the previous year (5.0%); however, further growth is expected in the following year, accounting for a significant positive contribution to the current account balance.

The primary and secondary income account balance deteriorated in the first nine months of 2014. The widening deficit on the primary income account was brought about by increased expenditures on direct equity investment, i.e. by the improved business performance of foreign-owned companies and banks. This mainly refers to financial intermediation, construction and post and telecommunication activities. Increased costs of foreign financing, primarily of the general government, also added to the primary income account deficit. Furthermore, net revenues from compensations to residents working abroad dropped slightly. In line with the developments in the first three quarters, expenditures on direct equity investment are expected to grow for the whole of 2014, with the trend continuing into 2015. Consequently, primary income is likely to affect negatively the overall current account balance. The decrease in the annual secondary income surplus in 2014 still primarily reflects the fact that the amount of utilised EU funds was lower than the payments to the EU budget. Nevertheless, the gradual increase in the use of EU funds coupled with the rise in capital revenues is expected to affect the current and capital account balance positively in the upcoming years.

The current and capital account surplus may amount to approximately 0.9% of GDP in 2014 and reach 1.3% of GDP in 2015, with the positive current account balance remaining unchanged (0.8% of GDP). Positive contributions are expected

Figure 6.3 Nominal and real effective exchange rates of the kuna

Note: A fall in the index denotes an effective appreciation of the kuna.

Source: CNB.

from foreign trade in goods and services owing to improved export performance combined with somewhat slower import growth. On the other hand, the deficit based on primary income may rise. The gradual increase in the use of EU funds should positively affect the overall current and capital account balance as of next year.

Indicators of price competitiveness of Croatian exports were relatively stable in 2014. Following a slight appreciation in the first half of the year, the real effective kuna exchange rates deflated by consumer and producer prices depreciated in the third quarter after the kuna had weakened against the currency basket. In contrast, the adjustment of unit labour costs in Croatia had a negative effect on the indicators of cost competitiveness of the country's exports in the second quarter of 2014 as a result of an increase in the health care contribution rate from 13% to 15%. After having depreciated over the previous two quarters, the real effective kuna exchange rates deflated by unit labour costs appreciated sharply in the second quarter of 2014 at the level of manufacturing industry and the economy as a whole.

As measured in terms of the index of the real effective exchange rate deflated by consumer prices, the price competitiveness of Croatian exports, which deteriorated in 2013, may on the whole improve in 2014. This moderate improvement is expected to continue into 2015.

7 Financing conditions and capital flows

Financing conditions

Financing conditions of domestic sectors continued to improve slowly in the second half of 2014 owing to very high levels of liquidity in the international and domestic financial markets. However, the growth in placements is still hampered by the negative risks associated with economic recovery and lender risk aversion. Broken down by sectors, government borrowing costs saw a further decrease, reaching historical lows since the outbreak of the crisis. As regards corporate and household borrowing, the third quarter of the current year was characterised by the moderate deleveraging of domestic sectors despite the decline in the average nominal interest rates of almost all loan categories.

Government borrowing costs were lower than in the first half of the year due to high liquidity in the financial markets. Government foreign financing costs, estimated by the sum of the yield on the German government bond and the EMBI index for Croatia (Figure 7.1), grew slightly in the third quarter, but had dropped to their lowest levels since the outbreak of the crisis by end-November. Financing costs in the domestic market were also reduced by the CNB's high liquidity policy. Interest rates on one-year kuna T-bills improved, dropping to 1.50%, down by about a half of percentage point from the average in the first half of the year. At the same time, yields on one-year T-bills with a currency clause fell to a mere 0.45%.

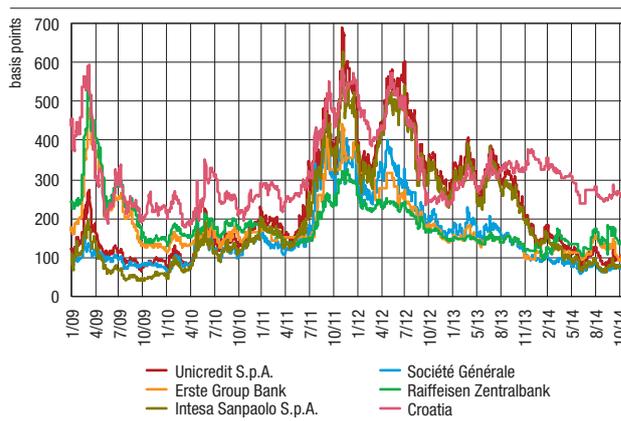
Nevertheless, the risk premium for Croatia remained significantly higher than that of peer countries and parent banks. Credit default swaps (CDS) of the parent banks of the largest domestic banks showed no significant change in the July-November period (Figure 7.2). With volatility occurring only occasionally, the stability of CDS spreads was further enhanced by the results of the ECB's comprehensive assessment released at end-October. Asset quality reviews and stress tests carried out as part of the comprehensive assessment showed high capitalisation and resilience of the parent banks of Croatia's largest banks.

Domestic nominal interest rates for the corporate sector were somewhat lower in the July-October period than in the first half of the year. Credit standards as applied to the approval of loans to enterprises also eased (see Box 5 Bank lending survey).

Despite slightly improved financing conditions, credit institutions' placements to the corporate sector decreased in the third quarter of 2014 (Figure 7.3) due to the slower borrowing activity of both private and public enterprises. On the other hand, the corporate sector increased its external debt, thus partially compensating for the drop in domestic credit institution financing. On an annual basis, the overall corporate debt was 0.5% lower at end-September than in the same period the year before due to the deleveraging of public enterprises. In contrast, private enterprises increased their debt.

The trend of household deleveraging, present for the sixth consecutive year, continued into the third quarter as well. Household placements declined by 0.5% in the same period, while the drop was even more pronounced on an annual basis, standing at 1.2%. Average interest rates on household loans fell from the first half of the year, the only exception being loans for house purchase, while credit standards as applied to the

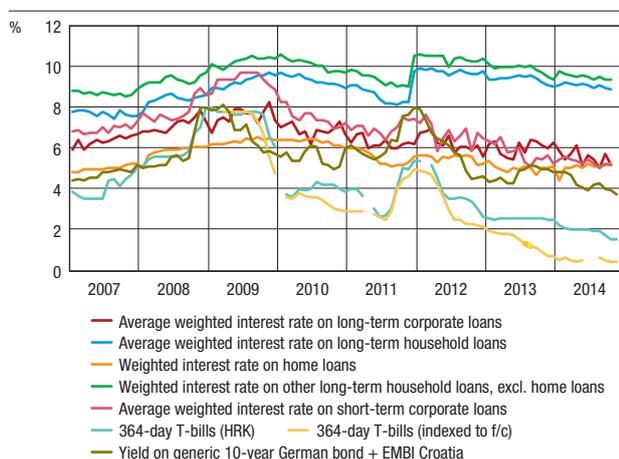
Figure 7.2 CDS spreads for Croatia and selected parent banks of domestic banks



Note: Credit default swaps (CDS) spread is an annual premium that a CDS buyer pays for protection against credit risk associated with an issuer of an instrument.

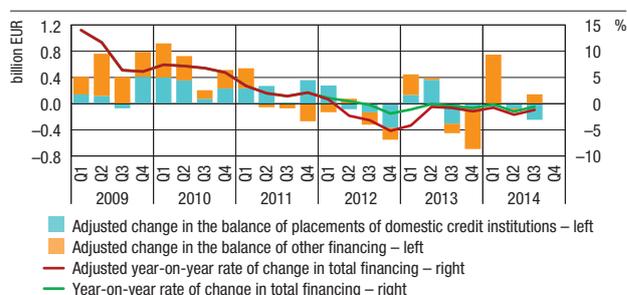
Source: Bloomberg.

Figure 7.1 Costs of domestic and foreign financing



Sources: MoF, Bloomberg and CNB.

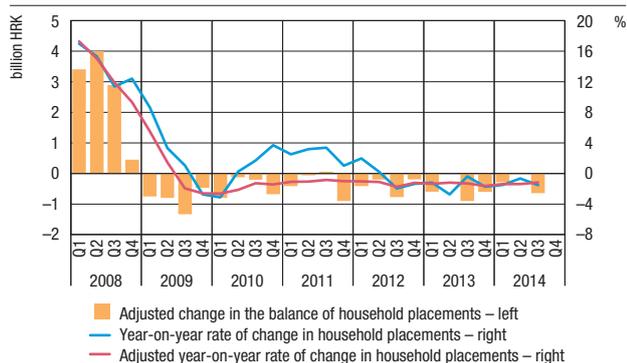
Figure 7.3 Corporate financing by sources



Note: Other financing includes corporate borrowing from domestic leasing companies and direct borrowing from the CBRD, as well as borrowing from foreign banks and affiliated enterprises abroad. The adjusted changes are calculated on the basis of data which in 2012 and 2013 do not include the effect of the assumption of loans to the shipyards by the Ministry of Finance, the effect of transactions of one bank which, in an effort to reduce the amount of partly recoverable and fully irrecoverable placements, transferred a portion of its claims to a company indirectly owned by a parent bank (which in turn contributed to the decrease in its external debt), the bankruptcy of Centar banka d.d., the methodological changes in the recording of fees and the effect of the exchange rate changes.

Sources: HANFA, CNB and CNB calculations.

Figure 7.4 Household placements



Note: The adjusted changes are calculated on the basis of data which do not include the effect of transactions of one bank which, in an effort to reduce the amount of partly recoverable and fully irrecoverable placements, transferred a portion of its claims to a company indirectly owned by a parent bank (which in turn contributed to the decrease in its external debt), the bankruptcy of Centar banka d.d., the methodological changes in the recording of fees and the effect of the exchange rate changes.

Source: CNB.

approval of consumer credit and conditions and terms for approving loans improved (see Box 5 Bank lending survey). However, more favourable trends in loan supply did not affect loan demand, which remained subdued owing to unfavourable developments in the labour market and uncertainty with regard to future economic developments.

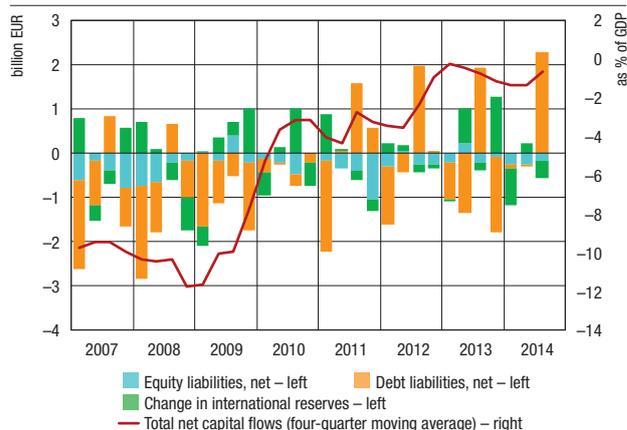
A reversal in domestic loan activity directed at other domestic sectors is not likely in 2015 either. Risks are predominantly tilted to the downside and relate to the further delay of economic recovery, weak loan demand and a possible re-tightening of credit standards due to balance sheet pressures, i.e. growing non-performing placements. In addition, the corporate sector may turn to alternative sources of financing (in the capital market or abroad). On the other hand, the abundant liquidity which the CNB maintains in the domestic monetary system may lead to an improvement of financing conditions for domestic sectors, particularly when coupled with high liquidity levels in the European financial markets, in which extremely low interest rates are likely to linger. Credit institutions' placements are expected to stagnate in 2015, while a gradual recovery of lending activity is only to be expected in the medium term.

Foreign capital flows

In the first nine months of 2014, foreign capital flows were characterised by a noticeable net capital outflow. The balance of payments financial account, excluding changes in international reserves, recorded a sharp fall in net foreign liabilities of EUR 1.2bn in the first three quarters of the current year, primarily associated with the improvement of the credit institutions' net foreign positions. At the same time, international reserves decreased.

The increase in net foreign direct investments in the first three quarters of 2014 is mainly attributable to the rise in re-invested earnings. The most significant amounts were invested in financial intermediation, construction and the manufacture of chemicals and chemical products, with substantial improvement observed in post and telecommunications activities as well. In financial intermediation, payments of reinvested earnings from the preceding years led to a decrease in equity investment. If the impact of a round-tripping investment from the second quarter is excluded, by which both assets and liabilities were increased by the same amount, equity investment remained modest and was primarily observed in activities which, on the liabilities side,

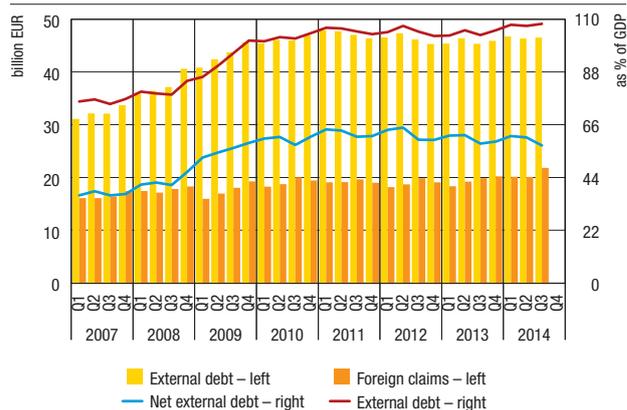
Figure 7.5 Foreign capital flows



Note: Net equity and debt liabilities represent the difference between assets and liabilities. A positive change in international reserves denotes their growth.

Source: CNB.

Figure 7.6 Gross and net external debt



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

Source: CNB.

relate to investments in other business activities, real estate, retail trade, hotels and restaurants and recreational, cultural and sporting activities.

In the first three quarters of 2014, debt capital flows were characterised by a substantial increase in credit institutions' foreign assets (by EUR 2.0bn), which was more pronounced than in the preceding years. In addition to increasing their assets, credit institutions substantially reduced their foreign liabilities (by EUR 1.1bn), which resulted in a noticeable improvement of their net foreign positions. By contrast, the government and other domestic sectors increased their net foreign liabilities. The government's liabilities grew in May, when a EUR 1.25bn long-term bond was issued, and in September, when Croatian Motorways borrowed a total of EUR 550m. On the other hand, the repayment of a short-term loan arranged in late 2013, transactions in the secondary government bond market and the repayment of EUR 500m worth of ten year old foreign bonds that matured in April had an opposite effect. Debt liabilities of other domestic sectors, mainly of private non-financial corporations, and, to a much lesser extent, of other public financial institutions, also grew.

The CNB's gross international reserves decreased by EUR 1.0bn in the first three quarters of 2014, mostly as a result of the decline in the government's foreign currency deposit with the CNB and the CNB's net sale of foreign currency, but also due to the decrease in foreign currency reserve requirements set aside. International reserves stood at EUR 12.1bn at end-September and were sufficient to cover 7.6 months of goods and services imports.

The last quarter of the year is likely to see an increase in net external debt liabilities, mainly due to the seasonal rise in credit institutions' net foreign liabilities. At the same time, the CNB's gross international reserves will increase. At the end of the year, net external debt may exceed 60% of GDP, rising slightly from the year before. Gross external debt may grow from 105.3% of GDP at end-2013 to approximately 108% of GDP at end-2014. The year-on-year increase in the debt primarily originates from the government's borrowing abroad, but is also associated with the borrowing of other domestic sectors from affiliated and non-affiliated creditors. It is necessary to note that the enlargement of the government's external debt is partly a consequence of cross-currency changes caused by the marked appreciation of the US dollar against the euro, since the share of the US dollar in the

currency structure of the government's external debt amounts to almost one half due to bonds issued in the US market (although almost all contain hedges against currency risk⁴⁰). The rise in government debt, as well as in the debt of non-financial corporations, offsets the effect of the decrease in external debt driven by the deleveraging of credit institutions.

Expectations for 2015 include a slight increase in gross external debt, with its relative indicator remaining around 108% of GDP, and a modest growth in net foreign direct investments. Debt dynamics are significantly determined by the further rise in government liabilities, which are expected to grow at a slower pace than in the preceding year. Debt growth may be further boosted by the borrowing of other domestic sectors, although to a smaller extent than the year before. Following the substantial deleveraging of credit institutions in 2014, a slowdown is expected in that regard in the year to come, with foreign assets further on the rise. Net foreign direct investments are expected to increase in 2015, spurred by the positive developments in equity investment as well as by the continued growth in reinvested earnings. Nevertheless, they might still remain significantly lower than in the pre-crisis period.

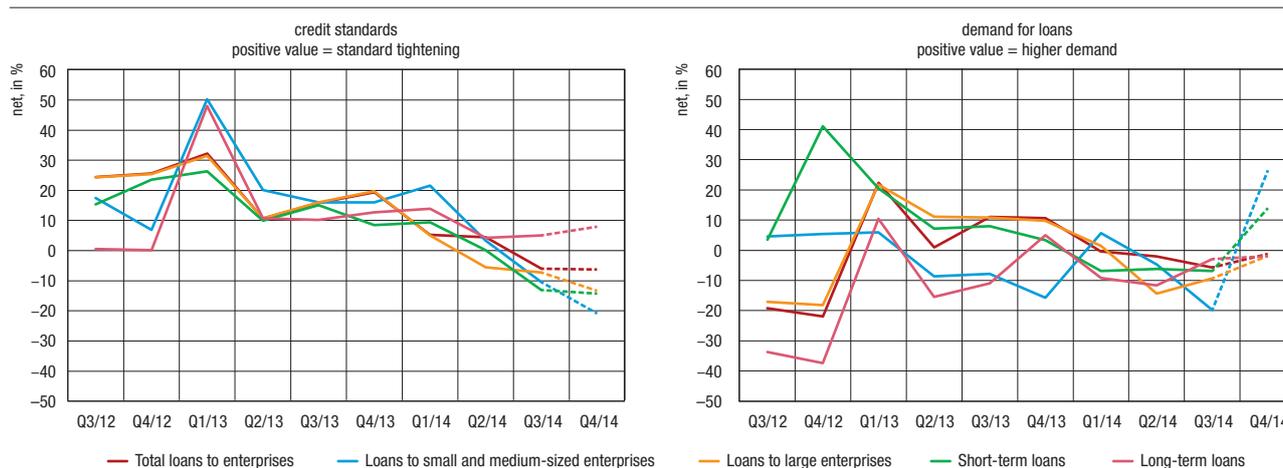
Box 5 Bank lending survey

In the third quarter of 2014, for the first time since the introduction of the Bank lending survey, the banks eased their credit standards as applied to the approval of most groups of loans to enterprises and households. The recent fall in credit activities of banks was heavily influenced by weakened demand, particularly in the segment of loans to small and medium-sized enterprises

and loans for house purchase. The banks expect to see further easing of credit standards in the fourth quarter of 2014. The expectations of banks regarding developments in credit demand of enterprises are generally favourable.

Since October 2012, the Croatian National Bank has conducted the quarterly Bank lending survey⁴¹, methodologically

Figure 7.7 Change in credit standards and demand for loans to enterprises



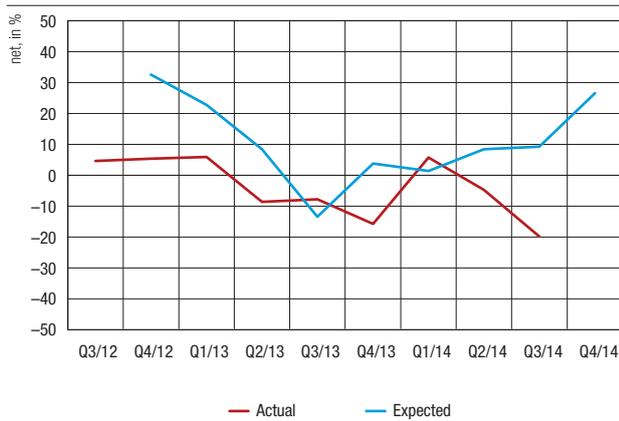
Note: Dotted lines show expectations of banks for the fourth quarter of 2014.

Source: CNB.

40 In the balance of payments statistics, bonds in connection to which currency swap agreements were concluded, enabling issuers to protect themselves from currency risk, are valued in the original currency, separate from the transactions arising from swap agreements, which are recorded under financial derivatives. In terms of methodological standards, derivatives are not considered debt instruments and do not constitute a part of external debt statistics. Instead, they are only included in international investment position statistics, meaning that the changes in debt are in fact overestimated.

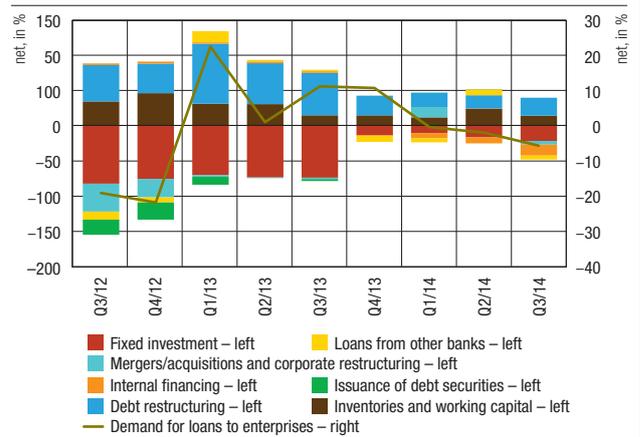
41 The results are shown on the basis of the so-called net percentage of bank responses, weighted by each bank's share in an individual group of loans. In connection with the credit standards, the net percentage is the difference between the share of banks reporting that the credit standards have tightened and the share of banks reporting that they have eased. A positive net percentage indicates tighter credit standards and negative credit standards. A positive net percentage indicates that the share of banks reporting increased loan demand is larger than the share of banks reporting a decline in demand, so we speak of an increase in loan demand and vice versa.

Figure 7.8 Actual and expected demand
demand for loans to small and medium-sized enterprises



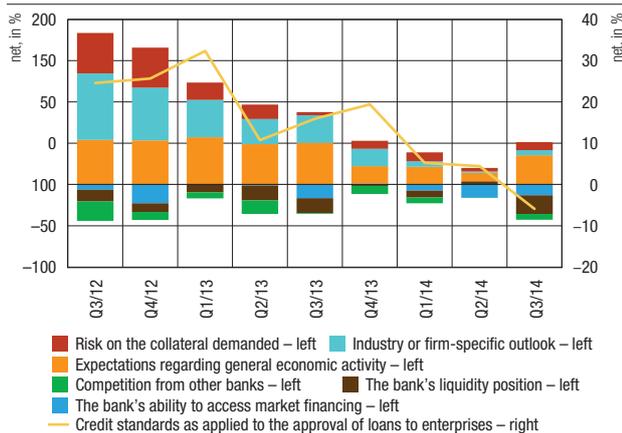
Note: The positive value shows higher demand and the negative lower demand.
Source: CNB.

Figure 7.10 Factors affecting demand for loans to enterprises



Note: The positive value shows that the factor contributes to higher demand and the negative that it contributes to lower demand.
Source: CNB.

Figure 7.9 Factors affecting credit standards as applied to the approval of loans to enterprises

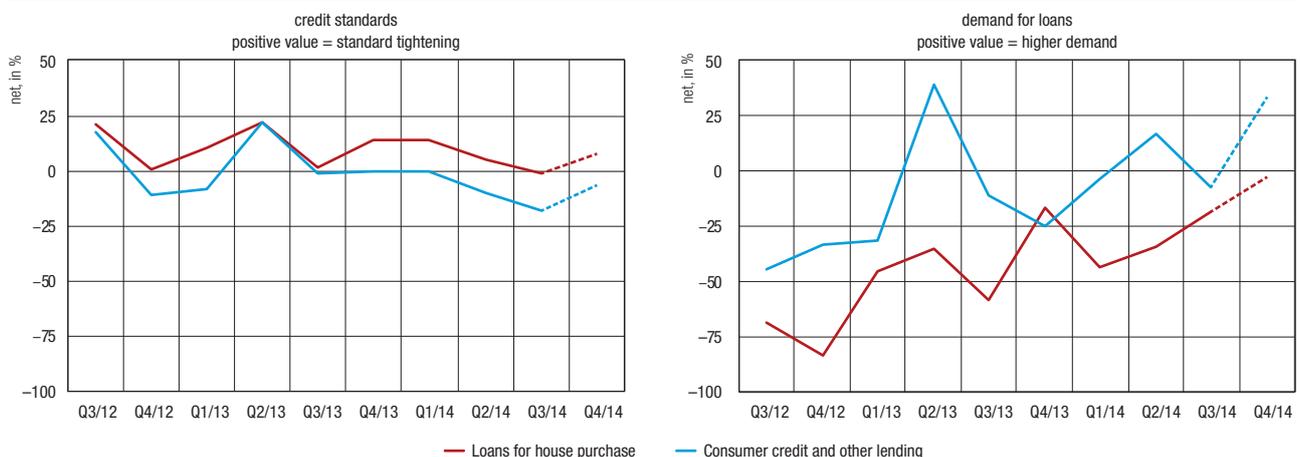


Note: The positive value shows that the factor contributes to standard tightening and the negative that it contributes to standard easing.
Source: CNB.

compatible with the Euro area bank lending survey of the European Central Bank. This survey is used to collect information on changes in banking standards and conditions and terms as applied to the approval of loans, i.e. changes of characteristics in bank loans demand and supply. Credit standards comprise internal rules and written and unwritten criteria reflecting a bank's credit policy (for instance, requirements that a potential client must meet for a specific type of loan that the bank is willing to approve, the collateral deemed acceptable by the bank, etc.). Credit conditions and terms such as interest rate level and the scope of collateral (i.e. collateral requirements, margin on average loans, margin on riskier loans, non-interest rate charges, maturity, etc.) are agreed between the lender and the borrower. Nine surveys have been conducted so far, with regular participation of banks whose assets account for 99% of the total assets of the banking system.

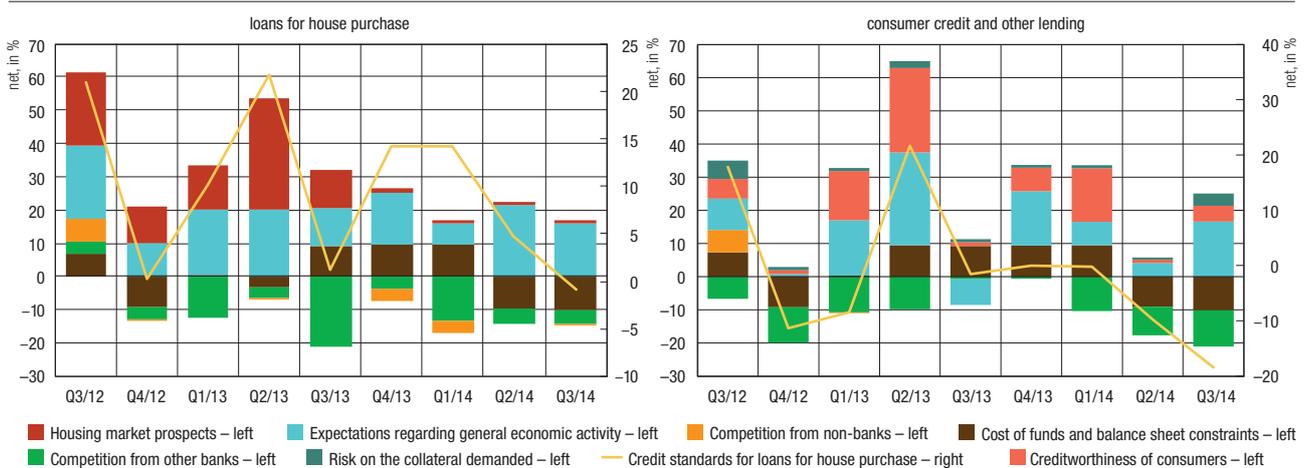
In the third quarter of 2014, the characteristics of the supply of bank loans to enterprises improved for the first time since the introduction of the survey (Figure 7.7, left). As shown by banks' responses, credit standards as applied to the approval of all groups of loans to enterprises except long-term loans eased and

Figure 7.11 Change in credit standards and demand for loans to households



Note: Dotted lines show expectations of banks for the fourth quarter of 2014.
Source: CNB.

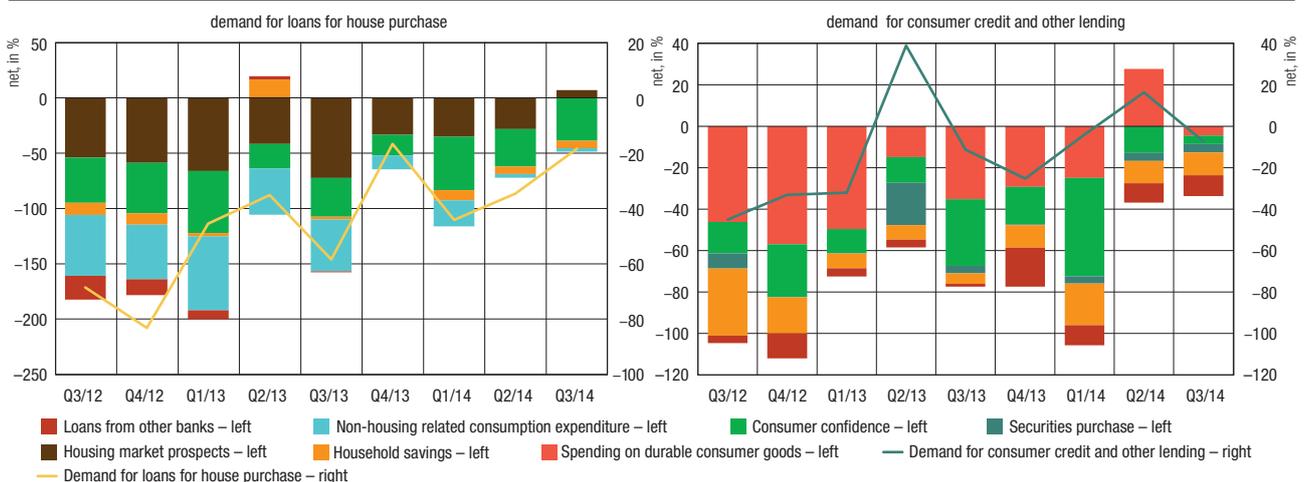
Figure 7.12 Factors affecting credit standards as applied to the approval of loans to households



Note: The positive value shows that the factor contributes to standard tightening and the negative that it contributes to standard easing.

Source: CNB.

Figure 7.13 Factors affecting demand for loans to households



Note: The positive value shows that the factor contributes to higher demand and the negative that it contributes to lower demand.

Source: CNB.

the same developments can be expected to continue into the fourth quarter of 2014. The banks estimated that this would have a positive effect on demand for loans of small and medium-sized enterprises (Figure 7.7, right). It should be noted that in the previous two surveys the banks had also expected to see growth in demand from enterprises, but these expectations failed to materialise (Figure 7.8).

The easing of credit standards as applied to the approval of loans to enterprises in the third quarter was primarily due to the good liquidity levels of banks (Figure 7.9), as a result of, among other factors, the expansive monetary policy of the CNB. In addition, the effects of factors that had led to the tightening of standards in the previous years weakened greatly in 2014, despite a slight pick-up in their intensity in the third quarter. The expectations regarding general economic developments continue to stand out as the most significant factor influencing bank credit standard tightening.⁴²

The banks continue to report that the decreased need for fixed investment financing is the most significant factor leading to the fall in total demand of enterprises for loans (Figure 7.10). However, this factor's impact was less pronounced than in the previous two years, which is in line with developments in investment loans, which declined in 2014 much less than in the year before. The internal financing of enterprises was increasingly responsible for the decline in demand for loans in 2014, while the loan restructuring and the financing of inventories and working capital were the main contributors to increased demand for loans to enterprises.

More favourable developments were also seen in the supply of loans to households. The banks continued to ease their credit standards as applied to the approval of consumer credit and other lending in the third quarter, while banks' credit standards as applied to the approval of loans for house purchase remained unchanged. In the fourth quarter we expect to see a

⁴² The banks also improved their credit terms, which was mostly reflected in the fall in banks' margin on average loans and lower non-interest rate charges. By contrast, collateral requirements and loan covenants, as well as margins on riskier loans continued to tighten further, indicating persistently high risk aversion of banks.

further easing of credit standards as applied to the approval of consumer credit and other lending and tightening of credit standards as applied to the approval of loans for house purchase (Figure 7.11, left).

The demand for loans to households declined in the third quarter. However, the downward trend in the demand for loans for house purchase continued to slow down in the third quarter (Figure 7.11, right). The demand for consumer credit and other lending, after growing moderately in the previous quarter, fell slightly in the third quarter, contrary to the expectations of banks. The banks expect to see a considerable recovery in household demand for consumer credit and other lending in the fourth quarter, although they expect no big changes in the demand for loans for house purchase (Figure 7.11, right).

The main reason for the easing of credit standards as applied to the approval of loans to households lay in the more favourable cost of funds and balance sheet constraints, which had acted in the opposite direction in the previous surveys (Figure 7.12). This was in turn due to favourable liquidity conditions and a steady fall in average deposit interest rates and improved possibilities

of banks' financing on the market and from their parent banks. The competition between banks also played a role in the easing of credit standards, as reflected in particular in the fall in interest margins and non-interest rate charges. By contrast, negative expectations regarding general economic developments remain the main factor leading to the tightening of credit standards as applied to the approval of loans to households.

Despite a further steady fall in demand for loans, some positive developments can also be seen relative to the previous quarters: the effects of most of the factors reported in the previous surveys to be the biggest contributors to the fall in demand lessened considerably or disappeared (Figure 7.13). This is particularly true of the housing market prospects which, for the first time since the introduction of the survey, had a positive effect on demand for loans for house purchase. By contrast, consumer confidence remains the biggest contributor to the fall in demand for loans for house purchase (Figure 7.13, left), while the fall in demand for consumer credit and other lending was mostly influenced by alternative sources of financing, particularly savings (Figure 7.13, right).

8 Monetary policy

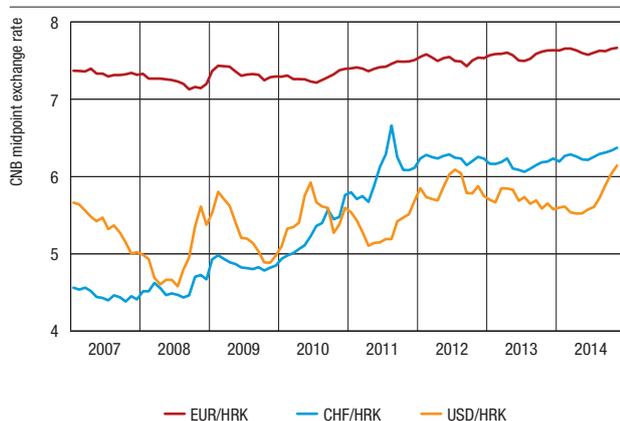
The Croatian National Bank continued to implement its expansive monetary policy in the second half of 2014, while simultaneously maintaining the stable nominal kuna/euro exchange rate. The expansive monetary policy orientation was determined by the economic environment marked by a delayed recovery in lending activity, risk aversion of banks and economic entities, the low level of business and consumer optimism and subdued inflationary pressures. In order to strengthen economic growth in conditions of very low inflation, the CNB's monetary policy will remain expansive in 2015, pursuing further the policy of a stable kuna/euro exchange rate.

Having strengthened in the second quarter, the nominal kuna/euro exchange rate slightly weakened in the period from July to September, with occasional and moderate volatilities. The average exchange rate of the kuna against the euro for the first eleven months of 2014 thus stood at EUR/HRK 7.63, an

increase of 0.8% from the 2013 average. The exchange rate of the kuna against other major world currencies followed the weakening of the euro against these currencies on the global financial market. It was particularly reflected in a considerable weakening of the kuna against the American dollar. A noticeable depreciation of the euro against the American dollar was recorded in global financial markets, due to the fall in euro interest rates and the economic growth in the USA, which was stronger than that in the euro area. The exchange rate of the kuna against the Swiss franc also weakened due to the strengthening of the franc against the euro, but significantly less than against the American dollar.

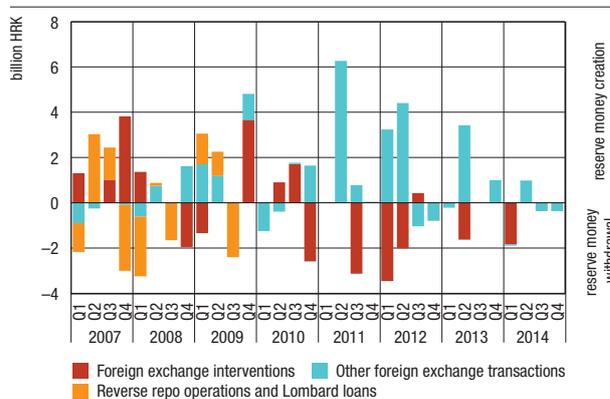
There were no foreign exchange interventions of the central bank in the second half of 2014 and foreign exchange transactions with the central government were also modest. Net purchase of foreign exchange from the government in the third

Figure 8.1 Nominal exchange rates of the kuna against selected currencies



Source: CNB.

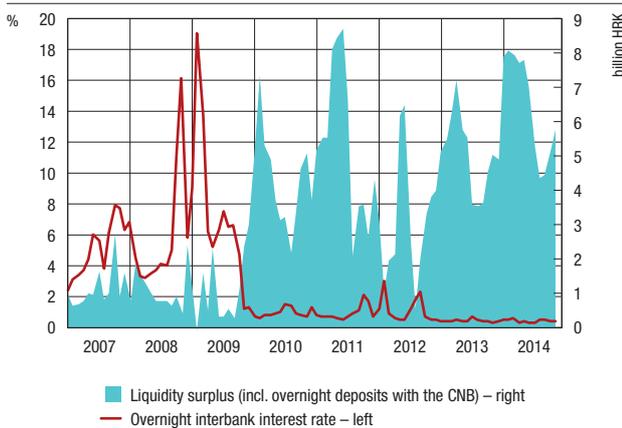
Figure 8.2 Flows of reserve money (M0) creation



Note: Other foreign exchange transactions include the purchase of foreign exchange from and the sale of foreign exchange to the MoF and the EC and foreign currency swaps with banks, where the positive values refer to the purchase of foreign exchange by the CNB. Values for the fourth quarter of 2014 refer to October and November.

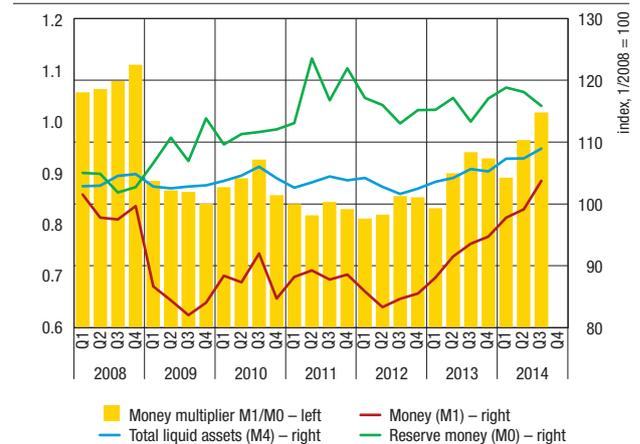
Source: CNB.

Figure 8.3 Bank liquidity and overnight interbank interest rate



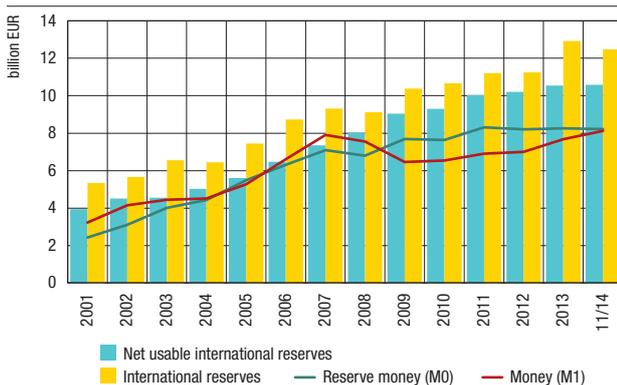
Source: CNB.

Figure 8.5 Monetary aggregates and money multiplier index of developments in seasonally adjusted values, deflated by the consumer price index



Source: CNB.

Figure 8.4 International reserves of the CNB and monetary aggregates



Note: Net usable international reserves are defined as international reserves net of foreign liabilities of the CNB, reserve requirements in f/c, general and special SDR allocations in 2009, government foreign currency deposits and off-balance sheet liabilities (swaps). The most recent data available for M1 refers to end-October 2014.

Source: CNB.

quarter and first two months of the fourth quarter stood at only EUR 3m. Sales of foreign currency to the European Commission were lower than in the first half of the year and stood at EUR 100m, thus withdrawing HRK 0.8bn of reserve money. Transactions with the European Commission involve the conversion of kuna funds allocated monthly by the government to the EC's account with the central bank as payments to the EU budget, the bulk of payments being executed in the first half of the year.

Expansive monetary policy orientation was reflected in the maintenance of high levels of liquidity in the monetary system created in previous years. The average surplus kuna liquidity in credit institutions' accounts in the period from July to November was somewhat lower than in the first half of the year under the influence of seasonal factors, but it was still high, standing at HRK 5.0bn. The high liquidity level contributes to the maintenance of extremely low overnight interest rates on the interbank market, and indirectly to more favourable short-term

government borrowing on T-bills market.

In addition to supporting high liquidity in the monetary system, the central bank also uses other measures to contribute to the improvement of financing conditions and the acceleration of domestic lending activity. The CNB thus continued to encourage lending to the economy by repurchasing CNB bills from banks which recorded a positive increase in loans to the corporate sector. However, from the implementation of this measure in December 2013 until the end of November 2014, only HRK 0.4bn (net) of compulsory CNB bills was purchased from banks. The absence of a stronger growth of corporate placements was the result of numerous factors outside the reach of monetary policy, and particularly of a still weak corporate demand for loans (for more on characteristics of loan supply and demand, see Box 5 Bank lending survey).

In addition, as of November, the CNB cut the foreign currency reserve requirement allocation rate on funds received from connected clients from 100% to 60%. The share of the foreign currency reserve set aside to the account with the CNB was thus equal for all foreign currency sources. As a result, the foreign currency reserve requirement set aside to the account with the CNB decreased by around EUR 80m, and the part of reserve requirement kept by banks in accounts abroad increased by the same amount.

Gross international reserves of the Republic of Croatia increased slightly in the second half of 2014, standing at EUR 12.5bn at the end of November. Despite the increase, reserves were still EUR 0.4bn or 3.4% lower than at the end of 2013, which was primarily the result of the net sale of foreign exchange by the CNB and the decline in the government foreign currency deposit with the CNB, and to a lesser extent, of the mentioned decrease in the allocated foreign currency reserve requirement. Net usable reserves went up slightly from the end of the previous year (by EUR 0.1bn), standing at EUR 10.6bn at end-November.⁴³ Gross and net international reserves remained considerably higher than the narrowest monetary aggregates M0 and M1.

Real values of money (M1) and total liquid assets (M4) continued to grow in the third quarter of 2014, consequent upon the fall in the annual consumer price inflation rate. The growth in total liquid assets indicates that domestic sectors are gradually

⁴³ Net usable international reserves are defined as international reserves net of foreign liabilities of the CNB, reserve requirements in foreign currencies, general and special SDR allocations in 2009, government foreign currency deposits and off-balance sheet liabilities (swaps).

increasing their real financial assets in banks, despite the fall in economic activity and disposable income. It can also be noticed that households are increasing their balances in current and giro accounts, which reflects the propensity to accumulate more

liquid financial assets against the background of the fall in bank deposit interest rates and pronounced uncertainty regarding future economic developments.

9 Public finance

In November 2014, the Croatian Parliament adopted the second set of Amendments to the State Budget and Financial Plans of Extrabudgetary Users for 2014. In connection with this, the Government of the Republic of Croatia expects general government net borrowing to amount to 5.0% of GDP in 2014 according to the national methodology. Consolidation measures adopted in April last year by a Conclusion of the Government of the Republic of Croatia and the Decision on the measures of temporary suspension of the execution of the state budget of the Republic of Croatia for 2014 were incorporated in the new fiscal plan for 2014 in order to comply with the requirements of the excessive deficit procedure. The CNB estimates the deficit at 5.9% of GDP in 2014 in ESA 2010 terms, which differs significantly from the deficit expressed under the national methodology due to differences in the scope of general government and methodological differences in recording budgetary transactions (see Box 6 Impact of ESA 2010 implementation on the general government balance and public debt and differences relative to the national budget accounting).

The second revision of the central government budget for 2014 was caused by a shortfall in revenues and unsustainable plans related to individual expenditure categories. The downward adjustment of planned revenues is primarily associated with the shortfall in VAT revenues. Expected transfers from EU funds were also significantly lower, although this had little impact on the budgetary deficit, since the expenditures financed by EU funds also decreased. However, the reduced use of EU funds did not lead to a sufficient decrease on the expenditure side of the budget due to the upward adjustment of other items. This primarily refers to expenditures on employees and social benefits, which increased on account of growing expenditures on pensions, repairs of damage caused by floods and unemployment benefits. The Fiscal Policy Committee expressed the view that the second budget revision had been adopted too late, assessing there was a very high risk of non-compliance with the fiscal rule⁴⁴.

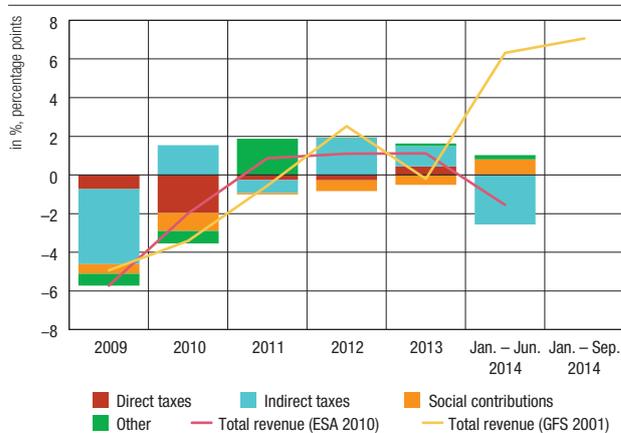
The Government of the Republic of Croatia expects the general government deficit to drop to 3.8% of GDP under the national methodology in 2015; however, the amount of savings planned for individual items is not clearly defined. Specifically, the scope of institutions and central government funds was extended in the planned state budget and financial plans of extrabudgetary users for 2015, but the impact of such developments on the revenue and expenditure side of the budget is not yet entirely clear. Available data suggest that, in addition to the increase in certain revenues, significant savings are planned in employee expenditures and material expenditures, accompanied by a decrease in health care expenditures, with the Croatian Institute for Health Insurance being separated from the state treasury as of January 2015. Still, the drop in expenditures of the Croatian Institute for Health Insurance

results from the fact that the repayment of the health care sector's debt from the preceding years, planned for 2014 in the amount of HRK 3.2bn, is not planned for 2015. If the expenditures of the Croatian Institute for Health Insurance planned for 2014 are adjusted by the planned settlement of liabilities from the previous periods, it is clear that health care sector expenditures will grow on an annual basis in 2015, probably in order to prevent the accumulation of arrears.

Consolidated general government revenues and expenditures

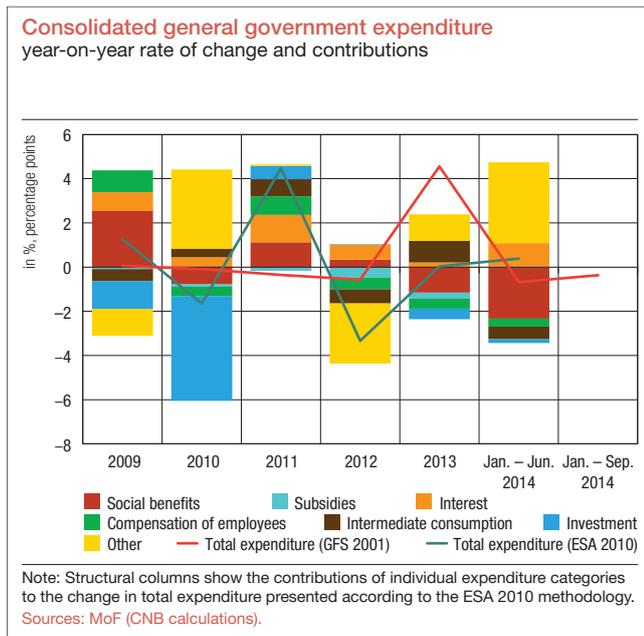
General government revenues in ESA 2010 terms stood at HRK 65.0bn in the first half of 2014, down by 1.5% from the same period last year. The decline in revenues is primarily attributable to lower receipts from indirect taxes, specifically from VAT, which may partially be linked to the unfavourable dynamics of the relevant macroeconomic fundamentals, VAT refunds to entrepreneurs from the EU for expenses incurred in Croatia, to which they have been entitled since Croatia joined the EU, and the base effect of the one-off strong growth in VAT revenues at the end of the first half of 2013 owing to the increase in the imports of goods. Available information also indicates that the introduction of the reverse charge mechanism in particular activities, according to which VAT is calculated by the recipient of goods and services, led to a delay in VAT payments to the state budget. Direct taxes remained at the level recorded in 2013, while revenues from social contributions increased substantially due to the rise in the health insurance contribution rate from

Figure 9.1 Consolidated general government revenue year-on-year rate of change and contributions



Note: Structural columns show the contributions of individual revenue categories to the change in total revenue presented according to the ESA 2010 methodology.
Sources: MoF (CNB calculations).

44 A temporary fiscal rule has been applied for 2014, requiring the annual rate of growth in general budget expenditures to be lower than the annual rate of growth in the projected, i.e. estimated GDP at current prices. It is important to note that general budget expenditures do not include interest expenditures, expenditures for the implementation of EU programmes without national co-financing and annual changes in expenditures as a consequence of changes in the institutional scope of the general budget.



13% to 15% as of April this year and the transfer of workers covered by an accelerated pension plan to the intergenerational solidarity pension system, owing to which their regular contributions for pension insurance are now paid only to the first pension pillar.

Nevertheless, general government revenues under ESA 2010 may see a slight increase in 2014 thanks to the rise in the transfers from EU funds and revenues from social contributions and more favourable trends in revenues from indirect taxes in the second half of the year. According to MoF data, VAT revenues climbed significantly on an annual basis in the July-October period after the downturn in the first half of 2014. Such trends in VAT revenues were partially brought about by the changes in VAT calculation for EU imports as of July 2013, which resulted in a one-off drop in these revenues at the beginning of the second half of 2013, as well as by the increase of the reduced VAT rate from 10% to 13% in January this year. Still, revenues from indirect taxes are likely to decline on an annual basis in 2014, coupled with a significant decrease in the revenues from direct taxes due to the expected drop in profit tax revenues.

General government expenditures (ESA 2010) stood at HRK 77.8bn in the January-June period of 2014, rising slightly from the same period last year. The rise was a consequence of the increase in interest expenditures and other current transfers resulting from annual payments to the EU budget, while most of the other expenditure categories were reduced. In absolute terms, expenditures on social benefits saw the largest decrease, while intermediary consumption also exhibited a substantial fall. Expenditures on general government investments and employees were also cut, which may be attributed to the repeal of the loyalty bonus and the base effect of the 3% decrease in wages as of March 2013.

Interest expenditures and transfers to the EU budget might contribute the most to the increase in expenditures in 2014. A noticeable growth is expected in other capital expenditures as well since the government assumed the debt of HŽ Cargo, covered by government guarantees, on the basis of the 'third call of guarantee' rule and since, according to ESA rules, this transaction is recorded as a capital transfer in the year the debt was assumed. A rise in expenditures on social benefits is expected as well, while expenditures on subsidies are expected to decline substantially on account of savings related to the excessive deficit procedure, as well as due to the fact that national subsidies to

agriculture were partially replaced by direct payments to farmers from EU funds. In addition, a drop in investments is expected, mainly as a result of the reduced investment activity of the company Croatian Motorways, which is included in the scope of general government under ESA 2010.

Consolidated general government deficit and debt

In the first six months of 2014, general government net borrowing (ESA 2010) stood at HRK 12.8bn, up by HRK 1.3bn from the same period last year. The general government deficit (ESA 2010) could amount to HRK 19.5bn or 5.9% of GDP in the whole of 2014, widening by HRK 2.3bn or 0.7 percentage points of GDP from 2013.

General government net borrowing (on a cash basis, GFS 2001) stood at HRK 6.8bn in the first nine months of 2014, down by HRK 5.0bn from the same period last year. The bulk of the deficit was generated in the first quarter, while the third quarter saw a surplus of HRK 0.6bn. Broken down by general government levels, the major part of the deficit was generated at the state budget level, while local government generated a surplus of HRK 0.9bn, primarily in the third quarter. A small

Figure 9.3 Consolidated general government balance

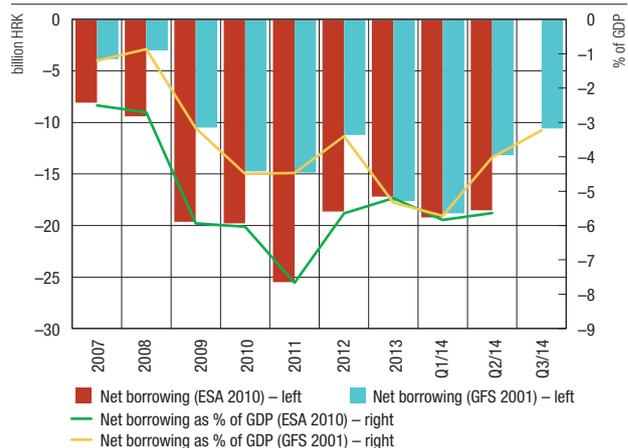
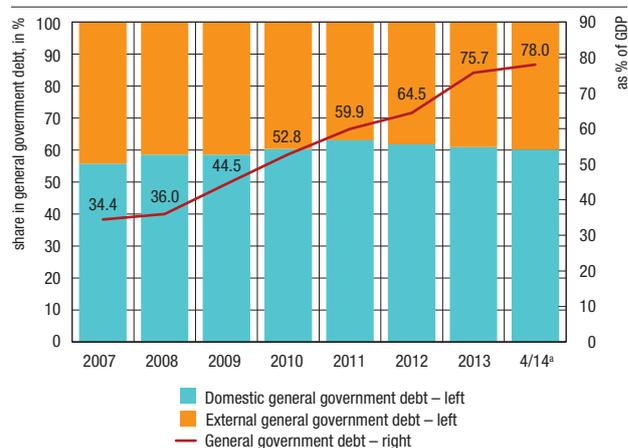


Figure 9.4 General government debt



surplus was generated by extrabudgetary users as well. The recording of the overall fiscal deficit in line with the GFS 2001 methodology is quite difficult for 2014 as the deficit also encompasses outlays for net loans. At end-2013, the State Audit Office ordered the Ministry of Finance to record the transfer of funds from foreign bond placements as outlays for loans, but in early 2014, the Ministry was instructed to record this amount as a receipt from previously granted loans. If data are adjusted by the estimated amount of transfer of funds from bond placements, the overall general government fiscal deficit stood at around HRK 8.5bn in the first nine months of 2014.

The general government debt under ESA 2010 continued to grow in the reference period, reaching HRK 256.1bn at end-September, up from the end of 2013 by HRK 6.1bn. The balance of liabilities arising from long-term debt securities saw the most substantial increase due to the two issues of domestic foreign currency-indexed bonds worth a total of EUR 1.15bn, launched at the beginning of the year, and the May launch of a government eurobond worth EUR 1.25bn on the foreign capital market. Liabilities arising from T-bills increased as well, while the balance of domestic loan liabilities decreased substantially owing to the repayment of a syndicated loan at end-September.

Box 6 Impact of ESA 2010 implementation on the general government balance and public debt and differences relative to the national budget accounting

In September 2014, the ESA 2010 statistical methodology replaced the ESA 95 methodology, which led to a revision of the national accounts statistics of all EU member states. As the new methodology changed the rules on the sector classification of institutional units, Croatian Motorways and the Rijeka-Zagreb Motorway have been reclassified from the sector of public corporations to the general government sector. The revision of public finance statistics caused an upsurge in public debt and a significant upward correction of the general government deficit in 2002–2004, i.e. the period of strong investment activity by the mentioned enterprises.

As plans for the state budget and extrabudgetary users and their execution are based on the national methodology, which differs significantly from ESA 2010, Ministry of Finance data are not comparable with the data of the Central Bureau of Statistics. Application of ESA methodology rules usually leads to an increase in the general government deficit relative to MoF data.

Impact of ESA 2010 implementation on general government fiscal accounts

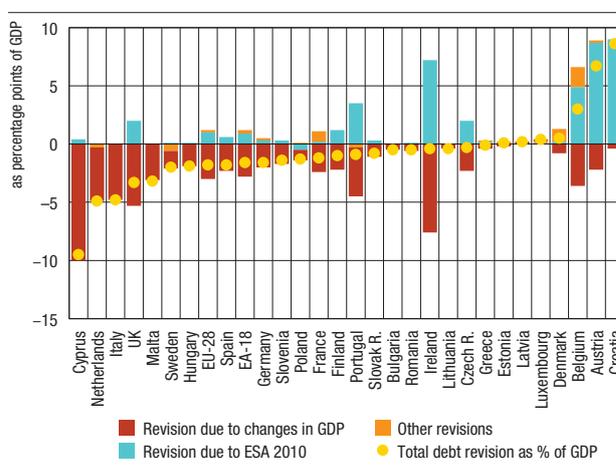
EU member states are obliged to maintain national accounts statistics in line with the European System of Accounts (ESA), an accounting framework the purpose of which is that the national accounts statistics of the EU member states should be maintained in a comparable and reliable manner. The application of the new methodology, ESA 2010, which replaced ESA 1995, started in September 2014. A shift to the new methodology led to the overall revision of national accounts data, including fiscal statistics.

Fiscal accounts under ESA 2010 were for the first time published for all EU members within the Excessive Deficit Procedure Report (Fiscal Report) of October 2014, while the previous (April) Fiscal Report presented the deficit and public debt for 2010–2013 in line with the ESA 1995 methodology. Institutions

of the member states responsible for compiling the national accounts used this transition to the new methodology to improve data sources and compilation methods, which also affected the revision of past data. Owing to revisions to GDP data, the deficit-to-GDP ratio has also changed. To explain the effect of these changes on fiscal accounts, Eurostat published not only the data required according to the new methodology but also a report on the main changes introduced by ESA 2010 and their fiscal impact on the 2010–2013 period, as well as the data on the impact of other factors on the revision of fiscal data relative to the previous (April) Fiscal Report.⁴⁵

The application of ESA 2010 led to the revision of fiscal data

Figure 9.5 Public debt revision between the April and October Fiscal Report for 2014



Source: Eurostat.

Table 9.1 General government balance in 2010 – 2013, differences between the October and April Fiscal Report for 2014

	General government balance as % of GDP – April Fiscal Report	Balance revision due to ESA 2010		Other revisions	Revision due to changes in GDP	Total revision of the balance as % of GDP	General government balance as % of GDP – October Fiscal Report
		Sector classification	Other				
2010	-6.4	0	0	0.2	0.1	0.3	6.0
2011	-7.8	-0.1	0	0.1	0.1	0.2	-7.7
2012	-5.0	-0.1	0	-0.6	0	-0.7	-5.6
2013	-4.9	-0.1	0	-0.2	0	-0.3	-5.2

Source: Eurostat.

Table 9.2 Differences between the deficit under the national methodology and ESA 2010

in million HRK

	2010	2011	2012	2013
1 General government balance under the national methodology	-14,592	-15,436	-11,432	-17,167
2 Adjustment of the general government coverage	-742	-761	-1,493	-970
3 Accrual adjustment of revenues	138	479	-1,234	2,372
4 Accrual adjustment of expenditures	-78	-1,054	-1,555	857
Liabilities of the Croatian Institute for Health Insurance	-81	-412	-1,105	1,496
Difference between paid and accrued interest	-410	-966	-882	-43
5 Other adjustments	-4,521	-8,723	-2,939	-2,281
Capital transfers	-4,522	-8,555	-1,507	-1,300
Debt assumption	-1,778	-7,044	-	-263
Net guarantees paid	-749	-83	-22	-138
Capital incentives	-909	-548	-650	-670
Repayment of debt to pensioners	-818	-819	-718	-112
Other capital transfers	-267	-61	-117	-117
Data revision	-11	-363	-1,597	-461
Net borrowing (-)/lending(+) of the general government under ESA 2010 (1+2+3+4+5)	-19,795	-25,494	-18,654	-17,189

Sources: CBS and MoF data adjusted by the CNB.

for Croatia through changes in the rules on the sector classification of institutional units; on this basis, Croatian Motorways (CM) and the Rijeka-Zagreb Motorway (ARZ) have been reclassified from the sector of public corporations to the general government sector. The reclassification of CM and ARZ had a lesser impact on the general government deficit than other factors in the period from 2010 to 2013. The deficit was reduced in 2010 thanks to the updating of data on activated central government guarantees and methodological adjustments in recording financial intermediation services indirectly measured (FISIM) and taxes. The deficit increased in 2012 and 2013 due to the updating of data on gross fixed capital formation and FISIM.

Deficit corrections for previous years are much larger. This particularly refers to the period from 2002 to 2004, when the deficit grew on average by more than 1.5 percentage points of GDP. Although the decomposition of the fiscal data revision for the years before 2010 is not available, it seems that this increase is mostly due to the inclusion of CM and ARZ into the general government sector as the deficit grew the most in the periods when investments of these enterprises were most intensive and when, according to available data, their deficits were large.

The inclusion of CM and ARZ in the general government sector led to an upsurge in the public debt of the general government. In late 2013, general government debt grew by 9% of GDP on account of the inclusion of CM and ARZ, while the increase in the total debt expressed as a percentage of GDP was slightly smaller (8.6%), since GDP also increased under the revision. Eurostat data show that due to the application of ESA 2010, public debt increased the most in Croatia, followed by Austria, Ireland and Belgium, while ESA 2010-related revisions in other member states were relatively small. In some countries, GDP revision had a strong positive effect on the public debt to GDP ratio.

Differences between the general government balance under ESA 2010 and under the national methodology

Plans for the state budget and extrabudgetary users and their execution adopted by the Croatian parliament are based on

the provisions of the national budget accounting and accounting plan and the Budget Act. These data are published by the Ministry of Finance and they are not comparable with non-financial fiscal accounts presented under the European statistical standard, which are prepared by the Central Bureau of Statistics (CBS).

Table 9.2 shows the differences between the deficit under the national methodology and under ESA 2010 for the period from 2010 to 2013. The data were taken from the Fiscal Report tables for October 2014. The first line shows the general government balance under the national methodology based on the data from the Fiscal Report and the Ministry of Finance data, followed by adjustments necessary to derive the general government balance under ESA 2010. Positive amounts reduce the ESA 2010 deficit relative to the deficit according to the national methodology and vice versa.

One of the main reasons behind the differences is the different coverage of units included in the general government sector.⁴⁶ Under ESA 2010, general government also comprises the public corporations Croatian Motorways and the Rijeka-Zagreb Motorway, Croatian Radiotelevision and Croatian Railways Infrastructure, while local government also includes own revenues and expenditures of individual users of local budgets. On the other hand, according to ESA 2010, general government does not include the State Agency for Deposit Insurance and Bank Rehabilitation.

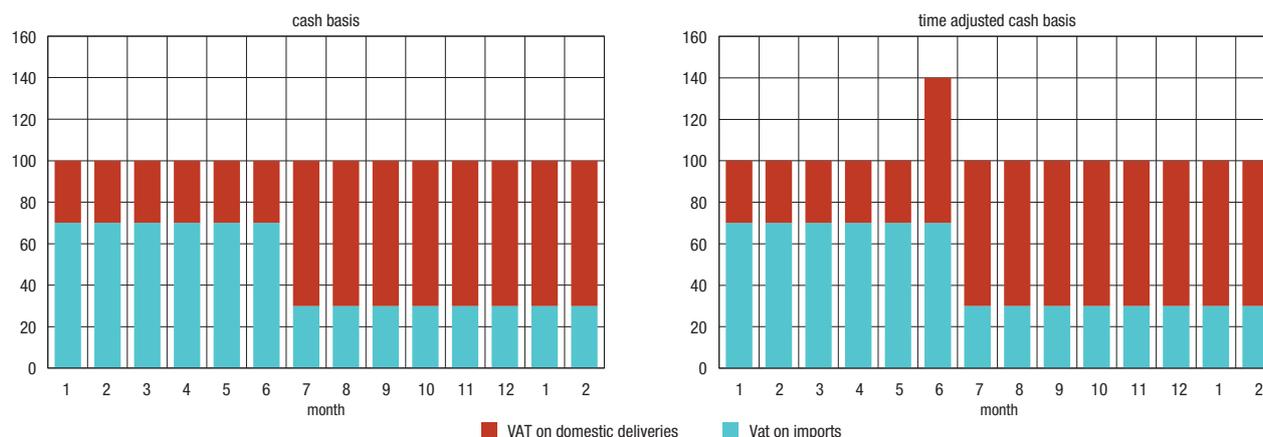
The second reason is that according to ESA 2010 fiscal transactions are recorded on an accrual basis, while under the national methodology fiscal transactions are mostly recorded on a cash basis, where revenues and expenditures are recorded at the moment they are paid into and paid out from the budget.⁴⁷

The CBS does not record the revenue side on an actual accrual basis but on a time adjusted cash basis, the use of which is allowed under ESA rules. In this method, cash revenues to the budget are recorded in the period that is estimated to reflect the occurrence of tax liability. A one-month lag is applied to revenues from VAT on domestic deliveries since, under the VAT Act,

⁴⁶ Generally speaking, there is not enough information on differences in methodologies. The CBS is the only compiler of government finance statistics in the EU which failed to publish the so-called EDP Inventory, i.e. a detailed list of ESA application in fiscal statistics.

⁴⁷ To some extent, differences also arise from different sources used by the CBS.

Figure 9.6 Example of the effect of changes in VAT calculated on EU imports on revenues under ESA methodology in 2013



Source: CNB.

VAT must be paid by the end of the month following the month in which VAT is calculated and reported (e.g. VAT paid to the budget in April is recorded under March). The lag is not applied to the VAT paid to the budget on the basis of import taxes as it must be paid to the budget within ten days following imports. This method is also applied to excise revenues, tax on insurance premiums, income tax and profit tax, where a four-month lag is applied to profit tax as the final calculation of profit tax for previous year is made by the end of April the following year, while a one-month lag is applied to the other taxes mentioned.

Figure 9.6 illustrates the effect of the transition of VAT revenue from the cash to the accrual basis in 2013. This was affected not only by the time adjustment of revenues but also by changes in the calculation of VAT on imports from EU member states after July 2013, when calculated revenues increased in statistical terms although there were no actual payments made to the budget. Following Croatia's accession to the EU, VAT on EU imports is no longer paid to the government budget when goods are imported but after the goods have been sold. This increased the share of VAT paid to the budget on the basis of domestic deliveries, while it decreased VAT revenues from import tax. As VAT revenues arising from domestic deliveries are subject to a one-month lag, while no lag is applied to VAT on imports, VAT revenues grew "artificially" in 2013. Unfortunately, this effect is not clearly quantified or explained in official documents.

The transition of expenditures to the accrual basis also leads to significant adjustments, mostly with regard to health-related expenditures. In particular, in contrast with new healthcare system arrears, current-year payments of the healthcare system

debt from previous years are not included in the current year deficit under ESA 2010. In 2013, HRK 3.3bn of healthcare system liabilities from previous years were paid, which increased expenditures under the national methodology, but is not included in the ESA 2010 deficit. As new arrears were accumulated in the same period, the difference between the related deficit under the national methodology and the ESA 2010 deficit stood at HRK 1.5bn. Significant differences may also occur in interest expenditures since, according to the accrual basis, interest is distributed linearly based on the actual number of days of the duration of the debt instrument, while interest expenses on a cash basis are recorded at the moment of payment.

Other adjustments also had a significant effect on the difference between the deficit under the national methodology and the deficit under ESA 2010, particularly in 2010 and 2011. This was largely due to the assumption of the shipyards' debts and the fact that they are treated as budget expenditure under ESA 2010, which is in turn the consequence of the ESA 2010 rule that, in the third year of payments under activated guarantees, the outstanding debt covered by government guarantees is treated as capital transfer (expenditure). In addition, according to ESA 2010, budget expenditures in the form of capital transfers also comprise other payments under guarantees, write-offs of certain claims and all acquisitions of financial assets where no return on investor's funds is expected. Based on this rule, outlays for CBRD recapitalisation are included into budget expenditures under ESA 2010, while according to the national methodology they are part of outlays for shares that are not included in expenditures.

10 Deviations from the previous projection

The estimated GDP dynamics for 2014 is lower than that of the previous projection (by -0.2 percentage points), as results proved to be less favourable than expected, in particular in the second quarter. The largest negative correction is observed in gross fixed capital formation and government consumption, while personal consumption has decreased only slightly and continues to make a negative contribution to GDP growth. Only

net exports, slightly higher than in the previous projection, stand out with their positive contribution to GDP growth.

Among aggregate demand components, total exports and imports record the largest upward correction because of exceptional growth rates from the first half of the year. On the other hand, government consumption and gross fixed capital formation are decreased because of a strong contraction in the first half of the

Table 10.1 Deviations from the previous projection

	2014			2015		
	Previous projection (7/2013)	Current projection	Deviation	Previous projection (7/2013)	Current projection	Deviation
National accounts (real rate of change, in %)^a						
GDP	-0.2	-0.5	-0.2	0.4	0.2	-0.2
Personal consumption	-0.6	-0.7	-0.1	-0.1	0.3	0.4
Government consumption	-0.6	-1.1	-0.5	-1.5	-1.2	0.3
Gross fixed capital formation	-2.7	-3.2	-0.5	1.1	0.3	-0.8
Exports of goods and services	3.9	6.2	2.3	3.1	2.8	-0.3
Imports of goods and services	2.0	4.0	2.0	2.4	2.6	0.2
Labour market						
Number of employed persons (average rate of change, in %)	-1.3	-2.1	-0.8	-0.4	-1.0	-0.6
Prices						
Consumer price index (average rate of change, in %)	0.1	-0.2	-0.3	1.6	0.2	-1.4
External sector^b						
Current account balance (as % of GDP)	1.9	0.8	-1.1	1.8	0.8	-1.0
Goods	-14.4	-14.9	-0.5	-14.1	-14.8	-0.7
Services	16.3	16.3	0.0	16.3	16.7	0.4
Factor income	-2.1	-2.8	-0.7	-2.6	-3.3	-0.7
Current transfers	2.1	2.1	0.1	2.2	2.2	0.0
Current and capital account balance (as % of GDP)	2.1	0.9	-1.1	2.2	1.3	-0.9
Gross external debt (as % of GDP)	105.0	107.9	2.9	102.7	107.8	5.1
Monetary developments (rate of change, in %)						
Total liquid assets – M4	2.4	3.6	1.2	2.9	3.0	0.0
Total liquid assets – M4 ^c	2.1	2.8	0.7	2.8	2.8	0.0
Credit institution placements	-0.5	-2.1	-1.5	1.0	0.0	-1.0
Credit institution placements ^{c, d}	-0.6	-2.6	-2.0	1.1	0.1	-1.1

^a Although the ESA 95 methodology was used in the previous projection, the growth rates of GDP components are approximately comparable between methodologies.

^b The BPM5 and the ESA 95 methodology were used in the previous projection. The move to new methodological standards had no effect on the current account balance, but it did contribute to the change in individual sub-accounts' balances, increasing gross external debt by about EUR 0.3bn.

^c Exchange rate effects excluded.

^d In addition to exchange rate effects, if we exclude one-off effects of the reduction of partly recoverable and fully irrecoverable placements of one credit institution which transferred a portion of its claims to a company indirectly owned by a parent bank, the bankruptcy of Centar banka d.d. and the methodological changes in the recording of fees, the growth rate of placements stands at 0.1% in 2013.

Source: CNB.

year. The expectation concerning movements in personal consumption in 2014 has been revised slightly downwards because of markedly unfavourable results in the third quarter.

For 2015, expectations about developments in real GDP have deteriorated slightly (by 0.2 percentage points). The largest correction is observed in gross fixed capital formation on the basis of the smaller expected effects of laws concerning investment promotion, the observed delay in the implementation of announced projects and a possible decrease in local government investments due to the loss of revenues on the basis of income tax. A correction in personal consumption is also observed, in the most part resulting from a positive impact of changes in income tax on household disposable income. The unfavourable correction of trends in total exports is a reflection of a lower expected growth in the main trading partners and their real imports. The rate of change in government consumption is increased to -1.2% in 2015 (previously -1.5%) because of smaller expected savings on the basis of Government's plans for 2015.

Expected developments in the labour market are slightly less favourable than in the previous projection. The total decrease in the number of employed persons is augmented by 0.8 percentage points from the latest projection. This is primarily the result of the negative corrections of the expected GDP growth rate and lower levels in the number of employed persons in the first ten months

of 2014 than had been expected. Accordingly, the expected movement in employment in 2015 has been downgraded slightly. The expected average monthly nominal gross and net wages and their real values have stagnated in 2014, which is slightly more favourable than in the projection from July 2014, when these values were expected to decrease moderately. In 2015, the expectations of real and nominal net wages are revised upwards considerably because of the changes in income tax adopted.

In 2014, the average annual inflation rate is expected to decelerate to -0.2% from 2.2% in 2013. This is an annual inflation rate 0.3 percentage points down from the previous projection, the consequence of the lower estimated average annual rate of change in all three main CPI categories compared to the previous projection, mostly food. This deviation is the consequence of the strong effect of the decline in global prices of food raw materials on the decrease in food prices from earlier forecasts. As regards crude oil prices in the world market, Brent crude oil prices (in kuna) in the current projection in the fourth quarter of 2014 have declined 15% from the previous quarter, while a 0.6% growth in prices was forecast in the previous projection.

The estimated average annual inflation rate for 2015 is down by 1.4 percentage points from the previous projection, which reflects lower carry-over effects of inflation from 2014 in all three main CPI components, in particular in energy and food. With

regard to the prices of energy, a steeper forecast fall in prices is observed at the end of 2014 than was expected in the previous projection, which has resulted in a sharp decline in the projected average annual rate of change in the prices of energy to -2.4% in 2015, while a 0.6% growth was expected in the previous projection. The new inflation projection is also lower because of the assumption that the annual growth of food prices will return to its long-term average more slowly.

The estimate of the current and capital account surplus for 2014 (0.9% of GDP) is downgraded from the July projection. Although because of the move to new methodological standards (BPM6 and ESA 2010) the July and the current projection of individual sub-accounts are not entirely comparable, the main reason for downgrading the overall balance estimate is to be found in primary income. According to the current projection, the estimated deficit in the primary income account is larger than in the previous forecasts, as a result of the higher profits of enterprises and banks owned by non-residents in the first three quarters. In addition, the data available for the first nine months show that tourism revenues rose somewhat weaker than earlier expected, while movements in foreign trade in goods were marked by a faster growth in exports and imports, with a less favourable balance. The anticipated current and capital account surplus for 2015 is also revised downwards. In contrast to the previously anticipated 2.2% of GDP, the current projection forecasts a lower surplus of 1.3% of GDP, as a consequence of a lower base and increased expectations about expenditures on direct equity investments.

While the July projection forecast a mild decrease in gross external debt in 2014, it is very probable that the debt will grow, with the relative indicator of external debt perhaps standing at about 108% of GDP at the end of the year, which is higher than in the previous projection (105% of GDP). Since gross external debt is expected to continue growing slightly in 2015, while

keeping its relative indicator at about 108% of GDP, it is higher than the previously forecast level of external debt, which is also partially the consequence of a lower forecast nominal GDP, as well as methodological changes. A strong negative effect of cross-currency changes on the projected debt balance at the end of 2014 and 2015 is also worth mentioning.

The decline in credit institutions' placements for 2014 was greater than in the previous expectations, from -0.5% to -2.1% . Downside risks to the projection of placements have materialised, so that the decrease in loans of non-financial corporations has intensified beyond expectation, in particular that of public non-financial corporations. At the same time, the dynamics of household deleveraging remains the same as in the previous years, which is in line with expectations. With regard to recent developments and numerous factors that have tended to ease demand for loans and the absence of economic recovery, 2015 is not expected to bring any reversal of the trend by an increase in credit activity towards other domestic sectors. In 2015, placements are expected to stagnate, while previously it was forecast that placements might grow slightly in that year. It is clear that the recovery in lending can be expected only in the medium-term period.

In contrast to credit aggregates, in 2014, monetary aggregates will be higher than envisaged in previous expectations. The increase in M4 in 2014 is estimated at 3.6% , while previously it was anticipated at 2.4% . This is to a large extent due to the continuation of the steady growth of M1 that is faster than expected, while kuna and foreign currency deposits of domestic sectors record growth. The depreciation of the exchange rate of the kuna against the US dollar and, to a lesser extent, against the euro, has also had an impact on the higher nominal balance of total liquid assets. The M4 growth in 2015 could be similar to that in 2014 (about 3%), which is in line with previous expectations.

11 Appendix

Table 11.1 Macroeconomic projections of other institutions
change in %

	GDP		Household consumption		Gross fixed capital formation		Exports of goods and services		Imports of goods and services		Industrial production		Consumer prices	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Ministry of Finance (Convergence Programme of the Republic of Croatia for the period 2014–2017)	0,0	1,2	-0,8	0,4	1,9	5,7	2,0	2,7	1,3	2,9	-	-	0,6	1,7
The Institute of Economics, Zagreb (July 2014)	-0,5	0,7	-0,5	0,1	-1,1	3,3	4,0	3,8	3,3	3,2	-	-	0,3	1,6
European Bank for Reconstruction and Development (September 2014)	-0,5	0,5	-	-	-	-	-	-	-	-	-	-	0,5	-
Croatian National Bank (December 2014)	-0,5	0,2	-0,6	0,6	-3,2	0,3	6,6	2,7	4,5	2,6	-	-	-0,2	0,2
World Bank (June 2014)	-0,5	1,2	-	-	-	-	-	-	-	-	-	-	-	-
Eastern Europe Consensus Forecasts (November 2014)	-0,6	0,4	-0,5	0,3	-2,5	1,1	-	-	-	-	0,3	1,7	0,0	1,5
European Commission (November 2014)	-0,7	0,2	-0,4	-0,2	-4,1	-0,1	5,4	3,6	3,4	2,6	-	-	0,2	0,6
Raiffeisen Research (November 2014)	-0,8	0,0	-0,3	0,1	-2,9	0,3	-	-	-	-	0,5	1,5	0,0	1,5
International Monetary Fund (October 2014)	-0,8	0,5	-	-	-	-	-	-	-	-	-	-	-0,3	0,2

Sources: Publications of the respective institutions.



Statistical survey

Classification and presentation of data on claims and liabilities

As from CNB Bulletin No. 207, the Croatian National Bank has begun to implement the ESA 2010 standard in its statistics, which also implies a revision of the historical data produced under the ESA 1995 standard. ESA 2010 is currently applied to external relations statistics (tables on the balance of payments, international investment position and external debt) and general government debt statistics, while the release of monetary statistics data under ESA 2010 is expected to begin in January 2015. The introduction of ESA 2010 in external relations statistics is only a part of a broad set of changes arising from the application of the methodology under the IMF's Balance of Payments and International Investment Position Manual, 6th edition (BPM6).

Among others, the implementation of ESA 2010 introduces changes in the part of the sector classification of institutional units. Thus, the sector classification of counterparties will be made in accordance with the Decision on the statistical classification of institutional sectors, which is to be published by the Central Bureau of Statistics (CBS). This classification by sectors is based on the European System of Accounts (ESA 2010), a mandatory statistical standard of the European Union, and is aligned with the basic international statistical standard – the System of National Accounts (SNA 2008).

Table 1 Overview of the sector classification under ESA 2010

Sector classification under ESA 2010
Non-financial corporations
Public non-financial corporations
National private non-financial corporations
Foreign controlled non-financial corporations
Financial corporations
Monetary financial institutions
Central bank
Other monetary financial institutions
Deposit-taking corporations, except the central bank (Credit institutions)
Money market funds
Financial corporations, except monetary financial institutions and insurance corporations and pension funds (Other financial corporations)
Non-money market investment funds
Other financial intermediaries, except insurance corporations and pension funds (Other financial intermediaries)
Financial auxiliaries
Captive financial institutions and money lenders
Insurance corporations
Pension funds
General government
Central government
State government
Local government
Social security funds
Households
Non-profit institutions serving households
Rest of the world

Data on claims and liabilities are classified according to institutional sectors and financial instruments.

The **non-financial corporations** sector consists of public non-financial corporations, national private non-financial corporations and foreign controlled non-financial corporations. This sector covers all institutional units which meet the criteria prescribed by the sector classification of institutional units for the relevant subsector. Non-financial corporations consist of institutional units which are independent legal entities and market producers, and whose principal activity is the production of goods and (or)

non-financial services.

The major changes relate to the **financial corporations** sector.

The financial corporations sector is subdivided into the following subsectors: monetary financial institutions, other financial corporations, insurance corporations and pension funds.

Monetary financial institutions consist of the central bank and other monetary financial institutions. The central bank is the Croatian National Bank. Other monetary financial institutions consist of deposit-taking corporations except the central bank and money market funds. Deposit-taking corporations except the central bank are credit institutions (banks, savings banks and housing savings banks). Credit institutions are institutions authorised by the Croatian National Bank under the Credit Institutions Act. The credit institutions sector does not include banks undergoing liquidation or bankruptcy proceedings. Money market funds include all financial corporations and quasi-corporations, except those classified in the central bank and in the credit institutions subsector, which are principally engaged in financial intermediation. Their business is to issue investment fund shares or units and make investments primarily in short-term debt instruments, deposits and money market fund shares or units. Their investment objective is to maintain the principal of the fund and generate yield in accordance with interest rates on money market instruments.

Other financial corporations consist of investment funds other than money market funds, other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders.

Non-money market investment funds consist of all forms of collective investment schemes, except those classified in the money market funds subsector, which are principally engaged in financial intermediation. Their business is to issue investment fund shares or units which are not close substitutes for deposits and, on their own account, to make investments primarily in long-term financial assets.

Other financial intermediaries are institutions which are principally engaged in financial intermediation by incurring liabilities in forms other than currency, deposits, and close substitutes for deposits. They include leasing companies, factoring corporations, banks undergoing liquidation or bankruptcy proceedings, credit unions, the Croatian Bank for Reconstruction and Development, etc.

Financial auxiliaries are institutions which are principally engaged in auxiliary financial activities and include, for instance, stock exchanges, exchange offices, financial regulatory authorities, insurance agents and brokers, investment firms, investment and pension fund management companies, the Central Depository and Clearing Company (CDCC), the Croatian Financial Services Supervisory Agency (HANFA), the Financial Agency (FINA), the State Agency for Deposit Insurance and Bank Rehabilitation (DAB), etc.

Captive financial institutions and money lenders include all financial corporations and quasi-corporations which are neither engaged in financial intermediation nor in providing financial auxiliary services and where most of their assets or their liabilities are not transacted on open markets. They include in particular: (a) units as legal entities such as trusts, estates, agencies accounts or "brass plate" companies; (b) holding companies that hold controlling levels of equity of a group of subsidiary corporations and whose principal activity is owning the group without administering or managing the group and providing any other service to the businesses in the group; (c) special purpose entities that qualify as

institutional units and raise funds in open markets to be used by their parent corporations; (d) units which provide financial services exclusively with own funds, or funds provided by a sponsor and incur the financial risk of the debtor defaulting. Examples are money lenders, corporations engaged in lending to students or for foreign trade from funds received from a sponsor such as a government unit or a non-profit institution, and pawnshops that predominantly engage in lending; (e) special purpose government funds, usually called sovereign wealth funds, if classified as financial corporations.

Insurance corporations consist of all financial corporations and quasi-corporations which are principally engaged in financial intermediation as a consequence of the pooling of risks mainly in the form of direct insurance or reinsurance.

Pension funds consist of all financial corporations and quasi-corporations which are principally engaged in financial intermediation as a consequence of the pooling of social risks and needs of the insured persons (social insurance). Pension funds as social insurance schemes provide income in retirement, and often benefits for death and disability.

The **general government** sector consists of institutional units which are non-market producers whose output is intended for individual and collective consumption, and are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth.

It consists of the following subsectors: central government, state government, local government and social security funds. The central government consists of state administration bodies (ministries, offices of the Government of the Republic of Croatia, state administration organisations and state administration offices in counties) and Croatian Motorways, Rijeka – Zagreb Motorway, Croatian Roads, Croatian Waters, Croatian Radiotelevision and Croatian Railways Infrastructure.

Social security funds include the Croatian Pension Insurance Administration, the Croatian Institute for Health Insurance and the Croatian Employment Service. Local government includes units of local and regional self-government and institutional units established and controlled by the local government. There is no state government subsector in the Republic of Croatia.

The **households** sector primarily consists of individual consumers but also of individual consumers and entrepreneurs (market producers). This sector also includes individuals or groups of individuals as producers of goods and non-financial services for exclusively own final use.

The **non-profit institutions serving households** sector consists of non-profit institutions which are separate legal entities,

which serve households and which are private non-market producers. Their principal resources are voluntary contributions in cash or in kind from households in their capacity as consumers, from payments made by government and from property income.

The **rest of the world** sector is a grouping of units without any characteristic functions and resources; it consists of non-resident units insofar as they are engaged in transactions with resident institutional units, or have other economic links with resident units. Its accounts provide an overall view of the economic relationships linking the national economy with the rest of the world. The institutions of the EU and international organisations are included. The rest of the world sector includes all foreign natural and legal persons.

Due to changes in the sector classification, all statistical series shown in the group of tables H International economic relations and Table I3 General government debt have been revised.

This change is not yet visible in tables A to G of the Statistical survey.

More specifically, up to November 2010, the sector classification in tables of the A1 – G group was based on the sector classification under the Decision on the Chart of Accounts for Banks, and data were based on the reporting system in accordance with the Decision relating to the bank statistical report. From December 2010 on, the sector classification of counterparties is made in accordance with the Decision on the statistical classification of institutional sectors published by the Central Bureau of Statistics (CBS). This classification by sectors is based on the European System of Accounts 1995 (ESA 1995). The data are based on the reporting system in accordance with the Decision on statistical and prudential reporting.

All data on claims and liabilities in tables A1 to D12 refer to balances at the end of the reporting period. Foreign currency items are reported in their kuna equivalent at the CNB's mid-point exchange rate at the end of the reporting period. In tables where there is a breakdown into kuna and foreign currency items, kuna items include kuna items not indexed to foreign currency and kuna items indexed to foreign currency. All items are reported on a gross basis (i.e. before value adjustments).

A detailed description of the sector classification which is still applicable to the data shown in tables A to D12 of the Statistical survey is given in section "Classification and presentation of data on claims and liabilities" of CNB bulletins, ending with CNB Bulletin No. 206.

A Monetary and credit aggregates

Table A1 Monetary and credit aggregates
end of period, in million HRK and %

Year	Month	Reserve money	Money M1	Broadest money M4	Net domestic assets	Domestic credit	Monthly rates of growth				
							Reserve money	Money M1	Broadest money M4	Net domestic assets	Domestic credit
2000	December	11,717.8	18,023.2	76,005.6	46,988.4	60,949.6	7.20	9.93	3.68	10.06	2.67
2001	December	17,864.6	23,749.5	109,951.7	61,290.3	75,103.2	8.21	13.11	11.47	3.61	1.19
2002	December	23,066.6	30,889.4	120,915.3	88,097.9	97,841.8	10.83	6.18	1.88	7.91	2.32
2003	December	30,637.9	33,940.4	135,200.4	102,429.0	112,075.1	9.08	1.93	0.46	3.37	0.60
2004	December	33,925.5	34,563.2	148,819.7	117,087.8	127,929.0	8.46	2.66	0.70	2.62	2.02
2005	December	40,441.9	38,868.2	166,161.3	142,867.8	150,245.3	9.51	4.46	0.55	2.37	2.01
2006	December	46,338.0	48,527.8	196,724.2	169,171.5	184,879.1	3.18	4.76	1.86	3.57	3.06
2007	December	51,932.2	57,886.6	233,080.1	183,673.5	213,200.1	3.75	6.73	3.95	3.56	2.67
2008	December	49,752.8	55,237.9	244,134.1	202,476.0	241,827.1	-9.89	8.16	3.30	5.61	2.76
2009	December	56,153.9	47,195.7	244,445.9	199,520.7	241,862.6	4.57	3.16	0.67	0.25	0.01
2010	December	56,353.8	48,301.4	251,738.5	207,240.1	256,504.6	3.00	-0.12	-0.79	1.44	-1.02
2011	December	62,559.6	51,934.5	255,730.6	221,732.4	269,114.2	3.76	3.27	0.15	2.40	1.08
2012	December ^a	61,856.3	52,780.4	263,788.3	213,562.9	258,492.0	3.55	4.49	0.26	0.62	-1.74
2013	November	61,623.6	56,798.7	270,889.6	205,579.6	258,229.3	0.48	-0.35	-0.85	-3.65	0.10
	December	63,043.9	58,532.7	271,516.1	206,232.5	256,560.3	2.30	3.05	0.23	0.32	-0.65
2014	January	65,728.1	57,082.5	271,169.0	206,464.6	254,254.2	4.26	-2.48	-0.13	0.11	-0.90
	February	62,524.9	56,524.5	269,989.4	207,698.5	254,723.8	-4.87	-0.98	-0.44	0.60	0.18
	March	64,079.6	57,099.0	271,780.9	212,552.4	255,795.8	2.49	1.02	0.66	2.34	0.42
	April	62,903.9	57,414.0	269,175.2	215,309.2	254,737.5	-1.83	0.55	-0.96	1.30	-0.41
	May	64,768.2	57,880.7	268,871.5	207,049.8	253,553.3	2.96	0.81	-0.11	-3.84	-0.46
	June	63,796.7	61,512.1	271,070.5	206,891.3	252,478.6	-1.50	6.27	0.82	-0.08	-0.42
	July	64,366.8	63,958.8	278,338.1	206,861.3	253,663.4	0.89	3.98	2.68	-0.01	0.47
	August	63,436.2	65,675.2	282,331.6	203,625.3	251,588.0	-1.45	2.68	1.43	-1.56	-0.82
	September	62,746.1	63,824.1	282,533.6	199,929.4	251,114.0	-1.09	-2.82	0.07	-1.82	-0.19
	October	62,379.7	62,167.3	281,498.8	200,363.2	251,587.1	-0.58	-2.60	-0.37	0.22	0.19

^a Within Domestic credit, claims on other domestic sectors fell by HRK 5.6bn in December 2012. This fall was fully attributable to a transaction of one credit institution which, in an effort to reduce the amount of partly recoverable and fully irrecoverable placements, transferred a total of HRK 5.6bn in its claims to a company indirectly owned by a parent bank.

Table A1 Monetary and credit aggregates • The table shows data on some basic monetary and credit aggregates, including their monthly growth rates.

As from CNB Bulletin No. 190, data on all the monetary aggregates have been revised from July 1999 onward to include housing savings banks in addition to the Croatian National Bank, banks and savings banks.

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 credit institutions, deposits with the CNB by other financial institutions as well as demand deposits with credit institutions.

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).

Up to November 2010, Domestic credit comprised banks' and housing savings banks' claims on other domestic sectors, other banking institutions and non-banking financial institutions.

From December 2010 on, Domestic credit comprises credit institutions' claims on other domestic sectors, other financial intermediaries, financial auxiliaries as well as insurance corporations and pension funds.

B Monetary institutions

Table B1 Monetary survey
end of period, in million HRK

	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec. ^a	2013 Dec.	2014				
						Mar.	Jun.	Sep.	Oct.	
ASSETS										
1 Foreign assets (net)	44,925.2	44,498.4	33,998.2	50,225.4	65,283.6	59,228.5	64,179.2	82,604.1	81,135.5	
2 Domestic credit	275,430.1	295,198.1	317,322.1	315,273.2	307,282.3	312,123.1	305,548.9	303,102.5	304,546.6	
2.1 Claims on central government and social security funds (net)	33,567.5	38,693.6	48,208.0	56,781.3	50,722.1	56,327.3	53,070.3	51,988.5	52,959.5	
2.2 Claims on other domestic sectors	240,118.1	250,294.2	261,982.9	247,816.4	246,630.2	247,298.1	244,330.6	243,237.9	243,702.9	
2.3 Claims on other banking institutions	633.9	....	....	....	....	....	....	....	....
2.4 Claims on non-banking financial institutions	1,110.6	....	....	....	....	....	....	....	....
2.5 Claims on other financial intermediaries	....	4,588.1	5,975.8	9,366.9	7,899.3	6,623.8	5,705.2	5,999.1	6,001.1
2.6 Claims on financial auxiliaries	....	967.9	1,022.8	1,065.5	1,276.3	1,308.1	1,321.0	1,350.7	1,375.0
2.7 Claims on insurance corporations and pension funds	....	654.3	132.6	243.1	754.5	565.9	1,121.7	526.2	508.1
Total (1+2)	320,355.3	339,696.6	351,320.4	365,498.7	372,565.9	371,351.6	369,728.1	385,706.6	385,682.1	
LIABILITIES										
1 Money	47,195.7	48,301.4	51,934.5	52,780.4	58,532.7	57,099.0	61,512.1	63,824.1	62,167.3	
2 Savings and time deposits	44,874.3	38,885.2	42,558.9	40,590.0	41,846.5	42,394.2	42,293.4	43,129.5	43,219.9	
3 Foreign currency deposits	135,509.1	147,320.5	144,486.8	152,649.2	154,921.2	155,961.8	151,444.1	160,137.5	160,571.5	
4 Bonds and money market instruments	16,866.7	17,231.3	16,750.4	17,768.7	16,215.6	16,326.0	15,820.9	15,442.4	15,540.1	
5 Restricted and blocked deposits	2,598.3	3,580.9	3,399.7	5,274.1	4,718.4	2,788.7	3,107.0	3,353.6	3,362.4	
6 Other items (net)	73,311.1	84,377.1	92,190.1	96,436.2	96,331.5	96,782.0	95,550.6	99,819.5	100,820.9	
Total (1+2+3+4+5+6)	320,355.3	339,696.6	351,320.4	365,498.7	372,565.9	371,351.6	369,728.1	385,706.6	385,682.1	

^a Claims on other domestic sectors fell by HRK 5.6bn in December 2012. This fall was fully attributable to a transaction of one credit institution which, in an effort to reduce the amount of partly recoverable and fully irrecoverable placements, transferred a total of HRK 5.6bn in its claims to a company indirectly owned by a parent bank.

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

As from CNB Bulletin No. 190, data on all the items have been revised from July 1999 onward to include housing savings banks in addition to the Croatian National Bank, banks and savings banks.

Foreign assets (net) is a difference between total foreign assets and total foreign liabilities of the CNB and credit institutions.

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

and credit institutions.

Money is the sum of currency outside credit institutions, deposits by other financial institutions with the CNB and demand deposits with credit institutions (item Demand deposits in the Credit institutions' 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 Credit institutions' accounts, while item Restricted and blocked deposits represents the sum of the corresponding items in the Monetary authorities accounts (excluding credit institutions' blocked deposits with the CNB) and the Credit institutions' accounts. Other items (net) are unclassified liabilities decreased by unclassified assets.

Table B2 Number of credit institutions and their classification by total assets

Year	Month	Total number of credit institutions	Banks	Savings banks	Housing savings banks	Savings banks ^a	Credit institutions 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
1	2	3 = 4 to 7	4	5	6	7	8	9	10	11	12	13
2000	December	78	45	0	4	29	28	23	9	6	10	2
2001	December	69	44	0	4	21	20	20	8	7	10	4
2002	December	59	46	0	3	10	12	16	9	9	8	5
2003	December	53	42	0	4	7	7	16	9	7	8	6
2004	December	49	39	0	4	6	7	13	10	8	5	6
2005	December	43	36	0	4	3	4	10	8	8	7	6
2006	December	43	35	0	5	3	6	6	6	11	6	8
2007	December	42	35	0	5	2	5	5	2	16	5	9
2008	December	43	35	1	5	2	4	8	1	14	7	9
2009	December	43	34	2	5	2	5	6	3	14	7	8
2010	December	38	32	1	5	0	1	5	2	12	10	8
2011	December	37	31	1	5	0	1	5	1	12	10	8
2012	December	36	30	1	5	0	1	5	1	11	10	8
2013	November	35	29	1	5	0	1	4	2	11	9	8
	December	35	29	1	5	0	1	4	2	11	9	8
2014	January	35	29	1	5	0	1	4	1	12	9	8
	February	35	29	1	5	0	1	4	1	11	9	9
	March	35	29	1	5	0	1	4	1	11	9	9
	April	35	29	1	5	0	1	4	1	11	9	9
	May	35	29	1	5	0	1	4	1	11	9	9
	June	35	29	1	5	0	1	4	1	11	9	9
	July	35	29	1	5	0	1	4	1	11	9	9
	August	35	29	1	5	0	1	4	1	11	9	9
	September	35	29	1	5	0	1	4	1	11	9	9
	October	35	29	1	5	0	1	4	1	11	9	9

^a Savings banks operated under the Act on Banks and Savings Banks of 1993.

Table B2 Number of reporting credit institutions and their classification by total assets • The table shows the total number of credit institutions which report monthly to the CNB. Their operations are shown in the Credit institutions' accounts. In line with European Central Bank regulations, the scope of the other monetary financial institutions is to be expanded to include money market funds.

Up to February 2005, monetary statistics included institutions whose authorisations have been withdrawn, but which have not initiated winding-up proceedings. Up to November 2010, monetary statistics included institutions undergoing winding-up proceedings.

The table also shows the classification of reporting credit institutions according to their total assets.

C Monetary authorities

Table C1 Monetary authorities accounts
end of period, in million HRK

	2009	2010	2011	2012	2013	2014			
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Oct.
ASSETS									
1 Foreign assets	75,807.8	78,728.2	84,302.0	84,782.1	98,583.0	92,666.8	93,390.9	92,396.7	96,860.1
1.1 Gold	-	-	-	-	-	-	-	-	-
1.2 Holdings of SDRs	2,423.7	2,634.5	2,716.3	2,662.3	2,601.4	2,632.8	2,626.7	2,724.3	2,749.4
1.3 Reserve position in the IMF	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5
1.4 Currency and demand deposits with foreign banks	1,763.8	1,483.0	1,887.2	10,647.4	7,576.9	5,013.0	3,578.2	4,020.2	3,874.1
1.5 Time deposits with foreign banks	17,534.5	22,702.9	18,676.4	6,298.8	20,819.1	14,076.9	18,251.5	15,774.3	19,619.9
1.6 Securities in f/c	54,084.5	51,906.5	61,020.7	65,172.2	67,584.3	70,942.7	68,933.0	69,876.6	70,615.2
1.7 Non-convertible foreign exchange	0.0	0.0	0.0	0.0	-	-	-	-	-
2 Claims on central government	2.9	0.3	251.8	-	-	-	-	-	-
2.1 Claims in kuna	2.9	0.3	251.8	-	-	-	-	-	-
2.2 Claims in f/c	-	-	-	-	-	-	-	-	-
3 Claims on other domestic sectors	3.5	3.1	2.8	2.5	2.3	2.2	2.2	2.1	2.1
4 Claims on credit institutions	13.5	12.9	139.2	11.8	11.3	11.2	11.0	11.0	11.0
4.1 Loans to credit institutions	13.5	12.9	139.2	11.8	11.3	11.2	11.0	11.0	11.0
Lombard loans	-	-	-	-	-	-	-	-	-
Short-term liquidity loans	-	-	126.8	-	-	-	-	-	-
Other loans	13.5	12.9	12.4	11.8	11.3	11.2	11.0	11.0	11.0
Reverse repo transactions	-	-	-	-	-	-	-	-	-
4.2 Overdue claims	-	-	-	-	-	-	-	-	-
5 Claims on other financial institutions	0.7	0.7	0.7	-	-	-	-	-	-
Total (1+2+3+4+5)	75,828.3	78,745.2	84,696.5	84,796.4	98,596.6	92,680.2	93,404.0	92,409.8	96,873.2
LIABILITIES									
1 Reserve money	56,153.9	56,353.8	62,559.6	61,856.3	63,043.9	64,079.6	63,796.7	62,746.1	62,379.7
1.1 Currency outside credit institutions	15,282.1	15,262.7	16,689.1	16,947.0	17,420.6	17,092.8	18,896.2	19,266.3	18,709.2
1.2 Credit institutions' cash in vaults	3,659.6	4,048.7	4,253.9	4,681.0	4,564.7	4,236.3	5,116.8	4,803.5	4,455.9
1.3 Credit institutions' deposits	37,200.1	36,937.6	41,436.0	39,636.7	40,707.7	42,126.7	38,640.4	38,067.8	38,537.5
Settlement accounts	12,024.6	10,246.1	12,705.0	11,509.2	15,080.9	16,832.0	13,401.4	12,608.7	12,828.5
Statutory reserve in kuna	23,600.6	22,705.1	25,755.0	24,555.7	22,024.6	21,834.3	21,822.9	21,967.5	22,167.2
CNB bills on obligatory basis	-	-	-	-	3,602.2	3,460.3	3,416.1	3,491.6	3,541.8
Overnight deposits	1,575.0	3,986.4	2,976.0	3,571.9	-	-	-	-	-
1.4 Deposits of other financial institutions	12.0	104.8	180.6	591.6	350.8	623.8	1,143.2	608.5	677.1
2 Restricted and blocked deposits	5,091.6	5,979.3	5,754.0	7,954.8	6,401.2	4,695.5	4,508.6	4,461.1	4,501.3
2.1 Statutory reserve in f/c	5,041.7	4,773.2	5,538.3	5,094.5	4,418.8	4,433.8	4,380.1	4,358.1	4,367.4
2.2 Restricted deposits	49.9	1,206.0	215.8	2,860.2	1,982.5	261.6	128.5	103.0	133.9
2.3 Blocked f/c deposits	-	-	-	-	-	-	-	-	-
3 Foreign liabilities	8.1	8.7	0.4	0.1	637.9	778.3	186.4	1,082.1	605.0
3.1 Use of IMF credit	-	-	-	-	-	-	-	-	-
3.2 Liabilities to international institutions	8.1	8.7	0.4	0.1	637.8	778.3	186.3	311.7	217.8
3.3 Liabilities to foreign banks	-	-	0.0	0.0	0.0	0.0	0.0	770.4	387.1
4 Deposits of central government and social security funds	4,159.4	4,106.2	1,439.2	146.6	13,446.8	8,103.3	10,452.9	7,786.5	12,499.2
4.1 Demand deposits	1,827.1	1,379.8	849.7	68.1	2,788.9	1,719.3	3,565.9	4,211.9	4,429.3
Central government demand deposits	1,772.9	1,379.8	849.7	68.1	2,788.9	1,719.3	3,565.9	4,211.9	4,429.3
Demand deposits of social security funds	54.2	-	-	-	-	-	-	-	-
4.2 Central government f/c deposits	2,332.2	2,726.4	589.5	78.5	10,657.9	6,384.0	6,887.0	3,574.6	8,069.9
4.3 CNB bills	-	-	-	-	-	-	-	-	-
5 CNB bills	-	-	-	-	-	-	-	-	-
5.1 CNB bills in kuna	-	-	-	-	-	-	-	-	-
5.2 CNB bills in f/c	-	-	-	-	-	-	-	-	-
6 Capital accounts	11,151.3	13,090.1	15,787.9	15,716.8	15,988.9	15,986.7	15,405.6	17,284.9	17,818.0
7 Other items (net)	-735.9	-792.9	-844.6	-878.1	-922.0	-963.2	-946.2	-950.9	-930.0
Total (1+2+3+4+5+6+7)	75,828.3	78,745.2	84,696.5	84,796.4	98,596.6	92,680.2	93,404.0	92,409.8	96,873.2

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

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

Claims on central government are loans, overdue claims on the budget of the Republic of Croatia and investments in short-term securities of the Republic of Croatia. In accordance with the Croatian National Bank Act that entered into force in July 2008, the Croatian National Bank may not extend credit to the Republic of Croatia. Hence, this item comprises only overdue claims on the budget of the Republic of Croatia based on the payment system operations and the liabilities to the IMF and foreign banks.

Claims on other domestic sectors are loans and overdue claims on other domestic sectors (up to CNB Bulletin No. 190, this item included claims on banks undergoing bankruptcy proceedings).

From May 1999 on, Claims on other financial institutions (up to CNB Bulletin No. 190, reported under Claims on other banking institutions) include overdue claims on credit institutions against which bankruptcy proceedings have been initiated.

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

Reserve money consists of currency outside credit institutions,

cash in credit institutions' vaults, credit institutions' deposits with the CNB and deposits of other financial institutions with the CNB.

Credit institutions' deposits are: settlement account balances, statutory reserves deposited on a special account with the CNB (including, from March 2006, the special reserve requirement on liabilities arising from issued securities), CNB bills on an obligatory basis and overnight deposits.

Deposits by other financial institutions are settlement account balances of the CBRD, CDCC deposits for securities trading and DAB deposits.

Restricted and blocked deposits include required foreign currency reserves and accrued interest, restricted deposits and blocked foreign currency deposits. Credit institutions are required to set aside the reserve requirements against certain foreign currency sources of funds and the marginal reserve requirements (from August 2004 to October 2008) in special accounts at the Croatian National Bank. Restricted deposits are kuna funds set aside on the basis of a court order or regulations, kuna funds set aside in the period between May 1999 and April 2002 and deposits of banks undergoing bankruptcy proceedings. From March 2010 on, this item includes CBRD funds related to the accounts of the programme for the development of the economy. Blocked foreign currency deposits are funds that were set aside in special accounts at the Croatian National Bank for repaying unpaid amounts due to foreign creditors.

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

Deposits of central government and social security funds are demand deposits and foreign currency deposits of the central government and social security funds with the CNB, and CNB bills purchased by institutions in the central government and social security funds' sector.

CNB bills are kuna and f/c CNB bills on a voluntary basis, excluding CNB bills voluntarily purchased by institutions in the central government and social security funds' sector.

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.

D Credit institutions

Table D1 Credit institutions' accounts
end of period, in million HRK

	2009	2010	2011	2012	2013	2014				
	Dec.	Dec.	Dec.	Dec. ^a	Dec.	Mar.	Jun.	Sep.	Oct.	
ASSETS										
1 Reserves with the CNB	45,902.1	45,745.5	51,114.0	49,411.3	49,707.5	50,813.7	48,154.1	47,246.8	47,374.9	
1.1 In kuna	40,860.4	40,169.1	45,590.6	44,316.8	45,288.8	46,379.9	43,774.0	42,888.8	43,007.5	
1.2 In f/c	5,041.7	5,576.4	5,523.5	5,094.5	4,418.8	4,433.8	4,380.1	4,358.1	4,367.4	
2 Foreign assets	49,577.0	47,878.2	40,044.9	39,118.6	36,681.3	38,446.1	37,783.7	52,694.9	44,028.5	
3 Claims on central government and social security funds	40,031.2	46,162.1	53,474.4	60,838.0	67,853.7	67,969.1	67,218.9	64,046.4	69,431.3	
4 Claims on other domestic sectors	240,114.6	250,291.1	261,980.1	247,813.8	246,627.9	247,295.8	244,328.5	243,235.8	243,700.8	
4.1 Claims on local government	2,074.2	3,348.1	3,563.3	3,500.1	4,231.8	4,112.8	4,420.8	4,556.1	4,531.3	
4.2 Claims on non-financial corporations	112,167.5	116,802.9	126,938.8	114,622.2	114,963.8	115,659.1	113,377.9	111,953.5	112,238.5	
4.3 Claims on households	125,872.8	130,140.1	131,478.0	129,691.5	127,432.3	127,523.9	126,529.8	126,726.2	126,931.0	
5 Claims on other banking institutions	633.9	....	....	....	....	....	....	....	....
6 Claims on non-banking financial institutions	1,109.9	....	....	....	....	....	....	....	....
7 Claims on other financial intermediaries	....	4,587.5	5,975.1	9,366.9	7,899.3	6,623.8	5,705.2	5,999.1	6,001.1
8 Claims on financial auxiliaries	....	967.9	1,022.8	1,065.5	1,276.3	1,308.1	1,321.0	1,350.7	1,375.0
9 Claims on insurance corporations and pension funds	....	654.3	132.6	243.1	754.5	565.9	1,121.7	526.2	508.1
Total (1+2+3+4+5+6+7+8+9)	377,368.7	396,286.6	413,744.0	407,857.2	410,800.5	413,022.5	405,633.2	415,100.0	412,419.7	
LIABILITIES										
1 Demand deposits	31,901.5	32,933.9	35,064.8	35,241.9	40,761.3	39,382.4	41,472.6	43,949.3	42,781.0	
2 Savings and time deposits	44,874.3	38,885.2	42,558.9	40,590.0	41,846.5	42,394.2	42,293.4	43,129.5	43,219.9	
3 Foreign currency deposits	135,509.1	147,320.5	144,486.8	152,649.2	154,921.2	155,961.8	151,444.1	160,137.5	160,571.5	
4 Bonds and money market instruments	16,866.7	17,231.3	16,750.4	17,768.7	16,215.6	16,326.0	15,820.9	15,442.4	15,540.1	
5 Foreign liabilities	80,451.5	82,099.3	90,348.3	73,675.1	69,342.9	71,106.0	66,809.0	61,405.4	59,148.1	
6 Deposits of central government and social security funds	2,307.2	3,362.6	4,079.1	3,910.1	3,684.8	3,538.6	3,695.6	4,271.4	3,972.6	
7 Credit from central bank	13.5	12.9	139.1	11.8	11.3	11.2	11.0	11.0	11.0	
8 Restricted and blocked deposits	2,548.4	2,374.9	3,183.9	2,413.9	2,735.9	2,527.0	2,978.5	3,250.5	3,228.5	
9 Capital accounts	66,784.4	72,555.2	77,208.3	80,700.6	83,245.1	84,331.1	85,056.5	86,356.2	86,659.4	
10 Other items (net)	-3,888.0	-489.3	-75.6	896.0	-1,964.3	-2,555.7	-3,948.6	-2,853.2	-2,712.4	
Total (1+2+3+4+5+6+7+8+9+10)	377,368.7	396,286.6	413,744.0	407,857.2	410,800.5	413,022.5	405,633.2	415,100.0	412,419.7	

^a Claims on other domestic sectors fell by HRK 5.6bn in December 2012. This fall was fully attributable to a transaction of one credit institution which, in an effort to reduce the amount of partly recoverable and fully irrecoverable placements, transferred a total of HRK 5.6bn in its claims to a company indirectly owned by a parent bank.

Table D1 Credit institutions' accounts • Credit institutions' accounts include data on claims and liabilities of credit institutions.

As from CNB Bulletin No. 190, data on all the items have been revised from July 1999 onward to include housing savings banks in addition to the Croatian National Bank, banks and savings banks. Mutual claims and liabilities between banks, savings banks and housing savings banks are consolidated.

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

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

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

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

Up to November 2010, the same forms of kuna and foreign currency claims were included in claims on other banking institutions and non-banking financial institutions, with one difference: Claims on other banking institutions also included deposits with those institutions. From December 2010 on, the same forms of kuna and foreign currency claims are included in claims on other financial intermediaries (including claims on the CBRD), financial auxiliaries as well as insurance corporations and pension funds.

Up to November 2010, items Demand deposits, Savings and time deposits, Foreign currency deposits as well as Bonds and money market instruments comprised credit institutions' liabilities to other domestic sectors, other banking institutions and non-banking financial institutions. From December 2010 on, these items comprise credit institutions' liabilities to other domestic sectors, other financial intermediaries, financial auxiliaries as well as insurance corporations and pension funds.

Demand deposits include transaction accounts balances and credit institutions' obligations arising from kuna payment

instruments issued, minus currency in the payment system, i.e. checks in credit institutions' 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 credit institutions' liabilities for securities issued (net) and loans received. Issued subordinated and hybrid instruments, purchased by foreign investors, are excluded from this item.

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

Deposits of central government and social security funds are all forms of credit institutions' kuna and foreign currency liabilities (except restricted and blocked deposits) to the central government and social security funds.

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

Up to November 2010, Restricted and blocked deposits comprised the following banks' liabilities: kuna and foreign currency restricted deposits by other domestic sectors, other banking institutions, non-banking financial institutions, central government as well as foreign legal and natural persons, and households' blocked

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

From December 2010 on, Restricted and blocked deposits comprise the following credit institutions' liabilities: kuna and foreign currency restricted deposits by other domestic sectors, other financial intermediaries, financial auxiliaries, insurance corporations and pension funds, central government as well as foreign legal and natural persons, and households' blocked foreign currency deposits, regulated by the Act on Converting Households' Foreign Currency Deposits into the Public Debt of the Republic of Croatia.

Capital accounts are share capital, retained earnings (loss), profit (loss) for the previous year, profit (loss) for the current year, legal reserves, reserves provided for by the articles of association and other capital reserves, reserves for general banking risks, deferred tax in equity, dividends paid in the current year, revaluation reserves, collectively and individually assessed impairment provisions for off-balance sheet items, value adjustments and collectively assessed impairment provisions.

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

Tables D2 – D12 • This group of tables (with the exception of tables D5, D5a, D5b, D5c and D5d) provides a detailed analysis of the relevant asset and liability items in Table D1 (Credit institutions' accounts).

Table D2 Foreign assets of credit institutions
end of period, in million HRK

	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
						Mar.	Jun.	Sep.	Oct.
1 Foreign assets in f/c	49,230.3	46,906.2	39,109.0	37,343.7	35,392.2	37,464.8	36,626.3	49,934.8	42,048.4
1.1 Claims on foreign financial institutions	34,186.6	32,056.3	29,655.0	28,730.5	26,954.4	28,511.9	28,062.8	39,421.5	31,768.1
Foreign currencies	1,772.6	1,623.1	1,940.5	1,758.0	1,804.9	1,617.4	2,270.2	1,733.0	1,568.7
Demand deposits	1,338.7	1,175.2	2,377.1	5,457.7	4,414.0	3,967.5	4,829.3	11,080.0	6,406.3
Time and notice deposits	29,254.5	27,129.2	22,372.8	15,915.9	15,751.5	18,154.5	16,172.6	21,830.1	19,066.1
Securities	1,629.0	1,896.5	2,847.4	5,360.6	4,821.8	4,540.9	4,582.5	3,855.1	3,868.8
Loans and advances	117.6	170.1	8.7	187.7	53.2	119.3	103.6	865.0	797.6
Shares and participations	74.2	62.1	108.5	50.6	109.0	112.3	104.6	58.3	60.6
1.2 Claims on foreign non-financial institutions	15,043.7	14,849.9	9,454.0	8,613.2	8,437.8	8,953.0	8,563.6	10,513.4	10,280.3
Claims on foreign governments	13,477.2	12,906.2	7,544.3	6,944.0	6,333.0	6,794.4	6,526.1	8,568.7	8,322.4
Claims on other non-residents	1,534.5	1,926.6	1,902.7	1,643.2	2,068.3	2,124.2	2,005.6	1,861.2	1,871.4
Securities	205.4	271.7	55.1	0.1	14.4	14.3	21.3	41.5	41.7
Loans and advances	1,329.1	1,654.9	1,847.7	1,643.1	2,053.8	2,109.9	1,984.3	1,819.7	1,829.6
Shares and participations	32.0	17.1	6.9	26.0	36.6	34.3	31.9	83.4	86.5
2 Foreign assets in kuna	346.7	972.1	935.9	1,774.9	1,289.1	981.2	1,157.4	2,760.0	1,980.1
2.1 Claims on foreign financial institutions	86.3	713.7	764.4	1,583.4	1,105.3	798.8	918.0	2,517.4	1,733.7
2.2 Claims on foreign non-banks	260.3	258.3	171.5	191.5	183.8	182.5	239.4	242.7	246.4
o/w: Loans and advances	260.0	258.0	171.2	191.2	183.5	182.1	239.1	242.3	246.1
Total (1+2)	49,577.0	47,878.2	40,044.9	39,118.6	36,681.3	38,446.1	37,783.7	52,694.9	44,028.5

Table D2 Foreign assets of credit institutions • This table shows credit institutions' claims on foreign legal and natural persons.

Foreign assets of credit institutions comprise foreign assets in

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

Table D3 Credit institutions' claims on the central government and social security funds
end of period, in million HRK

	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
						Mar.	Jun.	Sep.	Oct.
1 In kuna	23.306,6	27.968,6	31.215,7	32.801,9	39.062,5	39.714,8	39.968,8	40.406,0	40.731,6
1.1 Claims on central government	21.517,8	27.967,6	31.213,5	32.800,3	39.061,6	39.713,9	39.968,2	40.405,6	40.728,2
Securities	18.592,7	21.932,2	22.831,0	19.556,8	23.186,1	24.135,8	24.214,1	24.680,8	25.054,9
o/w: Bonds (c'part to f/c savings deposits)	5,2	17,1	16,3	15,6	15,6	15,7	–	–	–
Loans and advances	2.925,1	6.035,4	8.382,5	13.243,5	15.875,5	15.578,1	15.754,1	15.724,7	15.673,3
1.2 Claims on social security funds	1.788,8	1,0	2,2	1,6	0,9	0,9	0,6	0,5	3,4
Securities	–	–	–	–	–	–	–	–	–
Loans and advances	1.788,8	1,0	2,2	1,6	0,9	0,9	0,6	0,5	3,4
2 In f/c	16.724,6	18.193,4	22.258,7	28.036,1	28.791,2	28.254,3	27.250,1	23.640,4	28.699,7
2.1 Claims on central government	14.793,1	18.193,4	22.258,7	28.036,1	28.791,2	28.254,3	27.250,1	23.640,4	28.699,7
Securities	234,7	207,7	1.281,2	6.907,5	5.328,5	5.611,4	5.964,1	6.197,2	6.696,7
Loans and advances	14.558,4	17.985,7	20.977,5	21.128,6	23.462,7	22.642,9	21.285,9	17.443,2	22.003,0
2.2 Claims on social security funds	1.931,6	–	–	–	–	–	–	–	–
Securities	–	–	–	–	–	–	–	–	–
Loans and advances	1.931,6	–	–	–	–	–	–	–	–
Total (1+2)	40.031,2	46.162,1	53.474,4	60.838,0	67.853,7	67.969,1	67.218,9	64.046,4	69.431,3

Table D3 Credit institutions' claims on the central government and social security funds • The table shows credit institutions' kuna and foreign currency claims on the central government and social security funds. Item Securities, shown under kuna claims

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

Table D3a Credit institutions' kuna claims on the central government and social security funds
end of period, in million HRK

	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
					Mar.	Jun.	Sep.	Oct.
1 Kuna claims not indexed to foreign currency	16,278.6	18,224.7	18,072.2	22,623.8	24,680.0	24,805.4	25,346.3	25,437.8
1.1 Claims on central government	16,277.6	18,222.4	18,070.6	22,622.8	24,679.1	24,804.7	25,345.8	25,434.4
Securities	12,633.4	14,070.4	12,650.7	15,897.2	18,135.5	18,739.7	19,537.2	19,645.2
Loans and advances	3,644.2	4,152.0	5,419.9	6,725.6	6,543.6	6,065.1	5,808.7	5,789.1
1.2 Claims on social security funds	1,0	2,2	1,6	0,9	0,9	0,6	0,5	3,4
Securities	–	–	–	–	–	–	–	–
Loans and advances	1,0	2,2	1,6	0,9	0,9	0,6	0,5	3,4
2 Kuna claims indexed to foreign currency	11,690.0	12,991.1	14,729.7	16,438.8	15,034.8	15,163.4	15,059.8	15,293.8
2.1 Claims on central government	11,690.0	12,991.1	14,729.7	16,438.8	15,034.8	15,163.4	15,059.8	15,293.8
Securities	9,298.8	8,760.6	6,906.1	7,288.8	6,000.2	5,474.4	5,143.7	5,409.7
o/w: Bonds (c'part to f/c savings deposits)	17.0	16.3	15.6	15.6	15.7	–	–	0.0
Loans and advances	2,391.2	4,230.5	7,823.6	9,149.9	9,034.5	9,689.0	9,916.1	9,884.2
2.2 Claims on social security funds	–	–	–	–	–	–	–	–
Securities	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–
Total (1+2)	27,968.6	31,215.7	32,801.9	39,062.5	39,714.8	39,968.8	40,406.0	40,731.6

Table D3a Credit institutions' kuna claims on the central government and social security funds • The table provides a detailed analysis of the claims in kuna item in Table D3, showing

separately claims not indexed to foreign currency and claims indexed to foreign currency.

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

	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec. ^a	2013 Dec.	2014			
						Mar.	Jun.	Sep.	Oct.
1 Claims in kuna	218,545.6	224,689.7	232,466.6	223,356.3	219,349.1	219,414.9	216,824.0	216,819.7	216,991.0
1.1 Money market instruments	2,040.2	1,906.0	2,165.9	3,786.7	4,325.0	4,576.9	4,490.8	4,474.2	4,513.7
1.2 Bonds	1,691.0	1,714.7	1,734.5	1,553.1	1,110.9	1,153.4	1,084.1	1,094.5	1,085.3
1.3 Loans and advances	212,551.5	219,978.2	227,495.7	216,980.4	212,710.4	212,469.7	210,008.8	209,990.3	210,130.9
1.4 Shares and participations	2,262.9	1,090.7	1,070.6	1,036.1	1,202.7	1,214.9	1,240.3	1,260.6	1,261.2
2 Claims in f/c	21,569.1	25,601.4	29,513.5	24,457.5	27,278.8	27,880.9	27,504.5	26,416.1	26,709.8
2.1 Securities	441.1	106.0	163.0	143.5	217.7	147.5	188.7	233.0	265.8
2.2 Loans and advances	21,128.0	25,495.4	29,350.4	24,314.0	27,061.1	27,733.4	27,315.8	26,183.1	26,444.0
Total (1+2)	240,114.6	250,291.1	261,980.1	247,813.8	246,627.9	247,295.8	244,328.5	243,235.8	243,700.8

^a Claims on other domestic sectors fell by HRK 5.6bn in December 2012. This fall was fully attributable to a transaction of one credit institution which, in an effort to reduce the amount of partly recoverable and fully irrecoverable placements, transferred a total of HRK 5.6bn in its claims to a company indirectly owned by a parent bank.

Table D4 Credit institutions' claims on other domestic sectors • The table shows credit institutions' kuna and foreign currency claims on other domestic sectors, classified according to financial instruments: money market instruments (including factoring and forfeiting since January 2004), bonds, loans and advances, and equities.

From January 2004 to November 2010, factoring and

forfeiting were in their entirety included in money market instruments. From December 2010 on, factoring and forfeiting which credit institutions report within the loan portfolio are included in loans and advances. Factoring and forfeiting in all other portfolios are reported within money market instruments (with original maturity of up to and including one year) or bonds (with original maturity of over one year).

Table D4a Credit institutions' kuna claims on other domestic sectors
end of period, in million HRK

	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
					Mar.	Jun.	Sep.	Oct.
1 Kuna claims not indexed to foreign currency	66,440.4	66,228.5	64,761.5	66,973.4	68,933.1	70,033.7	71,021.3	71,346.8
1.1 Money market instruments	1,720.7	2,030.7	3,176.5	3,692.2	3,895.4	3,873.5	3,937.0	3,944.8
1.2 Bonds	1,381.8	1,024.9	1,047.4	878.2	928.5	872.4	907.3	897.2
1.3 Loans and advances	62,247.2	62,102.3	59,501.5	61,200.3	62,894.3	64,047.5	64,916.3	65,243.6
1.4 Shares and participations	1,090.7	1,070.6	1,036.1	1,202.7	1,214.9	1,240.3	1,260.6	1,261.2
2 Kuna claims indexed to foreign currency	158,249.3	166,238.1	158,594.8	152,375.7	150,481.8	146,790.3	145,798.4	145,644.2
2.1 Securities	518.2	844.7	1,115.8	865.5	906.4	828.9	724.4	756.9
2.2 Loans and advances	157,731.1	165,393.4	157,479.0	151,510.2	149,575.5	145,961.3	145,074.0	144,887.3
Total (1+2)	224,689.7	232,466.6	223,356.3	219,349.1	219,414.9	216,824.0	216,819.7	216,991.0

Table D4a Credit institutions' kuna claims on other domestic sectors • The table provides a detailed analysis of the Claims in

kuna item in Table D4, showing separately claims not indexed to foreign currency and claims indexed to foreign currency.

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

	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
						Mar.	Jun.	Sep.	Oct.
LOANS IN KUNA									
1 Loans to central government and social security funds	4,713.9	6,036.4	8,384.7	13,245.1	15,876.5	15,579.0	15,754.7	15,725.2	15,676.7
1.1 Loans to central government	2,925.1	6,035.4	8,382.5	13,243.5	15,875.5	15,578.1	15,754.1	15,724.7	15,673.3
1.2 Loans to social security funds	1,788.8	1.0	2.2	1.6	0.9	0.9	0.6	0.5	3.4
2 Loans to local government	1,795.4	3,096.8	3,360.1	3,346.3	4,113.1	4,002.5	4,313.1	4,458.3	4,439.9
3 Loans to non-financial corporations	85,206.2	87,099.3	93,018.7	84,260.3	81,425.7	81,230.8	79,425.1	79,084.2	79,036.5
4 Loans to households	125,549.8	129,782.2	131,117.0	129,373.9	127,171.6	127,236.4	126,270.6	126,447.7	126,654.6
o/w: Housing loans	55,927.1	60,955.4	63,016.7	62,662.3	61,450.0	61,276.7	60,274.8	60,347.9	60,472.4
5 Loans to other banking institutions	102.0	....	....	....	....	....	....	....	....
6 Loans to non-banking financial institutions	689.0	....	....	....	....	....	....	....	....
7 Loans to other financial intermediaries	....	3,555.4	3,789.8	7,435.1	5,552.7	4,087.8	3,393.4	3,690.5	3,717.7
8 Loans to financial auxiliaries	....	604.6	608.9	661.3	797.9	844.3	830.1	846.3	861.2
9 Loans to insurance corporations and pension funds	....	487.1	23.2	134.1	474.6	392.2	670.7	350.4	332.3
A Total (1+2+3+4+5+6+7+8+9)	218,056.4	230,661.8	240,302.3	238,455.9	235,412.0	233,373.0	230,657.7	230,602.8	230,718.8
LOANS IN F/C									
1 Loans to central government and social security funds	16,489.9	17,985.7	20,977.5	21,128.6	23,462.7	22,642.9	21,285.9	17,443.2	22,003.0
1.1 Loans to central government	14,558.4	17,985.7	20,977.5	21,128.6	23,462.7	22,642.9	21,285.9	17,443.2	22,003.0
1.2 Loans to social security funds	1,931.6	-	-	-	0.0	-	-	-	-
2 Loans to local government	3.0	0.5	0.3	0.2	8.6	8.2	7.6	7.2	7.2
3 Loans to non-financial corporations	20,802.0	25,149.9	29,022.2	24,051.5	26,798.4	27,444.4	27,053.5	25,901.8	26,165.5
4 Loans to households	323.0	345.0	327.9	262.3	254.1	280.8	254.8	274.1	271.3
5 Loans to other banking institutions	65.7	....	....	....	....	....	....	....	....
6 Loans to non-banking financial institutions	269.4	....	....	....	....	....	....	....	....
7 Loans to other financial intermediaries	....	367.5	446.0	293.5	624.7	758.7	530.6	528.8	525.4
8 Loans to financial auxiliaries	....	17.5	48.8	37.9	42.0	33.8	61.0	74.5	83.9
9 Loans to insurance corporations and pension funds	....	0.0	0.0	-	106.9	0.0	283.9	-	-
B Total (1+2+3+4+5+6+7+8+9)	37,953.0	43,866.1	50,822.7	45,774.1	51,297.5	51,168.9	49,477.3	44,229.5	49,056.4
TOTAL (A+B)	256,009.4	274,527.9	291,125.0	284,230.0	286,709.5	284,541.9	280,135.0	274,832.3	279,775.2

Table D5 Distribution of credit institutions' loans by domestic institutional sectors • The table shows data on kuna and foreign currency loans granted by credit institutions to domestic sectors, including acceptances, financial leases, payments made on the basis of guarantees and similar instruments, purchased claims, and until December 2003 factoring and forfeiting. From December 2010 on, loans include the following types of loans: overnight loans, loans for payments made on the basis of guarantees and similar instruments, reverse repo loans, shares in syndicated loans, financial leases, consumer loans, education

loans, housing loans, mortgage loans, car loans, credit card loans, overdrafts on transaction accounts, margin loans, Lombard loans, working capital loans, construction loans, agricultural loans, tourism loans, investment loans, export finance loans, any-purpose cash loans, factoring and forfeiting in the portfolio of loans and claims and other loans.

Tables D5a – D5d • This group of tables provides a detailed analysis of the corresponding items in Table D5 Distribution of credit institutions' loans by domestic institutional sectors.

Table D5a Distribution of credit institutions' kuna loans by domestic institutional sectors
end of period, in million HRK

	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
					Mar.	Jun.	Sep.	Oct.
KUNA LOANS NOT INDEXED TO FOREIGN CURRENCY								
1 Loans to central government and social security funds	3,645.2	4,154.2	5,421.5	6,726.5	6,544.5	6,065.7	5,809.1	5,792.6
1.1 Loans to central government	3,644.2	4,152.0	5,419.9	6,725.6	6,543.6	6,065.1	5,808.7	5,789.1
1.2 Loans to social security funds	1.0	2.2	1.6	0.9	0.9	0.6	0.5	3.4
2 Loans to local government	896.4	953.9	974.7	796.4	848.8	801.4	863.3	858.0
3 Loans to non-financial corporations	28,612.9	30,226.7	27,943.5	28,533.9	29,184.8	29,075.5	29,252.6	29,391.8
4 Loans to households	32,737.8	30,921.8	30,583.2	31,869.9	32,860.6	34,170.7	34,800.4	34,993.8
5 Loans to other financial intermediaries	2,739.2	2,928.2	6,650.0	4,931.2	3,417.8	2,769.8	2,485.2	2,513.4
6 Loans to financial auxiliaries	445.7	356.1	473.3	665.4	695.0	675.0	703.2	715.3
7 Loans to insurance corporations and pension funds	483.7	20.0	131.1	470.7	389.4	668.0	347.7	329.6
A Total (1+2+3+4+5+6+7)	69,560.9	69,560.9	72,177.3	73,994.1	73,941.0	74,226.0	74,261.5	74,594.5
KUNA LOANS INDEXED TO FOREIGN CURRENCY								
1 Loans to central government and social security funds	2,391.2	4,230.5	7,823.6	9,149.9	9,034.5	9,689.0	9,916.1	9,884.2
1.1 Loans to central government	2,391.2	4,230.5	7,823.6	9,149.9	9,034.5	9,689.0	9,916.1	9,884.2
1.2 Loans to social security funds	-	-	-	-	-	-	-	-
2 Loans to local government	2,200.4	2,406.2	2,371.5	3,316.7	3,153.7	3,511.7	3,595.0	3,581.9
3 Loans to non-financial corporations	58,486.3	62,792.0	56,316.8	52,891.8	52,046.0	50,349.7	49,831.6	49,644.6
4 Loans to households	97,044.4	100,195.2	98,790.6	95,301.7	94,375.7	92,099.9	91,647.4	91,660.8
5 Loans to other financial intermediaries	816.2	861.6	785.1	621.5	669.9	623.7	1,205.3	1,204.3
6 Loans to financial auxiliaries	159.0	252.8	188.0	132.5	149.3	155.0	143.2	145.9
7 Loans to insurance corporations and pension funds	3.4	3.2	3.0	3.8	2.8	2.7	2.7	2.7
B Total (1+2+3+4+5+6+7)	161,100.9	170,741.4	166,278.7	161,418.0	159,432.0	156,431.7	156,341.3	156,124.3
TOTAL (A+B)	230,661.8	240,302.3	238,455.9	235,412.0	233,373.0	230,657.7	230,602.8	230,718.8

Table D5a Distribution of credit institutions' kuna loans by domestic institutional sectors • The table provides a detailed analysis of the Loans in kuna item in Table D5, showing

separately loans not indexed to foreign currency and loans indexed to foreign currency.

Table D5b Distribution of credit institutions' loans by domestic institutional sectors and original maturity
end of period, in million HRK

	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
					Mar.	Jun.	Sep.	Oct.
1 Loans to central government and social security funds	24,022.1	29,362.2	34,373.6	39,339.1	38,222.0	37,040.6	33,168.4	37,679.7
1.1 Loans to central government	24,021.1	29,360.0	34,372.1	39,338.2	38,221.0	37,040.0	33,167.9	37,676.3
Up to 1 year	1,647.9	1,358.9	2,938.6	898.8	2,081.6	2,438.1	2,062.3	1,249.6
Over 1 and up to 5 years	5,763.5	8,952.7	10,243.2	17,461.6	18,277.3	17,114.5	14,372.1	19,235.6
Over 5 years	16,609.7	19,048.5	21,190.2	20,977.8	17,862.1	17,487.4	16,733.5	17,191.1
1.2 Loans to social security funds	1.0	2.2	1.6	0.9	0.9	0.6	0.5	3.4
Up to 1 year	1.0	2.2	1.6	0.9	0.9	0.6	0.5	0.4
Over 1 and up to 5 years	–	–	–	–	–	–	–	3.0
Over 5 years	0.0	0.0	0.0	0.0	–	–	–	–
2 Loans to local government	3,097.2	3,360.4	3,346.5	4,121.7	4,010.7	4,320.7	4,465.6	4,447.1
Up to 1 year	195.4	323.0	261.1	150.4	212.5	179.8	249.1	225.1
Over 1 and up to 5 years	554.2	470.8	793.9	714.6	480.8	477.5	397.7	407.0
Over 5 years	2,347.6	2,566.6	2,291.5	3,256.7	3,317.4	3,663.3	3,818.8	3,815.1
3 Loans to non-financial corporations	112,249.2	122,040.9	108,311.9	108,224.1	108,675.2	106,478.6	104,986.0	105,202.0
Up to 1 year	27,053.9	28,517.1	23,389.1	22,812.8	23,489.9	22,205.0	22,598.8	22,642.7
Over 1 and up to 5 years	36,481.4	35,766.2	28,075.3	26,188.5	26,730.2	25,631.6	23,825.9	23,992.2
Over 5 years	48,713.9	57,757.5	56,847.5	59,222.8	58,455.0	58,642.0	58,561.3	58,567.0
4 Loans to households	130,127.2	131,444.9	129,636.2	127,425.8	127,517.2	126,525.4	126,721.9	126,925.8
Up to 1 year	12,092.7	12,138.1	12,483.0	12,007.9	12,187.1	12,301.8	12,351.5	12,324.5
Over 1 and up to 5 years	10,977.9	10,274.8	9,471.9	9,599.8	9,805.0	9,853.9	9,820.0	9,832.7
Over 5 years	107,056.7	109,032.0	107,681.3	105,818.1	105,525.2	104,369.7	104,550.4	104,768.7
5 Loans to other financial intermediaries	3,922.9	4,235.8	7,728.6	6,177.5	4,846.5	3,924.0	4,219.2	4,243.1
Up to 1 year	1,190.7	1,456.3	1,477.0	1,602.3	1,832.0	1,563.3	1,738.9	1,787.0
Over 1 and up to 5 years	2,220.8	2,265.2	5,293.6	3,751.7	2,215.1	1,513.0	1,656.8	1,642.0
Over 5 years	511.4	514.2	958.0	823.5	799.3	847.8	823.6	814.1
6 Loans to financial auxiliaries	622.2	657.7	699.2	839.9	878.1	891.1	920.8	945.1
Up to 1 year	474.9	456.2	526.3	724.8	759.5	751.5	791.3	804.6
Over 1 and up to 5 years	123.2	111.2	98.4	48.4	45.9	46.6	37.5	41.3
Over 5 years	24.1	90.3	74.5	66.7	72.7	93.0	92.0	99.2
7 Loans to insurance corporations and pension funds	487.1	23.2	134.1	581.5	392.2	954.6	350.4	332.3
Up to 1 year	483.7	20.0	131.1	577.7	389.4	952.0	347.7	329.6
Over 1 and up to 5 years	0.0	0.0	0.0	–	0.1	0.1	0.1	0.1
Over 5 years	3.4	3.2	3.0	3.8	2.7	2.6	2.6	2.6
Total (1+2+3+4+5+6+7)	274,527.9	291,125.0	284,230.0	286,709.5	284,541.9	280,135.0	274,832.3	279,775.2
Up to 1 year	43,140.3	44,271.9	41,207.7	38,775.6	40,953.1	40,392.0	40,140.1	39,363.6
Over 1 and up to 5 years	56,120.9	57,841.0	53,976.2	57,764.5	57,554.4	54,637.2	50,110.0	55,153.8
Over 5 years	175,266.7	189,012.2	189,046.1	190,169.4	186,034.4	185,105.8	184,582.2	185,257.8

Table D5b Distribution of credit institutions' loans by domestic institutional sectors and original maturity • The table provides a detailed analysis of the Loans in kuna and Loans in f/c items in Table D5, showing separately loans by domestic

institutional sectors and original maturity, with the latter divided into maturity of up to one year, over one and up to five years and over five years.

Table D5c Distribution of credit institutions' loans to households by purpose and currency composition
end of period, in million HRK

	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
					Mar.	Jun.	Sep.	Oct.
1 Consumer loans	159.9	121.3	102.3	74.2	63.9	60.9	57.6	55.6
1.1 Kuna loans not indexed to f/c	128.2	101.3	91.3	68.5	59.0	56.7	54.0	52.3
1.2 Kuna loans indexed to f/c	31.7	20.0	11.0	5.7	4.9	4.2	3.6	3.2
o/w: Indexed to EUR	28.5	18.7	10.6	5.5	4.7	4.0	3.4	3.2
o/w: Indexed to CHF	3.1	1.3	0.3	0.2	0.2	0.2	0.2	0.0
1.3 Foreign currency loans	-	-	-	-	-	-	-	-
2 Housing loans	60,968.5	63,029.2	62,673.6	61,460.1	61,286.7	60,285.0	60,357.4	60,481.9
2.1 Kuna loans not indexed to f/c	4,747.7	4,607.0	4,544.4	4,415.9	4,449.0	4,492.9	4,532.9	4,535.0
2.2 Kuna loans indexed to f/c	56,207.7	58,409.7	58,117.9	57,034.1	56,827.7	55,781.9	55,815.0	55,937.4
o/w: Indexed to EUR	30,730.6	33,763.7	34,989.3	35,536.5	35,543.4	35,087.6	35,254.3	35,400.4
o/w: Indexed to CHF	25,441.7	24,604.9	23,086.0	21,459.8	21,246.5	20,656.3	20,519.7	20,495.7
2.3 Foreign currency loans	13.2	12.5	11.3	10.1	10.0	10.2	9.5	9.5
3 Mortgage loans	3,513.0	3,261.3	3,073.7	3,007.4	2,960.9	2,889.4	2,852.6	2,853.1
3.1 Kuna loans not indexed to f/c	234.8	131.3	117.3	179.9	186.4	182.8	178.5	177.2
3.2 Kuna loans indexed to f/c	3,263.0	3,129.0	2,953.8	2,821.7	2,768.7	2,701.1	2,668.5	2,670.4
o/w: Indexed to EUR	2,649.0	2,524.9	2,422.3	2,340.1	2,307.1	2,254.7	2,225.5	2,230.0
3.3 Foreign currency loans	15.2	1.1	2.5	5.8	5.7	5.5	5.5	5.5
4 Car loans	6,236.8	4,539.5	3,175.0	2,162.6	1,953.3	1,749.8	1,588.3	1,545.4
4.1 Kuna loans not indexed to f/c	1,458.6	1,385.0	1,200.7	982.8	941.0	894.8	850.4	839.6
4.2 Kuna loans indexed to f/c	4,772.2	3,150.7	1,972.5	1,179.1	1,011.5	854.3	737.2	705.1
o/w: Indexed to EUR	1,600.2	1,402.3	1,169.6	897.3	808.9	717.1	645.4	623.8
o/w: Indexed to CHF	3,171.7	1,748.3	802.8	281.7	202.6	137.2	91.8	81.3
4.3 Foreign currency loans	6.1	3.7	1.8	0.7	0.8	0.7	0.6	0.6
5 Credit card loans	4,386.8	4,109.3	3,941.2	3,834.6	3,773.5	3,801.7	3,765.2	3,765.1
5.1 Kuna loans not indexed to f/c	4,382.9	4,105.4	3,937.8	3,832.3	3,770.9	3,799.4	3,763.2	3,762.8
5.2 Kuna loans indexed to f/c	1.8	1.7	1.4	0.5	0.4	0.4	0.4	0.4
o/w: Indexed to EUR	1.8	1.7	1.4	0.5	0.4	0.4	0.4	0.4
5.3 Foreign currency loans	2.2	2.3	2.0	1.8	2.1	1.9	1.6	1.9
6 Overdrafts on transaction accounts	8,069.1	8,196.0	8,612.0	8,353.5	8,467.3	8,429.4	8,388.5	8,337.4
6.1 Kuna loans not indexed to f/c	8,068.8	8,195.6	8,611.5	8,353.0	8,466.7	8,428.8	8,387.9	8,336.8
6.2 Kuna loans indexed to f/c	-	0.0	-	-	-	-	-	-
o/w: Indexed to EUR	-	0.0	-	-	-	-	-	-
6.3 Foreign currency loans	0.3	0.4	0.4	0.5	0.6	0.5	0.6	0.6
7 Any-purpose cash loans	33,686.1	36,284.5	36,436.3	37,229.2	37,622.1	37,811.1	38,225.5	38,150.7
7.1 Kuna loans not indexed to f/c	10,485.2	10,350.8	9,931.9	11,674.6	12,527.1	13,693.8	14,443.3	14,460.4
7.2 Kuna loans indexed to f/c	23,133.2	25,930.9	26,504.4	25,553.7	25,094.2	24,116.5	23,781.6	23,689.8
o/w: Indexed to EUR	22,371.5	25,408.7	26,148.2	25,304.8	24,842.8	23,880.2	23,549.6	23,471.9
7.3 Foreign currency loans	67.7	2.7	-	0.9	0.8	0.8	0.6	0.6
8 Other loans	13,107.0	11,903.7	11,622.0	11,304.3	11,389.5	11,498.1	11,486.8	11,736.7
8.1 Kuna loans not indexed to f/c	3,231.7	2,045.4	2,148.2	2,363.0	2,460.3	2,621.4	2,590.0	2,829.7
8.2 Kuna loans indexed to f/c	9,634.9	9,553.2	9,229.6	8,707.0	8,668.3	8,641.5	8,641.0	8,654.4
o/w: Indexed to EUR	8,833.0	8,756.8	8,465.9	8,047.3	8,039.5	8,022.7	7,995.4	8,006.5
8.3 Foreign currency loans	240.4	305.2	244.2	234.3	260.9	235.1	255.7	252.6
Total (1+2+3+4+5+6+7+8)	130,127.2	131,444.9	129,636.2	127,425.8	127,517.2	126,525.4	126,721.9	126,925.8

Table D5c Distribution of credit institutions' loans to households by purpose and currency composition • The table provides a detailed analysis of kuna and f/c loans to households in Table D5 by purpose, showing separately loans not indexed to f/c,

loans indexed to f/c and foreign currency loans. Within loans indexed to f/c, loans indexed to the euro and loans indexed to the Swiss franc are reported separately under the "o/w" items.

Table D5d Distribution of credit institutions' working capital and investment loans to non-financial corporations by currency composition end of period, in million HRK

	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
					Mar.	Jun.	Sep.	Oct.
1 Working capital loans	39,298.6	45,654.3	39,729.0	39,635.3	40,751.4	39,310.6	38,880.0	38,839.9
1.1 Kuna loans not indexed to f/c	13,278.0	15,502.6	14,789.8	15,389.0	15,888.1	15,612.1	15,596.7	15,832.5
1.2 Kuna loans indexed to f/c	18,857.8	21,240.8	18,166.1	17,020.8	16,873.3	16,278.1	16,115.5	15,902.1
o/w: Indexed to EUR	18,246.4	20,739.0	17,868.5	16,739.3	16,593.0	15,983.7	15,824.2	15,616.5
o/w: Indexed to CHF	509.5	383.8	270.6	263.2	262.6	257.7	249.3	242.5
1.3 Foreign currency loans	7,162.8	8,910.9	6,773.1	7,225.5	7,990.1	7,420.4	7,167.7	7,105.3
o/w: In EUR	6,035.8	7,485.4	6,241.3	6,699.7	7,480.7	6,931.8	6,673.3	6,604.8
o/w: In USD	1,010.0	1,266.9	415.1	409.6	423.3	403.6	411.8	417.4
2 Investment loans	38,043.2	41,071.4	36,659.8	34,856.3	34,685.4	34,508.9	34,325.3	34,320.7
2.1 Kuna loans not indexed to f/c	6,576.7	6,282.1	5,593.1	5,974.9	6,096.7	6,279.3	6,430.4	6,432.6
2.2 Kuna loans indexed to f/c	26,267.6	28,566.9	26,405.3	24,381.9	24,020.4	23,707.4	23,390.9	23,411.3
o/w: Indexed to EUR	23,841.5	26,734.8	24,997.5	23,266.4	22,885.5	22,628.8	22,367.6	22,383.2
o/w: Indexed to CHF	2,378.2	1,788.9	1,372.7	1,089.7	1,111.5	1,056.6	1,002.2	996.9
2.3 Foreign currency loans	5,199.0	6,222.5	4,661.4	4,499.5	4,568.2	4,522.2	4,504.0	4,476.8
o/w: In EUR	4,807.0	5,447.6	4,430.2	4,369.3	4,439.9	4,360.2	4,343.5	4,317.6
o/w: In USD	31.3	406.2	14.8	11.9	12.6	54.0	56.1	56.5
Total (1+2)	77,341.8	86,725.7	76,388.8	74,491.6	75,436.8	73,819.5	73,205.3	73,160.6

Table D5d Distribution of credit institutions' working capital and investment loans to non-financial corporations by currency composition • The table provides a detailed analysis of kuna and f/c loans to non-financial corporations in Table D5 by purpose,

showing separately loans not indexed to f/c, loans indexed to f/c and foreign currency loans. Within loans indexed to f/c, loans indexed to the euro and loans indexed to the Swiss franc are reported separately under the "o/w" items.

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

	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
						Mar.	Jun.	Sep.	Oct.
1 Local government	1,377.7	2,231.1	2,179.4	2,210.4	2,324.3	1,906.2	2,053.3	2,421.1	2,429.3
2 Non-financial corporations	14,895.0	14,154.3	15,757.6	15,328.2	18,737.5	17,194.6	18,839.4	19,699.7	18,715.7
3 Households	14,218.6	15,289.1	15,874.2	15,994.3	17,685.3	17,830.5	18,641.8	19,587.3	19,175.9
4 Other banking institutions	517.1	....	....	....	....	....	....	....	....
5 Non-banking financial institutions	893.4	....	....	....	....	....	....	....	....
6 Other financial intermediaries	....	670.3	652.5	834.1	740.6	1,033.2	998.5	805.1	878.3
7 Financial auxiliaries	....	399.5	283.8	512.2	480.5	406.5	388.5	419.9	472.8
8 Insurance corporations and pension funds	....	189.6	317.3	362.7	793.0	1,011.4	551.0	1,016.2	1,108.9
9 Less: Checks of other banks and checks in collection	-0.3	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (1+2+3+4+5+6+7+8+9)	31,901.5	32,933.9	35,064.8	35,241.9	40,761.3	39,382.4	41,472.6	43,949.3	42,781.0

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

Up to November 2010, demand deposits were the sum of balances in transaction accounts of other domestic sectors, other banking institutions and non-banking financial institutions, minus currency in the payment system (i.e. checks in credit institutions' vaults and checks in collection). From December 2010

on, demand deposits are the sum of balances in transaction accounts of other domestic sectors, other financial intermediaries, financial auxiliaries as well as insurance corporations and pension funds, minus currency in the payment system (i.e. checks in credit institutions' vaults and checks in collection). Credit institutions' obligations arising from kuna payment instruments issued are included in the household sector.

Table D7 Kuna deposits with credit institutions
end of period, in million HRK

	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
						Mar.	Jun.	Sep.	Oct.
1 Savings deposits	2,523.1	2,665.0	2,651.7	2,535.6	2,812.2	2,384.6	2,290.1	2,406.8	2,322.0
1.1 Local government	0.0	0.2	21.2	18.9	2.4	1.3	1.1	1.2	1.2
1.2 Non-financial corporations	203.7	303.1	427.3	417.7	684.8	399.4	382.1	472.2	538.0
1.3 Households	2,268.9	2,329.0	2,162.4	2,055.1	2,076.3	1,952.7	1,881.5	1,895.9	1,748.4
1.4 Other banking institutions	5.0	....	....	....	....	....	....	....	....
1.5 Non-banking financial institutions	45.5	....	....	....	....	....	....	....	....
1.6 Other financial intermediaries	....	9.7	30.0	30.1	38.6	29.3	24.5	36.6	33.4
1.7 Financial auxiliaries	....	12.4	7.8	8.3	1.3	1.8	0.9	1.0	1.0
1.8 Insurance corporations and pension funds	....	10.6	3.1	5.4	8.8	-	-	-	-
2 Time and notice deposits	42,351.2	36,220.3	39,907.2	38,054.4	39,034.3	40,009.6	40,003.3	40,722.7	40,897.9
2.1 Local government	498.8	435.1	384.9	331.8	259.8	678.1	770.9	796.8	736.7
o/w: Indexed to f/c	244.9	152.0	96.4	84.0	62.3	60.0	60.4	59.9	59.6
2.2 Non-financial corporations	11,615.9	8,781.5	10,648.7	7,072.3	6,395.4	6,698.5	6,607.3	6,928.1	7,018.4
o/w: Indexed to f/c	....	1,032.9	897.2	815.1	556.3	511.0	477.5	427.3	426.8
2.3 Households	22,622.4	22,666.8	24,916.3	26,956.1	28,758.3	29,606.5	29,258.6	29,430.1	29,606.7
o/w: Indexed to f/c	7,442.5	7,006.7	7,035.4	6,993.7	6,799.1	6,944.7	6,805.4	6,841.1	6,983.4
2.4 Other banking institutions	3,006.0	....	....	....	....	....	....	....	....
o/w: Indexed to f/c	36.8	....	....	....	....	....	....	....	....
2.5 Non-banking financial institutions	4,608.1	....	....	....	....	....	....	....	....
o/w: Indexed to f/c	670.1	....	....	....	....	....	....	....	....
2.6 Other financial intermediaries	....	972.0	741.6	898.6	1,162.0	758.8	1,216.4	1,053.0	1,046.9
o/w: Indexed to f/c	....	179.0	161.7	144.2	163.0	165.9	171.5	192.8	202.2
2.7 Financial auxiliaries	....	1,015.2	779.4	563.6	730.9	507.1	505.4	529.9	453.6
o/w: Indexed to f/c	....	9.5	0.3	5.3	10.9	6.7	6.0	5.5	5.9
2.8 Insurance corporations and pension funds	....	2,349.7	2,436.3	2,231.9	1,727.9	1,760.5	1,644.7	1,984.7	2,035.6
o/w: Indexed to f/c	....	395.4	239.4	270.1	128.4	124.0	118.7	89.4	80.7
Total (1+2)	44,874.3	38,885.2	42,558.9	40,590.0	41,846.5	42,394.2	42,293.4	43,129.5	43,219.9

Table D7 Kuna deposits with credit institutions • Up to November 2010, the table shows kuna savings and time deposits by other domestic sectors, other banking institutions and non-banking financial institutions. From December 2010 on, the table shows kuna savings and time deposits by other domestic

sectors, other financial intermediaries, financial auxiliaries as well as insurance corporations and pension funds.

Within time and notice deposits, deposits indexed to f/c are reported separately for each sector under the “o/w” item.

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

	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
						Mar.	Jun.	Sep.	Oct.
1 Savings deposits	20,787.5	22,708.2	22,712.9	24,072.7	25,077.2	25,805.3	25,426.0	30,142.2	29,515.3
1.1 Local government	25.5	20.8	21.5	52.9	30.6	28.4	30.3	39.5	39.2
1.2 Non-financial corporations	5,059.4	5,634.6	5,417.3	6,498.4	6,778.9	7,089.9	7,136.6	9,770.7	9,147.9
1.3 Households	15,148.7	16,305.6	16,794.8	16,417.9	17,569.6	17,607.0	17,562.3	18,901.4	18,989.5
1.4 Other banking institutions	151.1	....	....	....	....	....	....	....	....
1.5 Non-banking financial institutions	402.9	....	....	....	....	....	....	....	....
1.6 Other financial intermediaries	....	508.1	232.5	556.5	447.0	467.4	370.0	743.4	554.1
1.7 Financial auxiliaries	....	201.6	39.7	52.0	91.0	127.6	125.3	152.4	147.8
1.8 Insurance corporations and pension funds	....	37.5	207.1	495.1	160.1	485.0	201.4	534.8	636.8
2 Time deposits	114,721.6	124,612.3	121,773.9	128,576.5	129,844.0	130,156.6	126,018.1	129,995.3	131,056.2
2.1 Local government	2.5	3.3	2.5	5.7	7.4	7.0	6.1	6.3	6.1
2.2 Non-financial corporations	13,542.5	15,085.1	10,108.2	10,451.0	10,356.9	10,675.7	8,328.6	9,508.1	10,453.2
2.3 Households	95,598.0	104,477.4	108,674.3	114,246.5	116,443.8	116,533.9	114,768.1	116,974.6	117,248.0
2.4 Other banking institutions	729.5	....	....	....	....	....	....	....	....
2.5 Non-banking financial institutions	4,849.1	....	....	....	....	....	....	....	....
2.6 Other financial intermediaries	....	3,408.0	2,047.5	1,534.0	1,833.7	1,978.1	1,969.3	1,917.5	1,782.1
2.7 Financial auxiliaries	....	396.7	41.1	493.9	245.4	227.5	174.2	185.4	183.8
2.8 Insurance corporations and pension funds	....	1,241.8	900.2	1,845.5	956.9	734.4	771.8	1,403.3	1,383.0
Total (1+2)	135,509.1	147,320.5	144,486.8	152,649.2	154,921.2	155,961.8	151,444.1	160,137.5	160,571.5

Table D8a Currency composition of time deposits of households and non-financial corporations
end of period, in million HRK

	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
					Mar.	Jun.	Sep.	Oct.
1 Kuna deposits not indexed to foreign currency	23,408.6	27,632.4	26,219.7	27,798.4	28,849.4	28,582.9	29,089.8	29,214.8
1.1 Deposits of households	15,660.1	17,880.9	19,962.5	21,959.2	22,661.8	22,453.1	22,589.0	22,623.3
1.2 Deposits of non-financial corporations	7,748.5	9,751.6	6,257.2	5,839.1	6,187.6	6,129.8	6,500.8	6,591.5
2 Kuna deposits indexed to foreign currency	8,039.6	7,932.5	7,808.8	7,355.3	7,455.6	7,282.9	7,268.4	7,410.2
2.1 Deposits of households	7,006.7	7,035.4	6,993.7	6,799.1	6,944.7	6,805.4	6,841.1	6,983.4
2.1.1 Indexed to EUR	6,807.2	6,851.2	6,828.1	6,654.1	6,796.4	6,674.8	6,694.0	6,838.0
2.1.2 Indexed to USD	64.4	61.3	55.4	42.7	47.3	32.5	49.8	47.9
2.1.3 Indexed to other currencies	135.1	122.9	110.1	102.3	101.1	98.2	97.3	97.6
2.2 Deposits of non-financial corporations	1,032.9	897.2	815.1	556.3	511.0	477.5	427.3	426.8
2.2.1 Indexed to EUR	1,022.2	890.2	812.6	555.0	509.8	475.1	424.7	424.2
2.2.2 Indexed to USD	9.9	6.2	1.8	0.7	0.7	2.0	2.1	2.2
2.2.3 Indexed to other currencies	0.8	0.7	0.6	0.5	0.4	0.4	0.4	0.4
3 Foreign currency deposits	119,562.5	118,782.5	124,697.4	126,800.7	127,209.6	123,096.7	126,482.7	127,701.2
3.1 Deposits of households	104,477.4	108,674.3	114,246.5	116,443.8	116,533.9	114,768.1	116,974.6	117,248.0
3.1.1 In EUR	97,163.6	98,753.6	103,102.6	105,813.6	105,860.7	104,194.1	105,850.6	106,097.4
3.1.2 In USD	5,316.9	6,447.6	6,967.3	6,943.6	6,991.8	6,963.4	7,544.2	7,573.6
3.1.3 In other currencies	1,996.9	3,473.1	4,176.6	3,686.5	3,681.4	3,610.6	3,579.9	3,576.9
3.2 Deposits of non-financial corporations	15,085.1	10,108.2	10,451.0	10,356.9	10,675.7	8,328.6	9,508.1	10,453.2
3.2.1 In EUR	13,534.8	8,618.0	9,182.9	9,322.9	9,604.6	7,308.5	8,621.7	9,423.0
3.2.2 In USD	1,429.0	1,333.3	1,082.6	962.5	963.7	884.9	751.5	881.4
3.2.3 In other currencies	121.3	157.0	185.5	71.5	107.3	135.2	134.9	148.8
Total (1+2+3)	151,010.7	154,347.5	158,725.9	161,954.4	163,514.7	158,962.5	162,840.9	164,326.3

Table D8b Maturity composition of time deposits by sectors
end of period, in million HRK

	2010	2011	2012	2013	2014			
	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Oct.
1 Local government	438.4	387.4	337.5	267.2	685.1	777.0	803.1	742.8
Up to 1 year	286.2	249.8	242.8	190.4	607.8	700.0	723.8	658.0
Over 1 and up to 2 years	28.9	35.3	16.5	12.9	15.3	16.4	16.3	21.4
Over 2 years	123.3	102.3	78.3	63.9	62.1	60.6	63.0	63.4
2 Non-financial corporations	23,866.5	20,756.9	17,523.3	16,752.3	17,374.2	14,935.9	16,436.2	17,471.6
Up to 1 year	19,044.0	15,229.5	12,805.4	13,472.8	14,157.9	11,147.2	12,497.3	13,778.6
Over 1 and up to 2 years	3,467.1	3,993.7	3,327.6	1,993.1	1,813.0	2,181.4	2,161.8	1,853.9
Over 2 years	1,355.5	1,533.7	1,390.4	1,286.4	1,403.3	1,607.3	1,777.1	1,839.1
3 Households	127,144.1	133,590.6	141,202.6	145,202.1	146,140.4	144,026.7	146,404.7	146,854.7
Up to 1 year	77,921.3	77,230.0	81,913.0	73,552.9	71,454.4	68,451.4	67,871.4	67,416.9
Over 1 and up to 2 years	23,228.2	27,752.7	28,108.2	36,602.4	37,667.3	37,706.3	39,119.3	39,454.3
Over 2 years	25,994.6	28,607.9	31,181.4	35,046.8	37,018.7	37,869.0	39,414.0	39,983.4
4 Other financial intermediaries	4,380.0	2,789.1	2,432.6	2,995.6	2,736.9	3,185.7	2,970.5	2,829.0
Up to 1 year	3,518.0	2,630.4	2,298.6	2,619.8	1,982.2	2,761.8	2,523.0	2,371.1
Over 1 and up to 2 years	852.7	136.8	131.3	369.7	749.2	417.9	439.9	444.9
Over 2 years	9.3	21.9	2.7	6.1	5.4	5.9	7.5	13.0
5 Financial auxiliaries	1,412.0	820.5	1,057.5	976.3	734.6	679.7	715.4	637.5
Up to 1 year	1,361.8	759.1	850.2	704.6	480.1	465.3	516.8	438.4
Over 1 and up to 2 years	3.7	15.7	162.2	159.8	141.8	102.3	85.5	85.7
Over 2 years	46.5	45.6	45.0	111.9	112.7	112.1	113.1	113.4
6 Insurance corporations and pension funds	3,591.6	3,336.6	4,077.4	2,684.8	2,494.8	2,416.5	3,388.0	3,418.6
Up to 1 year	2,189.8	2,082.3	2,840.9	1,423.3	1,197.3	1,153.1	1,630.5	1,573.4
Over 1 and up to 2 years	676.1	528.0	644.2	717.0	640.1	559.7	936.9	955.6
Over 2 years	725.7	726.4	592.4	544.4	657.5	703.7	820.6	889.5
Total time deposits (1+2+3+4+5+6)	160,832.6	161,681.1	166,630.9	168,878.3	170,166.1	166,021.4	170,717.9	171,954.1
Up to 1 year	104,321.1	98,181.1	100,950.9	91,963.8	89,879.7	84,678.8	85,762.9	86,236.5
Over 1 and up to 2 years	28,256.7	32,462.2	32,389.9	39,855.0	41,026.7	40,983.9	42,759.7	42,815.8
Over 2 years	28,254.9	31,037.8	33,290.1	37,059.5	39,259.8	40,358.7	42,195.3	42,901.8

Table D8 Foreign currency deposits with credit institutions • Up to November 2010, the table shows foreign currency savings and time deposits by other domestic sectors, other banking institutions and non-banking financial institutions. From December 2010 on, the table shows foreign currency savings and time deposits by other domestic sectors, other financial intermediaries, financial auxiliaries as well as insurance corporations and pension funds.

Foreign currency savings deposits are all foreign currency sight deposits and foreign currency payment instruments issued, while foreign currency time deposits also include foreign currency notice deposits.

Table D8a Currency composition of time deposits of households and non-financial corporations • The table provides a detailed analysis of the time deposits of households and non-financial corporations items in tables D7 and D8, showing separately kuna deposits not indexed to foreign currency, kuna deposits indexed to foreign currency and foreign currency deposits. Within deposits indexed to foreign currency and foreign currency deposits, separately reported are deposits indexed to/denominated in the euro, the US dollar and other currencies.

Table D8b Maturity composition of time deposits by sectors • The table provides a detailed analysis of the Time deposits item in tables D7 and D8, showing separately time deposits by sectors, with the division according to original maturity of up to one year, over one and up to five years and over five years.

Table D9 Bonds and money market instruments
end of period, in million HRK

	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
						Mar.	Jun.	Sep.	Oct.
1 Money market instruments (net)	0.8	–	–	–	–	–	–	–	–
2 Bonds (net)	775.3	940.1	1,692.7	1,592.3	1,616.7	1,632.8	1,604.2	1,419.2	1,409.1
3 Other domestic borrowing	16,090.6	16,291.2	15,057.7	16,176.4	14,598.9	14,693.2	14,216.7	14,023.2	14,131.0
3.1 Local government	–	–	–	–	–	–	–	–	–
3.2 Non-financial corporations	4.6	0.0	0.0	786.5	317.0	81.5	5.0	381.3	641.8
3.3 Other banking institutions	16,045.5	....	....	....	....	....	....	....	....
3.4 Non-banking financial institutions	40.5	....	....	....	....	....	....	....	....
3.5 Other financial intermediaries	....	16,291.2	15,018.4	15,350.7	14,220.5	14,558.2	14,182.4	13,615.6	13,462.9
3.6 Financial auxiliaries	....	–	13.2	39.2	61.4	53.5	26.3	26.3	26.3
3.7 Insurance corporations and pension funds	....	–	26.1	–	–	–	3.0	–	–
Total (1+2+3)	16,866.7	17,231.3	16,750.4	17,768.7	16,215.6	16,326.0	15,820.9	15,442.4	15,540.1

Table D9 Bonds and money market instruments • The table shows credit institutions' liabilities for securities issued (net) and loans received from other domestic sectors and, up to November 2010, other banking institutions and non-banking financial institutions and, from December 2010, other financial intermediaries, financial auxiliaries as well as insurance corporations and pension funds.

Up to November 2010, money market instruments (net) comprised credit institutions' net liabilities for CNB bills, bills of exchange (issued and accepted) and other securities issued.

From December 2010 on, money market instruments (net) comprise net liabilities for issued commercial bills and non-transferable instruments (debt securities).

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

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

Table D10 Foreign liabilities of credit institutions
end of period, in million HRK

	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
						Mar.	Jun.	Sep.	Oct.
1 Foreign liabilities in f/c	60,061.3	58,755.8	67,871.8	57,806.1	53,560.3	54,848.0	51,726.2	47,269.1	46,845.9
1.1 Liabilities to foreign financial institutions	51,716.9	48,835.7	58,012.0	47,451.4	43,436.3	44,047.8	41,284.4	36,938.7	36,476.4
Subordinated and hybrid instruments	2,015.3	2,094.6	2,283.2	2,237.7	2,037.2	1,738.3	1,506.6	2,135.2	2,145.4
Demand deposits	221.0	203.4	180.4	179.1	276.2	236.2	268.5	271.8	376.3
Time and notice deposits	21,945.8	20,225.8	27,444.5	17,377.5	18,771.8	19,671.1	18,239.6	15,245.6	14,667.4
Loans and advances	27,534.7	26,311.8	28,103.9	27,657.1	22,351.2	22,402.2	21,269.7	19,286.1	19,287.4
Bonds	–	–	–	–	–	–	–	–	–
1.2 Liabilities to foreign non-financial institutions	8,344.4	9,920.1	9,859.8	10,354.7	10,124.0	10,800.2	10,441.8	10,330.4	10,369.5
Subordinated and hybrid instruments	–	11.1	11.3	9.3	5.1	5.1	5.1	5.1	–
Savings and time deposits	8,336.3	9,905.0	9,846.0	10,193.3	9,813.4	10,488.7	10,133.9	10,020.2	10,063.0
Savings deposits	1,267.8	1,421.3	1,398.5	1,606.5	1,725.8	1,922.8	2,080.1	2,048.1	1,988.1
Time and notice deposits	7,068.6	8,483.6	8,447.5	8,586.8	8,087.6	8,565.9	8,053.8	7,972.2	8,074.8
Loans and advances	8.0	4.1	2.5	152.1	305.5	306.3	302.9	305.1	306.5
Bonds	....	–	–	–	–	–	–	–	–
2 Foreign liabilities in kuna	20,390.2	23,343.5	22,476.5	15,869.0	15,782.5	16,258.0	15,082.8	14,136.3	12,302.2
2.1 Liabilities to foreign financial institutions	20,014.5	22,965.9	21,973.5	15,289.0	15,233.7	15,670.9	14,378.7	13,460.8	11,580.2
o/w: Indexed to f/c	....	2,234.8	2,069.6	1,097.3	1,104.1	1,105.6	1,088.3	1,102.3	1,109.1
Subordinated and hybrid instruments	820.7	970.9	1,037.2	1,043.4	1,044.1	1,045.4	1,029.2	1,006.2	1,012.5
Demand deposits	359.1	696.5	655.3	724.4	924.6	2,207.6	1,799.1	778.2	904.0
Time and notice deposits	14,654.3	15,963.5	16,449.5	11,398.4	9,806.1	9,680.5	8,805.5	8,906.6	8,920.2
Loans and advances	4,180.4	5,258.6	3,831.5	2,091.7	3,458.9	2,737.4	2,737.9	2,769.8	743.5
Bonds	....	76.5	–	30.9	0.0	0.0	7.0	0.0	0.0
2.2 Liabilities to foreign non-financial institutions	375.7	377.6	503.0	580.0	548.8	587.1	704.1	675.5	722.0
o/w: Indexed to f/c	....	29.8	23.9	23.1	21.4	22.1	22.1	21.4	21.5
Subordinated and hybrid instruments	8.5	8.5	13.7	14.9	15.6	15.6	15.6	16.0	16.0
Demand deposits	222.8	221.7	327.7	364.8	326.1	355.9	469.4	437.2	484.4
Time and notice deposits	144.4	147.0	161.6	200.4	207.1	215.6	219.0	222.3	221.6
Loans and advances	–	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	....	–	–	–	–	–	–	–	–
Total (1+2)	80,451.5	82,099.3	90,348.3	73,675.1	69,342.9	71,106.0	66,809.0	61,405.4	59,148.1

Table D10 Foreign liabilities of credit institutions • The table shows credit institutions' 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.

Foreign liabilities of credit institutions comprise foreign currency liabilities and foreign kuna liabilities.

Within foreign kuna and foreign currency liabilities, liabilities to foreign financial institutions are reported separately from liabilities to foreign non-financial institutions (total and by

financial instruments). Items Demand deposits and Savings deposits comprise transaction accounts and savings deposits.

As from CNB Bulletin No. 190, data on item Loans have been revised to exclude data related to subordinated and hybrid instruments. Item "o/w: Subordinated and hybrid instruments", which was up to CNB Bulletin No. 190 reported under Loans and advances, has been reclassified accordingly. It is now reported as a separate item and includes all instruments on the liability side having the features of a subordinated or hybrid instrument.

Table D11 Deposits of the central government and social security funds with credit institutions
end of period, in million HRK

	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
						Mar.	Jun.	Sep.	Oct.
1 In kuna	954.4	1,898.6	2,485.5	2,459.1	2,535.3	2,295.5	2,636.5	2,903.9	2,883.6
1.1 Central government deposits	356.6	1,887.1	2,473.3	2,447.3	2,488.6	2,286.3	2,627.5	2,894.7	2,873.1
Demand deposits	189.3	1,369.9	1,732.2	1,790.4	1,973.9	1,408.7	1,796.8	2,015.9	2,023.8
Savings deposits	0.6	0.4	0.4	20.3	31.9	32.0	38.7	63.8	44.6
Time and notice deposits	166.7	501.8	732.4	630.6	482.8	845.6	792.0	815.1	804.7
Loans and advances	–	15.0	8.3	6.0	–	–	–	–	–
1.2 Deposits of social security funds	597.8	11.5	12.2	11.8	46.7	9.2	9.0	9.2	10.4
Demand deposits	387.5	0.3	0.6	0.0	36.9	0.1	0.0	0.0	1.2
Savings deposits	0.3	–	–	–	–	–	–	–	–
Time and notice deposits	210.0	11.2	11.6	11.8	9.9	9.1	9.0	9.2	9.2
Loans and advances	–	–	–	–	–	–	–	–	–
2 In f/c	1,352.8	1,464.0	1,593.6	1,451.0	1,149.5	1,243.1	1,059.1	1,367.4	1,089.0
2.1 Central government deposits	1,088.3	1,439.6	1,562.3	1,418.0	1,125.7	1,212.9	998.8	1,299.9	1,056.6
Savings deposits	716.8	1,127.1	740.6	1,192.7	818.2	856.1	664.4	915.3	714.2
Time and notice deposits	309.4	312.3	821.5	225.4	307.5	356.8	334.4	384.6	342.4
Refinanced loans and advances	62.2	0.2	0.2	–	–	–	–	–	–
2.2 Deposits of social security funds	264.5	24.3	31.3	33.0	23.8	30.2	60.3	67.6	32.4
Savings deposits	100.2	24.3	31.3	33.0	23.8	30.2	60.3	67.6	32.4
Time and notice deposits	164.3	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Total (1+2)	2,307.2	3,362.6	4,079.1	3,910.1	3,684.8	3,538.6	3,695.6	4,271.4	3,972.6

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

Kuna and foreign currency deposits by the central government and social security funds are shown separately. Kuna deposits comprise demand deposits, savings deposits, time and notice deposits, and loans received from the central government and social security funds. Foreign currency deposits comprise savings deposits, time deposits and notice deposits.

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

	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014			
						Mar.	Jun.	Sep.	Oct.
1 Restricted deposits	2,548.4	2,374.9	3,183.9	2,413.9	2,735.9	2,527.0	2,978.5	3,250.5	3,228.5
1.1 In kuna	1,366.0	1,262.6	1,576.8	1,429.0	1,707.9	1,578.9	1,758.2	1,944.0	2,008.7
1.2 In f/c	1,182.5	1,112.4	1,607.1	984.9	1,028.1	948.1	1,220.4	1,306.5	1,219.8
2 Blocked f/c deposits of households	–	–	–	–	–	–	–	–	–
Total (1+2)	2,548.4	2,374.9	3,183.9	2,413.9	2,735.9	2,527.0	2,978.5	3,250.5	3,228.5

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

Blocked foreign currency deposits include households'

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

F Monetary policy instruments and liquidity

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

Year	Month	CNB discount rate	CNB repo rate ^a	Credit rates					
				On Lombard credits ^b	On intervention credits	On intra-day refinance facility ^b	On short-term liquidity credits	On inaccurately calculated statutory reserves ^b	On arrears
1	2	3	4	5	6	7	8	9	10
2000	December	5.90	–	12.00	18.00	–	13.00	18.00	18.00
2001	December	5.90	–	10.00	–	–	11.00	15.00	18.00
2002	December	4.50	–	9.50	–	–	10.50	15.00	15.00
2003	December	4.50	–	9.50	–	–	10.50	15.00	15.00
2004	December	4.50	–	9.50	–	–	10.50	15.00	15.00
2005	December	4.50	3.50	7.50 ^c	–	–	8.50 ^c	15.00	15.00
2006	December	4.50	3.50	7.50	–	–	8.50	15.00	15.00
2007	December	9.00 ^d	4.06	7.50	–	–	8.50	15.00	15.00
2008	December	9.00	6.00	9.00	–	–	10.00	15.00	14.00
2009	December	9.00	–	9.00	–	–	10.00	15.00	14.00
2010	December	9.00	–	9.00	–	–	10.00	15.00	14.00
2011	December	7.00	–	6.25	–	–	7.25	15.00	12.00
2012	December	7.00	–	6.25	–	–	7.25	14.50	12.00
2013	November	7.00	–	6.25	–	–	7.25	14.50	12.00
	December	7.00	–	5.00 ^e	–	–	6.00 ^e	12.00 ^e	12.00
2014	January	7.00	–	5.00	–	–	6.00	12.00	12.00
	February	7.00	–	5.00	–	–	6.00	12.00	12.00
	March	7.00	–	5.00	–	–	6.00	12.00	12.00
	April	7.00	–	5.00	–	–	6.00	12.00	12.00
	May	7.00	–	5.00	–	–	6.00	12.00	12.00
	June	7.00	–	5.00	–	–	6.00	12.00	12.00
	July	7.00	–	5.00	–	–	6.00	12.00	12.00
	August	7.00	–	5.00	–	–	6.00	12.00	12.00
	September	7.00	–	5.00	–	–	6.00	12.00	12.00
	October	7.00	–	5.00	–	–	6.00	12.00	12.00

^a Weighted averages of weighted repo rates achieved at regular reverse repo auctions of the CNB in the reporting month. ^b Breaks in the series of data are explained in notes on methodology. ^c Since 14 December 2005. ^d Since 31 December 2007. ^e Since 7 December 2013.

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

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

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

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

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

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

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

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

Year	Month	Interest rates on statutory reserves dep. with the CNB	Interest rates on CNB bills on an obligatory basis	Interest rates on CNB bills on a voluntary basis ^a				Interest rates on f/c CNB bills on a voluntary basis					Interest rates on overnight deposits
				Due in 7 days	Due in 35 days	Due in 70 days	Due in 105 days	Due in 35 days	Due in 63 days	Due in 91 days	Due in 182 days	Due in 364 days	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
2000	December	4.50	–	–	6.65	7.00	7.70	–	5.51	4.83	–	–	–
2001	December	2.00	–	–	3.36	4.26	4.85	–	2.62	3.06	–	–	–
2002	December	1.75	–	–	2.08	–	–	2.30	2.68	–	–	–	–
2003	December	1.25	0.50	–	–	–	–	1.75	1.48	–	–	–	–
2004	December	1.25	–	–	–	–	–	–	–	–	–	–	–
2005	December	0.75	–	–	–	–	–	–	–	–	–	–	0.50
2006	December	0.75	–	–	–	–	–	–	–	–	–	–	0.50
2007	December	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50
2008	December	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
2009	December	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
2010	December	0.75	–	–	–	–	–	–	–	–	–	–	0.50
2011	December	–	–	–	–	–	–	–	–	–	–	–	0.25
2012	December	–	–	–	–	–	–	–	–	–	–	–	0.25
2013	November	–	–	–	–	–	–	–	–	–	–	–	0.00
	December	–	–	–	–	–	–	–	–	–	–	–	0.00
2014	January	–	–	–	–	–	–	–	–	–	–	–	0.00
	February	–	–	–	–	–	–	–	–	–	–	–	0.00
	March	–	–	–	–	–	–	–	–	–	–	–	0.00
	April	–	–	–	–	–	–	–	–	–	–	–	0.00
	May	–	–	–	–	–	–	–	–	–	–	–	0.00
	June	–	–	–	–	–	–	–	–	–	–	–	0.00
	July	–	–	–	–	–	–	–	–	–	–	–	0.00
	August	–	–	–	–	–	–	–	–	–	–	–	0.00
	September	–	–	–	–	–	–	–	–	–	–	–	0.00
	October	–	–	–	–	–	–	–	–	–	–	–	0.00

^a Breaks in the series of data are explained in notes on methodology. ^b Since 24 April 2013.

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

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

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

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

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

attained at CNB bills' auctions as a weighted average of subscribed amounts in those two currencies.

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

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

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

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

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

Table F3 Banks' reserve requirements

daily averages and percentages, in million HRK and %

Year	Month	Weighted average res. requirement in % on res. base	Reserve requirement (RR)			Other obligatory deposits with the CNB	Statutory reserves deposited with the CNB		Weighted avg. remuneration rate on immobilised funds in kuna	Weighted avg. remuneration rate on allocated funds in f/c
			Total	In kuna	In f/c		In kuna	In f/c		
1	2	3	4=5+6	5	6	7	8	9	10	11
2000	December	23.22	16,245.8	4,646.8	11,599.0	5.0	4,191.6	5,544.6	4.05	....
2001	December	19.67	21,187.1	8,691.5	12,495.5	-	6,287.8	5,950.0	1.97	2.73
2002	December	19.00	25,985.1	11,447.1	14,538.0	-	8,156.7	7,139.9	1.72	2.16
2003	December	19.00	31,009.4	18,023.8	12,985.6	109.4	12,459.8	6,850.2	1.17	1.47
2004	December	18.00	33,615.7	20,040.9	13,574.8	430.1	14,664.1	10,171.3	1.22	1.36
2005	December	18.00	37,424.5	24,997.9	12,426.6	3,940.2	17,497.7	9,271.4	0.52	0.92
2006	December	17.00	40,736.4	28,966.1	11,770.4	7,332.5	20,257.0	8,780.9	0.52	1.06
2007	December	17.00	44,465.9	31,809.1	12,656.8	6,641.1	22,266.4	9,203.5	0.53	1.29
2008	December	14.87	41,474.4	29,179.7	12,294.7	461.9	20,425.8	8,807.0	0.52	0.81
2009	December	14.00	40,423.5	33,693.7	6,729.8	30.9	23,585.6	4,898.0	0.52	-
2010	December	13.00	38,990.6	32,374.8	6,615.8	-	22,662.4	4,736.7	0.52	-
2011	December	14.00	44,443.2	36,936.6	7,506.7	-	25,654.6	5,437.9	-	-
2012	December	13.50	42,272.1	35,107.8	7,164.3	-	24,575.4	5,120.7	-	-
2013	November	13.50	42,562.2	35,456.5	7,105.7	-	24,819.5	5,006.3	-	-
	December	12.48	39,283.2	32,733.2	6,550.0	2,655.2	22,913.3	4,605.3	-	-
2014	January	12.00	37,655.5	31,358.6	6,296.9	3,603.2	21,951.0	4,440.7	-	-
	February	12.00	37,592.1	31,311.3	6,280.8	3,630.8	21,917.9	4,434.8	-	-
	March	12.00	37,493.5	31,230.5	6,263.0	3,546.7	21,861.3	4,423.5	-	-
	April	12.00	37,469.2	31,182.0	6,287.2	3,455.2	21,827.4	4,446.2	-	-
	May	12.00	37,427.2	31,149.1	6,278.2	3,306.4	21,804.3	4,436.2	-	-
	June	12.00	37,388.1	31,159.7	6,228.4	3,349.6	21,811.8	4,397.9	-	-
	July	12.00	37,324.0	31,135.6	6,188.4	3,424.0	21,794.9	4,367.1	-	-
	August	12.00	37,080.6	30,940.2	6,140.4	3,634.0	21,658.7	4,316.3	-	-
	September	12.00	37,393.9	31,214.2	6,179.8	3,381.1	21,850.9	4,321.3	-	-
	October	12.00	37,828.2	31,592.2	6,236.0	3,493.2	22,115.7	4,346.2	-	-

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

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

Column 7 shows the total amount of other obligatory deposits with the CNB, including CNB bills on an obligatory basis, those CNB bills on a voluntary basis used by banks to maintain the prescribed minimal liquidity (LAR), special statutory reserves until July 1995, special reserve requirement on liabilities

arising from issued securities from March 2006 to February 2009, statutory reserves on f/c deposits, f/c credits from foreign banks and guarantees for such credits and marginal reserve requirement (from August 2004 to October 2008).

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

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

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

Column 11 shows the weighted average remuneration rate on allocated funds in foreign currency, including the marginal reserve

Table F4 Banks' liquidity indicators

daily averages and percentages, in million HRK and %

Year	Month	Free reserves		Primary liquidity ratio	Secondary liquidity sources	Kuna CNB bills	F/c CNB bills	Kuna MoF treasury bills
		In kuna	In f/c					
1	2	3	4	5	6	7	8	9
2000	December	638.8	10,721.4	3.32	80.1	2,485.3	1,692.7	2,006.5
2001	December	794.4	17,247.4	3.23	2.6	2,656.2	2,630.8	3,360.9
2002	December	1,225.0	10,398.0	3.53	0.6	4,965.5	1,273.9	4,279.5
2003	December	451.6	20,561.4	0.98	501.6	–	4,316.0	3,073.2
2004	December	1,495.5	26,126.1	2.64	0.0	–	–	4,581.7
2005	December	672.5	20,493.4	0.96	0.2	–	–	4,163.3
2006	December	840.8	20,239.1	0.83	–	–	–	5,993.7
2007	December	1,161.5	30,412.6	1.03	330.4	–	–	4,449.4
2008	December	1,168.7	28,101.4	1.03	289.1	–	–	6,171.2
2009	December	880.0	24,885.6	0.91	–	–	–	4,776.6
2010	December	407.1	30,511.9	0.42	–	–	–	5,705.9
2011	December	333.0	15,693.8	0.32	97.3	–	–	8,157.7
2012	December	612.4	5,113.4	0.61	–	–	–	8,010.0
2013	November	4,765.0	5,263.2	4.55	13.7	–	–	12,571.0
	December	5,390.9	4,944.6	5.14	2.3	–	–	12,495.7
2014	January	7,684.4	4,515.3	7.40	–	–	–	12,688.6
	February	7,799.6	4,209.9	7.51	–	–	–	13,842.3
	March	7,909.0	4,172.1	7.63	–	–	–	14,174.9
	April	7,795.3	4,901.4	7.59	–	–	–	14,320.5
	May	7,588.6	5,134.4	7.39	–	–	–	13,954.2
	June	6,748.9	5,742.6	6.49	–	–	–	14,214.4
	July	5,333.0	6,931.0	5.09	–	–	–	14,492.4
	August	4,419.8	8,174.2	4.24	–	–	–	14,618.7
	September	4,553.9	8,891.0	4.31	–	–	–	14,519.7
	October	5,074.8	9,183.0	4.73	–	–	–	14,541.9

requirement funds (from August 2004 to October 2008). From November 2009 on, the CNB does not pay remuneration on the allocated foreign currency component of reserve requirements.

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

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

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

Column 5 shows the primary liquidity ratio as a percentage of monthly day-to-day kuna free reserves averages (column 3) in monthly day-to-day averages of deposits which constitute the reserve base.

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

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

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

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

G Financial markets

Table G1a Credit institutions' interest rates on kuna deposits not indexed to foreign currency (new business)
weighted monthly averages of interest rates, in % on annual basis and volumes of new business in million HRK

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.
				Mar.	Jun.	Sep.	
	Interest rate				Interest rate	Volume	
1 Households							
1.1 Overnight deposits	0.25	0.24	0.22	0.21	0.21	0.21	21,147.9
o/w: Transaction accounts	0.20	0.19	0.16	0.14	0.14	0.14	19,387.8
o/w: Savings deposits	0.68	0.70	0.87	0.92	0.93	0.98	1,745.2
1.2 Time deposits	3.75	3.43	2.89	2.72	2.68	2.50	2,368.6
1.2.1 Up to 3 months	3.17	2.39	2.12	2.03	2.04	2.03	721.5
1.2.2 Over 3 and up to 6 months	3.76	3.53	2.84	2.66	2.66	2.14	446.5
1.2.3 Over 6 months and up to 1 year	4.06	3.91	3.25	2.96	2.96	2.78	753.4
1.2.4 Over 1 and up to 2 years	4.42	4.43	3.64	3.37	3.35	3.37	339.6
1.2.5 Over 2 years	4.78	4.32	3.82	3.70	3.55	2.86	107.5
1.3 Deposits redeemable at notice	2.86	-	-	-	-	-	-
1.3.1 Up to 3 months	2.86	-	-	-	-	-	-
1.3.2 Over 3 months	-	-	-	-	-	-	-
2 Non-financial corporations							
2.1 Overnight deposits	0.64	0.60	0.43	0.41	0.37	0.38	19,356.1
o/w: Transaction accounts	0.59	0.56	0.39	0.39	0.35	0.35	18,837.0
o/w: Savings deposits	2.46	2.21	1.40	1.47	1.53	1.69	519.0
2.2 Time deposits	3.03	2.68	1.77	1.74	1.26	1.46	1,348.7
2.2.1 Up to 3 months	2.79	2.05	1.17	1.02	0.99	1.01	881.1
2.2.2 Over 3 and up to 6 months	4.91	3.63	2.37	2.20	1.86	1.92	144.3
2.2.3 Over 6 months and up to 1 year	4.98	3.95	3.20	2.51	1.99	2.24	148.1
2.2.4 Over 1 and up to 2 years	2.92	3.88	3.26	3.39	2.46	2.72	148.4
2.2.5 Over 2 years	3.96	4.87	2.13	2.57	1.00	2.34	26.9
3 Repos	-	0.43	-	-	-	-	0.67

Tables G1 • The tables contain the weighted monthly averages of credit institutions' interest rates and total volumes of new deposit business of credit institutions in the reporting month, in particular for kuna deposits not indexed to f/c, for kuna deposits indexed to f/c and for foreign currency deposits. Deposits in tables G1a through G1c are further broken down to deposits placed by households and non-financial corporations, by instrument, the classification by maturity and by the currency of indexation or by the currency, depending on the presentation format in the individual table.

In principle, the basis for the calculation of the weighted averages for deposits includes the amounts received during the reporting month (new business), while for overnight deposits the basis for the calculation of the weighted averages includes the end-of-month book balances.

New business includes newly received deposits during the reporting month, defined as any new agreement between the customer and the reporting institution. This means that they cover all financial contracts that specify for the first time the interest rate of the deposit, and all renegotiations of the terms and conditions of the existing deposit contracts.

When the terms and conditions of the existing contracts are being renegotiated, the active involvement of the customer in the renegotiations is essential, while any automatic changes to the terms and conditions of the contract by the reporting institution

are not considered new business.

Kuna and foreign currency deposits, which serve as a deposit for the granting of loans, are covered by the data in the table.

Short-term deposits are deposits with original maturity of up to and including one year, while long-term deposits are deposits with original maturity exceeding one year.

Overnight deposits are broken down to transaction accounts and savings deposits. Transaction account is the account through which an account holder in the reporting institution settles his payables and through which he collects his receivables.

The reporting institution uses this instrument only for the presentation of cash funds in accounts with the credit balance. Transaction account is the account opened with a reporting institution on the basis of a contract on the opening of such an account. This item includes restricted deposits, or different temporary (restricted) deposits which, for a specific purpose, can be transferred from current and giro accounts (e.g. funds set aside pursuant to a court's order, funds for international payments, funds for the purchase of foreign currency and purchase of securities, brokerage and custodial-based deposits, coverage for letters of credit, etc.). Savings deposits are deposits without a predetermined date of maturity or period of notice, which the depositor cannot debit by issuing a cashless payment order. Such accounts are primarily intended for savings.

Table G1b Credit institutions' interest rates on kuna deposits indexed to foreign currency (new business)
weighted monthly averages of interest rates, in % on annual basis and volumes of new business in million HRK

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.		
				Interest rate				Interest rate	Volume
1 Households								
1.1 Overnight deposits	3.22	3.20	3.21	3.23	3.24	3.23	2.90	3.3
o/w: Transaction accounts	1.80	2.02	3.96	4.74	4.74	1.86	1.74	0.1
o/w: Savings deposits	3.22	3.21	3.21	3.22	3.23	3.23	2.93	3.2
1.2 Time deposits	3.19	2.87	3.48	3.26	3.71	2.74	2.69	87.0
1.2.1 Up to 3 months	2.18	1.75	1.34	1.20	3.49	1.24	1.12	14.8
1.2.2 Over 3 and up to 6 months	3.01	1.90	1.74	1.39	3.13	1.74	1.59	1.7
1.2.3 Over 6 months and up to 1 year	4.27	4.85	4.81	2.99	2.36	1.76	2.21	9.4
1.2.4 Over 1 and up to 2 years	4.43	3.74	4.03	2.90	2.70	3.47	2.49	5.3
1.2.5 Over 2 years	3.18	3.08	3.55	3.64	4.30	3.35	3.23	55.8
o/w: EUR	3.27	3.03	3.61	3.38	3.71	2.99	2.96	74.1
Short-term	2.94	2.57	3.72	2.06	3.40	1.77	1.96	13.0
Long-term	3.31	3.14	3.59	3.47	4.07	3.37	3.17	61.0
o/w: USD	1.88	1.51	1.10	1.10	–	1.21	1.13	12.8
Short-term	1.88	1.51	1.10	1.10	–	1.21	1.13	12.8
Long-term	0.00	–	–	0.00	–	–	–	–
1.3 Deposits redeemable at notice	–	–	–	–	–	–	–	–
1.3.1 Up to 3 months	–	–	–	–	–	–	–	–
1.3.2 Over 3 months	–	–	–	–	–	–	–	–
2 Non-financial corporations								
2.1 Overnight deposits	0.47	0.80	1.05	1.29	1.02	1.00	0.88	19.0
o/w: Transaction accounts	1.00	–	–	–	–	–	–	–
o/w: Savings deposits	0.47	0.80	1.05	1.29	1.02	1.00	0.88	19.0
2.2 Time deposits	3.54	4.76	3.23	2.17	3.00	1.97	5.06	15.1
2.2.1 Up to 3 months	2.79	3.64	2.01	2.09	–	0.50	–	–
2.2.2 Over 3 and up to 6 months	1.46	5.96	1.34	2.27	0.00	0.06	1.47	1.8
2.2.3 Over 6 months and up to 1 year	4.94	3.48	3.36	3.28	3.27	3.73	1.77	3.2
2.2.4 Over 1 and up to 2 years	2.41	4.73	2.79	2.20	2.43	1.84	3.30	0.0
2.2.5 Over 2 years	4.24	2.40	1.37	1.12	0.84	1.20	6.70	10.2
o/w: EUR	3.55	4.76	3.23	2.17	3.01	2.00	5.06	15.1
Short-term	3.18	4.79	3.26	2.20	3.27	3.93	1.67	4.9
Long-term	3.72	4.64	2.53	1.96	2.40	1.58	6.70	10.2
o/w: USD	1.15	4.00	3.80	–	0.40	1.00	–	–
Short-term	1.15	4.00	3.80	–	–	1.00	–	–
Long-term	–	–	–	–	0.40	–	–	–
3 Repos	–	–	–	–	–	–	–	–

Time deposits are deposits the use of which the depositor renounces for a specific agreed time. Time deposit funds cannot be used for payments. These deposits also include time deposits with agreed notice period in which case the request for the disposal of funds has not been submitted yet.

Deposits redeemable at notice are savings deposits and time

deposits for which a request for the disposal of funds has been submitted.

Repos are a counterpart of cash received in exchange for securities sold by reporting institutions at a given price under a firm commitment to repurchase the same (or similar) securities at a fixed price on a specified future date.

Table G2a Credit institutions' interest rates on kuna loans to households not indexed to foreign currency (new business)
weighted monthly averages of interest rates, in % on annual basis and volumes of new business in million HRK

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.	Interest rate	Volume
				Interest rate				
1 Revolving loans, overdrafts and credit card credit	10.71	10.63	10.20	9.67	9.60	9.55	9.54	11,508.6
o/w: Revolving loans	9.51	10.55	10.46	10.64	10.41	10.33	10.30	30.8
o/w: Overdrafts	11.51	11.44	11.36	10.61	10.57	10.55	10.55	7,248.2
o/w: Credit card credit	10.42	10.08	9.67	9.26	9.18	9.12	9.06	3,591.3
o/w: Sole proprietors	10.23	10.43	10.32	10.21	10.08	10.08	10.04	273.6
2 Consumer loans	6.22	5.90	6.26	6.72	6.56	6.36	6.64	30.8
2.1 Short-term	5.08	3.08	3.17	3.08	3.39	3.06	3.47	5.0
2.1.1 Floating rate and up to 1 year initial rate fixation	5.08	3.08	3.17	3.08	3.39	3.06	3.47	5.0
2.2 Long-term	6.43	6.92	7.14	7.36	7.30	7.35	7.26	25.7
2.2.1 Floating rate and up to 1 year initial rate fixation	6.49	6.90	6.07	7.09	6.91	7.16	7.09	8.4
2.2.2 Floating rate and over 1 year initial rate fixation	6.00	7.39	7.70	7.45	7.43	7.45	7.35	17.3
3 Loans for house purchases	5.34	5.74	5.81	5.73	5.48	5.37	5.31	40.7
3.1 Floating rate and up to 1 year initial rate fixation	5.25	5.70	5.83	5.63	5.46	5.39	5.27	37.6
3.2 Over 1 and up to 5 years initial rate fixation	6.43	7.99	5.42	6.08	5.50	5.50	0.00	0.0
3.3 Over 5 and up to 10 years initial rate fixation	6.82	7.13	5.27	6.25	4.99	4.95	5.62	0.2
3.4 Over 10 years initial rate fixation	5.90	5.64	5.86	6.04	5.76	5.37	5.83	2.9
4 For other purposes	7.91	9.01	9.00	9.07	9.07	8.76	8.92	782.0
4.1 Short-term	6.28	7.34	7.98	8.79	9.24	8.81	8.65	77.5
4.1.1 Floating rate and up to 1 year initial rate fixation	6.28	7.34	7.98	8.79	9.24	8.81	8.65	77.5
4.2 Long-term	8.40	9.15	9.11	9.11	9.04	8.76	8.95	704.5
4.2.1 Floating rate and up to 1 year initial rate fixation	8.42	9.15	8.85	8.78	8.99	8.72	8.87	312.4
4.2.2 Floating rate and over 1 year initial rate fixation	7.80	9.07	9.35	9.27	9.08	8.78	9.02	392.1
o/w: Sole proprietors	6.43	7.69	7.64	7.62	7.46	6.38	7.30	52.7

Tables G2 • The tables contain the weighted monthly averages of interest rates and total volumes of new lending business of credit institutions with households in the reporting month, in particular for kuna loans not indexed to f/c, for kuna loans indexed to f/c and for foreign currency loans. Loans to households in tables G2a through G2c are further broken down to loans to households by type of instruments, by original maturity, by the period of initial rate fixation and by the currency of indexation (EUR and CHF), or by the currency (EUR and CHF), depending on the presentation format in the individual table.

The "of which" position under the loans to households is shown in the tables for loans granted to sole proprietors.

In principle, the basis for the calculation of the weighted averages for loans are the amounts of loans granted during the reporting month (new business), while for revolving loans, overdrafts and credit card credit, the end-of-month book balances are the basis for the calculation of the weighted averages. Only loans classified as risk group A are covered.

New loans granted during the reporting month are considered new business, defined as any new agreement between the customer and the reporting institution. This means that they cover all financial contracts that specify for the first time the interest rate of the loan, and all renegotiations of the terms and conditions of the existing loan contracts. When the terms and conditions of the existing contracts are being renegotiated, the active involvement of the customer in the renegotiations is essential, while any automatic changes to the terms and conditions of the contract by the reporting institution are not considered new business.

The initial period of fixation of the interest rate is the period defined as a predetermined period of time at the start of a contract during which the value of the interest rate cannot change.

Short-term loans are loans with original maturity of up to and including one year, while long-term loans are loans with original maturity over one year.

Revolving loans include loans that meet the following conditions: there is no obligation of regular repayment of funds, the customer may use or withdraw funds to a pre-approved credit limit without giving prior notice to the reporting institution, the amount of available loan can increase or decrease as funds are borrowed and repaid, the loan may be used repeatedly. This item excludes revolving loans provided through credit cards and overdrafts.

Overdrafts refer to receivables on used overdrafts of counterparties.

In addition to the above, the table in particular shows credit card credits with the collection of interest, which include credit card credits with the card company guarantee.

Receivables on deferred card payments are not shown as a separate item, but are shown under items Revolving loans, overdrafts and credit card credit.

The convenience credit card is a card in the case of which the customer is due, without the payment of interest, to settle his liabilities after he receives a notice about it from the reporting institution, usually once a month. Consumer loans are loans granted to households for the purpose of personal use in the consumption of goods and services.

Loans for house purchases include all mortgage and other

Table G2b Credit institutions' interest rates on kuna loans to households indexed to foreign currency (new business) weighted monthly averages of interest rates, in % on annual basis and volumes of new business in million HRK

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.		
				Interest rate				Interest rate	Volume
1 Revolving loans, overdrafts and credit card credit	10.91	9.39	8.30	7.74	7.70	7.45	7.19	25.4
o/w: Revolving loans	10.91	9.39	8.30	7.74	7.70	7.45	7.19	25.4
o/w: Overdrafts	11.26	-	-	-	-	-	-	-
o/w: EUR	11.26	-	-	-	-	-	-	-
Short-term	11.26	-	-	-	-	-	-	-
Long-term	-	-	-	-	-	-	-	-
o/w: Credit card credit	12.68	-	-	-	-	-	-	-
o/w: EUR	12.68	-	-	-	-	-	-	-
Short-term	-	-	-	-	-	-	-	-
Long-term	12.68	-	-	-	-	-	-	-
o/w: Sole proprietors	10.95	9.39	8.31	7.73	7.69	7.43	7.17	24.8
2 Consumer loans	7.06	7.07	7.03	6.51	7.72	7.48	7.43	2.5
2.1 Short-term	10.99	6.19	7.01	8.40	7.22	10.27	10.10	0.0
2.1.1 Floating rate and up to 1 year initial rate fixation	10.99	6.19	7.01	8.40	7.22	10.27	10.10	0.0
2.2 Long-term	7.06	7.09	7.03	6.49	7.76	7.46	7.41	2.5
2.2.1 Floating rate and up to 1 year initial rate fixation	7.08	6.93	6.94	5.82	7.64	7.16	7.10	1.4
2.2.2 Floating rate and over 1 year initial rate fixation	7.01	9.13	7.08	7.98	7.84	8.13	7.85	1.0
o/w: EUR	7.18	7.08	7.06	6.48	7.83	7.48	7.42	2.4
Short-term	10.99	6.19	7.01	8.40	7.22	10.27	10.10	0.0
Long-term	7.17	7.10	7.06	6.46	7.88	7.46	7.41	2.4
o/w: CHF	6.83	6.89	6.75	7.02	6.88	-	7.55	0.0
Short-term	-	-	-	-	-	-	-	-
Long-term	6.83	6.89	6.75	7.02	6.88	-	7.55	0.0
3 Loans for house purchases	5.63	5.22	5.12	4.63	5.27	5.17	5.19	348.9
3.1 Floating rate and up to 1 year initial rate fixation	5.80	5.16	5.16	4.48	5.33	5.32	5.28	263.0
3.2 Over 1 and up to 5 years initial rate fixation	5.49	5.28	5.37	5.54	5.35	5.36	5.48	27.3
3.3 Over 5 and up to 10 years initial rate fixation	4.78	4.58	4.40	4.65	4.80	4.08	4.43	14.9
3.4 Over 10 years initial rate fixation	5.12	5.74	5.10	4.89	4.77	4.67	4.72	43.7
o/w: EUR	5.66	5.42	5.32	4.76	5.35	5.27	5.27	336.1
Short-term	5.50	5.39	5.54	5.61	5.57	5.28	5.30	44.5
Long-term	5.68	5.43	5.29	4.67	5.33	5.27	5.27	291.6
o/w: CHF	5.53	3.50	2.30	2.08	2.06	3.24	3.14	12.9
Short-term	-	-	-	-	-	-	-	-
Long-term	5.53	3.50	2.30	2.08	2.06	3.24	3.14	12.9
4 For other purposes	8.65	8.40	6.86	7.68	8.01	7.89	7.96	679.9
4.1 Short-term	8.50	8.03	6.42	6.58	7.38	6.54	6.68	51.9
4.1.1 Floating rate and up to 1 year initial rate fixation	8.50	8.03	6.42	6.58	7.38	6.54	6.67	51.7
4.2 Long-term	8.67	8.45	6.90	7.80	8.07	8.02	8.06	628.0
4.2.1 Floating rate and up to 1 year initial rate fixation	8.66	8.44	8.04	7.90	8.23	8.19	8.32	416.5
4.2.2 Floating rate and over 1 year initial rate fixation	8.72	8.49	6.21	7.64	7.59	7.66	7.55	211.6
o/w: EUR	8.68	8.41	6.88	7.72	8.03	7.93	7.98	673.1
Short-term	8.55	8.07	6.47	6.58	7.41	6.55	6.76	47.6
Long-term	8.69	8.46	6.92	7.84	8.09	8.05	8.08	625.5
o/w: Sole proprietors	7.32	7.36	6.58	6.63	6.33	6.18	6.56	52.3

loans extended for the purchase, construction and completion of a flat, for the purchase, construction and completion of buildings which have a maximum of four flats or for the improvement

of a flat, residential facilities or residential buildings (regardless of whether they are granted to an individual borrower or jointly to all tenants of a residential building). Lending for house

Table G2c Credit institutions' interest rates on foreign currency loans to households (new business)
 weighted monthly averages of interest rates, in % on annual basis and volumes of new business in million HRK

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.		
				Interest rate				Interest rate	Volume
1 Revolving loans, overdrafts and credit card credit	0.29	0.53	0.55	0.56	0.50	0.55	0.49	38.1
o/w: Revolving loans	8.78	7.35	7.68	7.75	7.72	7.61	7.47	1.6
o/w: Overdrafts	12.00	12.00	12.00	12.00	12.00	12.00	12.00	0.6
o/w: Credit card credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.9
o/w: Sole proprietors	3.83	5.40	5.35	5.48	5.52	5.19	5.06	2.3
2 Consumer loans	7.98	-	-	-	-	-	-	-
2.1 Short-term	-	-	-	-	-	-	-	-
2.1.1 Floating rate and up to 1 year initial rate fixation	-	-	-	-	-	-	-	-
2.2 Long-term	7.98	-	-	-	-	-	-	-
2.2.1 Floating rate and up to 1 year initial rate fixation	7.98	-	-	-	-	-	-	-
2.2.2 Floating rate and over 1 year initial rate fixation	-	-	-	-	-	-	-	-
3 Loans for house purchases	-	-	-	-	-	-	-	-
3.1 Floating rate and up to 1 year initial rate fixation	-	-	-	-	-	-	-	-
3.2 Over 1 and up to 5 years initial rate fixation	-	-	-	-	-	-	-	-
3.3 Over 5 and up to 10 years initial rate fixation	-	-	-	-	-	-	-	-
3.4 Over 10 years initial rate fixation	-	-	-	-	-	-	-	-
4 For other purposes	6.82	-	6.64	6.36	6.56	-	6.69	2.3
4.1 Short-term	5.85	-	6.59	6.47	6.50	-	6.52	1.4
4.1.1 Floating rate and up to 1 year initial rate fixation	5.85	-	6.59	6.47	6.50	-	6.52	1.4
4.2 Long-term	9.95	-	6.69	4.81	7.52	-	6.96	0.9
4.2.1 Floating rate and up to 1 year initial rate fixation	-	-	7.43	6.40	7.52	-	6.96	0.9
4.2.2 Floating rate and over 1 year initial rate fixation	9.95	-	5.22	4.50	-	-	-	-
o/w: Sole proprietors	6.82	-	6.81	4.70	6.71	-	6.87	1.3

purchases comprises loans secured on residential property that are used for the purpose of house purchase and, where identifiable, other loans for house purchases made on a personal basis or secured against other forms of assets.

Loans for other purposes cover the following types of loans: overnight loans, loans for payments made based on guarantees and other warranties, reverse repos, shares in syndicated loans,

financial lease, loans granted for the purpose of education, mortgage loans, car purchase loans, margin loans, Lombard loans, loans for working capital, construction loans, loans to agriculture, loans to tourism, investments loans, loans for export financing, cash general-purpose loans, factoring and forfeiting and other loans.

Table G3a Credit institutions' interest rates on kuna loans to non-financial corporations not indexed to foreign currency (new business)
weighted monthly averages of interest rates, in % on annual basis and volumes of new business in million HRK

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.		
	Interest rate						Interest rate	Volume
1 Revolving loans, overdrafts and credit card credit	7.40	7.49	6.82	6.90	7.15	7.09	7.08	2,060.2
o/w: Revolving loans and overdrafts	7.39	7.47	6.78	6.87	7.19	7.08	7.08	1,957.5
o/w: Credit card credit	11.26	11.31	10.95	10.93	10.88	10.78	10.67	59.5
2 Loans up to an amount of HRK 2 million	7.82	6.95	6.40	6.70	6.70	6.18	6.43	338.8
2.1 Floating rate and up to 3 months initial rate fixation	7.94	7.04	6.27	6.77	6.79	6.18	6.52	300.5
2.2 Over 3 months and up to 1 year initial rate fixation	7.16	6.77	7.02	6.02	5.95	6.11	5.64	27.4
2.3 Over 1 and up to 3 years initial rate fixation	8.02	3.50	6.98	6.52	7.33	7.87	6.75	5.2
2.4 Over 3 and up to 5 years initial rate fixation	–	5.10	7.84	4.00	5.19	3.67	3.04	0.4
2.5 Over 5 and up to 10 years initial rate fixation	5.99	5.08	5.64	4.63	6.50	4.55	4.58	2.7
2.6 Over 10 years initial rate fixation	–	4.00	–	–	3.04	–	6.03	2.4
3 Loans from HRK 2 million to HRK 7.5 million	7.07	4.50	4.69	4.42	4.49	3.89	3.43	519.9
3.1 Floating rate and up to 3 months initial rate fixation	6.92	4.50	4.60	4.38	4.37	3.83	3.37	496.2
3.2 Over 3 months and up to 1 year initial rate fixation	8.07	5.53	6.47	5.00	5.71	4.66	3.92	10.5
3.3 Over 1 and up to 3 years initial rate fixation	3.03	3.03	–	5.32	4.54	4.47	–	–
3.4 Over 3 and up to 5 years initial rate fixation	–	–	4.07	–	–	4.06	–	–
3.5 Over 5 and up to 10 years initial rate fixation	6.00	1.00	3.03	4.00	4.88	–	5.93	8.7
3.6 Over 10 years initial rate fixation	–	–	–	–	–	–	4.00	4.5
4 Loans over HRK 7.5 million	7.55	5.68	4.32	4.09	3.44	3.70	3.50	1,210.8
4.1 Floating rate and up to 3 months initial rate fixation	7.74	5.68	4.27	4.00	3.07	3.61	3.37	1,126.7
4.2 Over 3 months and up to 1 year initial rate fixation	6.35	–	5.77	4.67	11.97	5.57	7.76	7.5
4.3 Over 1 and up to 3 years initial rate fixation	7.47	–	–	5.12	5.39	4.25	5.27	38.0
4.4 Over 3 and up to 5 years initial rate fixation	–	–	–	–	–	–	4.74	38.6
4.5 Over 5 and up to 10 years initial rate fixation	5.06	–	3.03	–	5.01	–	–	–
4.6 Over 10 years initial rate fixation	–	–	–	4.58	6.49	–	–	–

Tables G3 • The tables contain the weighted monthly averages of interest rates and total volumes of new lending business of credit institutions with non-financial corporations in the reporting month, in particular for kuna loans not indexed to f/c, for kuna loans indexed to f/c and for foreign currency loans. Loans to non-financial corporations in tables G3a through G3c are broken down to revolving loans, overdrafts and credit card credit as well as by the amount of granted loans: loans up to an amount of HRK 2 million, loans over HRK 2 million to HRK 7.5 million and loans over HRK 7.5 million.

The amount refers to the single loan transaction, and not to

all business between the corporations and the reporting agents. The reason for this is the separation of loans to large and small corporations. Without this division, loans to large corporations would dominate the weighted average interest rate. A further breakdown refers to original maturity and the currency (EUR and CHF) or the currency of indexation (EUR and CHF), depending on the presentation format in the individual table. The types of loans, the basis for the calculation of the weighted averages, the definition of new business and the initial period of fixation of the interest rate are explained in notes on methodology under G2 tables.

Table G3b Credit institutions' interest rates on kuna loans to non-financial corporations indexed to foreign currency (new business)
 weighted monthly averages of interest rates, in % on annual basis and volumes of new business in million HRK

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.		
				Interest rate				Interest rate	Volume
1 Revolving loans, overdrafts and credit card credit	8.96	8.30	6.86	6.82	6.52	6.56	6.37	419.2
o/w: Revolving loans and overdrafts	8.96	8.30	6.86	6.82	6.52	6.56	6.37	419.2
o/w: Credit card credit	-	-	-	-	-	-	-	-
2 Loans up to an amount of HRK 2 million	8.19	7.52	6.94	7.05	6.94	7.07	6.72	210.3
2.1 Floating rate and up to 3 months initial rate fixation	8.19	7.56	7.02	7.12	7.04	7.10	6.73	196.7
2.2 Over 3 months and up to 1 year initial rate fixation	7.51	5.96	6.47	6.00	6.26	7.06	7.15	8.3
2.3 Over 1 and up to 3 years initial rate fixation	8.70	9.20	5.64	9.04	-	8.15	5.67	3.9
2.4 Over 3 and up to 5 years initial rate fixation	9.71	-	6.30	5.48	6.39	4.88	4.51	0.8
2.5 Over 5 and up to 10 years initial rate fixation	8.69	7.40	4.82	8.64	4.65	6.23	6.85	0.5
2.6 Over 10 years initial rate fixation	7.23	-	-	6.37	6.39	-	6.15	0.2
o/w: EUR	8.21	7.53	6.94	7.06	6.94	7.07	6.72	209.4
Short-term	8.37	7.66	7.11	7.01	7.33	7.12	6.92	92.1
Long-term	8.00	7.39	6.74	7.11	6.60	7.03	6.57	117.3
o/w: CHF	5.84	-	-	4.20	-	-	-	-
Short-term	-	-	-	4.20	-	-	-	-
Long-term	5.84	-	-	-	-	-	-	-
3 Loans from HRK 2 million to HRK 7.5 million	7.34	6.90	6.32	6.48	6.25	6.36	5.93	214.6
3.1 Floating rate and up to 3 months initial rate fixation	7.37	6.96	6.52	6.59	6.31	6.58	6.10	199.2
3.2 Over 3 months and up to 1 year initial rate fixation	6.44	5.63	5.52	5.64	5.82	4.31	4.34	7.9
3.3 Over 1 and up to 3 years initial rate fixation	-	-	-	-	4.40	4.34	-	-
3.4 Over 3 and up to 5 years initial rate fixation	-	-	-	-	4.40	4.95	-	-
3.5 Over 5 and up to 10 years initial rate fixation	-	-	-	-	-	4.96	-	-
3.6 Over 10 years initial rate fixation	-	-	3.82	-	-	-	3.04	7.5
o/w: EUR	7.36	6.90	6.32	6.48	6.28	6.41	5.93	214.6
Short-term	7.37	7.05	6.58	6.81	6.64	5.92	6.21	89.4
Long-term	7.35	6.79	6.17	6.14	6.05	6.80	5.73	125.2
o/w: CHF	6.27	-	-	-	5.15	4.06	-	-
Short-term	-	-	-	-	5.15	-	-	-
Long-term	6.27	-	-	-	-	4.06	-	-
4 Loans over HRK 7.5 million	6.98	6.46	5.39	5.39	6.58	6.02	5.86	735.2
4.1 Floating rate and up to 3 months initial rate fixation	7.00	6.46	5.39	5.73	6.82	5.99	5.90	708.5
4.2 Over 3 months and up to 1 year initial rate fixation	5.59	-	6.66	5.43	5.30	8.30	7.34	9.4
4.3 Over 1 and up to 3 years initial rate fixation	-	-	-	3.40	-	-	-	-
4.4 Over 3 and up to 5 years initial rate fixation	9.92	-	-	-	-	-	-	-
4.5 Over 5 and up to 10 years initial rate fixation	-	-	4.66	4.06	4.36	-	-	-
4.6 Over 10 years initial rate fixation	4.90	-	-	5.09	-	-	3.18	17.2
o/w: EUR	7.00	6.46	5.39	5.36	6.58	6.00	5.86	735.2
Short-term	8.04	6.90	4.98	6.75	7.66	6.86	7.20	309.8
Long-term	5.99	6.03	6.16	4.61	5.14	5.43	4.88	425.4
o/w: CHF	5.14	-	5.38	6.43	-	-	-	-
Short-term	-	-	-	-	-	-	-	-
Long-term	5.14	-	5.38	6.43	-	-	-	-

Table G3c Credit institutions' interest rates on foreign currency loans to non-financial corporations (new business)
 vweighted monthly averages of interest rates, in % on annual basis and volumes of new business in million HRK

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.		
				Interest rate				Interest rate	Volume
1 Revolving loans, overdrafts and credit card credit	6.41	6.73	5.83	6.19	5.75	5.75	5.61	218.6
o/w: Revolving loans and overdrafts	6.45	6.85	5.94	6.34	5.86	5.89	5.79	212.0
o/w: Credit card credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.1
2 Loans up to an amount of HRK 2 million	6.75	6.32	6.23	6.31	5.81	5.89	5.53	42.0
2.1 Floating rate and up to 3 months initial rate fixation	6.77	6.44	6.20	6.33	5.86	5.92	5.55	41.3
2.2 Over 3 months and up to 1 year initial rate fixation	5.56	5.11	6.44	5.75	5.23	4.68	4.65	0.7
2.3 Over 1 and up to 3 years initial rate fixation	-	-	5.90	-	-	7.76	-	-
2.4 Over 3 and up to 5 years initial rate fixation	-	-	8.00	-	-	-	-	-
2.5 Over 5 and up to 10 years initial rate fixation	-	-	5.90	-	-	-	-	-
2.6 Over 10 years initial rate fixation	-	-	-	-	-	-	-	-
o/w: EUR	6.76	6.32	6.21	6.30	5.81	5.86	5.51	41.0
Short-term	6.65	6.18	6.08	6.13	5.75	5.80	5.47	36.7
Long-term	7.22	6.85	6.59	6.83	6.25	6.22	5.86	4.3
o/w: USD	6.67	5.84	7.03	6.94	5.82	6.14	6.53	1.0
Short-term	6.67	7.61	6.86	6.41	5.59	5.96	6.53	1.0
Long-term	-	5.43	7.91	7.96	8.03	6.83	-	-
3 Loans from HRK 2 million to HRK 7.5 million	6.18	6.00	5.20	4.64	5.41	3.57	4.93	134.0
3.1 Floating rate and up to 3 months initial rate fixation	6.22	6.02	5.20	4.64	5.38	3.38	4.93	134.0
3.2 Over 3 months and up to 1 year initial rate fixation	5.22	5.38	-	-	5.73	6.78	-	-
3.3 Over 1 and up to 3 years initial rate fixation	-	-	-	-	-	-	-	-
3.4 Over 3 and up to 5 years initial rate fixation	-	-	-	-	-	-	-	-
3.5 Over 5 and up to 10 years initial rate fixation	-	-	-	-	-	-	-	-
3.6 Over 10 years initial rate fixation	-	-	-	-	-	-	-	-
o/w: EUR	6.18	5.97	5.19	4.57	4.83	3.76	5.68	108.4
Short-term	5.59	5.86	4.47	4.28	4.65	3.00	5.45	82.4
Long-term	7.26	6.12	6.42	5.92	5.30	6.53	6.41	26.1
o/w: USD	-	7.04	2.13	0.94	-	0.97	1.77	25.6
Short-term	-	7.04	2.13	0.94	-	0.97	1.77	25.6
Long-term	-	-	-	-	-	-	-	-
4 Loans over HRK 7.5 million	5.37	4.26	4.49	4.89	5.01	3.74	3.67	1,487.1
4.1 Floating rate and up to 3 months initial rate fixation	6.61	4.68	4.49	4.89	5.05	3.74	3.04	1,112.8
4.2 Over 3 months and up to 1 year initial rate fixation	-	-	-	-	4.05	-	6.89	221.9
4.3 Over 1 and up to 3 years initial rate fixation	-	-	-	-	-	-	-	-
4.4 Over 3 and up to 5 years initial rate fixation	-	0.00	-	-	-	-	-	-
4.5 Over 5 and up to 10 years initial rate fixation	0.00	6.66	-	-	-	-	3.58	152.4
4.6 Over 10 years initial rate fixation	-	-	-	-	-	-	-	-
o/w: EUR	5.36	4.18	4.53	4.89	4.86	3.34	3.86	1,265.9
Short-term	6.92	2.70	3.02	3.09	5.12	2.84	2.83	570.9
Long-term	4.40	4.57	6.19	5.78	4.76	3.76	4.71	695.1
o/w: USD	6.00	6.20	2.89	-	5.95	-	2.58	221.1
Short-term	6.00	-	2.89	-	6.27	-	2.58	221.1
Long-term	-	6.20	-	-	5.86	-	-	-

Table G4 Credit institutions' effective interest rates on selected loans (new business)

weighted monthly averages of interest rates, in % on annual basis and volumes of new business in million HRK

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.	Interest rate	Volume
				Interest rate				
1 Households								
1.1 Kuna loans								
1.1.1 Consumer loans	8.34	7.67	8.17	8.53	8.26	7.83	8.26	30.8
1.1.2 Loans for house purchases	5.49	6.27	6.11	6.07	5.79	5.74	5.65	40.7
1.2 Loans indexed to f/c								
1.2.1 Consumer loans	8.37	9.93	8.88	7.71	9.13	9.10	8.68	2.5
o/w: EUR	9.01	10.00	9.05	7.74	9.37	9.10	8.69	2.4
Short-term	19.28	9.33	9.22	11.17	8.89	10.89	10.78	0.0
Long-term	9.00	10.02	9.05	7.69	9.40	9.09	8.68	2.4
o/w: CHF	7.03	7.16	7.18	7.25	7.27	–	8.53	0.0
Short-term	–	–	–	–	–	–	–	–
Long-term	7.03	7.16	7.18	7.25	7.27	–	8.53	0.0
1.2.2 Loans for house purchases	6.13	6.00	5.73	5.05	5.77	5.47	5.49	348.9
o/w: EUR	6.25	6.04	5.77	5.12	5.83	5.56	5.54	336.1
Short-term	6.26	6.11	5.85	5.84	5.83	5.52	5.50	44.5
Long-term	6.25	6.03	5.76	5.04	5.83	5.56	5.54	291.6
o/w: CHF	5.69	5.60	5.16	3.82	3.71	3.85	4.21	12.9
Short-term	–	–	–	–	–	–	–	–
Long-term	5.69	5.60	5.16	3.82	3.71	3.85	4.21	12.9
1.3 F/c loans								
1.3.1 Consumer loans	7.97	–	–	–	–	–	–	–
1.3.2 Loans for house purchases	–	–	–	–	–	–	–	–
2 Loans to non-financial corporations								
2.1 Kuna loans								
2.1.1 Loans up to an amount of HRK 7.5 million	8.28	6.44	6.24	6.12	6.08	5.56	5.41	858.7
2.1.2 Loans over HRK 7.5 million	8.64	6.34	4.56	4.54	3.68	3.93	3.69	1,210.8
2.2 Loans indexed to f/c								
2.2.1 Loans up to an amount of HRK 7.5 million	8.50	7.98	7.24	7.62	7.26	7.48	7.15	424.9
2.2.2 Loans over HRK 7.5 million	7.91	7.42	7.93	6.03	7.53	6.89	6.69	735.2
2.3 F/c loans								
2.3.1 Loans up to an amount of HRK 7.5 million	6.78	6.52	5.99	5.51	7.09	4.70	5.57	176.0
2.3.2 Loans over HRK 7.5 million	6.03	4.51	4.60	5.22	5.34	3.99	3.79	1,487.1

Table G4 Credit institutions' effective interest rates for selected loans (new business) • The table contains the weighted monthly averages of credit institutions' effective interest rates and total volumes of new lending business in the reporting month, in particular for kuna loans, for kuna loans indexed to f/c and for f/c loans and separately for loans to households and for loans to non-financial corporations.

Reporting institutions submit effective interest rates in accordance with the Decision on the effective interest rate of credit institutions and credit unions and on service contracts

with consumers.

Loans to households are broken down to kuna loans, loans indexed to f/c and f/c loans. The loans indexed to f/c are broken down by type, the currency of indexation (EUR and CHF) and original maturity. Loans to non-financial corporations are broken down by currency and by the amount of granted loans: loans up to an amount of HRK 7.5 million and loans over HRK 7.5 million. The types of loans, the basis for the calculation of the weighted averages and the definition of new business are explained in notes on methodology under G2 tables.

Table G5a Credit institutions' interest rates on kuna deposits and loans not indexed to foreign currency (outstanding amounts)
weighted monthly averages of interest rates, in % on annual basis and volumes in million HRK

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.		
				Interest rate				Interest rate	Volume
1 Deposits	3.82	3.78	3.21	3.09	3.01	2.85	2.77	29,913.2
1.1 Households	4.03	4.04	3.44	3.26	3.18	3.05	3.02	22,628.2
1.1.1 Time deposits	4.03	4.04	3.44	3.26	3.18	3.05	3.02	22,628.2
1.1.1.1 Short-term	3.90	3.87	3.24	3.05	2.96	2.81	2.77	13,874.8
1.1.1.1.1 Up to 3 months	3.25	2.88	2.40	2.19	2.24	2.06	2.03	2,054.1
1.1.1.1.2 Over 3 and up to 6 months	3.81	3.76	2.95	2.82	2.70	2.58	2.55	3,092.4
1.1.1.1.3 Over 6 months and up to 1 year	4.15	4.18	3.54	3.34	3.21	3.06	3.03	8,728.4
1.1.1.2 Long-term	4.35	4.41	3.81	3.64	3.54	3.43	3.41	8,753.4
1.1.1.2.1 Over 1 and up to 2 years	4.52	4.56	3.93	3.70	3.56	3.46	3.43	5,055.9
1.1.1.2.2 Over 2 years	4.17	4.26	3.65	3.57	3.50	3.40	3.39	3,697.5
1.2 Non-financial corporations	3.43	3.32	2.53	2.50	2.40	2.28	2.15	6,643.2
1.2.1 Time deposits	3.43	3.32	2.53	2.50	2.40	2.28	2.15	6,643.2
1.2.1.1 Short-term	3.68	3.34	2.37	2.36	2.33	2.14	1.99	4,711.7
1.2.1.1.1 Up to 3 months	3.33	2.39	1.54	1.79	1.79	1.69	1.32	1,682.0
1.2.1.1.2 Over 3 and up to 6 months	4.17	3.78	2.44	2.30	2.32	2.14	2.14	1,009.5
1.2.1.1.3 Over 6 months and up to 1 year	4.03	4.29	3.19	2.84	2.69	2.50	2.48	2,020.2
1.2.1.2 Long-term	3.02	3.23	2.98	2.93	2.57	2.60	2.52	1,931.6
1.2.1.2.1 Over 1 and up to 2 years	3.07	4.03	3.22	3.09	2.82	2.80	2.75	1,065.4
1.2.1.2.2 Over 2 years	2.77	2.77	2.67	2.72	2.21	2.32	2.23	866.2
1.3 Repos	–	0.52	0.61	0.25	2.50	0.51	0.62	641.8
2 Loans	8.59	8.17	7.78	7.59	7.62	7.52	7.56	51,173.1
2.1 Households	9.53	9.44	9.23	8.94	8.88	8.77	8.76	31,227.3
2.1.1 Loans for house purchases	6.49	6.45	6.46	6.34	6.27	5.99	5.98	4,011.4
2.1.1.1 Short-term	–	5.37	–	9.91	10.09	12.16	12.86	0.2
2.1.1.2 Long-term	6.49	6.45	6.46	6.34	6.27	5.99	5.98	4,011.3
2.1.1.2.1 Over 1 and up to 5 years	6.41	6.45	6.20	6.04	5.89	5.70	5.68	12.6
2.1.1.2.2 Over 5 years	6.49	6.45	6.46	6.34	6.27	5.99	5.98	3,998.7
2.1.2 Consumer loans and other loans	10.10	9.98	9.68	9.35	9.28	9.19	9.17	27,215.9
2.1.2.1 Short-term	10.47	10.46	10.10	9.52	9.45	9.43	9.43	10,338.9
2.1.2.2 Long-term	9.82	9.58	9.38	9.24	9.17	9.04	9.02	16,877.0
2.1.2.2.1 Over 1 and up to 5 years	10.07	9.70	9.35	9.34	9.22	9.12	9.09	4,275.5
2.1.2.2.2 Over 5 years	9.75	9.55	9.38	9.21	9.15	9.02	8.99	12,601.5
o/w: Sole proprietors	9.13	8.35	7.77	7.78	7.66	7.53	7.48	977.3
2.2 Non-financial corporations	7.42	6.48	5.69	5.63	5.70	5.57	5.67	19,945.8
2.2.1 Loans	7.42	6.48	5.69	5.63	5.70	5.57	5.67	19,945.8
2.2.1.1 Short-term	7.67	7.07	6.21	6.17	6.45	6.25	6.44	8,716.5
2.2.1.2 Long-term	7.19	5.90	5.19	5.11	5.05	5.03	5.07	11,229.3
2.2.1.2.1 Over 1 and up to 5 years	7.61	6.42	5.91	5.86	5.71	5.66	5.80	4,672.0
2.2.1.2.2 Over 5 years	6.62	5.41	4.67	4.55	4.55	4.58	4.55	6,557.3

Tables G5 • The tables contain the weighted monthly averages of credit institutions' interest rates for outstanding amounts of selected deposits and loans and total amounts of book balances of such deposits and loans, by reporting months.

Deposits and loans to households and non-financial corporations are broken down to deposits and loans not indexed to f/c, deposits and loans indexed to f/c and foreign currency deposits and loans.

Deposits and loans to households in tables G5a through G5c are further broken down by instrument, by original maturity and

by the currency of indexation (EUR and CHF) or by the currency (EUR and CHF), depending on the presentation format in the individual table. The "of which" position under the loans to households is shown in the tables for loans granted to sole proprietors.

The end-of-month book balances of deposits and loans are the basis for the calculation of the weighted averages for deposits and loans.

The descriptions of instruments are explained in notes on methodology under G1 and G2 tables.

Table G5b Credit institutions' interest rates on kuna deposits and loans indexed to foreign currency (outstanding amounts) weighted monthly averages of interest rates, in % on annual basis and volumes in million HRK

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.		
				Interest rate				Interest rate	Volume
1 Deposits	3.13	3.09	3.09	3.11	3.08	3.06	3.05	7,496.3
1.1 Households	3.12	3.06	3.09	3.11	3.09	3.07	3.06	7,040.3
1.1.1 Time deposits	3.12	3.06	3.09	3.11	3.09	3.07	3.06	7,040.3
1.1.1.1 Short-term	3.32	2.78	2.98	3.00	3.01	2.58	2.36	260.5
1.1.1.1.1 Up to 3 months	2.25	1.77	1.50	1.39	2.78	1.30	1.30	29.9
1.1.1.1.2 Over 3 and up to 6 months	2.66	2.09	1.85	1.80	1.79	1.82	1.81	41.4
1.1.1.1.3 Over 6 months and up to 1 year	3.78	3.32	3.40	3.42	3.27	2.93	2.65	189.2
o/w: EUR	3.46	2.90	3.11	3.15	3.09	2.75	2.50	230.4
o/w: USD	2.01	1.82	1.55	1.46	1.57	1.34	1.33	29.1
1.1.1.2 Long-term	3.11	3.08	3.10	3.12	3.09	3.09	3.08	6,779.8
1.1.1.2.1 Over 1 and up to 2 years	3.46	3.19	3.00	2.90	2.77	2.70	2.67	272.0
1.1.1.2.2 Over 2 years	3.09	3.07	3.10	3.13	3.11	3.11	3.10	6,507.8
o/w: EUR	3.17	3.13	3.14	3.17	3.14	3.14	3.13	6,664.5
o/w: USD	2.88	2.74	2.48	2.42	2.27	2.18	2.17	18.8
1.2 Non-financial corporations	3.15	3.30	3.05	3.04	2.91	2.89	2.97	456.0
1.2.1 Time deposits	3.15	3.30	3.05	3.04	2.91	2.89	2.97	456.0
1.2.1.1 Short-term	3.50	3.81	3.51	3.34	3.25	3.33	3.34	132.2
1.2.1.1.1 Up to 3 months	3.44	3.37	2.47	2.12	2.09	0.98	0.95	5.1
1.2.1.1.2 Over 3 and up to 6 months	2.87	4.41	3.86	2.16	2.30	2.11	2.13	11.6
1.2.1.1.3 Over 6 months and up to 1 year	3.95	3.51	3.62	3.84	3.51	3.59	3.57	115.4
o/w: EUR	3.51	3.81	3.51	3.34	3.25	3.33	3.34	131.5
o/w: USD	2.42	2.52	3.06	3.06	3.43	3.43	3.43	0.7
1.2.1.2 Long-term	3.05	2.79	2.77	2.87	2.72	2.70	2.82	323.8
1.2.1.2.1 Over 1 and up to 2 years	2.90	2.65	1.92	1.94	2.05	1.99	1.88	44.3
1.2.1.2.2 Over 2 years	3.15	2.83	2.99	3.09	2.84	2.82	2.96	279.5
o/w: EUR	3.06	2.79	2.77	2.87	2.73	2.71	2.83	321.9
o/w: USD	2.17	0.28	-	-	0.96	0.96	0.96	1.5
1.3 Repos	-	-	-	-	-	-	-	-
2 Loans	6.93	6.66	6.52	6.20	6.17	6.05	6.03	114,589.4
2.1 Households	7.20	7.10	6.96	6.50	6.46	6.35	6.33	81,542.1
2.1.1 Loans for house purchases	5.78	5.73	5.60	4.94	4.94	4.88	4.88	51,509.5
2.1.1.1 Short-term	7.04	4.89	5.78	3.44	5.32	5.86	6.19	0.6
o/w: EUR	7.55	4.89	4.76	3.67	5.70	6.23	6.39	0.5
o/w: CHF	5.05	-	5.81	3.39	3.52	4.10	4.47	0.1
2.1.1.2 Long-term	5.78	5.73	5.60	4.94	4.94	4.88	4.88	51,509.0
2.1.1.2.1 Over 1 and up to 5 years	6.27	6.09	5.86	5.15	5.10	5.00	4.93	153.7
2.1.1.2.2 Over 5 years	5.77	5.73	5.60	4.94	4.94	4.88	4.88	51,355.2
o/w: EUR	6.09	5.97	5.92	5.87	5.85	5.75	5.75	33,615.0
o/w: CHF	5.32	5.33	5.02	3.25	3.26	3.26	3.26	17,853.3
2.1.2 Consumer loans and other loans	9.32	9.19	9.12	9.03	8.97	8.84	8.81	30,032.6
2.1.2.1 Short-term	8.50	8.20	7.10	6.84	7.04	6.65	6.89	259.6
o/w: EUR	8.62	8.36	7.26	6.97	7.19	6.77	6.93	247.6
o/w: CHF	9.75	7.04	4.06	-	3.50	3.45	7.07	0.5
2.1.2.2 Long-term	9.33	9.20	9.13	9.05	8.99	8.86	8.83	29,773.0
2.1.2.2.1 Over 1 and up to 5 years	9.49	9.18	8.94	8.79	8.66	8.44	8.38	3,196.7
2.1.2.2.2 Over 5 years	9.30	9.20	9.16	9.08	9.03	8.91	8.88	26,576.4
o/w: EUR	9.50	9.31	9.22	9.12	9.06	8.93	8.90	28,881.0
o/w: CHF	7.54	7.30	7.09	6.90	6.79	6.67	6.62	817.8

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.	Interest rate	Volume
	Interest rate			Interest rate	Volume			
o/w: Sole proprietors	6.81	6.41	6.25	6.29	6.32	6.20	6.14	2,303.4
2.2 Non-financial corporations	6.42	5.68	5.51	5.49	5.47	5.33	5.30	33,047.3
2.2.1 Loans	6.42	5.68	5.51	5.49	5.47	5.33	5.30	33,047.3
2.2.1.1 Short-term	7.90	7.45	7.09	7.13	7.47	6.94	6.88	3,774.5
o/w: EUR	7.90	7.46	7.10	7.14	7.49	6.96	6.90	3,748.2
o/w: CHF	8.31	4.64	4.59	4.58	4.58	4.58	5.04	24.2
2.2.1.2 Long-term	6.15	5.43	5.33	5.29	5.24	5.12	5.10	29,272.8
2.2.1.2.1 Over 1 and up to 5 years	7.68	7.08	6.69	6.62	6.50	6.37	6.43	4,994.7
2.2.1.2.2 Over 5 years	5.58	4.98	5.00	4.99	4.97	4.87	4.82	24,278.1
o/w: EUR	6.19	5.44	5.34	5.30	5.26	5.13	5.11	28,675.8
o/w: CHF	4.88	4.81	4.65	4.53	4.53	4.51	4.45	535.2

Table G5c Credit institutions' interest rates on foreign currency deposits and loans (outstanding amounts)

weighted monthly averages of interest rates, in % on annual basis and volumes in million HRK

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.		
				Interest rate				Interest rate	Volume
1 Deposits	3.57	3.58	2.97	2.85	2.75	2.62	2.57	127,754.4
1.1 Households	3.60	3.57	2.98	2.87	2.77	2.66	2.63	117,301.1
1.1.1 Time deposits	3.60	3.57	2.98	2.87	2.77	2.66	2.63	117,301.1
1.1.1.1 Short-term	3.31	3.30	2.60	2.45	2.34	2.21	2.17	53,281.0
1.1.1.1.1 Up to 3 months	2.31	2.20	1.58	1.51	1.41	1.33	1.30	4,266.8
1.1.1.1.2 Over 3 and up to 6 months	2.91	2.84	2.05	1.98	1.87	1.77	1.73	8,025.9
1.1.1.1.3 Over 6 months and up to 1 year	3.52	3.51	2.82	2.63	2.52	2.39	2.35	40,988.3
o/w: EUR	3.38	3.36	2.66	2.50	2.39	2.25	2.22	47,684.8
o/w: USD	2.79	2.70	2.25	2.14	2.07	2.00	1.97	3,684.7
1.1.1.2 Long-term	4.02	3.98	3.36	3.26	3.16	3.05	3.02	64,020.1
1.1.1.2.1 Over 1 and up to 2 years	3.93	3.94	3.24	3.12	2.99	2.86	2.83	34,126.4
1.1.1.2.2 Over 2 years	4.14	4.02	3.51	3.44	3.36	3.26	3.23	29,893.7
o/w: EUR	4.09	4.05	3.41	3.31	3.20	3.09	3.06	58,466.4
o/w: USD	3.35	3.42	2.98	2.91	2.80	2.72	2.69	3,888.9
1.2 Non-financial corporations	3.21	3.64	2.90	2.70	2.44	2.13	1.89	10,453.2
1.2.1 Time deposits	3.21	3.64	2.90	2.70	2.44	2.13	1.89	10,453.2
1.2.1.1 Short-term	3.17	2.69	2.92	2.73	2.43	2.06	1.85	8,934.8
1.2.1.1.1 Up to 3 months	2.66	1.79	1.43	1.17	1.21	1.19	1.05	3,523.5
1.2.1.1.2 Over 3 and up to 6 months	3.50	3.07	2.32	2.27	2.92	2.08	1.98	1,995.0
1.2.1.1.3 Over 6 months and up to 1 year	3.85	3.86	4.28	3.95	2.91	2.65	2.60	3,416.2
o/w: EUR	3.25	2.78	3.05	2.84	2.51	2.07	1.85	8,189.3
o/w: USD	2.45	2.02	1.39	1.63	1.63	2.01	1.90	649.5
1.2.1.2 Long-term	3.53	5.81	2.78	2.50	2.48	2.47	2.13	1,518.4
1.2.1.2.1 Over 1 and up to 2 years	3.74	6.30	3.08	2.87	2.82	3.07	2.57	744.2
1.2.1.2.2 Over 2 years	3.33	2.31	2.02	1.89	1.93	1.71	1.70	774.3
o/w: EUR	3.76	6.09	3.04	2.77	2.77	2.70	2.29	1,233.7
o/w: USD	2.13	2.45	1.88	1.46	1.32	1.36	1.38	232.0
1.3 Repos	-	-	-	-	-	-	-	-
2 Loans	6.34	5.48	5.31	5.41	5.50	5.37	5.35	20,381.9
2.1 Households	6.21	5.34	5.19	5.31	5.14	5.24	5.10	239.8
2.1.1 Loans for house purchases	6.02	5.97	5.95	3.60	3.63	3.58	3.57	8.5
2.1.1.1 Short-term	-	-	-	-	-	-	-	-
o/w: EUR	-	-	-	-	-	-	-	-
o/w: CHF	-	-	-	-	-	-	-	-
2.1.1.2 Long-term	6.02	5.97	5.95	3.60	3.63	3.58	3.57	8.5
2.1.1.2.1 Over 1 and up to 5 years	6.16	-	-	-	-	-	-	-
2.1.1.2.2 Over 5 years	6.02	5.97	5.95	3.60	3.63	3.58	3.57	8.5
o/w: EUR	7.35	7.77	8.04	8.04	6.02	8.02	8.02	0.5
o/w: CHF	5.84	5.77	5.80	3.28	3.30	3.31	3.30	8.0
2.1.2 Consumer loans and other loans	6.22	5.31	5.16	5.38	5.21	5.31	5.16	231.3
2.1.2.1 Short-term	1.27	1.78	1.92	4.06	3.38	4.57	4.29	109.9
o/w: EUR	1.24	1.77	1.93	4.06	3.42	4.56	4.28	109.8
o/w: CHF	12.00	12.00	12.00	12.00	12.00	12.00	12.00	0.0
2.1.2.2 Long-term	7.27	6.27	6.21	6.23	6.16	5.95	5.95	121.4
2.1.2.2.1 Over 1 and up to 5 years	7.43	7.24	6.96	6.71	6.48	6.07	6.10	11.1
2.1.2.2.2 Over 5 years	7.19	6.15	6.02	6.13	6.09	5.94	5.93	110.3
o/w: EUR	7.41	6.20	6.21	6.20	6.16	5.93	5.93	110.4
o/w: CHF	6.26	6.87	6.16	6.59	6.16	6.21	6.16	11.0

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.	Interest rate	Volume
					Interest rate			Interest rate	Volume
o/w: Sole proprietors	7.27	6.79	6.68	6.65	6.55	6.50	6.42	69.8
2.2 Non-financial corporations	6.34	5.48	5.31	5.42	5.50	5.37	5.35	20,142.1
2.2.1 Loans	6.34	5.48	5.31	5.42	5.50	5.37	5.35	20,142.1
2.2.1.1 Short-term	6.87	5.78	5.09	5.64	7.01	6.42	7.29	1,899.3
o/w: EUR	7.29	5.74	5.00	5.41	7.04	6.46	7.36	1,793.3
o/w: USD	5.17	6.13	5.98	7.85	6.41	5.36	5.67	89.2
2.2.1.2 Long-term	6.27	5.44	5.34	5.39	5.32	5.26	5.15	18,242.8
2.2.1.2.1 Over 1 and up to 5 years	6.51	5.69	5.75	5.75	5.47	5.45	4.98	3,497.8
2.2.1.2.2 Over 5 years	6.15	5.36	5.24	5.29	5.28	5.22	5.19	14,745.0
o/w: EUR	6.33	5.45	5.35	5.40	5.33	5.27	5.16	18,043.4
o/w: USD	5.89	5.23	5.68	5.65	5.17	5.07	4.92	105.8

Table G6a Credit institutions' interest rates on kuna deposits and loans not indexed to foreign currency (new business)
weighted monthly averages of interest rates, in % on annual basis and volumes of new business in million HRK

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.		
	Interest rate						Interest rate	Volume
1 Deposits	3.23	2.89	2.42	2.36	2.17	2.07	1.95	4,201.2
1.1 Households	3.75	3.43	2.89	2.72	2.68	2.50	2.47	2,368.6
1.1.1 Time deposits	3.75	3.43	2.89	2.72	2.68	2.50	2.47	2,368.6
1.1.1.1 Short-term	3.65	3.27	2.73	2.53	2.53	2.33	2.30	1,921.4
1.1.1.1.1 Up to 3 months	3.17	2.39	2.12	2.03	2.04	2.03	1.73	721.5
1.1.1.1.2 Over 3 and up to 6 months	3.76	3.53	2.84	2.66	2.66	2.14	2.38	446.5
1.1.1.1.3 Over 6 months and up to 1 year	4.06	3.91	3.25	2.96	2.96	2.78	2.79	753.4
1.1.1.2 Long-term	4.55	4.41	3.69	3.46	3.40	3.22	3.24	447.2
1.1.1.2.1 Over 1 and up to 2 years	4.42	4.43	3.64	3.37	3.35	3.37	3.24	339.6
1.1.1.2.2 Over 2 years	4.78	4.32	3.82	3.70	3.55	2.86	3.24	107.5
1.2 Non-financial corporations	3.03	2.68	1.77	1.74	1.26	1.46	1.50	1,348.7
1.2.1 Time deposits	3.03	2.68	1.77	1.74	1.26	1.46	1.50	1,348.7
1.2.1.1 Short-term	3.11	2.59	1.57	1.67	1.24	1.43	1.25	1,173.5
1.2.1.1.1 Up to 3 months	2.79	2.05	1.17	1.02	0.99	1.01	0.96	881.1
1.2.1.1.2 Over 3 and up to 6 months	4.91	3.63	2.37	2.20	1.86	1.92	2.11	144.3
1.2.1.1.3 Over 6 months and up to 1 year	4.98	3.95	3.20	2.51	1.99	2.24	2.15	148.1
1.2.1.2 Long-term	2.94	4.20	3.16	3.09	2.08	2.61	3.18	175.2
1.2.1.2.1 Over 1 and up to 2 years	2.92	3.88	3.26	3.39	2.46	2.72	3.30	148.4
1.2.1.2.2 Over 2 years	3.96	4.87	2.13	2.57	1.00	2.34	2.52	26.9
1.3 Repos	–	0.43	–	–	–	–	0.67	483.9
2 Loans	9.74	9.50	8.83	8.56	8.40	8.37	8.56	16,039.7
2.1 Households	10.58	10.56	10.13	9.60	9.54	9.49	9.48	12,331.3
2.1.1 Loans for house purchases	5.34	5.74	5.81	5.73	5.48	5.37	5.31	40.7
2.1.1.1 Short-term	–	5.31	5.86	5.75	5.57	5.37	5.19	9.2
2.1.1.2 Long-term	5.34	5.90	5.78	5.71	5.37	5.37	5.35	31.5
2.1.1.2.1 Over 1 and up to 5 years	5.91	6.28	5.44	5.77	5.08	5.33	5.45	0.8
2.1.1.2.2 Over 5 years	5.33	5.89	5.79	5.71	5.37	5.37	5.34	30.7
2.1.2 Consumer loans and other loans	10.61	10.56	10.14	9.61	9.56	9.50	9.49	12,290.6
2.1.2.1 Short-term	10.49	10.50	10.13	9.54	9.50	9.46	9.46	9,943.2
2.1.2.2 Long-term	11.16	10.86	10.20	9.90	9.84	9.66	9.65	2,347.4
2.1.2.2.1 Over 1 and up to 5 years	11.18	10.68	9.93	9.96	9.81	9.66	9.61	1,654.1
2.1.2.2.2 Over 5 years	11.10	11.18	10.70	9.77	9.92	9.66	9.75	693.3
o/w: Sole proprietors	9.72	10.13	9.87	9.69	9.68	9.32	9.54	300.9
2.2 Non-financial corporations	7.50	6.50	5.61	5.67	5.26	5.25	5.49	3,708.4
Loans	7.50	6.50	5.61	5.67	5.26	5.25	5.49	3,708.4
2.2.1 Short-term	7.51	6.62	5.51	5.62	5.17	5.18	5.49	3,122.3
2.2.1.2 Long-term	7.46	5.69	6.35	6.08	5.78	6.41	5.51	586.0
2.2.1.2.1 Over 1 and up to 5 years	7.83	6.57	6.62	6.87	6.04	6.43	5.78	266.7
2.2.1.2.2 Over 5 years	5.95	4.39	5.99	5.18	5.39	6.35	5.28	319.3

Tables G6 • Data on interest rates and volumes of new business for the sub-categories of loans and deposits included in tables G6a through G6c are presented in more detail in tables G1 through G3.

Tables G6a through G6c contain the weighted monthly averages of credit institutions' interest rates for the selected aggregated categories of new deposit business (only for time deposits) and new lending business (for loans other than revolving loans, overdrafts and credit card credit) and total volumes

of new business for these categories of deposits and loans. Deposits and loans to households and non-financial corporations are broken down to deposits and loans not indexed to f/c (Table G6a), deposits and loans indexed to f/c (Table G6b) and foreign currency deposits and loans (Table G6c).

The descriptions of division by instrument, counterparty sector, maturity and currency are explained in notes on methodology under tables G1 through G3.

Table G6b Credit institutions' interest rates on kuna deposits and loans indexed to foreign currency (new business)
 weighted monthly averages of interest rates, in % on annual basis and volumes of new business in million HRK

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.		
				Interest rate				Interest rate	Volume
1 Deposits	3.37	3.69	3.41	3.12	3.55	2.72	3.04	102.1
1.1 Households	3.19	2.87	3.48	3.26	3.71	2.74	2.69	87.0
1.1.1 Time deposits	3.19	2.87	3.48	3.26	3.71	2.74	2.69	87.0
1.1.1.1 Short-term	2.61	2.17	3.00	1.61	3.40	1.54	1.55	25.9
1.1.1.1.1 Up to 3 months	2.18	1.75	1.34	1.20	3.49	1.24	1.12	14.8
1.1.1.1.2 Over 3 and up to 6 months	3.01	1.90	1.74	1.39	3.13	1.74	1.59	1.7
1.1.1.1.3 Over 6 months and up to 1 year	4.27	4.85	4.81	2.99	2.36	1.76	2.21	9.4
o/w: EUR	2.94	2.57	3.72	2.06	3.40	1.77	1.96	13.0
o/w: USD	1.88	1.51	1.10	1.10	–	1.21	1.13	12.8
1.1.1.2 Long-term	3.31	3.14	3.59	3.47	4.07	3.37	3.17	61.0
1.1.1.2.1 Over 1 and up to 2 years	4.43	3.74	4.03	2.90	2.70	3.47	2.49	5.3
1.1.1.2.2 Over 2 years	3.18	3.08	3.55	3.64	4.30	3.35	3.23	55.8
o/w: EUR	3.31	3.14	3.59	3.47	4.07	3.37	3.17	61.0
o/w: USD	0.00	–	–	0.00	–	–	–	–
1.2 Non-financial corporations	3.54	4.76	3.23	2.17	3.00	1.97	5.06	15.1
1.2.1 Time deposits	3.54	4.76	3.23	2.17	3.00	1.97	5.06	15.1
1.2.1.1 Short-term	3.14	4.79	3.26	2.20	3.27	3.44	1.67	4.9
1.2.1.1.1 Up to 3 months	2.79	3.64	2.01	2.09	–	0.50	–	–
1.2.1.1.2 Over 3 and up to 6 months	1.46	5.96	1.34	2.27	0.00	0.06	1.47	1.8
1.2.1.1.3 Over 6 months and up to 1 year	4.94	3.48	3.36	3.28	3.27	3.73	1.77	3.2
o/w: EUR	3.18	4.79	3.26	2.20	3.27	3.93	1.67	4.9
o/w: USD	1.15	4.00	3.80	–	–	1.00	–	–
1.2.1.2 Long-term	3.72	4.64	2.53	1.96	2.38	1.58	6.70	10.2
1.2.1.2.1 Over 1 and up to 2 years	2.41	4.73	2.79	2.20	2.43	1.84	3.30	0.0
1.2.1.2.2 Over 2 years	4.24	2.40	1.37	1.12	0.84	1.20	6.70	10.2
o/w: EUR	3.72	4.64	2.53	1.96	2.40	1.58	6.70	10.2
o/w: USD	–	–	–	–	0.40	–	–	–
1.3 Repos	–	–	–	–	–	–	–	–
2 Loans	7.27	6.80	5.91	6.22	6.78	6.62	6.49	2,191.4
2.1 Households	7.60	7.05	6.39	6.49	6.99	7.07	7.02	1,031.3
2.1.1 Loans for house purchases	5.63	5.22	5.12	4.63	5.27	5.17	5.19	348.9
2.1.1.1 Short-term	5.50	5.39	5.54	5.61	5.57	5.28	5.30	44.5
o/w: EUR	5.50	5.39	5.54	5.61	5.57	5.28	5.30	44.5
o/w: CHF	–	–	–	–	–	–	–	–
2.1.1.2 Long-term	5.64	5.20	5.06	4.53	5.23	5.15	5.18	304.4
2.1.1.2.1 Over 1 and up to 5 years	5.85	5.11	5.39	3.40	4.94	5.42	5.20	9.3
2.1.1.2.2 Over 5 years	5.64	5.20	5.05	4.54	5.23	5.15	5.18	295.1
o/w: EUR	5.68	5.43	5.29	4.67	5.33	5.27	5.27	291.6
o/w: CHF	5.53	3.50	2.30	2.08	2.06	3.24	3.14	12.9
2.1.2 Consumer loans and other loans	8.63	8.38	6.86	7.67	8.01	7.89	7.96	682.4
2.1.2.1 Short-term	8.50	8.03	6.42	6.58	7.38	6.54	6.68	51.9
o/w: EUR	8.55	8.06	6.47	6.58	7.41	6.56	6.76	47.6
o/w: CHF	6.77	5.35	–	–	–	3.04	–	–
2.1.2.2 Long-term	8.65	8.43	6.90	7.79	8.07	8.02	8.06	630.5
2.1.2.2.1 Over 1 and up to 5 years	8.66	8.00	5.97	7.23	7.52	7.18	7.44	136.5
2.1.2.2.2 Over 5 years	8.64	8.57	7.43	7.97	8.21	8.29	8.23	494.0
o/w: EUR	8.68	8.44	6.92	7.83	8.09	8.05	8.08	628.0
o/w: CHF	6.87	6.72	5.52	2.46	6.37	3.95	3.81	0.9

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.	Interest rate	Volume
				Interest rate				
o/w: Sole proprietors	7.32	7.36	6.58	6.63	6.33	6.18	6.56	52.3
2.2 Non-financial corporations	7.16	6.70	5.70	5.99	6.58	6.25	6.03	1,160.1
2.2.1 Loans	7.16	6.70	5.70	5.99	6.58	6.25	6.03	1,160.1
2.2.1.1 Short-term	8.02	7.05	5.33	6.84	7.32	6.72	6.96	492.2
o/w: EUR	8.01	7.05	5.33	6.84	7.34	6.72	6.97	491.3
o/w: CHF	-	-	-	4.20	5.15	-	-	-
2.2.1.2 Long-term	6.36	6.37	6.22	5.37	5.85	5.93	5.34	667.9
2.2.1.2.1 Over 1 and up to 5 years	6.91	6.95	6.13	4.87	6.18	6.19	5.88	275.9
2.2.1.2.2 Over 5 years	5.88	5.89	6.26	5.82	5.63	5.79	4.96	392.0
o/w: EUR	6.39	6.37	6.23	5.34	5.85	5.92	5.34	667.9
o/w: CHF	5.28	-	5.38	6.43	-	4.06	-	-

Table G6c Credit institutions' interest rates on foreign currency deposits and loans (new business)

weighted monthly averages of interest rates, in % on annual basis and volumes of new business in million HRK

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.	Interest rate	Volume
				Interest rate				
1 Deposits	2.92	2.66	2.20	2.05	1.94	2.04	1.81	11,913.15
1.1 Households	3.25	3.16	2.52	2.47	2.35	2.25	2.16	8,325.50
1.1.1 Time deposits	3.25	3.16	2.52	2.47	2.35	2.25	2.16	8,325.50
1.1.1.1 Short-term	3.06	2.97	2.25	2.10	2.02	1.96	1.87	5,354.21
1.1.1.1.1 Up to 3 months	2.37	2.07	1.62	1.50	1.50	1.40	1.30	1,106.30
1.1.1.1.2 Over 3 and up to 6 months	2.84	2.72	2.14	2.00	1.85	1.73	1.70	981.36
1.1.1.1.3 Over 6 months and up to 1 year	3.39	3.30	2.52	2.37	2.28	2.21	2.12	3,266.56
o/w: EUR	3.12	3.01	2.31	2.13	2.05	1.98	1.88	4,814.00
o/w: USD	2.75	2.52	2.02	1.95	1.94	1.80	1.94	369.03
1.1.1.2 Long-term	3.96	3.90	3.07	3.05	2.91	2.77	2.68	2,971.28
1.1.1.2.1 Over 1 and up to 2 years	3.95	3.80	2.99	2.87	2.87	2.73	2.66	2,051.63
1.1.1.2.2 Over 2 years	4.01	4.18	3.24	3.30	3.01	2.87	2.74	919.66
o/w: EUR	4.07	3.98	3.11	3.06	2.94	2.80	2.69	2,790.39
o/w: USD	3.56	3.47	2.93	3.07	2.62	2.54	2.62	140.52
1.2 Non-financial corporations	2.42	1.76	1.44	1.15	1.08	1.36	1.01	3,587.66
1.2.1 Time deposits	2.42	1.76	1.44	1.15	1.08	1.36	1.01	3,587.66
1.2.1.1 Short-term	2.37	1.62	1.40	1.05	0.83	1.23	0.99	3,538.31
1.2.1.1.1 Up to 3 months	2.07	1.14	0.95	0.75	0.52	0.93	0.86	3,032.28
1.2.1.1.2 Over 3 and up to 6 months	3.74	3.09	2.21	2.50	1.90	2.10	1.60	273.60
1.2.1.1.3 Over 6 months and up to 1 year	4.18	3.66	2.91	2.25	2.65	2.21	1.94	232.43
o/w: EUR	2.60	1.96	1.54	1.07	1.05	1.27	1.03	3,066.06
o/w: USD	1.37	0.60	0.58	0.66	0.19	0.43	0.59	450.17
1.2.1.2 Long-term	4.47	3.71	3.34	3.54	4.47	2.64	2.61	49.35
1.2.1.2.1 Over 1 and up to 2 years	4.56	3.52	3.39	4.70	4.89	4.66	2.71	42.33
1.2.1.2.2 Over 2 years	3.19	4.41	3.04	0.33	1.55	0.84	2.03	7.02
o/w: EUR	4.53	4.70	3.72	3.55	4.88	2.64	2.62	49.15
o/w: USD	2.82	2.51	2.39	1.45	1.45	2.37	-	-
1.3 Repos	-	-	-	-	-	-	-	-
2 Loans	5.40	4.41	4.58	4.85	4.83	3.78	3.76	1,756.94
2.1 Households	0.41	0.16	1.45	2.65	2.31	0.21	0.58	38.83
2.1.1 Loans for house purchases	-	-	-	-	-	-	-	-
2.1.1.1 Short-term	-	-	-	-	-	-	-	-
o/w: EUR	-	-	-	-	-	-	-	-
o/w: CHF	-	-	-	-	-	-	-	-
2.1.1.2 Long-term	-	-	-	-	-	-	-	-
2.1.1.2.1 Over 1 and up to 5 years	-	-	-	-	-	-	-	-
2.1.1.2.2 Over 5 years	-	-	-	-	-	-	-	-
o/w: EUR	-	-	-	-	-	-	-	-
o/w: CHF	-	-	-	-	-	-	-	-
2.1.2 Consumer loans and other loans	0.41	0.16	1.45	2.65	2.31	0.21	0.58	38.83
2.1.2.1 Short-term	0.32	0.16	0.86	2.59	2.21	0.21	0.43	37.95
o/w: EUR	0.31	0.16	0.85	2.59	2.20	0.20	0.42	37.91
o/w: CHF	12.00	12.00	12.00	12.00	12.00	12.00	12.00	0.00
2.1.2.2 Long-term	9.81	-	6.69	4.81	7.52	-	6.96	0.88
2.1.2.2.1 Over 1 and up to 5 years	-	-	5.43	4.81	7.58	-	-	-
2.1.2.2.2 Over 5 years	9.81	-	7.75	-	7.50	-	6.96	0.88
o/w: EUR	9.95	-	6.69	4.81	7.56	-	6.96	0.88
o/w: CHF	7.98	-	-	-	7.50	-	-	-

	2011 Dec.	2012 Dec.	2013 Dec.	2014			2014 Oct.	
				Mar.	Jun.	Sep.	Interest rate	Volume
				Interest rate				
o/w: Sole proprietors	4.43	0.00	5.85	3.12	4.91	0.00	4.32	2.00
2.2 Non-financial corporations	5.51	4.48	4.69	4.92	5.08	3.96	3.83	1,718.11
2.2.1 Loans	5.51	4.48	4.69	4.92	5.08	3.96	3.83	1,718.11
2.2.1.1 Short-term	6.38	3.85	3.72	3.74	5.18	3.84	3.14	992.67
o/w: EUR	6.54	3.77	3.64	3.66	4.85	3.44	3.33	740.04
o/w: USD	6.06	6.87	3.46	3.26	6.46	4.16	2.60	252.63
2.2.1.2 Long-term	4.64	4.74	6.23	5.80	4.98	4.19	4.78	725.44
2.2.1.2.1 Over 1 and up to 5 years	7.12	4.30	5.53	5.80	4.81	6.20	4.24	249.94
2.2.1.2.2 Over 5 years	4.40	6.58	6.48	5.82	5.18	3.88	5.06	475.50
o/w: EUR	4.64	4.67	6.23	5.80	4.84	4.18	4.78	725.44
o/w: USD	-	6,19	7,91	7.96	5.88	6.83	-	-

Table G7a Interest rates on interbank demand deposit trading
weighted monthly averages of interest rates, in % on annual basis

Year	Month	O/N	T/N	S/N	Call money	2 – 6 days	1 week	2 weeks	1 month	3 months
1	2	3	4	5	6	7	8	9	10	11
2003		3.12	3.35	2.80	3.39	3.42	3.58	3.76	4.14	4.91
2004		4.98	4.94	4.67	5.66	4.85	5.37	5.82	5.88	6.35
2005		2.97	4.45	4.91	4.27	3.52	3.69	4.20	4.57	5.33
2006		2.36	2.37	2.30	2.82	2.31	2.77	2.68	3.36	3.81
2007		4.97	5.30	4.91	4.00	5.45	5.51	5.59	5.87	5.86
2008		5.86	5.64	4.79	–	5.22	6.59	6.50	6.88	7.38
2009		7.22	6.97	6.30	6.50	7.76	7.79	8.53	8.98	9.31
2010		0.89	1.23	1.25	–	1.16	1.23	1.82	1.74	2.92
2011		0.86	0.98	1.92	–	0.89	1.22	1.46	2.25	3.31
2012		1.09	1.67	1.37	–	1.09	1.38	2.20	1.75	3.79
2013		0.37	0.33	1.00	–	0.73	1.01	0.63	1.02	2.36
2013	November	0.28	0.20	–	–	0.31	0.56	–	–	–
	December	0.30	–	–	–	0.56	0.48	0.70	–	–
2014	January	0.40	–	–	–	0.51	0.61	–	–	–
	February	0.40	–	–	–	0.50	0.53	–	–	0.78
	March	0.51	–	–	–	0.48	0.62	0.60	–	0.79
	April	0.22	–	–	–	0.72	0.49	0.01	0.90	–
	May	0.29	–	–	–	0.51	0.60	–	1.49	–
	June	0.22	–	–	–	0.46	0.47	0.80	0.75	0.60
	July*	0.22	0.20	–	–	0.50	0.29	–	–	0.88
	August*	0.40	0.38	–	–	0.68	0.60	0.65	–	–
	September*	0.46	0.50	0.83	–	0.56	0.58	0.63	0.83	–
	October	0.36	–	–	–	0.47	0.64	–	–	–

Table G7a Interest rates on interbank demand deposit trading • Table G7a contains weighted monthly averages of credit institutions' interest rates from direct interbank trading in demand deposits in the reporting month and they do not include direct and repo trading in securities or transactions with other legal and natural persons. The annual averages are calculated as simple averages of the weighted monthly averages. Interest rates are further subdivided according to the maturity period: column 3 O/N (overnight maturity): funds are granted on the same day when the transaction is concluded, while funds are returned on

the next working day; column 4 T/N ("TOM/NEXT"): funds are granted on the first working day following the day when the transaction is concluded, while funds are returned on the next working day; column 5 S/N ("SPOT/NEXT"): funds are granted on the second working day following the day when the transaction is concluded, while funds are returned on the next working day; column 6: call money; column 7: maturity of 2 to 6 days, and columns 8 to 11: maturity of 1 week, 2 weeks, 1 month and 3 months.

Table G7b Interest rates quoted on the interbank market (ZIBOR)
simple monthly averages of simple daily averages of banks' quotations

Year	Month	O/N	T/N	S/N	1 week	2 weeks	1 month	3 months	6 months	9 months	12 months
1	2	3	4	5	6	7	8	9	10	11	12
2003		3.55	3.59	3.63	3.94	4.11	5.03	5.37	5.77	–	–
2004		5.31	5.42	5.56	5.79	6.04	10.11	7.33	7.61	–	–
2005		3.62	3.74	3.79	4.30	4.59	5.98	6.21	6.45	–	–
2006		2.90	2.96	3.00	3.28	3.52	4.24	4.49	4.67	4.66	4.82
2007		5.18	5.28	5.27	5.50	5.61	5.73	5.66	5.58	5.55	5.59
2008		5.96	6.15	6.23	6.72	6.80	6.88	7.17	7.19	7.18	7.20
2009		7.16	7.49	7.72	8.33	8.63	9.15	8.96	8.68	8.48	8.41
2010		1.04	1.05	1.05	1.17	1.31	1.57	2.44	3.32	3.74	4.12
2011		1.03	1.06	1.09	1.27	1.53	2.11	3.15	3.84	4.12	4.39
2012		1.23	1.21	1.20	1.37	1.58	2.12	3.42	4.14	4.37	4.58
2013		0.59	0.60	0.60	0.67	0.75	0.94	1.50	2.10	2.40	2.66
2013	December	0.50	0.50	0.50	0.53	0.58	0.67	1.01	1.46	1.73	1.97
2014	January	0.50	0.50	0.50	0.52	0.57	0.65	0.95	1.32	1.60	1.86
	February	0.50	0.50	0.50	0.51	0.54	0.62	0.88	1.25	1.48	1.75
	March	0.50	0.50	0.50	0.51	0.53	0.61	0.86	1.24	1.49	1.75
	April	0.50	0.50	0.50	0.52	0.53	0.61	0.83	1.24	1.48	1.74
	May	0.50	0.50	0.50	0.52	0.53	0.62	0.87	1.32	1.57	1.80
	June	0.50	0.50	0.50	0.53	0.56	0.63	0.89	1.35	1.62	1.84
	July	0.32	0.32	0.32	0.42	0.51	0.64	0.87	1.34	1.58	1.81
	August	0.41	0.41	0.41	0.56	0.65	0.81	1.01	1.38	1.63	1.85
	September	0.57	0.57	0.57	0.76	0.84	0.98	1.16	1.44	1.66	1.87
	October	0.45	0.46	0.46	0.69	0.78	0.98	1.14	1.35	1.61	1.82
	November	0.46	0.47	0.47	0.71	0.77	0.93	1.10	1.32	1.56	1.79

Table G7b Interest rates quoted on the interbank market (ZIBOR) • Table G7b contains simple monthly averages of daily values of the ZIBOR interest rate index, while annual averages are the simple averages of simple monthly averages. ZIBOR (Zagreb Interbank Offered Rates) indices are the single benchmark interest rates on the Croatian interbank market. The official calculation of ZIBOR by maturity is based on the calculation of the average values of interest rates provided by eight largest Croatian banks published daily on Reuters system at 11 a.m. every working day. Interest rates are further subdivided by the maturity period: column 3 O/N (overnight maturity): funds

are granted on the same day when the transaction is concluded, while funds are returned on the next working day; column 4 T/N (“TOM/NEXT”): funds are granted on the first working day following the day when the transaction is concluded, while funds are returned on the next working day; column 5 S/N (“SPOT/NEXT”): funds are granted on the second working day following the day when the transaction is concluded, while funds are returned on the next working day; column 6: maturity of 1 week and columns 7 to 12: maturity of 2 weeks, 1 month, 3 months, 6 months, 9 months and 12 months.

Table G8a Interest rates on MoF treasury bills

Year	Month	Denominated in HRK			Indexed to EUR	
		3 months	6 months	12 months	3 months	12 months
2000		9.97	9.43	–	–	–
2001		6.18	7.01	–	–	–
2002		2.66	3.45	3.77	–	–
2003		3.41	4.31	4.80	–	–
2004		4.64	5.74	6.38	–	–
2005		3.96	4.65	4.99	–	–
2006		3.07	3.37	3.87	–	–
2007		3.29	3.49	4.08	–	–
2008		4.39	5.24	5.98	–	7.95
2009		6.95	7.25	7.52	–	7.09
2010		2.19	3.28	4.01	–	3.37
2011		2.60	3.53	3.91	3.76	3.46
2012		2.74	3.59	3.93	2.71	3.26
2013		0.97	1.70	2.54	0.64	1.38
2013	December	0.77	1.22	2.46	0.45	0.70
2014	January	0.70	–	2.15	–	0.52
	February	0.68	1.20	2.05	0.40	0.65
	March	0.60	1.20	2.00	–	0.51
	April	0.55	1.20	2.00	0.45	0.40
	May	–	1.10	2.00	–	0.50
	June	0.60	1.10	2.00	–	–
	July	–	1.00	1.95	–	–
	August	0.40	1.00	1.90	0.40	0.60
	September	0.40	0.96	1.72	0.40	0.55
	October	0.40	0.80	1.50	0.35	0.45
	November	0.30	0.70	1.50	0.35	0.45

Table G8a Interest rates on MoF treasury bills • Table G8a shows the weighted monthly averages of daily interest rates achieved at auctions of treasury bills of the Ministry of Finance of the Republic of Croatia. Daily interest rates correspond to the single yield at issue attained at auctions of MoF treasury bills.

Annual averages are a simple average of the weighted

monthly averages.

The weighted monthly averages of daily interest rates are calculated separately for treasury bills denominated in kuna and for treasury bills indexed to euro, and separately for each original contractual maturity (91, 182 or 364 days).

Table G8b Yields to maturity on the bonds of the Republic of Croatia, for selected currencies and maturities

Year	Month	USD				EUR		Indexed to EUR				HRK			
		6 years	7 years	9 years	10 years	4 years	8 years	5 years	6 years	8 years	10 years	2 years	3 years	4 years	6 years
2001		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2002		-	-	5.53	-	5.77	5.78	-	5.58	-	6.32	-	-	-	-
2003		-	4.20	-	-	-	4.93	4.42	4.63	-	5.54	-	-	6.04	-
2004		4.50	4.17	-	-	3.61	-	4.47	-	4.95	-	-	5.77	6.16	-
2005		4.75	-	-	-	3.19	3.69	-	3.67	-	4.08	3.92	5.08	4.10	-
2006		-	-	-	-	4.03	4.19	4.53	4.37	-	3.90	4.09	4.62	4.16	-
2007		-	-	-	-	4.66	-	4.74	-	4.67	-	4.42	4.09	-	4.78
2008		-	-	-	-	-	-	-	-	5.37	-	5.30	-	-	5.56
2009		-	-	-	5.83	4.47	-	-	6.28	-	6.25	-	-	7.90	7.74
2010		-	-	5.59	5.75	4.24	-	5.12	4.73	-	5.81	-	5.12	5.07	5.59
2011		-	-	6.49	5.45	5.07	-	5.21	-	6.36	-	4.62	4.88	5.63	6.08
2012		-	5.15	6.27	-	-	-	-	-	6.12	5.36	5.75	4.35	5.31	6.28
2013		5.31	5.06	6.05	5.65	-	-	-	4.49	-	4.33	3.15	3.56	3.98	4.80
2013	December	5.22	5.54	6.02	6.22	-	-	-	4.54	-	-	2.96	3.47	4.03	4.63
2014	January	4.99	5.3	5.79	5.97	-	-	-	4.55	-	-	3.19	3.86	4.55	4.67
	February	5.01	5.32	5.73	5.91	3.76	-	-	4.71	-	-	3.19	3.99	4.39	4.78
	March	4.86	5.13	5.46	5.6	3.66	-	-	4.45	4.74	5.16	3.11	4	4.12	4.51
	April	4.82	5.07	5.38	5.47	3.29	-	-	4.13	4.51	4.79	3.04	4.12	4.1	4.21
	May	4.52	4.78	5.08	5.19	3.07	3.97	-	4.05	4.25	4.56	3	3.94	3.93	4.12
	June	4.38	4.57	4.89	5.01	2.88	3.82	3.71	3.5	3.68	3.98	2.83	3.42	3.83	3.56
	July	4.45	4.7	5	5.12	2.94	3.93	3.73	3.72	4	4.37	2.63	3.1	3.78	3.72
	August	4.63	4.84	5.1	5.21	3.02	4.1	3.51	3.33	3.8	4.02	2.8	3.15	3.75	3.33
	September	4.54	4.6	4.98	5.00	2.71	3.77	3.68	3.57	3.91	4.23	2.7	3.18	3.74	3.57
	October	4.58	4.73	4.96	-	2.63	3.76	3.3	3.63	3.56	3.95	2.62	2.98	3.66	3.63
	November	4.46	-	4.86	-	2.53	3.49	3.48	-	3.81	4.14	2.64	4.77	3.51	-

Table G8b Yields to maturity on the bonds of the Republic of Croatia, for selected currencies and maturities • Table G8b shows the average monthly and annual yields to maturity on the bonds of the Republic of Croatia, for selected currencies and maturities.

The average monthly yields to maturity are a simple average of daily yields to maturity.

The average annual yields are a simple average of monthly averages.

Daily yields are calculated for each remaining maturity (rounded to the whole number of years) in such a way that bonds are first grouped according to the remaining maturity, and then a simple average is calculated for each group. The remaining maturity of a bond on a certain day is calculated as a rounded number (interval $t-0.5$ to $t+0.5$), assuming a year of 360 days.

The applied methodology differs somewhat depending on the

market in which bonds are issued, i.e. the Republic of Croatia or foreign capital markets, and depending on the availability of data for the calculation of yields to maturity.

a) Bonds issued in the domestic capital market

Daily yields to maturity are calculated on the basis of the weighted average of the average trading price attained in all trading segments of the Zagreb Stock Exchange.

Daily yields are also calculated for days when there are no trading transactions, assuming that the most recent average price remains unchanged.

b) Bonds issued in foreign capital markets

Daily yields to maturity are taken from the Bloomberg financial service, and are calculated on the basis of daily data on the most recent quoted bid price.

The calculation of the average monthly yield does not account for days for which data on daily yields are not available.

Table G10a Midpoint exchange rates of the Croatian National Bank (period average)

Year	Month	EUR/HRK	ATS/HRK	FRF/HRK	100 ITL/HRK	CHF/HRK	GBP/HRK	USD/HRK	DEM/HRK
2000		7.633852	0.554774	1.163773	0.394256	4.903244	12.530514	8.287369	3.903127
2001		7.471006	0.542939	1.138947	0.385845	4.946810	12.010936	8.339153	3.819865
2002		7.406976				5.049125	11.793108	7.872490	
2003		7.564248				4.978864	10.943126	6.704449	
2004		7.495680				4.854986	11.048755	6.031216	
2005		7.400047				4.780586	10.821781	5.949959	
2006		7.322849				4.656710	10.740292	5.839170	
2007		7.336019				4.468302	10.731537	5.365993	
2008		7.223178				4.553618	9.101622	4.934417	
2009		7.339554				4.861337	8.233112	5.280370	
2010		7.286230				5.285859	8.494572	5.500015	
2011		7.434204				6.035029	8.566138	5.343508	
2012		7.517340				6.237942	9.269634	5.850861	
2013		7.573548				6.154290	8.922067	5.705883	
2013	December	7.633202				6.232143	9.129392	5.575408	
2014	January	7.629820				6.194254	9.224638	5.597005	
	February	7.654972				6.266420	9.279100	5.609337	
	March	7.654440				6.287034	9.207279	5.538285	
	April	7.627459				6.257350	9.241817	5.522142	
	May	7.593665				6.222286	9.309870	5.524160	
	June	7.573554				6.216021	9.411660	5.574760	
	July	7.599809				6.255927	9.579305	5.607284	
	August	7.626000				6.292300	9.567555	5.724264	
	September	7.618519				6.309745	9.618556	5.889556	
	October	7.650459				6.336262	9.707414	6.037462	
	November	7.663895				6.371382	9.699996	6.141372	

Table G10a Midpoint exchange rates of the Croatian National Bank (period average) • The annual averages of CNB midpoint exchange rates are calculated based on the midpoint exchange rates effective on the working days in a year, using CNB exchange rate lists whose application dates pertain to the calculation period.

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

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

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

Table G10b Midpoint exchange rates of the Croatian National Bank (end of period)

Year	Month	EUR/HRK	ATS/HRK	FRF/HRK	100 ITL/HRK	CHF/HRK	GBP/HRK	USD/HRK	DEM/HRK
2000		7.598334	0.552192	1.158359	0.392421	4.989712	12.176817	8.155344	3.884966
2001		7.370030	0.535601	1.123554	0.380630	4.977396	12.101856	8.356043	3.768237
2002		7.442292				5.120256	11.451442	7.145744	
2003		7.646909				4.901551	10.860544	6.118506	
2004		7.671234				4.971314	10.824374	5.636883	
2005		7.375626				4.744388	10.753209	6.233626	
2006		7.345081				4.571248	10.943208	5.578401	
2007		7.325131				4.412464	9.963453	4.985456	
2008		7.324425				4.911107	7.484595	5.155504	
2009		7.306199				4.909420	8.074040	5.089300	
2010		7.385173				5.929961	8.608431	5.568252	
2010		7.530420				6.194817	8.986181	5.819940	
2012		7.545624				6.245343	9.219971	5.726794	
2013		7.637643				6.231758	9.143593	5.549000	
2013	December	7.637643				6.231758	9.143593	5.549000	
2014	January	7.644916				6.252487	9.250866	5.619196	
	February	7.658268				6.296364	9.327976	5.609220	
	March	7.658394				6.282006	9.264933	5.575824	
	April	7.604192				6.233455	9.221674	5.485243	
	May	7.588935				6.217890	9.332188	5.574770	
	June	7.571371				6.224921	9.468948	5.562277	
	July	7.636504				6.280020	9.651800	5.698033	
	August	7.627133				6.326421	9.603542	5.786899	
	September	7.626267				6.316795	9.760997	6.015355	
	October	7.662622				6.356912	9.748883	6.088211	
	November	7.673128				6.384165	9.669979	6.163650	

Table G10b Midpoint exchange rates of the Croatian National Bank (end of period) • The table shows CNB midpoint exchange rates applied on the last day of the observed period.

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

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

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

Table G11 Banks' trade with foreign exchange
in million EUR, current exchange rate

	2009	2010	2011	2012	2013	2014			
						Mar.	Jun.	Sep.	Oct.
A. Purchase of foreign exchange									
1 Legal persons	19,939.9	21,453.6	20,628.9	19,837.3	15,625.9	1,553.2	1,432.8	1,834.0	1,481.5
2 Natural persons	4,920.3	4,878.0	5,264.9	5,060.8	5,083.6	384.9	484.4	504.4	457.9
2.1 Residents	4,389.6	4,251.3	4,867.9	4,647.1	4,733.2	383.5	419.4	449.8	441.1
2.2 Non-residents	530.7	626.7	397.0	413.7	350.5	1.3	65.0	54.6	16.8
3 Domestic banks	10,964.5	11,171.3	10,406.6	10,237.5	11,351.5	707.3	1,101.2	1,130.0	729.7
4 Foreign banks	5,681.9	5,548.6	5,226.3	6,023.2	6,063.8	497.0	609.3	765.5	491.6
5 Croatian National Bank	1,899.4	350.1	596.7	724.4	214.9	-	-	-	-
Total (1+2+3+4)	43,405.9	43,401.6	42,123.5	41,883.2	38,339.8	3,142.4	3,627.8	4,234.0	3,160.7
B. Sale of foreign exchange									
1 Legal persons	21,707.2	21,930.5	20,809.2	20,355.7	20,189.4	1,870.5	1,851.4	2,535.6	1,932.1
2 Natural persons	3,205.5	1,815.9	1,760.2	1,461.3	1,443.8	85.5	130.4	165.5	113.9
2.1 Residents	3,186.0	1,800.5	1,743.3	1,450.8	1,436.1	85.1	129.5	164.3	113.5
2.2 Non-residents	19.5	15.4	16.9	10.5	7.7	0.5	0.9	1.2	0.4
3 Domestic banks	10,964.5	11,171.3	10,406.6	10,237.5	11,351.5	707.3	1,101.2	1,130.0	729.7
4 Foreign banks	5,281.5	5,455.0	5,730.2	7,159.4	7,082.2	477.3	598.4	819.4	475.8
5 Croatian National Bank	2,224.2	363.7	-	58.1	-	-	-	-	-
Total (1+2+3+4)	43,382.7	40,736.5	38,706.2	39,272.0	40,066.9	3,140.7	3,681.4	4,650.5	3,251.4
C. Net purchase (A-B)									
1 Legal persons	-1,767.3	-476.9	-180.3	-518.4	-4,563.4	-317.3	-418.6	-701.5	-450.6
2 Natural persons	1,714.8	3,062.1	3,504.7	3,599.5	3,639.8	299.3	354.0	338.9	344.0
2.1 Residents	1,203.6	2,450.8	3,124.6	3,196.3	3,297.1	298.5	290.0	285.5	327.5
2.2 Non-residents	511.2	611.2	380.1	403.2	342.7	0.8	64.1	53.5	16.5
3 Foreign banks	400.4	93.6	-503.9	-1,136.2	-1,018.4	19.7	10.9	-53.9	15.8
4 Croatian National Bank	-324.8	-13.6	596.7	666.3	214.9	-	-	-	-
Total (1+2+3)	23.2	2,665.2	3,417.2	2,611.2	-1,727.1	1.7	-53.6	-416.5	-90.8
Memo items: Other Croatian National Bank transactions									
Purchase of foreign exchange	664.6	238.5	968.2	1,016.3	784.6	0.3	300.5	0.8	0.5
o/w: MoF	664.6	238.5	968.2	1,016.3	784.6	0.3	300.5	0.8	0.5
Sale of foreign exchange	98.3	233.1	0.0	246.1	228.4	5.2	169.7	0.0	32.0
o/w: MoF	98.3	233.1	0.0	246.1	159.0	-	-	0.0	0.0

Table G11 Banks' trade with foreign exchange • Data on trade with foreign exchange between banks comprise the spot purchase and sale of foreign exchange in domestic foreign exchange market. Spot transactions are contracted obligations to buy/sell foreign currency within maximally 48 hours.

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

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

Other Croatian National Bank transactions include foreign exchange sales and purchases on behalf of others.

H International economic relations

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

	2009	2010	2011	2012	2013 ^c	2014		
						Q1 ^e	Q2 ^c	Q3 ^d
A CURRENT ACCOUNT (1+6)	-2,304.0	-502.6	-360.3	-61.0	341.2	-1,518.4	-380.9	2,781.9
1 Goods, services, and primary income (2+5)	-3,308.3	-1,565.0	-1,509.6	-1,222.1	-729.4	-1,695.3	-549.3	2,550.0
1.1 Credit	16,376.8	17,898.0	19,053.6	19,278.0	19,610.2	3,290.2	5,151.5	8,278.0
1.2 Debit	19,685.1	19,463.0	20,563.2	20,500.1	20,339.6	4,985.5	5,700.7	5,728.0
2 Goods and services (3+4)	-1,658.3	-161.5	-192.5	218.8	203.7	-1,346.0	-108.3	3,000.3
2.1 Credit	15,577.6	16,985.8	18,100.6	18,309.0	18,747.4	3,052.3	4,872.2	8,012.8
2.2 Debit	17,235.8	17,147.3	18,293.1	18,090.2	18,543.6	4,398.3	4,980.5	5,012.5
3 Goods	-7,455.6	-5,922.2	-6,381.9	-6,297.5	-6,588.5	-1,545.0	-1,858.3	-1,638.0
3.1 Credit	6,593.8	8,058.1	8,742.4	8,672.8	8,923.1	2,207.3	2,389.9	2,577.3
3.2 Debit	14,049.4	13,980.3	15,124.4	14,970.3	15,511.7	3,752.3	4,248.2	4,215.4
4 Services	5,797.3	5,760.7	6,189.4	6,516.3	6,792.2	199.0	1,750.0	4,638.3
4.1 Credit	8,983.8	8,927.7	9,358.2	9,636.2	9,824.2	845.0	2,482.3	5,435.5
4.2 Debit	3,186.5	3,167.0	3,168.7	3,119.9	3,032.0	645.9	732.3	797.2
5 Primary income	-1,650.1	-1,403.4	-1,317.1	-1,440.9	-933.1	-349.4	-441.0	-450.3
5.1 Credit	799.2	912.2	953.0	969.0	862.9	237.9	279.2	265.2
5.2 Debit	2,449.3	2,315.7	2,270.0	2,409.9	1,796.0	587.2	720.2	715.5
6 Secondary income	1,004.4	1,062.4	1,149.2	1,161.1	1,070.5	177.0	168.3	231.9
6.1 Credit	1,560.4	1,629.7	1,670.3	1,719.6	1,817.5	488.1	415.2	429.5
6.2 Debit	556.0	567.3	521.1	558.5	746.9	311.2	246.9	197.6
B CAPITAL ACCOUNT	61.4	59.6	37.6	47.8	51.0	2.5	18.0	8.5
C FINANCIAL ACCOUNT	-3,424.4	-1,346.0	-1,433.4	-390.2	-437.3	-1,176.7	-328.6	1,749.6
1 Direct investment	-1,333.1	-943.3	-1,204.7	-1,196.8	-858.4	-216.6	-327.6	-212.9
1.1 Assets	970.3	125.3	-168.8	-63.0	-117.7	8.1	1,777.0	95.3
1.2 Liabilities	2,303.5	1,068.6	1,035.9	1,133.8	740.6	224.6	2,104.6	308.2
2 Portfolio investment	-455.3	-401.6	-582.3	-1,743.8	-1,890.6	-5.5	71.3	496.5
2.1 Assets	521.5	408.0	-491.9	311.5	-92.7	-10.1	45.6	210.5
2.2 Liabilities	976.8	809.7	90.4	2,055.3	1,797.9	-4.5	-25.7	-285.9
3 Financial derivatives	0.0	252.7	75.2	-54.7	8.7	-4.5	-2.2	-8.4
4 Other investment	-2,864.1	-337.6	-122.2	2,559.4	458.5	-148.8	-278.9	1,882.1
4.1 Assets	-625.1	-689.2	-244.6	-605.6	-160.1	553.7	-485.0	1,635.9
4.2 Liabilities	2,239.0	-351.6	-122.4	-3,165.0	-618.7	702.5	-206.1	-246.2
5 Reserve assets	1,228.2	83.8	400.6	45.8	1,844.4	-801.3	208.7	-407.7
D NET ERRORS AND OMISSIONS	-1,181.8	-903.0	-1,110.7	-377.0	-829.5	339.2	34.3	-1,040.8

^a As from CNB Bulletin No. 207, data have been compiled in accordance with the new methodology prescribed by the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) and the new sector classification of institutional units in line with ESA 2010. The implementation of the new methodology has no effect on the balances in the current and financial accounts of the balance of payments so that changes in these positions from previously published data are a result of the data revision for the purpose of quality and coverage control. ^b Data also include the round tripping which increases direct investment in Croatia and direct investment abroad by the same amount. This type of direct investment was recorded in December 2008 (EUR 825.7m), August 2009 (EUR 666.5m), December 2010 (EUR -618.6m) and June 2014 (EUR 1,485.8m).

^c Revised data. ^d Preliminary data.

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

Tables H1 – H6 Balance of payments • The balance of payments of the Republic of Croatia represents a systematic overview of the value of economic transactions performed by the Croatian residents with foreign countries within a particular period. From 1993 until the end of 2013, the balance of payments was compiled in accordance with the methodology recommended by the International Monetary Fund in the fifth edition of its Balance of Payments Manual (BPM5), while starting from 2014, the balance of payments is compiled according to the sixth edition of that manual (BPM6). Also, with the beginning of the implementation of BPM6, the balance of payments historical data

for 2000-2013 have been revised in line with the new methodology.

Data sources include: 1) estimates and statistical research carried out by the Croatian National Bank; 2) special reports of the Croatian National Bank (International Transaction Reporting System (ITRS), monetary statistics, securities statistics and reserve assets); and 3) reports of the government institutions (Central Bureau of Statistics, Ministry of Finance, Croatian Institute for Health Insurance and Croatian Pension Insurance Administration).

Balance of payments of the Republic of Croatia data are

Table H2 Balance of payments – goods and services^a

in million EUR

	2009	2010	2011	2012	2013 ^b	2014		
						Q1 ^b	Q2 ^b	Q3 ^c
Goods	-7,455.6	-5,922.2	-6,381.9	-6,297.5	-6,588.5	-1,545.0	-1,858.3	-1,638.0
1 Credit	6,593.8	8,058.1	8,742.4	8,672.8	8,923.1	2,207.3	2,389.9	2,577.3
1.1 Exports (f.o.b.) in trade statistics	7,529.4	8,898.6	9,533.7	9,448.7	9,510.7	2,327.0	2,516.3	2,679.5
1.2 Adjustments for coverage	-961.8	-873.5	-865.0	-968.2	-678.5	-152.0	-154.8	-130.7
1.3 Net exports of goods under merchanting	26.2	26.4	25.2	12.6	12.2	4.2	2.5	5.8
1.4 Non-monetary gold	0.0	6.6	48.4	179.7	78.7	28.1	25.9	22.8
2 Debit	14,049.4	13,980.3	15,124.4	14,970.3	15,511.7	3,752.3	4,248.2	4,215.4
2.1 Imports (c.i.f.) in trade statistics	15,220.1	15,132.9	16,280.9	16,215.2	16,527.0	3,976.1	4,491.3	4,497.7
2.2 Adjustments for coverage	-501.0	-452.8	-438.8	-512.6	-269.2	-48.4	-47.7	-85.4
2.3 Adjustments for classification	-669.7	-703.9	-718.0	-733.0	-747.1	-179.9	-203.4	-203.6
2.4 Non-monetary gold	0.0	4.1	0.3	0.7	0.9	4.6	8.0	6.7
Services	5,797.3	5,760.7	6,189.4	6,516.3	6,792.2	199.0	1,750.0	4,638.3
1 Manufacturing services on physical inputs owned by others	242.2	158.8	192.0	192.3	188.5	49.9	56.3	56.6
1.1 Credit	290.8	243.4	252.4	271.7	220.7	52.3	59.3	60.3
1.2 Debit	48.6	84.5	60.4	79.4	32.2	2.4	3.1	3.7
2 Transport	289.3	300.9	277.6	268.7	234.5	29.5	54.9	120.7
2.1 Credit	942.9	978.0	977.8	966.7	922.0	189.9	235.8	315.2
2.2 Debit	653.7	677.1	700.1	698.0	687.5	160.4	180.9	194.6
3 Travel	5,655.8	5,600.8	5,984.5	6,136.7	6,523.0	157.1	1,649.4	4,462.6
3.1 Credit	6,379.7	6,230.0	6,616.9	6,858.7	7,202.8	298.5	1,820.8	4,654.8
3.1.1 Business	255.7	236.3	210.1	233.2	225.5	28.3	73.9	49.6
3.1.2 Personal	6,124.0	5,993.6	6,406.9	6,625.5	6,977.4	270.1	1,746.9	4,605.2
3.2 Debit	724.0	629.2	632.4	722.0	679.8	141.4	171.4	192.1
3.2.1 Business	240.8	180.6	184.3	224.6	211.7	43.2	50.8	41.8
3.2.2 Personal	483.1	448.6	448.1	497.4	468.2	98.2	120.5	150.3
4 Other services	-389.9	-299.9	-264.7	-81.3	-153.7	-37.5	-10.5	-1.5
4.1 Credit	1,370.3	1,476.3	1,511.0	1,539.1	1,478.7	304.4	366.4	405.2
4.2 Debit	1,760.2	1,776.2	1,775.7	1,620.4	1,632.4	341.8	377.0	406.7
o/w: FISIM	-141.6	-191.6	-258.2	-127.6	-174.0	-27.8	-33.6	-32.2
Credit	-3.5	-20.4	-8.5	-4.1	-2.9	0.1	0.4	3.0
Debit	138.1	171.2	249.7	123.5	171.2	27.9	34.0	35.1

^a As from CNB Bulletin No. 207, data have been compiled in accordance with the new methodology prescribed by the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) and the new sector classification of institutional units in line with ESA 2010. ^b Revised data. ^c Preliminary data.

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

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

The report of the Central Bureau of Statistics on foreign trade in goods of the Republic of Croatia represents the basic data source for the balance of payments items related to exports and imports. With the accession of the Republic of Croatia to the European Union on 1 July 2013, data on the foreign trade in goods of the Republic of Croatia are obtained from two different sources: Intrastat forms for collecting statistics on the trade in goods between EU member states (Intrastat) and the Single Administration Document for collecting statistics on the trade in goods with non-EU member states (Extrastat). These data are adjusted, in accordance with the recommended compilation method, for coverage and classification. Therefore, in line with the methodology, goods exports and imports in the balance of payments are reported at f.o.b. parity. The value of exports at this parity is already contained in the previously mentioned CBS Report, whereas the value of imports f.o.b. was until 2007 estimated on the basis of research studies of the CNB on the stratified sample of importers. The resulting value served as a basis for the estimate of the share of transportation and insurance services by which the original value of imports c.i.f., stated in the

Table H3 Balance of payments – primary and secondary income^a
in million EUR

	2009	2010	2011	2012	2013 ^b	2014		
						Q1 ^b	Q2 ^b	Q3 ^c
Primary income	-1,650.1	-1,403.4	-1,317.1	-1,440.9	-933.1	-349.4	-441.0	-450.3
1 Compensation of employees	586.5	620.8	634.9	716.6	711.2	158.7	180.5	184.8
1.1 Credit	624.2	657.1	673.5	753.4	756.2	166.2	190.3	191.9
1.2 Debit	37.6	36.3	38.5	36.8	45.0	7.5	9.8	7.1
2 Direct investment income	-1,093.8	-1,089.1	-952.4	-989.5	-600.4	-226.7	-315.5	-343.3
2.1 Credit	-65.8	84.5	60.1	-19.4	-110.9	17.7	40.7	12.5
2.1.1 Dividends and withdrawals from income of quasi-corporations	42.5	66.1	44.4	31.5	28.8	9.1	11.4	4.6
2.1.2 Reinvested earnings	-117.1	7.3	-7.4	-70.8	-163.5	2.0	22.8	0.5
2.1.3 Income on debt (interest)	8.9	11.1	23.2	19.8	23.7	6.6	6.5	7.3
2.2 Debit	1,028.0	1,173.6	1,012.4	970.1	489.5	244.3	356.3	355.8
2.2.1 Dividends and withdrawals from income of quasi-corporations	574.3	427.1	520.0	542.6	598.7	20.9	272.2	22.2
2.2.2 Reinvested earnings	287.4	531.0	276.8	238.1	-283.2	182.8	43.0	293.4
2.2.3 Income on debt (interest)	166.3	215.5	215.6	189.4	174.1	40.7	41.0	40.2
3 Portfolio investment income	-173.8	-304.6	-351.3	-495.3	-611.2	-165.2	-184.5	-178.3
3.1 Credit	73.0	40.5	49.4	35.7	43.0	6.9	8.6	14.8
3.2 Debit	246.9	345.1	400.7	531.0	654.3	172.2	193.1	193.2
4 Other investment income	-1,072.3	-693.4	-760.1	-821.7	-565.0	-151.8	-152.5	-147.5
4.1 Credit	64.4	67.3	58.2	50.4	42.2	11.4	8.6	12.0
4.2 Debit	1,136.7	760.6	818.3	872.1	607.2	163.3	161.1	159.5
5 Reserve assets income	103.4	62.8	111.8	148.9	132.4	35.6	31.1	34.0
5.1 Credit	103.4	62.8	111.8	148.9	132.4	35.6	31.1	34.0
5.2 Debit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Secondary income	1,004.4	1,062.4	1,149.2	1,161.1	1,070.5	177.0	168.3	231.9
1 General government	-61.9	-65.4	-77.9	-99.8	-276.6	-216.9	-152.0	-94.7
1.1 Credit	277.1	279.1	224.6	211.5	243.1	30.2	34.3	41.4
1.2 Debit	339.0	344.4	302.5	311.3	519.7	247.0	186.2	136.1
2 Other sectors	1,066.3	1,127.8	1,227.1	1,261.0	1,347.1	393.9	320.3	326.6
2.1 Credit	1,283.3	1,350.6	1,445.7	1,508.1	1,574.4	458.0	381.0	388.1
2.2 Debit	217.0	222.8	218.6	247.1	227.2	64.1	60.7	61.6

^a As from CNB Bulletin No. 207, data have been compiled in accordance with the new methodology prescribed by the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) and the new sector classification of institutional units in line with ESA 2010. ^b Revised data. ^c Preliminary data.

CBS Report, was reduced. In the 1993-2001 period, this share stood at 7.10% (estimated only on the basis of the largest and large importers), while from 2002 on it has amounted to 3.73%. The same research study, conducted by the CNB at the end of 2006 (comprising the imports in the previous year), showed that the share of transportation and insurance costs, after continuing to decrease, has reached 3.03%. This share was first applied in the calculation for the first quarter of 2007. For the sake of greater reliability, the c.i.f./f.o.b. coefficient as of 2011 started to be estimated based on the available CBS data on goods imports. The shares of transportation and insurance services have been calculated separately for each year, starting with 2008, based on the goods imported at f.o.b. parity and similar parities. The estimated coefficient amounted to 4.1% for 2008, 4.4% for 2009 and 4.7% for 2010. The figure is estimated again in the same manner for each following year. It should be noted that with the implementation of BPM6, repairs of goods are no longer included in goods imports and exports, but become part of the services account. Data series from 2000 onwards have also been revised accordingly. The treatment of fuel and other goods included in the supply of foreign transport equipment in Croatia or of domestic transport equipment abroad remains unchanged,

i.e. within goods exports and imports.

Since 1999, based on the Survey on Consumption of Foreign Travellers in Croatia and Domestic Travellers Abroad, the item of goods exports has been modified by the estimated value of goods sold to foreign travellers and tourists and taken out of the Republic of Croatia. The item of goods imports is adjusted for the estimated value of goods imported personally by the Croatian citizens from the neighbouring countries (shopping expenditures). This treatment is also in compliance with BPM6.

It should be said that, contrary to BPM5, data series from 2000 onwards, which follows the methodology of BPM6, covers only goods involving a change in ownership between residents and non-residents. In other words, goods imported and exported for the purpose of finishing, treatment or processing are no longer included in the trade in goods data. Starting from 2014, imports and exports of goods for cross-border processing are monitored by the CNB under a special statistical research since, for the balance of payments purposes, the goods which do not involve a change in ownership are excluded from the CBS data on the foreign trade in goods of the Republic of Croatia. The results of this statistical research are compared and supplemented by CBS data on imports and exports of goods which do

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

	2009	2010	2011	2012	2013 ^c	2014		
						Q1 ^c	Q2 ^c	Q3 ^d
Direct investment	-1,333.1	-943.3	-1,204.7	-1,196.8	-858.4	-216.6	-327.6	-212.9
1 Net acquisition of financial assets	970.3	125.3	-168.8	-63.0	-117.7	8.1	1,777.0	95.3
1.1 Equity	1,030.2	-264.3	182.4	148.4	96.6	-1.9	1,487.4	105.3
1.1.1 In direct investment enterprises	1,030.2	-264.3	182.4	148.4	96.6	-1.9	1,487.4	105.3
1.1.2 In direct investor (reverse investment)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.3 Between fellow enterprises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2 Reinvested earnings	-117.1	7.3	-7.4	-70.8	-163.5	2.0	22.8	0.5
1.3 Debt instruments	57.2	382.4	-343.8	-140.7	-50.9	8.0	266.8	-10.5
1.3.1 In direct investment enterprises	35.2	369.2	-323.9	-134.1	-81.4	1.0	29.5	2.8
1.3.2 In direct investor (reverse investment)	22.1	13.1	-19.9	-6.5	30.5	1.6	221.8	0.6
1.3.3 Between fellow enterprises	0.0	0.0	0.0	0.0	0.0	5.5	15.5	-13.8
2 Net incurrence of liabilities	2,303.5	1,068.6	1,035.9	1,133.8	740.6	224.6	2,104.6	308.2
2.1 Equity	673.7	416.2	1,985.3	855.3	673.1	-16.4	1,867.7	-12.2
2.1.1 In direct investment enterprises	673.7	416.2	1,985.3	855.3	673.1	-16.4	1,867.7	-12.2
2.1.2 In direct investor (reverse investment)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.3 Between fellow enterprises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2 Reinvested earnings	287.4	531.0	276.8	238.1	-283.2	182.8	43.0	293.4
2.3 Debt instruments	1,342.4	121.5	-1,226.1	40.4	350.7	58.3	193.9	27.1
2.3.1 In direct investment enterprises	1,033.2	-313.1	-1,033.2	-286.3	89.2	68.5	136.1	21.4
2.3.2 In direct investor (reverse investment)	41.3	180.8	-179.9	-13.5	-14.9	18.7	66.1	-15.8
2.3.3 Between fellow enterprises	267.9	253.8	-13.0	340.2	276.4	-28.9	-8.3	21.5
Portfolio investment	-455.3	-401.6	-582.3	-1,743.8	-1,890.6	-5.5	71.3	496.5
1 Net acquisition of financial assets	521.5	408.0	-491.9	311.5	-92.7	-10.1	45.6	210.5
1.1 Equity securities	74.8	514.0	117.0	123.4	16.5	-67.6	99.1	35.0
1.1.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2 Other monetary financial institutions	-7.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.3 Other sectors	82.8	514.0	117.0	123.4	16.5	-67.6	99.1	35.0
1.2 Debt securities	446.7	-105.9	-608.9	188.1	-109.2	57.6	-53.5	175.6
1.2.1 Long-term	86.2	-263.9	-345.2	293.0	-198.0	28.0	-48.5	419.9
1.2.1.1 General government	0.0	1.5	0.0	0.7	0.0	0.0	0.0	-0.1
1.2.1.2 Other monetary financial institutions	52.5	-167.3	-343.0	267.8	-260.6	1.1	-32.1	400.6
1.2.1.3 Other sectors	33.7	-98.1	-2.1	24.4	62.5	26.9	-16.4	19.4
1.2.2 Short-term	360.5	157.9	-263.8	-104.9	88.8	29.6	-5.0	-244.3
1.2.2.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2.2 Other monetary financial institutions	341.4	124.3	-300.3	-22.3	82.7	23.2	2.1	-244.3
1.2.2.3 Other sectors	19.0	33.6	36.6	-82.6	6.2	6.3	-7.2	0.0
2 Net incurrence of liabilities	976.8	809.7	90.4	2,055.3	1,797.9	-4.5	-25.7	-285.9
2.1 Equity securities	12.7	138.5	17.4	-117.5	-75.7	10.9	-31.5	21.4
2.1.1 Other monetary financial institutions	-3.7	0.5	-0.8	-2.3	0.0	-0.8	9.5	0.3
2.1.2 Other sectors	16.4	138.0	18.1	-115.2	-75.8	11.7	-41.0	21.1
2.2 Debt securities	964.1	671.2	73.1	2,172.8	1,873.6	-15.5	5.8	-307.3
2.2.1 Long-term	818.8	374.7	385.1	2,213.6	1,921.6	-120.7	16.6	-168.3
2.2.1.1 General government	862.9	389.1	625.6	1,270.0	1,911.4	-180.1	518.4	-125.1
2.2.1.2 Other monetary financial institutions	-447.2	-0.2	-7.0	7.0	-5.2	-0.2	0.0	-1.1
2.2.1.3 Other sectors	403.2	-14.2	-233.5	936.6	15.4	59.5	-501.7	-42.2
2.2.2 Short-term	145.3	296.5	-312.0	-40.7	-48.0	105.2	-10.9	-139.0
2.2.2.1 General government	145.4	296.5	-312.1	-40.7	-47.8	105.2	-10.9	-139.0
2.2.2.2 Other monetary financial institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2.3 Other sectors	0.0	0.0	0.1	0.0	-0.1	0.0	0.0	0.0

^a As from CNB Bulletin No. 207, data have been compiled in accordance with the new methodology prescribed by the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) and the new sector classification of institutional units in line with ESA 2010. ^b Data also include the round tripping which increases direct investment in Croatia and direct investment abroad by the same amount. This type of direct investment was recorded in December 2008 (EUR 825.7m), August 2009 (EUR 666.5m), December 2010 (EUR -618.6m) and June 2014 (EUR 1,485.8m). ^c Revised data. ^d Preliminary data.

not involve a change in ownership.

BPM6 changes the treatment of personal property carried by persons who change residence. Such transfers of goods are not included in the BOP statistics under BPM6 in line with the criteria that ownership of goods remains unchanged. Under BPM5, this was recorded under imports/exports of goods and capital transfers.

Under BPM5, goods under merchanting were recorded in the balance of payments on a net basis within Other business services. Under BPM6 they are recorded on a gross basis as a separate item in the Goods account. Merchanting includes the value of the goods that are traded without crossing the customs border of the merchant and are instead bought and then sold abroad. The acquisition of goods by merchants is shown as a negative export of the economy of the merchant, while the sale of goods is shown as a positive export of the economy of the merchant. It is possible that net exports of goods under merchanting are negative in a certain period. Merchanting is recorded at transaction prices, rather than f.o.b. values and only in the economy of the merchant. Starting from 1 January 2011, data on the net value and commissions and other income from merchanting are collected through a statistical research on revenue and expenditure on foreign trade in services. As BPM6 recommends reporting on a gross basis, the survey questionnaire used in the research has been adjusted to a gross basis starting from 2014.

Under BPM6 non-monetary gold is shown separately from other goods because of its special role in financial markets.

Transportation, travel and other services are reported separately under the services account. Revenues and expenditures on the basis of transportation, in the 1993-1998 period, were adopted from the ITRS. From 1999 on, revenues and expenditures arising from transportation of goods and passengers, as well as the value of accompanying services, which together constitute the total value of these services, are compiled on the basis of the results of the Statistical research on international transportation services, carried out by the CNB. Owing to an exceptionally large population of road carriers, revenues and expenditures on the basis of road freight transportation are not adopted from that research. They are compiled by using ITRS data. As of January 2011, due to the abolishment of the ITRS, this item has been compiled on the basis of data from export customs declarations of the CBS and estimates of the Road Freight Transporters Association. Expenditures on the basis of road freight transportation equal transportation and insurance costs related to imports of goods which belong to non-residents and which are estimated by adjusting the value of imports at c.i.f. parity to the value of imports f.o.b.

Revenues from services rendered to foreign travellers and tourists, as well as expenditures incurred by domestic travellers and tourists abroad are shown under the position Travel. In the 1993-1998 period, this position was assessed by using various data sources which did not provide for a full coverage in accordance with the recommended methodology. Accordingly, in the second half of 1998, the Croatian National Bank started to carry out the Survey on Consumption of Foreign Travellers in Croatia and Domestic Travellers Abroad and use its results for compiling the Travel position. Since early 1999, the results of this survey, based on carrying out a survey of travellers (stratified sample) at border crossings, have been combined with the Ministry of the Interior and Central Bureau of Statistics data on the number of foreign and domestic travellers, along with the data on distribution of foreign travellers by countries contained in the CBS Report on tourism, in order to assess the corresponding balance of payments items. Starting from the first quarter of 2012, the balance of payments data on revenues

from services rendered to foreign travellers and tourists are not computed using the standard methodological combination of volume indicators and estimated average consumption from the Survey on Consumption of Foreign Travellers, but are based on a combination of the estimated level of tourism consumption in 2011 and an econometrically computed indicator – the first principal component of a group of variables that are assumed to follow the dynamics of tourism revenue (foreign tourist arrivals and nights, the number of foreign travellers at border crossings, total tourist consumption according to the CNB survey, the number of the employed in accommodation and food service activities, the revenues of hotels and restaurants, the price index of hotel and restaurants services, the real retail trade turnover index, currency outside banks, the value of foreign credit card transactions, the banks' turnover in transactions with natural persons in the foreign exchange market and the industrial production EU-28).

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

With the transition to BPM6, the services account includes also manufacturing services on goods owned by others, the most important part of which is processing of goods. In addition, it also covers assembly, labelling, packing and similar services undertaken by entities that do not own the goods concerned. Under BPM6, the balance of payments includes only the net value of the service, including a fee related to finishing, and not the value of the goods themselves. Such services are monitored in the Survey on foreign trade in services (US-PB) starting from 2011. As of 2014, a separate statistical research was introduced to monitor imports and exports of goods for finishing and processing and the related services. CBS data on imports and exports of goods are used to identify enterprises that receive/provide processing services.

With the application of BPM6, maintenance and repair services are included in Services and are no longer a part of the goods account. Starting from 2011, these services are monitored separately in the Statistical research on revenue and expenditure on foreign trade in services.

A novelty introduced under BPM6 with regard to financial services is the inclusion of financial intermediation services indirectly measured (FISIM), which means that a part of investment income is reclassified from Primary income to Services. It involves income of financial institutions which exceeds the reference interest rate. The reference rate is the rate that contains no service element; the rate prevailing for interbank borrowing and lending is a suitable choice as a reference rate. FISIM for loans is the margin between lending rate and funding costs calculated on the basis of the reference rate. For deposits, FISIM is the margin between the interest rate calculated on the basis of the reference rate and the interest payable to depositors. BPM6 takes into account only FISIM of financial corporations and only on loans and deposits in their balance sheets (money market funds and investment funds do not produce FISIM). In our

Table H5 Balance of payments – other investment^a
in million EUR

	2009	2010	2011	2012	2013 ^b	2014		
						Q1 ^b	Q2 ^b	Q3 ^c
Other investment (net)	-2,864.1	-337.6	-122.2	2,559.4	458.5	-148.8	-278.9	1,882.1
1 Assets	-625.1	-689.2	-244.6	-605.6	-160.1	553.7	-485.0	1,635.9
1.1 Other equity	0.0	0.0	0.7	0.7	29.2	0.1	0.0	0.0
1.2 Currency and deposits	-523.4	-505.4	-326.8	-336.5	-339.5	729.8	-522.4	1,484.8
1.2.1 Central bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2 General government	0.0	0.0	0.0	2.1	2.5	0.0	0.0	0.0
1.2.3 Other monetary financial institutions	-423.7	-417.0	-522.0	-421.0	-129.0	210.1	-25.1	1,484.8
1.2.4 Other sectors	-99.7	-88.5	195.1	82.3	-212.9	519.7	-497.3	0.0
1.3 Loans	-41.5	105.2	-42.6	66.8	84.4	-25.6	-13.6	192.3
1.3.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.1.1 Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.2 Other monetary financial institutions	-20.5	85.5	-51.0	36.8	2.9	-17.2	-10.4	192.4
1.3.2.1 Long-term	28.7	63.3	-10.4	-52.9	57.2	2.4	-10.8	-19.9
1.3.2.2 Short-term	-49.2	22.2	-40.6	89.7	-54.3	-19.7	0.3	212.3
1.3.3 Other sectors	-21.0	19.7	8.4	29.9	81.6	-8.4	-3.2	0.0
1.3.3.1 Long-term	-20.9	-17.4	34.6	9.9	71.4	0.2	-6.2	-1.2
1.3.3.2 Short-term	-0.1	37.1	-26.1	20.1	10.2	-8.6	3.0	1.1
1.4 Trade credit and advances	-60.1	-289.0	124.3	-352.3	67.3	-140.6	21.4	-34.4
1.4.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.4.1.1 Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.4.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.4.2 Other sectors	-60.1	-289.0	124.3	-352.3	67.3	-140.6	21.4	-34.4
1.4.2.1 Long-term	-58.0	-22.2	-2.9	-0.2	-2.6	0.9	-0.1	-0.3
1.4.2.2 Short-term	-2.1	-266.8	127.3	-352.1	69.8	-141.5	21.5	-34.1
1.5 Other assets	0.0	0.0	-0.2	15.8	-1.5	-10.0	29.6	-6.8
2 Liabilities	2,239.0	-351.6	-122.4	-3,165.0	-618.7	702.5	-206.1	-246.2
2.1 Other equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2 Currency and deposits	1,310.1	-9.3	915.2	-1,973.8	1.7	317.4	-452.5	-555.9
2.2.1 Central bank	-1.2	0.0	-1.0	0.0	83.8	18.4	-78.3	16.4
2.2.2 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.3 Other monetary financial institutions	1,311.4	-9.3	916.2	-1,973.8	-82.1	299.0	-374.2	-572.3
2.2.4 Other sectors	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3 Loans	734.4	-412.1	-664.0	-1,398.4	-788.4	404.7	-192.6	458.2
2.3.1 Central bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3.1.1 Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3.1.1.1 Drawings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3.1.1.2 Repayments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3.2 General government	305.8	144.6	14.6	-166.7	223.8	-220.5	-309.3	700.5
2.3.2.1 Long-term	334.5	144.6	14.6	-162.1	24.7	-20.5	-309.3	700.5
2.3.2.1.1 Drawings	826.9	540.2	629.2	357.1	597.1	54.7	53.8	790.6
2.3.2.1.2 Repayments	492.5	395.6	614.6	519.2	572.4	75.3	363.1	90.1
2.3.2.2 Short-term	-28.7	0.0	0.0	-4.6	199.1	-200.0	0.0	0.0
2.3.3 Other monetary financial institutions	-120.2	-161.0	-34.7	-291.6	-522.9	-98.6	-116.3	-208.0
2.3.3.1 Long-term	201.4	-292.9	385.7	-282.6	-568.8	-15.4	-85.0	-106.1
2.3.3.1.1 Drawings	1,261.9	879.8	1,108.0	729.1	408.4	213.6	61.0	122.1
2.3.3.1.2 Repayments	1,060.6	1,172.8	722.2	1,011.7	977.2	229.0	146.0	228.1
2.3.3.2 Short-term	-321.5	132.0	-420.4	-9.0	46.0	-83.2	-31.4	-102.0
2.3.4 Other sectors	548.8	-395.7	-644.0	-940.2	-489.4	723.9	233.0	-34.2
2.3.4.1 Long-term	323.8	-801.2	-1,136.6	-1,458.4	-548.0	572.6	66.9	-187.6
2.3.4.1.1 Drawings	4,623.8	4,474.0	2,810.1	3,595.0	4,465.7	1,609.7	1,445.0	1,009.7

	2009	2010	2011	2012	2013 ^b	2014		
						Q1 ^b	Q2 ^b	Q3 ^c
2.3.4.1.2 Repayments	4,300.0	5,275.2	3,946.8	5,053.4	5,013.7	1,037.2	1,378.2	1,197.3
2.3.4.2 Short-term	225.0	405.5	492.7	518.2	58.6	151.3	166.2	153.4
2.4 Trade credit and advances	-149.0	58.7	-473.2	318.7	145.0	-9.1	155.1	-122.1
2.4.1 General government	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4.1.1 Long-term	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4.2 Other sectors	-149.0	58.7	-473.2	318.7	145.0	-9.1	155.1	-122.1
2.4.2.1 Long-term	-57.8	-25.3	-147.5	-53.6	-17.8	9.6	-3.3	-3.9
2.4.2.2 Short-term	-91.2	84.0	-325.8	372.3	162.9	-18.7	158.5	-118.2
2.5 Other liabilities	11.9	11.0	99.6	-111.4	23.1	-10.5	283.9	-26.5
2.6 SDRs	331.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a As from CNB Bulletin No. 207, data have been compiled in accordance with the new methodology prescribed by the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) and the new sector classification of institutional units in line with ESA 2010. ^b Revised data. ^c Preliminary data.

case, FISIM is calculated in full conformity with international methodology.

Some other changes introduced by BPM6: postal and courier services have been reclassified from communication to transport (the valuation principle remains the same), while telecommunications services become part of telecommunications, computer and information services, also without a change in the valuation principle. In addition, merchanting services on a gross basis are moved to the Goods account.

Transactions in the income account are classified into four main groups. Under BPM6, the income account has become the primary income account.

Compensation of employees item was compiled on the basis of the ITRS until the end of 2010, when the reporting by transaction types was abolished. As of 2011, this position on the revenues side is estimated by a model based on the aggregate data of banks on inflows of resident natural persons from non-residents. On the expenditures side, the existing surveys on services are used, containing a part which relates to compensation of employees paid to non-residents and a separate survey on income paid to non-residents for institutions not included in the survey sample.

Income from direct investment, portfolio investment and other investment is reported separately. Data on reinvested earnings are reported separately, under direct investment income, calculated on the basis of the CNB Statistical research on direct and other equity investment. In contrast to data on dividends, data on reinvested earnings are not available for the 1993-1996 period, since at that time they were not reported separately. From the first quarter of 2009 on, international standards are applied in the statistical monitoring of reinvested earnings, meaning that reinvested earnings are reported on a quarterly basis, i.e. in the period in which the profit is actually earned. Previously, reinvested earnings were reported in the month in which the decision on the distribution of the previous year's profit was adopted, meaning that they were based on the profit earned in the preceding year. On the basis of statistical data on external debt relations, starting from 1997, income from direct investment includes data on interest arising from credit relations between residents and non-residents directly related through ownership. A novelty introduced by BPM6 is that it distinguishes three types of direct investment income:

- direct investor's investment in direct investment enterprise;
- reverse investment (refers to liabilities of direct investors to their direct investment enterprises and claims of direct investment enterprises on their direct investors)

- investments between fellow enterprises (investment income flows between all fellow enterprises that belong to the same direct investor).

One should bear in mind that dividends, withdrawals from income of quasi-corporations, and interest can apply for any of these types of investment income. There are no reinvested earnings on reverse investments and investments between fellow enterprises because the 10% equity threshold has not been met.

BPM6 introduces a term of "superdividends". Superdividends are described as payments by corporations to their shareholders that are not a result of regular business activities over the business year for which regular dividends are paid out. By definition, superdividends are most similar to payments to shareholders based on reinvested earnings from the previous years. Such payments should be treated as withdrawals of equity, and should not be recorded in the primary income account. This principle has been applied for some time in Croatia so that the implementation of BPM6 has not led to changes in the statistical treatment of such payments.

Income from equity portfolio investment is compiled on the basis of the same survey, whereas data on debt portfolio investment income have been compiled since 1999, based on statistics on foreign credit relations, which also encompasses income related to debt securities owned by non-residents. Income from other investments includes the calculation of interest in accordance with the foreign credit relations statistics. The methodology for compiling the statistics on debt investment income was changed in 2007 to include the reporting of income on an accrual basis. This basically means that income from debt investment and interest income are reported at the point in time when they accrue and not at the point in time when they mature or when they are paid. As a result, the historical data for the 1999-2006 period have been revised. A novelty introduced by BPM6 is reporting on investment income attributable to investment fund shareholders – dividends and reinvested earnings, with a counterpart in the financial account. This introduces the principle of acquired income in this part as well. Such income is not yet estimated due to the lack of all necessary data. Under the methodology, income on equity securities continues to include only dividends, while estimate of reinvested earnings for this type of income is not envisaged.

According to BPM6, interest is reported without FISIM, while the value of FISIM is presented within financial services. Income on reserve assets is shown separately under BPM6, while under BPM5 it was presented within income on other investment.

Table H6 Balance of payments – summary^{a,b}

in million HRK

	2009	2010	2011	2012	2013 ^c	2014		
						Q1 ^c	Q2 ^c	Q3 ^d
A CURRENT ACCOUNT (1+6)	-16,923.2	-3,893.0	-2,837.2	-998.7	2,620.5	-11,621.4	-2,968.7	21,184.9
1 Goods, services, and primary income (2+5)	-24,295.7	-11,603.9	-11,380.8	-9,728.3	-5,483.5	-12,975.6	-4,247.3	19,419.1
1.1 Credit	120,139.2	130,444.5	141,575.2	144,685.4	148,138.2	25,152.1	39,181.4	63,001.8
1.2 Debit	144,434.9	142,048.3	152,956.0	154,413.6	153,621.7	38,127.7	43,428.7	43,582.7
2 Goods and services (3+4)	-12,296.0	-1,386.8	-1,446.0	1,496.6	1,389.2	-10,303.8	-892.9	22,844.6
2.1 Credit	114,260.3	123,794.1	134,559.8	137,485.7	141,701.7	23,333.4	37,060.6	60,978.9
2.2 Debit	126,556.3	125,180.9	136,005.9	135,989.0	140,312.4	33,637.2	37,953.5	38,134.3
3 Goods	-54,740.4	-43,251.9	-47,438.7	-47,331.4	-49,789.2	-11,812.1	-14,154.5	-12,458.9
3.1 Credit	48,434.1	58,968.0	65,008.4	65,205.7	67,563.7	16,872.1	18,211.1	19,592.1
3.2 Debit	103,174.5	102,219.9	112,447.2	112,537.1	117,352.9	28,684.2	32,365.7	32,051.0
4 Services	42,444.5	41,865.1	45,992.7	48,828.0	51,178.5	1,508.3	13,261.6	35,303.5
4.1 Credit	65,826.2	64,826.1	69,551.4	72,280.0	74,138.0	6,461.3	18,849.5	41,386.8
4.2 Debit	23,381.7	22,961.0	23,558.7	23,451.9	22,959.5	4,952.9	5,587.9	6,083.3
5 Primary income	-11,999.7	-10,217.1	-9,934.7	-11,224.9	-6,872.7	-2,671.8	-3,354.4	-3,425.6
5.1 Credit	5,878.8	6,650.4	7,015.4	7,199.7	6,436.6	1,818.7	2,120.8	2,022.9
5.2 Debit	17,878.6	16,867.5	16,950.1	18,424.6	13,309.3	4,490.5	5,475.2	5,448.5
6 Secondary income	7,372.6	7,710.9	8,543.6	8,729.5	8,103.9	1,354.1	1,278.7	1,765.8
6.1 Credit	11,407.5	11,817.8	12,418.8	12,926.7	13,763.7	3,733.5	3,155.0	3,270.7
6.2 Debit	4,034.9	4,106.9	3,875.3	4,197.2	5,659.8	2,379.3	1,876.4	1,504.9
B CAPITAL ACCOUNT	434.9	423.8	281.1	360.0	420.5	12.5	178.8	64.6
C FINANCIAL ACCOUNT	-25,241.7	-9,873.6	-10,634.8	-3,065.3	-3,394.2	-8,997.8	-2,497.0	13,322.8
1 Direct investment	-9,784.2	-6,855.4	-8,968.9	-8,999.2	-6,519.2	-1,655.9	-2,489.1	-1,621.2
1.1 Assets	7,103.7	887.3	-1,261.9	-483.5	-910.1	61.9	13,502.3	725.9
1.2 Liabilities	16,888.0	7,742.8	7,706.9	8,515.8	5,609.1	1,717.7	15,991.4	2,347.1
2 Portfolio investment	-3,275.5	-2,854.2	-4,367.2	-13,144.3	-14,394.9	-42.2	542.0	3,780.4
2.1 Assets	3,769.6	2,987.0	-3,682.2	2,323.8	-732.2	-77.0	346.7	1,603.2
2.2 Liabilities	7,045.1	5,841.2	684.9	15,468.1	13,662.7	-34.7	-195.2	-2,177.1
3 Financial derivatives	0.0	1,838.9	554.2	-409.4	68.0	-34.3	-16.4	-64.2
4 Other investment	-21,102.9	-2,528.3	-780.2	19,125.8	3,424.0	-1,138.1	-2,119.5	14,332.1
4.1 Assets	-4,685.1	-5,069.4	-1,800.9	-4,620.8	-1,257.5	4,233.4	-3,685.3	12,457.3
4.2 Liabilities	16,417.8	-2,541.2	-1,020.7	-23,746.5	-4,681.5	5,371.5	-1,565.7	-1,874.7
5 Reserve assets	8,921.0	525.5	2,927.2	361.8	14,027.9	-6,127.3	1,586.0	-3,104.3
D NET ERRORS AND OMISSIONS	-8,753.4	-6,404.4	-8,078.7	-2,426.6	-6,435.1	2,611.2	292.8	-7,926.7

^a As from CNB Bulletin No. 207, data have been compiled in accordance with the new methodology prescribed by the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) and the new sector classification of institutional units in line with ESA 2010. The implementation of the new methodology has no effect on the balances in the current and financial accounts of the balance of payments so that changes in these positions from previously published data are a result of the data revision for the purpose of quality and coverage control. ^b Data also include the round tripping which increases direct investment in Croatia and direct investment abroad by the same amount. This type of direct investment was recorded in December 2008 (EUR 825.7m), August 2009 (EUR 666.5m), December 2010 (EUR -618.6m) and June 2014 (EUR 1,485.8m). ^c Revised data. ^d Preliminary data.

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

Secondary income (Current transfers under BPM5) is reported separately for the general government sector and other sectors.

The ITRS was used as the main data source on current transfers for both sectors until the end of 2010, when the reporting by transaction types was abolished. As of 2011, transfers of the general government sector are recorded on the basis of the data of the Ministry of Finance and the Croatian Pension Insurance Administration in the case of pensions paid out to non-residents. In addition to taxes and excise duties, pensions, gifts and donations, which are included in current transfers of both sectors, the general government sector also encompasses data on multilateral cooperation, whereas other sectors include data on workers' remittances. As of 2011, the position of workers' remittances and gifts and donations for other sectors is

estimated through a model based on aggregate data of banks on inflows of resident natural persons from abroad and outflows of resident natural persons abroad. Pensions from abroad are estimated on the basis of the available data of the Croatian Pension Insurance Administration. Furthermore, other sector transfers are supplemented by the data from the survey on trade in international services, containing a special part for possible transfers from and to foreign countries. Current transfers of the general government sector also include data on exports and imports of goods without a payment obligation, provided by the CBS. In the 1993-1998 period, current transfers of other sectors also encompassed an estimate of unregistered foreign currency remittances, which accounted for 15% of the positive difference between unclassified inflows and outflows of the household sector. From 1993 to the second quarter of 1996, the CNB also

assessed a portion of the outflow based on current transfers. From 2002 on, inflows and outflows based on current transfers of other sectors are supplemented by the data of the CNB special statistical research on international transactions related to insurance services. Funds received from EU funds are reported in the current account or in the capital account in line with the type of transaction and on the basis of the data of the Ministry of Finance. BPM6 does not bring novelties in terms of content to this part of the balance of payments. In terms of presentation, workers' remittances are not compiled as a separate item, but become a part of personal transfers together with other personal transfers. Until the end of 2010, capital transfers in the capital account were based on the ITRS. From the beginning of 2011 onwards, the account of capital transfers is compiled on the basis of the data of the Ministry of Finance and the survey data on services trade and special transactions with foreign countries. Data on the potential debt forgiveness are also a constituent part of the capital account. Under BPM6, the results of research and development, such as patents and copyrights, are no longer treated as nonproduced assets and their sale is no longer shown in the capital account, but as research and development services in the current account. Also, cross border movements of assets and liabilities of persons who change residence are no longer shown as transfers by migrants within capital transfers and are no longer balance of payments transactions. If assets involved are financial assets they are made under the "other adjustments."

Foreign direct investments include equity capital, reinvested earnings and debt relations between ownership-related residents and non-residents. Direct investments are investments whereby a foreign owner acquires a minimum of 10% interest in equity capital of a company, regardless of whether a resident invests abroad or a non-resident invests in Croatian residents. The CNB Research on foreign direct investments started in 1997 when companies included in the survey also delivered data on direct investments for the 1993-1996 period. For the same period, no data are available on reinvested earnings and other capital under direct investment position, where all debt relations between related residents and non-residents are classified (excluding the banking sector). Such data actually became available only after the stated research had been launched. Since 1999, data on debt relations within direct investments have been collected on the basis of external debt relations statistics. A research on the purchase and sale of the real estate by non-residents on the territory of the Republic of Croatia has been carried out since 2007. Persons obliged to submit reports are the public notaries who learn about these transactions in the course of their business. Data on the purchase and sale of the real estate by Croatian residents abroad were compiled on the basis of the ITRS until its abolishment in late 2010. From 2011 on, data on the purchase and sale of the real estate by Croatian non-residents abroad are compiled on the basis of the Report on the real estate trade abroad. These purchase and sale transactions are also a constituent part of direct investments.

The most important change introduced by BPM6 relates to the method of presentation – direct investment is no longer classified according to the directional principle to direct investment in the reporting country and direct investment abroad with additional classification to "claims" and "liabilities". Instead, under BPM6, the assets/liabilities principle is applied, the same principle that has been used for years for other functional categories in the financial account (portfolio, other investment and financial derivatives).

In addition, under BPM6, direct investment is further divided into:

- direct investment in direct investment enterprises,
- investment in direct investor (reverse investment), and
- investment between horizontally linked enterprises (fellow enterprises).

Reverse investment arises when a direct investment enterprise acquires equity in its investor, provided it does not own equity comprising 10% or more of the voting power in that direct investor, otherwise a new direct investment would arise. It also includes debt investment in the reverse direction. Investments between fellow enterprises are equity investments between enterprises which are linked by indirect ownership, also up to 10%, or debt investments between such enterprises. It should be noted for fellow enterprises that this type of investment has been reported within the external debt statistics since 2009. From 2014 on, it is possible to identify such investment also within the Research on direct and other equity investment.

According to BPM6 all debt relations between two affiliated financial intermediaries are treated in the same manner – outside direct investment, i.e. within other or portfolio investment. BPM5 classified permanent debt transactions into direct investment.

BPM6 introduces the concept of "quasi-corporations", which refers to corporations producing goods and services in a foreign economy without being a separate legal entity in that economy. Types of quasi-corporations include: branches, notional resident units, multiterritory enterprises, joint ventures, partnerships, etc. In Croatia, branches have been monitored separately within direct investment as of 2005. Because of the detected investment of Croatian residents abroad which are not effected through incorporated enterprises or branches, but based on a contract with joint venture features, this type of entities has also been monitored statistically since 2014.

Data on equity portfolio investments are collected from the same data source as the data on direct equity investments. Debt portfolio investments include all investments in short-term and long-term debt securities that cannot be classified under direct investments. In the 1997-1998 period, these data were collected through the CNB Research on direct and portfolio investments, and since 1999 data on external debt relations and monetary statistics data for bank investment have been used. Starting from 2002 and 2004, this position has also been compiled for investment funds and pension funds, respectively. Since 2009, these positions have been modified by the statistics on trade in equity and debt securities submitted by the Central Depository and Clearing Company, credit institutions and investment firms providing securities custody services. Portfolio investments are modified by these data in the parts not fully covered by the existing research. Data for the 2006-2009 period have also been revised. As a result, from 2006 on, the balance of payments includes data on debt securities issued by domestic issuers and traded by non-residents in the domestic market (portfolio investment, debt securities on the liabilities side). Since these are debt securities of domestic issuers traded by non-residents, the balance of this portfolio on a specific day reflects an increase in the external debt, notwithstanding the fact that securities are issued in the domestic market. It should be noted that this approach is already applied in relation to securities issued by our residents abroad and that the amount of debt generated in this manner is reduced by the amount repurchased by residents.

According to BPM6, equity that is not in the form of securities is not included in portfolio investment but in direct or other investment, depending on whether it involves a share that is below or above the 10% threshold. Reinvested earnings in investment funds should be reported separately within portfolio

investment. The undistributed earnings of investment funds are imputed as being payable to the owners and then as being reinvested in the fund. The financial account entry for reinvestment of earnings (Equity and investment fund shares, Other financial corporations) is the corresponding entry to the reinvested earnings of investment funds in the primary income account item. Monitoring of this type of income is still under preparation.

From the first quarter of 2010, the balance of payments includes the transactions arising from the concluded contracts which have features of financial derivatives. Reporting institutions are commercial banks and other financial institutions. In addition, the reporting population has been extended as of the fourth quarter of 2012 to include non-financial institutions which enter into these transactions mainly to hedge against changing market conditions.

Other investment encompasses all other debt investments that have not been mentioned, apart from investment constituting reserve assets. Other investments are classified by instruments, maturity and sectors. In addition, BPM6 defines a position of Other equity investment, which implies equity investments that do not meet the criteria for direct investment, portfolio investment or international reserve assets. Other equity investment is never in the form of securities, in contrast to portfolio investment. As the ownership of many international organisations is not in the form of securities, it is classified as other equity. In most cases, equity in quasi-corporations, such as branches or notional units for ownership of real estate and other natural resources is included in direct investment, but if the share accounts for less than 10% in the equity it is classified to other equity investment.

Currency and deposit position shows residents' claims on foreign countries for foreign cash and deposits with foreign banks, as well as obligations of the Croatian banks for deposits owned by non-residents. Monetary statistics represent a data source for the general government sector and other monetary financial institutions. Data on balance and currency structure of foreign assets and liabilities, contained in monetary statistics, are used to assess transactions from which the exchange rate effect was eliminated. In the 1993-1998 period, data on other sectors' claims under this position were compiled on the basis of the CNB estimate of a portion of net foreign currency inflows of the household sector which is not classified under current transfers. Since 1999, this position has included only the data based on the Bank for International Settlements quarterly data, while data in the fourth quarter of 2001 and in the first two quarters of 2002 also relate to the effect of the EMU countries' currencies changeover to the euro. Data for the fourth quarter of 2008 were modified by estimates of currency and deposit withdrawals from the financial system driven by fears of the effects of the global financial crisis.

Credits granted by residents to non-residents and foreign loans utilised by residents and granted by non-residents, which cannot be classified into direct investments or trade credits, are classified by the institutional sector and maturity under the corresponding positions of other investment. The CNB foreign credit relations statistics represent the data source for these positions.

Trade credits in the 1996-2002 period included the CNB estimates of advance payment and deferred payments made on the basis of the sample of the largest and large importers and exporters. Data on advance payments have been estimated since 1996, while data on short-term deferred payments (first up to 90 days, then up to 150 days, and today from 8 days to 1 year) have been collected since 1999. In 2003, this research was replaced by a new one, where the selected companies, regardless of their size (stratified sample), are obliged to submit data. Data on deferred payments with the original maturity of more than one year are adopted from the CNB foreign credit relations statistics.

Item Other investment – Other claims and liabilities includes other claims and liabilities not included in trade credits and other financial instruments, among others, prepayments of premiums and reserves for outstanding claims for nonlife insurance, entitlements of beneficiaries under life insurance policies and pension schemes and provisions for calls under standardised guarantees. This position is compiled on the basis of data submitted by insurance companies and includes changes in life insurance mathematical reserves.

A novelty in BPM6 is the treatment of SDRs. The allocation of SDRs to IMF members is shown as the incurrence of a liability by the recipient and included in other investment (SDR position) with a corresponding increase of SDRs in reserve assets. Other acquisitions and disposals of SDRs are shown as transactions in reserve assets.

The sector classification of the portfolio and other investment involves the sector classification of residents according to ESA 2010 and SNA 2008 and is fully harmonised with the sector classification of the gross external debt by domestic sectors and the international investment position. The general government sector includes central government, social security funds and local government. The sector of the central bank includes the Croatian National Bank. The sector of other monetary financial institutions comprises credit institutions and money market funds. Other domestic sectors comprise all financial institutions and intermediaries except the central bank and other monetary financial institutions (including the Croatian Bank for Reconstruction and Development), private and public non-financial corporations, non-profit institutions and households, including craftsmen.

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

A novelty in BPM6 is the treatment of SDRs. The allocation of SDRs to IMF members is shown as the incurrence of a liability by the recipient and included in other investment (SDR position) with a corresponding increase of SDRs in reserve assets.

From the first quarter of 2013, data on transactions carried out by the International Reserves and Foreign Exchange Liquidity Department of the Croatian National Bank represent the data source for this position.

Table H7 International reserves and banks' foreign currency reserves^a

end of period, in million EUR

Year	Month	International reserves of the Croatian National Bank							Banks' foreign currency reserves
		Total	Special drawing rights	Reserve position in the Fund	Gold	Foreign currency			
						Total	Currency and deposits	Bonds and notes	
2000	December	3,783.2	158.5	0.2	–	3,624.5	2,763.0	861.5	2,310.7
2001	December	5,333.6	122.9	0.2	–	5,210.5	3,469.7	1,740.7	4,056.0
2002	December	5,651.3	2.3	0.2	–	5,648.8	3,787.8	1,861.0	2,581.6
2003	December	6,554.1	0.7	0.2	–	6,553.2	3,346.0	3,207.2	3,927.1
2004	December	6,436.2	0.6	0.2	–	6,435.4	3,173.3	3,262.0	4,220.1
2005	December	7,438.4	0.9	0.2	–	7,437.3	3,834.5	3,602.8	2,938.4
2006	December	8,725.3	0.7	0.2	–	8,724.4	4,526.9	4,197.5	3,315.0
2007	December	9,307.4	0.8	0.2	–	9,306.5	4,533.9	4,772.5	4,388.9
2008	December	9,120.9	0.7	0.2	–	9,120.0	2,001.8	7,118.2	4,644.5
2009	December	10,375.8	331.7	0.2	–	10,043.9	2,641.4	7,402.6	4,293.9
2010	December	10,660.3	356.7	0.2	–	10,303.4	3,274.9	7,028.5	3,828.9
2011	December	11,194.9	360.7	0.2	–	10,834.0	2,730.7	8,103.2	3,463.7
2012	December	11,235.9	352.8	0.2	–	10,882.9	2,245.8	8,637.1	2,895.3
2013	December	12,907.5	340.6	0.2	–	12,566.7	3,717.9	8,848.8	2,756.6
2014	January	12,893.0	344.5	0.2	–	12,548.3	3,430.5	9,117.9	2,737.5
	February	12,569.8	346.2	0.2	–	12,223.4	3,119.5	9,103.8	2,752.7
	March	12,100.0	343.8	0.2	–	11,756.1	2,492.7	9,263.4	2,900.0
	April	11,680.5	341.5	0.2	–	11,338.8	2,150.3	9,188.4	2,831.5
	May	13,016.6	345.9	0.2	–	12,670.4	3,726.1	8,944.3	2,671.5
	June	12,334.7	346.9	0.2	–	11,987.6	2,883.2	9,104.4	2,894.2
	July	12,387.6	349.0	0.2	–	12,038.4	2,783.3	9,255.2	3,168.3
	August	12,420.0	351.4	0.2	–	12,068.3	2,830.5	9,237.9	3,779.2
	September	12,115.6	357.2	0.2	–	11,758.2	2,595.6	9,162.6	4,377.4
	October	12,640.6	358.8	0.2	–	12,281.6	3,066.1	9,215.5	3,364.2
	November ^b	12,473.9	359.3	0.2	–	12,114.4	3,248.8	8,865.5	3,341.8

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

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

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

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

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

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

The second part of the Template shows fixed predetermined foreign currency net liabilities of the Croatian National Bank and the central government that fall due in the next 12 months. Foreign currency loans, securities and deposits (II1) include future interest payments on banks' foreign currency reserve requirements with the CNB (only interest payments for the next month are included), payments of future maturities of foreign currency CNB bills, future principal and interest payments on loans from the IMF, and future principal and interest payments on the central government's foreign currency debts. Aggregate short and long positions in forwards and futures in foreign currencies (II2) include future collections (+) or payments (–) arising from currency swaps between the CNB and domestic banks (temporary sale or purchase of foreign currency). Item Other (II3) includes future payments arising from repo transactions with foreign negotiable debt securities.

The third part of the Template shows predetermined contingent foreign currency net liabilities of the Croatian National Bank and the central government, which fall due in the following

Table H8 International reserves and foreign currency liquidity
end of period, in million EUR

	2009	2010	2011	2012	2013	2014			
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Oct.
I Official reserve assets and other f/c assets (approximate market value)									
A Official reserve assets	10,375.8	10,660.3	11,194.9	11,235.9	12,907.5	12,100.0	12,334.7	12,115.6	12,640.6
(1) Foreign currency reserves (in convertible f/c)	9,243.3	8,794.8	10,694.0	10,445.8	10,105.8	10,185.1	10,632.3	11,448.2	11,343.8
(a) Securities	7,402.6	7,028.5	8,103.2	8,637.1	8,848.8	9,263.4	9,104.4	9,162.6	9,215.5
o/w: Issuer headquartered in reporting country but located abroad	-	-	-	-	-	-	-	-	-
(b) Total currency and deposits with:	1,840.8	1,766.3	2,590.7	1,808.7	1,257.0	921.7	1,527.9	2,285.6	2,128.2
(i) Other national central banks, BIS and IMF	1,698.9	1,576.4	2,468.7	1,808.1	1,076.6	735.5	864.2	470.0	490.9
(ii) Banks headquartered in the reporting country	-	-	-	-	-	-	-	-	-
o/w: Located abroad	-	-	-	-	-	-	-	-	-
(iii) Banks headquartered outside the reporting country	141.8	189.9	122.1	0.6	180.3	186.2	663.7	1,815.6	1,637.4
o/w: Located in the reporting country	-	-	-	-	-	-	-	-	-
(2) IMF reserve position	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
(3) SDRs	331.7	356.7	360.7	352.8	340.6	343.8	346.9	357.2	358.8
(4) Gold	-	-	-	-	-	-	-	-	-
(5) Other reserve assets	800.6	1,508.6	140.0	437.1	2,460.9	1,571.0	1,355.3	310.0	937.8
– Reverse repo	800.6	1,508.6	140.0	437.1	2,460.9	1,571.0	1,355.3	310.0	937.8
B Other foreign currency assets (specify)	-	-	-	-	-	-	-	-	-
– Time deposits	-	-	-	-	-	-	-	-	-
C Total (A+B)	10,375.8	10,660.3	11,194.9	11,235.9	12,907.5	12,100.0	12,334.7	12,115.6	12,640.6
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)	-989.3	-1,234.9	-679.5	-801.8	-1,557.8	-2,299.5	-1,735.2	-1,957.2	-2,297.5
(a) Croatian National Bank	-	-	-	-	-	-	-	-	-
Up to 1 month									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
More than 1 and up to 3 months									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
More than 3 months and up to 1 year									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
(b) Central government	-989.3	-1,234.9	-679.5	-801.8	-1,557.8	-2,299.5	-1,735.2	-1,957.2	-2,297.5
Up to 1 month									
Principal	-39.9	-16.4	-140.2	-170.5	-172.8	-174.3	-171.6	-49.6	-91.3
Interest	-	-8.1	-6.5	-6.5	-4.2	-1.6	-14.0	-10.9	-8.0
More than 1 and up to 3 months									
Principal	-625.3	-882.2	-112.5	-50.1	-284.2	-779.1	-44.2	-210.7	-929.7
Interest	-	-15.1	-20.5	-22.7	-24.0	-48.8	-22.4	-25.3	-51.0
More than 3 months and up to 1 year									
Principal	-207.1	-170.5	-208.7	-311.6	-758.3	-936.3	-1,111.2	-1,234.2	-807.5
Interest	-117.0	-142.5	-191.2	-240.3	-314.4	-359.4	-371.8	-426.5	-410.0
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	-	-	-	-	-	-	-	-	-
– Outflows related to repos (-)	-	-	-	-	-	-	-	-	-
Up to 1 month									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
More than 1 and up to 3 months									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
More than 3 months and up to 1 year									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
4 Total predetermined short-term net drains on f/c assets (1+2+3)	-989.3	-1,234.9	-679.5	-801.8	-1,557.8	-2,299.5	-1,735.2	-1,957.2	-2,297.5

	2009	2010	2011	2012	2013	2014			
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Oct.
III Contingent short-term net drains on f/c assets (nominal value)									
1 Contingent liabilities in foreign currency	-1,351.6	-1,734.2	-1,741.7	-1,311.6	-1,334.0	-1,334.5	-1,329.2	-1,266.0	-816.6
(a) Collateral guarantees on debt falling due within 1 year	-661.5	-1,087.9	-1,005.2	-636.4	-755.4	-755.5	-750.7	-694.4	-246.5
– Croatian National Bank	-	-	-	-	-	-	-	-	-
– Central government	-661.5	-1,087.9	-1,005.2	-636.4	-755.4	-755.5	-750.7	-694.4	-246.5
Up to 1 month	-30.3	-0.2	-8.0	-26.6	-23.0	-17.5	-177.0	-35.5	-11.3
More than 1 and up to 3 months	-101.3	-438.5	-111.2	-70.3	-74.7	-94.1	-88.4	-272.2	-54.0
More than 3 months and up to 1 year	-529.8	-649.2	-885.9	-539.5	-657.6	-643.9	-485.3	-386.6	-181.2
(b) Other contingent liabilities	-690.1	-646.3	-736.5	-675.2	-578.6	-579.0	-578.5	-571.6	-570.0
– Croatian National Bank	-690.1	-646.3	-736.5	-675.2	-578.6	-579.0	-578.5	-571.6	-570.0
Up to 1 month	-	-	-	-	-	-	-	-	-
More than 1 and up to 3 months	-690.1	-646.3	-736.5	-675.2	-578.6	-579.0	-578.5	-571.6	-570.0
More than 3 months and up to 1 year	-	-	-	-	-	-	-	-	-
– Central government	-	-	-	-	-	-	-	-	-
2 Foreign currency securities issued with embedded options (puttable bonds)	-	-	-	-	-	-	-	-	-
3 Undrawn, unconditional credit lines provided by:	-	-	-	-	-	-	-	-	-
– BIS (+)	-	-	-	-	-	-	-	-	-
– IMF (+)	-	-	-	-	-	-	-	-	-
4 Aggregate short and long positions of options in f/c vis-a-vis the domestic currency	-	-	-	-	-	-	-	-	-
5 Total contingent short-term net drains on f/c assets (1+2+3+4)	-1,351.6	-1,734.2	-1,741.7	-1,311.6	-1,334.0	-1,334.5	-1,329.2	-1,266.0	-816.6
IV Memo items									
(a) Short-term domestic currency debt indexed to the exchange rate	-	-	-	-	-	-	-	-	-
o/w: Central government	-	-	-	-	-	-	-	-	-
(b) Financial instruments denominated in foreign currency and settled by other means (e.g., in domestic currency)	-	-	-	-	-	-	-	-	-
(c) Pledged assets	-	-	-	-	-	-	-	-	-
(d) Securities lent and on repo	-	-	-	-	-	-	-	-	-
– Lent or repoed and included in Section I	-	-	-0.4	-	0.0	-1.4	-3.6	-0.7	-0.6
– 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	766.5	1,458.5	136.9	551.3	2,380.1	1,481.8	1,302.6	283.9	852.4
(e) Financial derivative assets (net, marked to market)	-	-	-	-	-	-	-	-	-
(f) Currency composition of official reserves assets	-	-	-	-	-	-	-	-	-
– Currencies in SDR basket	10,375.7	10,660.0	11,194.7	11,235.7	12,907.4	12,099.5	12,334.1	12,114.4	12,639.8
– Currencies not in SDR basket	0.1	0.3	0.1	0.2	0.1	0.5	0.6	1.2	0.8
– By individual currencies									
USD	2,461.8	2,451.0	2,333.0	2,140.4	2,068.1	2,073.0	2,090.2	2,232.8	2,245.2
EUR	7,581.5	7,851.8	8,500.6	8,742.1	10,498.4	9,682.0	9,896.5	9,523.8	10,035.2
Other	332.5	357.5	361.2	353.4	341.0	345.0	348.0	359.1	360.2

12 months. Contingent liabilities in foreign currency (III1) include future principal and interest payments on foreign loans guaranteed by the central government, and banks' foreign currency reserve requirements with the CNB. (The inclusion of reserve requirements in foreign currency is based on the assumption that there will be no changes in ratios or in the base of foreign currency reserve requirements, which comprises foreign currency sources of funds, including ordinary foreign currency accounts, special foreign currency accounts, foreign currency accounts and foreign currency sight deposits, received foreign currency deposits and received foreign currency loans, as well as obligations arising from securities issued in foreign currency (excluding banks' equity securities) and hybrid and subordinated instruments). Undrawn credit lines show potential inflows

(+) or outflows (-) which would arise from drawdowns under these credits.

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

Table H11 Indices of the effective exchange rate of the kuna
indices 2010 = 100

Year	Month	Nominal effective exchange rate of the kuna	Real effective exchange rate of the kuna; deflator		Real effective exchange rate of the kuna ^b ; deflator	
			Consumer price index	Industrial producer price index ^a	Unit labour costs in manufacturing	Unit labour costs in the total economy
2000	December	110.82	116.41		134.39	125.76
2001	December	106.52	111.03		126.89	121.35
2002	December	105.28	110.61		128.22	118.73
2003	December	105.37	111.22		121.22	119.23
2004	December	102.42	107.12		120.84	115.50
2005	December	102.16	105.56		115.84	112.29
2006	December	100.37	103.92		104.97	105.53
2007	December	98.70	99.95		99.45	100.60
2008	December	98.13	98.60		101.97	96.09
2009	December	97.63	97.79		104.87	96.66
2010	December	102.04	103.03	99.44	99.21	101.49
2011	December	103.63	105.71	101.25	103.85	101.96
2012	December	104.61	104.57	101.85	109.66	107.19
2013	December	103.76	104.85	102.36	108.99	108.12
2014	January	103.72	104.38	102.73		
	February	103.95	105.20	102.56		
	March	103.40	104.82	102.31	111.09	108.86
	April	103.07	104.36	102.00		
	May	102.83	103.85	101.54		
	June	102.86	104.37	102.21	109.36	106.79 ^c
	July	103.34	104.78	102.37		
	August	104.00	105.58	103.07		
	September	104.55	105.86	103.57		
	October	105.46	106.69 ^c	104.36 ^c		
	November	105.84				

^a The index of industrial producer price on the non-domestic market for Croatia is available from January 2010. As a result, the real effective exchange rate is calculated on the 2010 basis. ^b The values shown are quarterly data. ^c Preliminary data.

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

Table H11 Indices of the effective exchange rate of the kuna

The index of the nominal effective exchange rate of the kuna is a weighted geometric average of the index of bilateral nominal exchange rates of the kuna against the selected currencies of the main trading partners. The currencies of the main trading partners and their weights are determined based on the structure of imports and exports of manufactured goods, where the weights used reflect direct import competition, direct export competition and export competition in third markets (see Box 2 in CNB Bulletin No. 165, 2011). The group of countries included in the formation of the index of the effective exchange rates of the kuna comprises the following 20 partner countries: eight eurozone countries (Austria, Belgium, France, Germany, Italy, the Netherlands, Slovenia and Spain), five EU countries outside the eurozone (the Czech Republic, Hungary, Poland, Sweden and the United Kingdom) and seven non-EU countries (Bosnia and Herzegovina, Japan, China, the United States, Serbia, Switzerland and Turkey). The weights assigned to specific countries in the calculation of the effective exchange rates of the kuna are time varying weights, calculated to reflect the average structure of RC's foreign trade over three consecutive years (for more details see Box 3 in CNB Bulletin No. 205, 2014). The last reference period for the calculation of the weights is the period from 2010 to 2012. The time series for base indices are calculated based on 2010.

The index of the nominal effective exchange rate is an aggregate indicator of the average value of the domestic currency against a basket of currencies. An increase in the index of the nominal effective exchange rate of the kuna in a certain period indicates that the kuna has depreciated against the basket

of currencies and vice versa. The index of the real effective exchange rate is a weighted geometric average of the index of bilateral exchange rates of the kuna adjusted for the corresponding indices of relative prices or costs (the ratio of price indices or costs in partner countries to domestic prices). Industrial producer price indices, consumer price indices (harmonised consumer price indices for EU member states) and unit labour cost indices in the total economy and manufacturing are used as deflators. The time series for the index of industrial producer prices on the non-domestic market for Croatia is available from January 2010. The time series for consumer prices in Croatia is constructed in the following manner: retail price indices are used for the period until and including December 1997 and consumer price indices for the period as of January 1998. As data on unit labour costs are not available for all the countries, the basket of countries for the calculation of the real effective exchange rate of the kuna deflated by unit labour costs in the total economy and manufacturing was narrowed to 15, that is, 13 countries trading partners – all countries trading partners (20 of them) excluding Switzerland, Turkey, China, Bosnia and Herzegovina and Serbia, that is, excluding these five countries and Belgium and Japan. Unit labour costs in Croatia are calculated as the ratio of compensation per employee at current prices to labour productivity at constant prices (for more details on the calculation of unit labour costs, see Box 1 in CNB Bulletin No. 141, 2008). Data on the real effective exchange rate for the last month are preliminary. The historical data may be corrected for the subsequent changes in the data on deflators used in the calculation of the index of the real effective exchange rate of the kuna.

Table H12 Gross external debt by domestic sectors^a

in million EUR

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014				
							Mar.*	Jun.*	Jul.*	Aug.*	Sep.
1 General government	7,208.5	8,284.9	9,126.0	9,624.9	10,938.9	12,711.9	12,424.7	12,674.0	12,818.5	12,849.1	13,546.6
Short-term	85.4	170.3	468.3	157.9	118.1	269.6	175.1	162.3	154.0	19.6	24.6
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	24.6	170.3	468.3	157.9	117.2	69.6	175.1	162.3	154.0	19.6	24.6
Loans	60.7	0.0	0.0	0.0	0.9	200.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	7,123.1	8,114.6	8,657.7	9,467.0	10,820.8	12,442.3	12,249.6	12,511.7	12,664.6	12,829.5	13,522.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	3,162.1	3,976.4	4,321.4	5,069.8	6,247.1	7,846.8	7,676.6	8,247.0	8,221.8	8,373.7	8,547.9
Loans	3,960.3	4,138.2	4,336.3	4,397.1	4,573.7	4,594.3	4,573.0	4,264.7	4,442.7	4,455.9	4,974.0
Trade credit and advances	0.7	0.0	0.0	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 Central bank	2.3	332.2	357.3	360.1	351.0	421.5	442.8	368.9	356.6	372.8	395.4
Short-term	2.3	1.1	1.2	0.1	0.0	83.5	101.6	24.6	10.2	24.1	40.9
Currency and deposits	2.3	1.1	1.2	0.1	0.0	83.5	101.6	24.6	10.2	24.1	40.9
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	0.0	331.1	356.1	360.0	351.0	338.0	341.1	344.3	346.4	348.7	354.5
Special drawing rights (allocations)	0.0	331.1	356.1	360.0	351.0	338.0	341.1	344.3	346.4	348.7	354.5
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3 Deposit-taking corporations, except the central bank	10,307.0	11,066.9	11,212.4	12,207.9	9,885.8	9,156.8	9,361.4	8,910.8	8,354.4	8,320.4	8,133.5
Short-term	3,792.4	3,091.6	3,173.6	3,953.1	2,024.2	2,317.1	2,521.6	2,200.2	1,660.2	1,612.6	1,633.0
Currency and deposits	2,670.4	2,284.0	2,201.3	3,291.4	1,470.2	1,735.3	2,023.3	1,722.6	1,264.1	1,229.7	1,263.0
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	1,122.0	807.5	947.8	526.0	516.8	557.3	474.2	444.0	371.6	352.7	342.3
Trade credit and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	24.5	135.8	37.2	24.5	24.1	33.6	24.5	30.2	27.6
Long-term	6,514.6	7,975.3	8,038.8	8,254.7	7,861.6	6,839.7	6,839.7	6,710.6	6,694.2	6,707.7	6,500.5
Currency and deposits	2,668.1	4,368.9	4,592.8	4,407.6	4,261.1	3,849.6	3,862.7	3,813.3	3,769.8	3,816.8	3,707.4
Debt securities	466.6	9.0	8.9	1.9	8.9	3.8	3.7	3.6	3.4	3.4	2.6
Loans	3,379.9	3,597.5	3,436.0	3,844.4	3,568.8	2,984.0	2,971.4	2,890.9	2,918.3	2,884.8	2,787.8
Trade credit and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	1.1	0.9	22.8	2.4	2.0	2.7	2.7	2.8	2.7
4 Other sectors	19,205.8	20,400.9	20,076.3	19,186.9	18,714.2	17,931.7	18,656.9	18,365.0	18,390.4	18,310.5	18,351.4
Short-term	826.7	807.4	912.5	915.8	1,130.3	626.4	776.9	807.4	868.2	875.8	859.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.5	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Loans	786.7	779.2	881.7	881.4	952.0	511.1	661.8	698.5	764.6	774.9	757.8
Trade credit and advances	39.5	28.2	30.9	34.2	178.1	115.2	115.2	108.9	103.6	100.9	101.2
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	18,379.0	19,593.6	19,163.8	18,271.1	17,584.0	17,305.3	17,879.9	17,557.6	17,522.1	17,434.7	17,492.4
Currency and deposits	1.7	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Debt securities	1,264.4	1,689.5	1,607.5	1,411.6	2,316.6	2,282.0	2,341.4	1,844.7	1,790.1	1,809.8	1,844.6
Loans	16,787.2	17,605.3	17,261.7	16,721.9	15,152.8	14,880.4	15,433.3	15,610.9	15,632.4	15,522.4	15,548.4
Trade credit and advances	325.7	297.1	293.0	135.9	113.0	141.2	103.6	100.3	98.0	100.9	97.8

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014				
							Mar.*	Jun.*	Jul.*	Aug.*	Sep.
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 Direct investment: intercompany lending	3,866.5	5,515.5	6,136.5	5,017.4	5,386.2	5,698.5	5,823.7	6,000.2	6,007.8	6,023.1	6,028.2
Debt liabilities of direct investment enterprises to direct investors	3,741.0	4,220.8	4,131.0	4,143.1	4,082.4	3,521.6	3,620.7	3,739.7	3,746.1	3,766.3	3,764.5
Debt liabilities of direct investors to direct investment enterprises	20.8	123.1	366.7	175.5	164.5	159.5	178.3	238.1	235.9	234.8	222.9
Debt liabilities to fellow enterprises	104.8	1,171.6	1,638.7	698.9	1,139.4	2,017.4	2,024.7	2,022.4	2,025.8	2,022.0	2,040.8
Gross external debt position	40,590.0	45,600.4	46,908.4	46,397.2	45,276.1	45,920.4	46,709.4	46,319.0	45,927.6	45,876.0	46,455.0
o/w: Round tripping ^b	825.6	1,499.0	0.0	–	–	–	–	–	–	–	–
Memo items:											
Principal and interest arrears by sector	340.5	745.8	1,235.2	1,303.2	1,589.0	1,903.3	1,989.3	1,982.5	1,980.2	1,991.7	2,005.9
General government	4.1	0.1	0.9	0.0	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Central bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposit-taking corporations, except the central bank	2.0	1.2	12.2	11.8	11.6	16.6	15.9	16.8	16.3	17.4	18.1
Other sectors	235.1	641.5	1,064.8	1,037.3	1,290.7	1,517.9	1,608.3	1,580.4	1,579.5	1,582.3	1,599.5
Direct investment: intercompany lending	99.3	102.9	157.3	254.1	285.8	368.0	364.3	384.5	383.6	391.1	387.5

^a As from CNB Bulletin No. 207, the entire series of data on gross external debt has been revised so as to bring it into line with the new methodology prescribed by the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) and the new sector classification of institutional units in line with ESA 2010. The effect of these changes on the increase in the overall external debt position is evident exclusively in the inclusion of the allocation of special drawing rights in debt instruments; there are no other effects on the overall external debt position, but there are effects on the debt balance within individual sectors and instruments. Other changes in the overall gross external debt position from previously published data are a result of the data revision for the purpose of quality and coverage control. ^b The rise in the external debt of the Republic of Croatia is attributed to the direct investment-related debt which comprises round-tripping transactions. A significant transaction, contributing to the removal of a round tripping component of direct investment, was recorded in December 2010. Nevertheless, the debt is presented in this table under heading 5 Direct investment.

Table H12 Gross external debt by domestic sectors • Gross external debt is defined as the external debt liabilities of residents on the basis of debt securities issued in the foreign markets (at nominal value), credits (repo agreements included) regardless of their contractual maturity, deposits of non-residents, and trade credits granted by non-residents with contractual maturity of more than 180 days (90 days up to 11 July 2001 and 150 days up to 31 December 2002) and, from December 2005 on, non-resident investment in debt securities issued in the domestic market. External debt is shown by domestic sectors, i.e. by debtor sectors, which implies the sector classification of residents according to ESA 2010 and SNA 2008 manuals. The general government sector includes central government, social security funds and local government. The sector of the central bank shows the debt of the Croatian National Bank. The sector of other monetary financial institutions shows the debt of credit institutions and money market funds. Item Other sectors shows the debt of all financial corporations except monetary financial institutions (including the

Croatian Bank for Reconstruction and Development), private and public non-financial corporations, non-profit institutions serving households and households, including employers and self-employed persons. Item Direct investment shows borrower – lender transactions of other sectors that are interrelated by ownership, according to the directional principle. Each sector data (except direct investment) are further shown by contractual (short-term or long-term) maturity and by debt instrument. From the beginning of 2004, instruments included in item Currency and deposits (other monetary institutions) are reported in accordance with their maturity. Data for the previous periods are reported only on a long-term basis. Outstanding gross external debt includes future principal payments, accrued interest and principal and interest arrears. Outstanding debt data are shown at the CNB's midpoint exchange rate at the end of the period. Data are considered preliminary until after publication of the final BOP data for the reporting quarter.

	2008	2009	2010	2011	2012	2013	2014				
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.*	Jun.*	Jul.*	Aug.*	Sep.
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3 Non-publicly guaranteed private sector external debt	29,629.0	32,406.4	32,155.4	31,787.2	30,113.9	29,234.6	30,026.9	29,555.4	28,947.8	28,973.1	28,761.1
Other investment	25,762.4	27,072.7	26,384.1	26,984.8	24,728.8	23,537.2	24,204.3	23,556.3	22,941.2	22,951.0	22,734.0
Short-term	4,500.9	3,668.7	3,961.7	4,747.2	3,132.6	2,919.0	3,139.2	2,940.4	2,394.4	2,334.9	2,396.4
Currency and deposits	2,656.0	2,269.4	2,185.4	3,273.4	1,448.3	1,710.9	1,999.8	1,699.2	1,240.4	1,204.3	1,237.6
Debt securities	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Loans	1,805.4	1,371.1	1,720.9	1,303.7	1,468.7	1,068.4	1,000.3	1,099.2	1,025.9	999.6	1,030.1
Trade credit and advances	39.5	28.2	30.9	34.2	178.1	115.2	115.2	108.9	103.6	100.9	101.2
Other debt liabilities	0.0	0.0	24.5	135.8	37.2	24.4	23.9	33.0	24.4	30.1	27.6
Long-term	21,261.5	23,404.0	22,422.4	22,237.6	21,596.2	20,618.2	21,065.1	20,616.0	20,546.8	20,616.2	20,337.6
Currency and deposits	2,664.9	4,363.6	4,586.9	4,396.8	4,255.9	3,840.9	3,851.8	3,800.6	3,756.3	3,803.8	3,693.6
Debt securities	585.5	324.4	332.2	432.5	1,302.0	1,281.4	1,325.2	834.7	820.0	831.2	844.4
Loans	17,952.5	18,691.2	17,480.6	17,386.3	16,002.9	15,410.5	15,839.4	15,911.6	15,901.3	15,908.9	15,726.8
Trade credit and advances	58.5	24.8	21.6	21.1	12.6	83.0	46.8	66.3	66.6	69.4	70.1
Other debt liabilities	0.0	0.0	1.1	0.9	22.8	2.4	2.0	2.7	2.7	2.8	2.7
Direct investment: intercompany lending	3,866.5	5,333.7	5,771.3	4,802.3	5,385.1	5,697.4	5,822.6	5,999.1	6,006.6	6,022.0	6,027.1
Short-term	378.8	255.5	645.3	653.3	251.7	174.3	237.5	325.7	332.4	274.8	269.5
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	378.8	255.5	645.3	653.3	251.7	174.3	237.5	325.7	332.4	274.8	269.5
Trade credit and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	3,487.8	5,078.2	5,126.0	4,149.0	5,133.4	5,523.1	5,585.1	5,673.4	5,674.3	5,747.2	5,757.6
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	3,482.2	5,077.2	5,123.0	4,145.4	5,123.5	5,504.7	5,575.7	5,664.1	5,665.0	5,738.0	5,748.4
Trade credit and advances	5.5	1.0	3.0	3.6	9.9	18.4	9.3	9.3	9.2	9.2	9.2
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross external debt position	40,590.0	45,600.4	46,908.4	46,397.2	45,276.1	45,920.4	46,709.4	46,319.0	45,927.6	45,876.0	46,455.0
o/w: Round tripping ^b	825.6	1,499.0	0.0	-	-	-	-	-	-	-	-
Memo items:											
Principal and interest arrears	340.5	745.8	1,235.2	1,303.2	1,589.0	1,903.3	1,989.3	1,982.5	1,980.2	1,991.7	2,005.9
Public sector external debt	18.2	44.1	74.3	78.0	40.9	0.9	0.9	0.9	0.9	0.9	0.9
Publicly guaranteed private sector external debt	7.1	0.0	0.0	0.0	0.0	32.8	25.2	2.7	2.7	2.7	2.7
Non-publicly guaranteed private sector external debt	315.1	701.6	1,161.0	1,225.2	1,548.0	1,869.6	1,963.2	1,978.9	1,976.6	1,988.1	2,002.4

^a As from CNB Bulletin No. 207, the entire series of data on gross external debt has been revised so as to bring it into line with the new methodology prescribed by the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) and the new sector classification of institutional units in line with ESA 2010. The effect of these changes on the increase in the overall external debt position is evident exclusively in the inclusion of the allocation of special drawing rights in debt instruments; there are no other effects on the overall external debt position, but there are effects on the debt balance within individual sectors and instruments. Other changes in the overall gross external debt position from previously published data are a result of the data revision for the purpose of quality and coverage control. ^b The rise in the external debt of the Republic of Croatia is attributed to the direct investment-related debt which comprises round-tripping transactions. A significant transaction, contributing to the removal of a round tripping component of direct investment, was recorded in December 2010. Nevertheless, the debt is presented in this table under heading 3, within Direct investment.

Table H13 Public sector gross external debt, and publicly guaranteed and non-publicly guaranteed private sector gross external debt • The gross external debt position presented in this table highlights the role of the public sector. Public sector includes the general government, the central bank, public financial corporations, and public non-financial corporations. Publicly guaranteed private sector gross external debt is defined as the

external debt liabilities of entities not covered by the definition of the public sector, the servicing of which is guaranteed by an entity from the public sector. Non-publicly guaranteed private sector gross external debt is defined as the external debt liabilities of entities not covered by the definition of the public sector, the servicing of which is not guaranteed by the public sector. Items are valued in the same manner as in Table H12.

	Gross external debt 30/9/2014	Immediate/ arrears	Projected future principal payments												
			Q4/14	Q1/15	Q2/15	Q3/15	2014	2015	2016	2017	2018	2019	2020	Other	
Long-term	17,492.4	1,500.5	1,760.1	951.2	728.1	576.2	1,760.1	3,201.5	1,869.8	2,251.2	1,182.8	1,358.8	1,774.9	2,592.7	
Currency and deposits	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	
Debt securities	1,844.6	0.0	25.1	8.2	5.5	26.6	25.1	40.8	28.7	869.5	0.1	267.8	610.5	2.1	
Loans	15,548.4	1,497.8	1,700.6	921.2	699.6	549.6	1,700.6	3,111.8	1,833.9	1,377.6	1,182.3	1,091.0	1,164.4	2,589.0	
Trade credit and advances	97.8	2.7	34.4	21.8	23.0	0.0	34.4	48.9	7.3	4.1	0.5	0.0	0.0	0.0	
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
5 Direct investment: intercompany lending	6,028.2	387.5	1,187.8	275.3	358.9	270.9	1,187.8	1,277.1	666.4	718.5	317.3	274.6	251.1	948.1	
Debt liabilities of direct investment enterprises to direct investors	3,764.5	322.2	896.7	121.1	235.8	196.0	896.7	780.7	534.8	589.1	88.3	122.1	92.0	338.6	
Debt liabilities of direct investors to direct investment enterprises	222.9	18.6	55.3	48.4	20.7	2.1	55.3	89.1	2.8	5.1	38.4	3.2	3.4	6.9	
Debt liabilities to fellow enterprises	2,040.8	46.6	235.8	105.7	102.5	72.8	235.8	407.3	128.7	124.2	190.6	149.2	155.7	602.6	
Gross external debt position	46,455.0	2,005.9	5,266.4	2,858.7	1,963.8	1,426.8	5,266.4	8,176.4	4,668.0	6,266.8	2,746.5	3,867.1	3,371.7	10,086.2	
Memo item: Projected interest payments			151.7	232.9	320.6	285.9	151.7	1,142.8	1,084.3	937.8	759.7	667.1	539.6	1,314.5	

^a As from CNB Bulletin No. 207, data on gross external debt have been compiled in accordance with the new methodology prescribed by the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) and the new sector classification of institutional units in line with ESA 2010. The effect of these changes on the increase in the overall external debt position is evident exclusively in the inclusion of the allocation of special drawing rights in debt instruments; there are no other effects on the overall external debt position, but there are effects on the debt balance within individual sectors and instruments.

Table H14 Gross external debt by domestic sectors and projected future payments • The table shows outstanding gross external debt, projected gross debt payments and estimated interest payments according to the CNB's midpoint exchange rate at the end of the period. The structure of sectors, original maturity and instruments shown in this table follows the structure presented in Table H12. Future interest payments of monetary financial institutions are estimated on the basis of the available monetary

statistics data on the schedule of interest payments. Future interest payments of other sectors are estimated on the basis of the submitted schedule of payments and the benchmark interest rate applicable on the reporting date. Projected payments of accrued interest, which are an integral part of the gross external debt, increase the projected principal payments in the period when the first instalment of interest falls due and, consequently, decrease the projected first interest payments.

Table H15 Gross external debt by other sectors^a

in million EUR

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014				
							Mar.*	Jun.*	Jul.*	Aug.*	Sep.
4.1 Other public financial corporations except monetary financial institutions	1,361.2	1,684.3	1,613.1	1,463.6	1,415.0	1,513.5	1,653.4	1,633.2	1,640.3	1,639.9	1,636.5
Short-term	0.0	180.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	0.0	180.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	1,361.2	1,503.5	1,613.1	1,463.6	1,415.0	1,513.5	1,653.4	1,633.2	1,640.3	1,639.9	1,636.5
Currency and deposits	1.7	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Debt securities	791.5	1,014.7	928.0	633.6	321.5	358.4	361.7	353.9	321.2	322.9	329.7
Loans	568.1	487.1	683.5	828.4	1,091.9	1,153.4	1,290.1	1,277.6	1,317.4	1,315.4	1,305.1
Trade credit and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.2 Other private financial corporations except monetary financial institutions	5,339.6	5,664.4	4,682.6	4,095.1	3,797.6	3,441.8	3,440.7	3,489.2	3,433.4	3,408.9	3,312.5
Short-term	278.2	291.5	367.2	576.8	615.1	318.0	328.1	510.9	494.9	480.9	470.6
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	278.2	291.5	367.2	576.8	615.1	318.0	328.1	510.9	494.9	480.9	470.6
Trade credit and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	5,061.4	5,372.9	4,315.4	3,518.4	3,182.5	3,123.8	3,112.6	2,978.3	2,938.6	2,928.0	2,841.9
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	5,061.4	5,372.9	4,315.4	3,518.4	3,182.5	3,123.8	3,112.6	2,978.3	2,938.6	2,928.0	2,841.9
Trade credit and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.3 Public non-financial corporations	2,280.7	2,668.6	3,262.6	2,914.6	2,423.2	1,979.1	1,960.2	1,918.2	1,994.3	1,869.4	1,955.4
Short-term	103.8	34.8	108.6	103.7	0.0	0.0	135.6	43.4	110.3	128.0	70.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	103.3	34.8	108.6	103.7	0.0	0.0	135.6	43.4	110.3	128.0	70.0
Trade credit and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	2,176.9	2,633.7	3,154.1	2,810.9	2,423.2	1,979.1	1,824.5	1,874.9	1,884.0	1,741.4	1,885.4
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	354.1	359.4	356.2	347.4	701.9	646.0	658.3	659.7	652.3	659.1	673.1
Loans	1,555.6	2,002.1	2,526.5	2,348.7	1,623.9	1,274.9	1,134.7	1,183.9	1,203.0	1,053.5	1,187.3
Trade credit and advances	267.2	272.3	271.4	114.8	97.4	58.2	31.6	31.3	28.7	28.7	25.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.4 Private non-financial corporations	9,958.6	10,103.8	10,303.5	10,495.8	10,862.4	10,816.0	11,426.0	11,139.4	11,139.4	11,207.0	11,262.3
Short-term	442.5	267.8	429.9	229.4	509.8	308.1	313.1	253.2	263.0	266.9	318.4
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Loans	403.0	239.6	399.0	195.0	331.5	192.9	197.9	144.3	159.4	166.0	217.2
Trade credit and advances	39.5	28.2	30.9	34.2	178.1	115.2	115.2	108.9	103.6	100.9	101.2
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	9,516.1	9,836.0	9,873.6	10,266.5	10,352.6	10,507.9	11,112.9	10,886.2	10,876.4	10,940.1	10,944.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	118.9	315.5	323.4	430.7	1,293.1	1,277.6	1,321.5	831.1	816.6	827.8	841.8
Loans	9,341.9	9,496.0	9,528.8	9,814.7	9,044.0	9,153.1	9,719.4	9,986.0	9,990.5	10,040.1	10,029.4
Trade credit and advances	55.2	24.5	21.5	21.1	15.5	77.2	72.0	69.1	69.3	72.2	72.8

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014				
							Mar.*	Jun.*	Jul.*	Aug.*	Sep.
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.5 Households	261.8	276.2	211.9	213.0	206.7	176.0	172.3	170.8	168.6	171.1	170.3
Short-term	2.2	32.4	7.0	6.0	5.4	0.1	0.1	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	2.2	32.4	7.0	6.0	5.4	0.1	0.1	0.0	0.0	0.0	0.0
Trade credit and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	259.7	243.8	205.0	207.1	201.3	175.9	172.3	170.8	168.6	171.1	170.3
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	256.4	243.5	204.8	207.1	201.3	170.1	172.3	170.8	168.6	171.1	170.3
Trade credit and advances	3.3	0.3	0.1	0.0	0.0	5.8	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.6 Non-profit institutions serving households	3.8	3.6	2.6	4.8	9.4	5.3	4.2	14.3	14.3	14.3	14.3
Short-term	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	3.8	3.6	2.6	4.8	9.4	5.2	4.2	14.3	14.3	14.3	14.3
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	3.8	3.6	2.6	4.8	9.4	5.2	4.2	14.3	14.3	14.3	14.3
Trade credit and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross external debt of other sectors	19,205.8	20,400.9	20,076.3	19,186.9	18,714.2	17,931.7	18,656.9	18,365.0	18,390.4	18,310.5	18,351.4
Memo items:											
1 Principal and interest arrears by sector	235.1	641.5	1,064.8	1,037.3	1,290.7	1,517.9	1,608.3	1,580.4	1,579.5	1,582.3	1,599.5
Other public financial corporations except monetary financial institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other private financial corporations except monetary financial institutions	15.5	5.2	16.3	9.3	33.1	33.4	35.9	35.0	34.8	34.4	35.5
Public non-financial corporations	13.8	42.8	72.2	75.7	40.1	0.1	0.1	0.1	0.1	0.1	0.1
Private non-financial corporations	205.9	593.5	976.4	952.3	1,217.5	1,484.4	1,572.3	1,545.3	1,544.7	1,547.8	1,563.9
Households	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-profit institutions serving households	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 Quasi-direct investment – included in item 4.2 Other private financial corporations except monetary financial institutions ^b	1,749.5	1,951.0	1,665.5	1,487.9	1,418.7	1,490.8	1,497.4	1,527.1	1,611.3	1,600.9	1,531.3

^a As from CNB Bulletin No. 207, the entire series of data on gross external debt has been revised so as to bring it into line with the new methodology prescribed by the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) and the new sector classification of institutional units in line with ESA 2010. This has also led to changes in the overall debt position of other sectors and the debt balance within individual sectors and instruments. ^b Quasi-direct investment: Debt of residents in the other financial intermediaries sector to non-residents in the same sector with which they have a direct ownership relationship, but their debt relations under the current methodology are not part of the debt within direct investment but within other sectors.

Table H15 Gross external debt by other sectors • Gross external debt of other sectors shows the external debt of all financial corporations except monetary financial institutions (including the Croatian Bank for Reconstruction and Development), public non-financial corporations, private non-financial

corporations, non-profit institutions serving households and households, including employers and self-employed persons. Each sector data are further shown by contractual (short-term or long-term) maturity and by debt instrument.

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

in million EUR

	2009	2010	2011	2012	2013 ^c	2014		
						Q1 ^c	Q2 ^c	Q3 ^d
1 International investment position (net)	-39,736.9	-42,467.1	-40,723.7	-39,454.1	-38,330.1	-39,451.9	-39,946.7	-38,011.6
2 Assets	24,513.7	23,825.4	23,576.8	23,578.2	24,645.6	24,244.4	25,937.4	28,309.2
2.1 Direct investment	4,664.0	3,663.9	3,680.0	3,511.1	3,283.9	3,128.1	4,901.0	5,055.7
2.2 Portfolio investment	3,198.4	3,659.1	2,988.1	3,367.2	3,477.7	3,353.2	3,499.3	3,735.6
2.2.1 Equity and investment fund shares	784.1	1,351.9	1,307.2	1,503.2	1,724.1	1,545.5	1,737.0	1,798.1
2.2.2 Debt securities	2,414.3	2,307.2	1,680.9	1,864.1	1,753.7	1,807.7	1,762.3	1,937.5
2.2.2.1 Long-term	1,685.6	1,431.0	1,074.3	1,365.7	1,185.1	1,215.5	1,170.1	1,595.2
2.2.2.2 Short-term	728.7	876.2	606.6	498.3	568.6	592.2	592.2	342.2
2.3 Financial derivatives	24.1	14.2	204.5	145.7	16.7	12.2	37.1	365.4
2.4 Other investment	6,252.0	5,828.6	5,510.0	5,320.1	4,962.4	5,653.5	5,168.0	7,039.7
2.4.1 Other equity	1.8	1.8	2.4	3.1	32.2	32.2	32.6	32.4
2.4.2 Currency and deposits	5,742.0	5,304.5	4,989.5	4,616.4	4,195.0	4,927.1	4,425.3	6,082.1
2.4.3 Loans	384.5	430.8	420.8	531.3	626.1	594.8	582.7	788.4
2.4.4 Trade credit and advances	123.6	80.5	85.7	142.0	80.8	84.6	82.9	80.5
2.4.5 Other accounts receivable	0.0	11.0	11.5	27.3	28.2	14.8	44.5	56.4
2.5 Reserve assets	10,375.2	10,659.6	11,194.2	11,234.0	12,904.8	12,097.4	12,332.1	12,112.8
3 Liabilities	64,250.6	66,292.5	64,300.5	63,032.2	62,975.7	63,696.4	65,884.1	66,320.9
3.1 Direct investment	23,456.0	24,587.9	22,173.8	22,452.5	21,912.6	21,917.0	24,623.3	25,123.8
3.2 Portfolio investment	6,502.8	7,144.2	7,237.1	9,151.6	10,681.4	10,685.5	10,858.6	11,080.4
3.2.1 Equity and investment fund shares	657.6	738.0	595.7	461.7	479.2	488.6	601.0	660.7
3.2.2 Debt securities	5,845.2	6,406.1	6,641.4	8,689.9	10,202.2	10,196.8	10,257.6	10,419.7
3.2.2.1 Long-term	5,674.9	5,937.8	6,483.4	8,572.5	10,132.6	10,021.7	10,095.4	10,395.1
3.2.2.2 Short-term	170.3	468.3	158.1	117.3	69.6	175.1	162.3	24.6
3.3 Financial derivatives	52.1	194.6	151.3	228.2	362.0	405.0	341.0	150.3
3.4 Other investment	34,239.7	34,365.8	34,738.3	31,200.0	30,019.6	30,688.9	30,061.1	29,966.3
3.4.1 Other equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.4.2 Currency and deposits	6,655.6	6,796.9	7,700.7	5,732.9	5,670.0	5,989.3	5,562.2	4,972.1
3.4.3 Loans	26,927.7	26,863.4	26,370.9	24,765.0	23,728.3	24,113.7	23,909.2	24,410.4
3.4.4 Trade credit and advances	325.3	323.8	170.1	291.1	256.5	218.8	209.2	199.0
3.4.5 Other accounts payable	0.0	25.6	136.6	60.0	26.9	26.0	36.3	30.4
3.4.6 Special drawing rights	331.1	356.1	360.0	351.0	338.0	341.1	344.3	354.5

^a As from CNB Bulletin No. 207, data have been compiled in accordance with the new methodology prescribed by the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) and the new sector classification of institutional units in line with ESA 2010. ^b Data also include the round tripping which increases direct investment in Croatia and direct investment abroad by the same amount. This type of direct investment was recorded in December 2008 (EUR 825.7m), August 2009 (EUR 666.5m), December 2010 (EUR -618.6m) and June 2014 (EUR 1,485.8m). ^c Revised data. ^d Preliminary data.

Table H16 International investment position • Table H16 International investment position • The table is made in accordance with the methodology recommended by the International Monetary Fund in its Balance of Payments Manual. From 1993 until the end of 2013, the international investment position was compiled in accordance with the methodology recommended by the International Monetary Fund in the fifth edition of its Balance of Payments Manual (BPM5), while starting from 2014, the international investment position is compiled according to the sixth edition of that manual (BPM6). Also, with the beginning of the implementation of BPM6, the historical data for 1999-2013 have been revised in line with the new methodology.

Data sources include: reports from banks, enterprises, the Croatian National Bank, and the Zagreb Stock Exchange (ZSE).

Data on international investments of the Republic of Croatia and international investments into the Republic of Croatia are recorded in euros (EUR) and US dollars (USD). The conversion of values from the original currencies into the reporting currencies is performed by applying the midpoint exchange rate of the Croatian National Bank on the reporting date to balances.

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

The sector classification of the portfolio and other investment involves the sector classification of residents according to ESA 2010 and SNA 2008 and is fully harmonised with the sector classification of the gross external debt by domestic sectors and the balance of payments. The general government sector includes central government, social security funds and local government. The sector of the central bank includes the Croatian National Bank. The sector of other monetary financial

institutions comprises credit institutions and money market funds. Other domestic sectors comprise all financial institutions and intermediaries except the central bank and other monetary financial institutions (including the Croatian Bank for Reconstruction and Development), private and public non-financial corporations, non-profit institutions and households, including craftsmen.

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

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

From the first quarter of 2010, the balance of payments includes the balance of positions of the concluded contracts which have features of financial derivatives. Reporting institutions are credit institutions and other financial institutions. In addition, the reporting population has been extended as of the fourth quarter of 2012 to include non-financial institutions which enter into these transactions mainly to hedge against changing market conditions.

Within other investment, BPM6 defines a position of Other equity investment, which implies equity investments that do not meet the criteria for direct investment, portfolio investment or international reserve assets. This position also includes shares in ownership of international organisations.

Item Other investment – Currency and deposits – Assets shows the total liquid foreign currency assets of credit institutions authorised to do business abroad reduced by the amount of foreign currency deposited by credit institutions with the CNB in fulfilment of a part of their reserve requirements. In addition to credit institutions' foreign claims, foreign claims of the general government sector are also shown. The sources of data are reports from the government and credit institutions. The Bank for

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

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

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

Item Other investment – Other equity investment comprises equity investment that is not in the form of securities. It comprises equity investment in quasi-corporations, international organisations etc.

Item Other investment – Other claims and liabilities includes other claims and liabilities not included in trade credits and other financial instruments, among others, prepayments of premiums and reserves for outstanding claims for nonlife insurance, entitlements of beneficiaries under life insurance policies and pension schemes and provisions for calls under standardised guarantees. This position is compiled on the basis of data submitted by insurance companies and includes changes in life insurance mathematical reserves.

Position Other investment – Special drawing rights on the liability side shows the balance of allocated special drawing rights. The balance of this position was increased on the basis of the general allocation of August 2009, when the Republic of Croatia was allocated SDR 270,652,208, and a special allocation in September of the same year, when it was allocated another SDR 32,848,735.

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

Table H17 International investment position – direct investment^{a,b}

in million EUR

	2009	2010	2011	2012	2013 ^c	2014		
						Q1 ^e	Q2 ^e	Q3 ^d
Direct investment (net)	-18,791.9	-20,924.0	-18,493.8	-18,941.4	-18,628.7	-18,788.9	-19,722.3	-20,068.1
1 Assets	4,664.0	3,663.9	3,680.0	3,511.1	3,283.9	3,128.1	4,901.0	5,055.7
1.1 Equity and investment fund shares	4,394.1	2,986.9	2,987.8	2,884.0	2,692.8	2,523.8	4,045.6	4,186.0
1.1.1 In direct investment enterprises	4,394.1	2,986.9	2,987.8	2,884.0	2,692.8	2,523.8	4,045.6	4,186.0
1.1.2 In direct investor (reverse investment)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.3 Between fellow enterprises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2 Debt instruments	269.9	677.0	692.2	627.1	591.1	604.2	855.3	869.7
1.2.1 In direct investment enterprises	217.0	608.7	641.5	572.1	521.8	398.0	605.0	619.9
1.2.2 In direct investor (reverse investment)	52.9	68.3	50.7	55.0	69.3	76.0	103.6	117.5
1.2.3 Between fellow enterprises	0.0	0.0	0.0	0.0	0.0	130.3	146.7	132.2
2 Liabilities	23,456.0	24,587.9	22,173.8	22,452.5	21,912.6	21,917.0	24,623.3	25,123.8
2.1 Equity and investment fund shares	17,940.5	18,451.5	17,156.4	17,066.3	16,214.1	16,093.3	18,623.1	19,095.6
2.1.1 In direct investment enterprises	17,940.5	18,451.5	17,156.4	17,066.3	16,214.1	16,093.3	18,623.1	19,095.6
2.1.2 In direct investor (reverse investment)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.3 Between fellow enterprises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2 Debt instruments	5,515.5	6,136.5	5,017.4	5,386.2	5,698.5	5,823.7	6,000.2	6,028.2
2.2.1 In direct investment enterprises	4,220.8	4,131.0	4,143.1	4,082.4	3,521.6	3,620.7	3,739.7	3,764.5
2.2.2 In direct investor (reverse investment)	123.1	366.7	175.5	164.5	159.5	178.3	238.1	222.9
2.2.3 Between fellow enterprises	1,171.6	1,638.7	698.9	1,139.4	2,017.4	2,024.7	2,022.4	2,040.8

^a As from CNB Bulletin No. 207, data have been compiled in accordance with the new methodology prescribed by the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) and the new sector classification of institutional units in line with ESA 2010. ^b Data also include the round tripping which increases direct investment in Croatia and direct investment abroad by the same amount. This type of direct investment was recorded in December 2008 (EUR 825.7m), August 2009 (EUR 666.5m), December 2010 (EUR -618.6m) and June 2014 (EUR 1,485.8m). ^c Revised data. ^d Preliminary data.

Table H18 International investment position – portfolio investment^a

in million EUR

	2009	2010	2011	2012	2013 ^b	2014		
						Q1 ^c	Q2 ^b	Q3 ^c
Portfolio investment (net)	-3,304.5	-3,485.1	-4,249.0	-5,784.3	-7,203.7	-7,332.2	-7,359.3	-7,344.8
1 Assets	3,198.4	3,659.1	2,988.1	3,367.2	3,477.7	3,353.2	3,499.3	3,735.6
1.1 Equity and investment fund shares	784.1	1,351.9	1,307.2	1,503.2	1,724.1	1,545.5	1,737.0	1,798.1
1.1.1 Other monetary financial institutions	11.8	9.2	13.7	10.6	19.2	9.8	9.1	9.6
1.1.2 Other sectors	772.2	1,342.6	1,293.5	1,492.6	1,704.9	1,535.8	1,727.9	1,788.6
1.2 Debt securities	2,414.3	2,307.2	1,680.9	1,864.1	1,753.7	1,807.7	1,762.3	1,937.5
2 Liabilities	6,502.8	7,144.2	7,237.1	9,151.6	10,681.4	10,685.5	10,858.6	11,080.4
2.1 Equity and investment fund shares	657.6	738.0	595.7	461.7	479.2	488.6	601.0	660.7
2.1.1 Other monetary financial institutions	172.4	175.9	166.7	154.2	141.3	141.6	141.8	151.3
2.1.2 Other sectors	485.2	562.1	428.9	307.5	337.9	347.0	459.2	509.4
2.2 Debt securities	5,845.2	6,406.1	6,641.4	8,689.9	10,202.2	10,196.8	10,257.6	10,419.7
2.2.1 Long-term	5,674.9	5,937.8	6,483.4	8,572.5	10,132.6	10,021.7	10,095.4	10,395.1
2.2.1.1 General government	3,976.4	4,321.4	5,069.8	6,247.1	7,846.8	7,676.6	8,247.0	8,547.9
2.2.1.2 Other monetary financial institutions	9.0	8.9	1.9	8.9	3.8	3.7	3.6	2.6
2.2.1.3 Other sectors	1,689.5	1,607.5	1,411.6	2,316.6	2,282.0	2,341.4	1,844.7	1,844.6
2.2.2 Short-term	170.3	468.3	158.1	117.3	69.6	175.1	162.3	24.6
2.2.2.1 General government	170.3	468.3	157.9	117.2	69.6	175.1	162.3	24.6
2.2.2.2 Other sectors	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0

^a As from CNB Bulletin No. 207, data have been compiled in accordance with the new methodology prescribed by the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) and the new sector classification of institutional units in line with ESA 2010. ^b Revised data. ^c Preliminary data.

Table H19 International investment position – other investment^a

in million EUR

	2009	2010	2011	2012	2013 ^b	2014		
						Q1 ^b	Q2 ^b	Q3 ^c
Other investment (net)	-27,987.7	-28,537.2	-29,228.3	-25,879.9	-25,057.2	-25,035.4	-24,893.1	-22,926.6
1 Assets	6,252.0	5,828.6	5,510.0	5,320.1	4,962.4	5,653.5	5,168.0	7,039.7
1.1 Other equity	1.8	1.8	2.4	3.1	32.2	32.2	32.6	32.4
1.2 Currency and deposits	5,742.0	5,304.5	4,989.5	4,616.4	4,195.0	4,927.1	4,425.3	6,082.1
1.2.1 General government	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3
1.2.2 Other monetary financial institutions	4,442.9	4,058.2	3,559.7	3,108.4	2,888.7	3,108.1	3,101.2	4,660.4
1.2.3 Other sectors	1,299.1	1,246.3	1,429.8	1,508.0	1,306.3	1,818.7	1,323.8	1,421.4
1.3 Loans	384.5	430.8	420.8	531.3	626.1	594.8	582.7	788.4
1.3.1 Croatian National Bank	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.1.1 Long-term	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.2 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.2.1 Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.3 Other monetary financial institutions	270.1	291.8	276.2	355.8	369.0	348.3	338.3	533.5
1.3.3.1 Long-term	233.7	257.2	266.6	238.9	299.5	298.5	288.2	271.7
1.3.3.2 Short-term	36.5	34.6	9.6	117.0	69.5	49.8	50.1	261.8
1.3.4 Other sectors	113.8	139.0	144.6	175.5	257.1	246.5	244.4	254.9
1.3.4.1 Long-term	113.6	101.3	140.0	154.5	237.9	237.7	232.6	242.0
1.3.4.2 Short-term	0.2	37.7	4.6	21.0	19.2	8.8	11.7	12.9
1.4 Trade credit and advances	123.6	80.5	85.7	142.0	80.8	84.6	82.9	80.5
1.4.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.4.1.1 Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.4.2 Other sectors	123.6	80.5	85.7	142.0	80.8	84.6	82.9	80.5
1.4.2.1 Long-term	96.3	61.4	58.3	57.6	53.2	54.1	54.1	52.5
1.4.2.2 Short-term	27.3	19.2	27.4	84.3	27.6	30.5	28.8	28.0
1.5 Other accounts receivable	0.0	11.0	11.5	27.3	28.2	14.8	44.5	56.4
2 Liabilities	34,239.7	34,365.8	34,738.3	31,200.0	30,019.6	30,688.9	30,061.1	29,966.3
2.1 Other equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2 Currency and deposits	6,655.6	6,796.9	7,700.7	5,732.9	5,670.0	5,989.3	5,562.2	4,972.1
2.2.1 Croatian National Bank	1.1	1.2	0.1	0.0	83.5	101.6	24.6	0.0
2.2.2 Other monetary financial institutions	6,652.9	6,794.1	7,699.0	5,731.3	5,584.9	5,886.0	5,535.9	4,970.4
2.2.3 Other sectors	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
2.3 Loans	26,927.7	26,863.4	26,370.9	24,765.0	23,728.3	24,113.7	23,909.2	24,410.4
2.3.1 Croatian National Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3.1.1 Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3.2 General government	4,138.2	4,336.3	4,397.1	4,574.6	4,795.5	4,573.0	4,264.7	4,974.0
2.3.2.1 Long-term	4,138.2	4,336.3	4,397.1	4,573.7	4,595.5	4,573.0	4,264.7	4,974.0
2.3.2.2 Short-term	0.0	0.0	0.0	0.9	200.0	0.0	0.0	0.0
2.3.3 Other monetary financial institutions	4,405.0	4,383.8	4,370.4	4,085.5	3,541.3	3,445.6	3,335.0	3,130.2
2.3.3.1 Long-term	3,597.5	3,436.0	3,844.4	3,568.8	2,984.0	2,971.4	2,890.9	2,787.8
2.3.3.2 Short-term	807.5	947.8	526.0	516.8	557.3	474.2	444.0	342.3
2.3.4 Other sectors	18,384.4	18,143.3	17,603.4	16,104.8	15,391.6	16,095.0	16,309.4	16,306.2
2.3.4.1 Long-term	17,605.3	17,261.7	16,721.9	15,152.8	14,880.4	15,433.3	15,610.9	15,548.4
2.3.4.2 Short-term	779.2	881.7	881.4	952.0	511.1	661.8	698.5	757.8
2.4 Trade credit and advances	325.3	323.8	170.1	291.1	256.5	218.8	209.2	199.0
2.4.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4.1.1 Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4.2 Other sectors	325.3	323.8	170.1	291.1	256.5	218.8	209.2	199.0
2.4.2.1 Long-term	297.1	293.0	135.9	113.0	141.2	103.6	100.3	97.8
2.4.2.2 Short-term	28.2	30.9	34.2	178.1	115.2	115.2	108.9	101.2
2.5 Other accounts payable	0.0	25.6	136.6	60.0	26.9	26.0	36.3	30.4
2.6 Special drawing rights	331.1	356.1	360.0	351.0	338.0	341.1	344.3	354.5

^a As from CNB Bulletin No. 207, data have been compiled in accordance with the new methodology prescribed by the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) and the new sector classification of institutional units in line with ESA 2010. ^b Revised data. ^c Preliminary data.

	2009	2010	2011	2012	2013	2014			
						Mar.	Jun.	Sep.	Oct.
3.3 CHANGE IN NET INCURRENCE OF LIABILITIES	17,432.0	17,248.4	15,040.2	11,014.4	32,158.7	-2,508.1	-1,911.4	-5,597.7	5,178.8
3.3.1 Domestic	10,130.2	12,892.5	6,448.4	2,958.3	10,585.8	-946.6	-1,861.5	-5,549.2	5,069.0
A) Budgetary central government	9,576.6	11,835.1	4,793.1	1,414.0	8,904.9	-765.9	-1,745.2	-5,377.9	5,183.6
B) Extrabudgetary users	553.6	1,057.4	1,655.3	1,544.3	1,680.8	-180.7	-116.3	-171.3	-114.6
3.3.2 Foreign	7,301.8	4,355.9	8,591.8	8,056.0	21,573.0	-1,561.5	-49.8	-48.5	109.8
A) Budgetary central government	6,878.4	4,277.0	8,597.2	8,125.2	21,534.8	-1,555.2	-95.2	-42.2	123.1
B) Extrabudgetary users	423.4	79.0	-5.4	-69.2	38.2	-6.3	45.3	-6.3	-13.3

^a CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards.

^b The Croatian Privatisation Fund (CPF) ceased to operate on 31 March 2011. The Agency for Management of the Public Property (AUDIO) operated from 1 April 2011 to 30 July 2013 and was composed of the CPF and the Central State Administrative Office for State Property Management (the former budget user). From 30 July 2013 onwards, the State Property Management Administration and the newly established Centre for Restructuring and Sale carry out the operations of the AUDIO.

The Notes on Methodology can be found in the Ministry of Finance Monthly Statistical Review. Note: On a cash basis.

Source: MoF.

Table I2 Budgetary central government operations^a

in million HRK

	2009	2010	2011	2012	2013	2014			
						Mar.	Jun.	Sep.	Oct.
1 REVENUE	110,257.9	107,466.4	107,069.7	109,558.9	108,585.0	8,220.5	12,483.0	10,524.1	9,759.0
1.1 Taxes	63,678.9	62,856.6	61,422.2	64,693.9	63,044.9	4,337.4	5,462.3	6,470.9	5,778.0
1.2 Social contributions	39,994.7	38,712.4	38,605.1	37,845.9	37,149.3	2,980.1	6,379.4	3,310.9	3,281.6
1.3 Grants	616.3	637.1	869.0	968.4	1,737.8	68.3	128.4	85.7	145.7
1.4 Other revenue	5,968.0	5,260.3	6,173.4	6,050.8	6,653.0	834.6	512.9	656.5	553.7
2 EXPENSE	117,924.0	120,323.3	119,939.5	118,730.0	123,505.9	10,304.8	10,547.3	9,936.1	10,236.7
2.1 Compensation of employees	31,289.3	31,096.5	31,737.4	31,383.2	30,461.8	2,458.2	2,501.5	2,513.0	2,469.6
2.2 Use of goods and services	7,363.8	7,655.7	7,943.6	7,406.3	7,537.4	532.8	533.4	490.9	561.7
2.3 Consumption of fixed capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4 Interest	5,225.2	6,236.5	7,097.6	8,335.7	9,259.2	1,219.0	389.6	1,226.7	635.3
2.5 Subsidies	6,710.0	6,582.2	6,555.3	5,762.3	5,537.8	366.2	1,383.2	254.4	167.2
2.6 Grants	5,559.6	5,778.6	5,083.7	4,843.8	6,511.7	666.7	643.0	557.8	519.9
2.7 Social benefits	56,148.5	56,906.6	56,483.0	56,169.9	58,943.4	4,726.8	4,664.9	4,569.4	5,500.9
2.8 Other expense	5,627.6	6,067.3	5,039.1	4,828.9	5,254.6	335.1	431.6	324.0	382.1
3 CHANGE IN NET WORTH: TRANSACTIONS	-7,666.0	-12,857.0	-12,869.8	-9,171.1	-14,920.8	-2,084.4	1,935.7	588.0	-477.7
3.1 Change in net acquisition of non-financial assets	1,963.4	1,232.4	1,139.0	829.6	1,304.5	144.3	25.1	50.0	34.8
3.1.1 Fixed assets	1,839.7	1,200.4	1,118.7	772.2	1,036.6	62.8	42.7	54.8	45.5
3.1.2 Inventories	35.4	11.0	2.5	29.3	225.5	78.9	-19.7	-12.1	-16.2
3.1.3 Valuables	8.9	6.1	3.7	3.5	1.3	0.0	0.0	0.0	0.0
3.1.4 Non-produced assets	79.3	14.9	14.0	24.7	41.1	2.6	2.2	7.4	5.5
3.2 Change in net acquisition of financial assets	6,825.5	2,022.7	-618.4	-461.5	14,214.4	-4,549.8	70.2	-4,882.2	4,794.1
3.2.1 Domestic	6,823.2	2,022.3	-623.8	-468.0	14,009.2	-4,550.7	70.2	-4,882.2	4,794.1
3.2.2 Foreign	2.3	0.4	5.3	6.5	205.2	0.9	0.0	0.0	0.0
3.2.3 Monetary gold and SDRs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.3 Change in net incurrence of liabilities	16,455.0	16,112.0	13,390.4	9,539.2	30,439.8	-2,321.1	-1,840.3	-5,420.1	5,306.7
3.3.1 Domestic	9,576.6	11,835.1	4,793.1	1,414.0	8,904.9	-765.9	-1,745.2	-5,377.9	5,183.6
3.3.2 Foreign	6,878.4	4,277.0	8,597.2	8,125.2	21,534.8	-1,555.2	-95.2	-42.2	123.1

^a CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards.

The Notes on Methodology can be found in the Ministry of Finance Monthly Statistical Review. Note: On a cash basis.

Source: MoF.

Table I3 General government debt
end of period, in million HRK

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013 Dec.	2014				
							Mar.	Jun.*	Jul.*	Aug.*	Sep.
1 Domestic debt of general government	73,339.7	86,218.3	104,361.8	125,709.2	131,504.2	152,273.7	156,567.6	156,859.8	157,932.6	159,385.0	155,349.6
1.1 Domestic debt of central government	67,713.2	79,871.7	100,607.4	121,855.1	127,736.3	147,749.4	152,173.0	152,155.5	153,101.0	154,587.0	150,509.0
Short-term debt securities	14,982.7	18,148.9	17,198.1	19,308.5	18,259.6	22,838.9	23,146.8	23,735.7	23,842.7	24,890.5	25,003.6
Long-term debt securities	36,035.8	36,828.5	48,710.8	55,891.2	63,118.4	71,821.7	76,081.7	77,287.3	78,233.5	78,085.8	78,609.1
Loans	16,694.7	24,894.3	34,698.6	46,655.4	46,358.2	53,088.8	52,944.5	51,132.6	51,024.7	51,610.7	46,896.3
1.2 Domestic debt of social security funds	3,242.3	3,904.0	1.0	2.2	1.6	0.9	0.9	0.6	0.5	0.5	0.5
Short-term debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	3,242.3	3,904.0	1.0	2.2	1.6	0.9	0.9	0.6	0.5	0.5	0.5
1.3 Domestic debt of local government	2,384.2	2,442.5	3,753.3	3,851.9	3,766.3	4,523.4	4,393.7	4,703.7	4,831.2	4,797.5	4,840.1
Short-term debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt securities	416.2	406.8	384.9	260.2	209.1	151.7	134.5	130.4	113.7	113.6	113.6
Loans	1,968.0	2,035.7	3,368.4	3,591.6	3,557.3	4,371.7	4,259.2	4,573.3	4,717.5	4,683.9	4,726.5
2 External debt of general government	51,912.6	60,936.2	68,725.7	73,601.9	81,494.0	97,787.6	95,546.7	96,089.5	97,842.8	96,964.0	100,773.4
2.1 External debt of central government	49,492.9	58,307.9	68,069.0	73,037.4	80,981.3	97,304.2	95,064.1	95,612.6	97,363.2	96,485.0	100,294.4
Short-term debt securities	183.5	1,301.4	3,520.5	1,205.3	895.1	539.8	1,361.6	1,243.1	1,187.2	150.4	188.6
Long-term debt securities	22,141.3	28,091.2	30,790.1	35,979.1	45,121.8	60,016.0	58,654.8	61,969.8	62,187.4	62,338.8	62,146.2
Loans	27,168.1	28,915.3	33,758.4	35,853.0	34,964.5	36,748.3	35,047.7	32,399.6	33,988.6	33,995.8	37,959.6
2.2 External debt of social security funds	1,998.0	1,891.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	1,998.0	1,891.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3 External debt of local government	421.7	736.4	656.7	564.6	512.7	483.4	482.6	476.9	479.6	479.1	479.0
Short-term debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt securities	165.8	165.3	165.8	133.6	132.5	132.7	131.7	130.2	130.0	129.8	129.8
Loans	255.9	571.1	490.9	431.0	380.2	350.7	350.9	346.7	349.7	349.3	349.2
3 Total (1+2)	125,252.3	147,154.4	173,087.5	199,311.2	212,998.2	250,061.3	252,114.3	252,949.3	255,775.5	256,349.0	256,123.0
Supplement: Central government guarantees											
Domestic debt	10,439.4	9,238.5	10,586.4	6,293.2	9,568.1	7,970.8	5,623.9	6,145.8	6,171.9	5,809.9	5,892.2
o/w: Guarantees to CBRD	807.9	41.4	2,641.3	2,256.3	5,610.6	4,309.7	2,739.1	2,198.4	2,188.5	1,707.2	1,718.5
o/w: Guarantees for CBRD loans	1,642.1	1,374.7	1,177.3	802.0	823.6	825.1	829.6	1,869.0	1,902.7	1,908.8	1,919.1
External debt	13,847.9	16,239.9	18,845.7	16,174.7	15,382.2	15,940.3	17,071.1	16,516.7	16,762.9	16,744.6	16,808.2
o/w: Guarantees to CBRD	9,970.3	12,305.6	11,912.8	11,021.3	10,677.3	11,546.9	12,650.1	12,352.9	12,513.5	12,495.3	12,468.0

Table I3: General government debt • Up to CNB Bulletin No. 206, Table I3 showed general government debt in accordance with the European System of National and Regional Accounts 1995 (ESA 1995). With the beginning of the implementation of the new methodology at the EU level in accordance with the European System of National and Regional Accounts 2010 (ESA 2010) and in line with the accordingly revised Eurostat Manual on Government Deficit and Debt, starting from CNB Bulletin 207, the methodology has been aligned and data from the beginning of the series have been revised.

As from 31 December 2010, an official sector classification of institutional units in the Republic of Croatia is used, in accordance with the Decision on the statistical classification of institutional sectors issued by the Central Bureau of Statistics, which is based on ESA 2010 methodology which divides the general government into the following subsectors: central government, social security funds and local government.¹ Up to November 2010, the sector classification of institutional units was based on the prescribed Decision on the Chart of Accounts for Banks by the Croatian National Bank.

The source of primary data for domestic and external debt are general government units (the Ministry of Finance of the Republic of Croatia and other units of government authorities system, units of local and regional self-government, non-financial corporations allocated to the statistical definition of general government sector, etc.) in the part that relates to treasury bills, bonds and foreign loans and the Croatian National Bank in the part relating to loans of resident banks, CBRD and the Croatian National Bank. Up to November 2010, data on resident bank loans were based on the reporting system in accordance with the Decision relating to the bank statistical report and from December 2010, the data are based on the reporting system in accordance with the Decision on statistical and prudential reporting.

The data are divided by creditor to domestic and external debt and by instrument categories, in accordance with ESA

2010, to short-term debt securities, long-term debt securities, and loans.

The stock of the category short-term debt securities includes short-term debt securities with original maturity up to and including one year, such as treasury bills of the Ministry of Finance (issued in kuna, with a currency clause or denominated in foreign currency), eurobills of the Ministry of Finance and other money market instruments.

The stock of the category long-term debt securities includes long-term debt securities with original maturity of over one year, such as bonds issued on the domestic and foreign markets and long-term T-bills of the Ministry of Finance. Bonds issued abroad in one foreign currency and swapped into another foreign currency are treated as debt denominated in the currency of the swap transaction.

Starting from February 2002, debt securities issued abroad, owned by resident institutional units at the end of the reference period, were reclassified from external into domestic debt. Starting from December 2005, debt securities issued in the domestic market, owned by non-resident institutional units at the end of the reference period, were reclassified from domestic into external debt.

Loans include loans received from resident and non-resident credit institutions and, in accordance with ESA 2010 methodology, assumed state-guaranteed loans given to institutional units whose guarantees were activated within a period of three years (the so-called third call criterion) or loans transferred by agreement from the original debtor to the state.

The stock of t-bills regardless of original maturity is shown at nominal value, i.e. with the entire discount included. The stocks of bonds and loans include outstanding principal value, excluding accrued interest.

Below shown is data on the total stock of central government guarantees issued, reduced by guarantees given to other central government units, social security funds and the local government. The sources of data are identical to those for loans.

¹ The scope of sector classification is shown in "Classification and presentation of data on claims and liabilities". Under the new sector classification ESA 2010, the central government comprises, in addition to the Croatian Radiotelevision and Croatian Railways Infrastructure, public corporations Rijeka – Zagreb Motorway and Croatian Motorways (CM). From January 2008 on, CM is classified into the central government subsector, while it was shown under social security funds subsector in the previous series. Under ESA 2010, social security funds include the Croatian Pension Insurance Administration, the Croatian Institute for Health Insurance and the Croatian Employment Service. By way of exception, in this Table, the subsector social security funds in part 2 External debt comprises the debt of Croatian Roads and the State Agency for Deposit Insurance and Bank Rehabilitation starting from (and including) December 1998 and up to December 2010, and in part 1 Domestic debt, starting from (and including) December 2002 and up to December 2010, social security funds include also the debt of Croatian Roads, Croatian Waters, Croatian Privatisation Fund/Government Asset Management Agency.

J Non-financial statistics – selected data

Table J1 Consumer price and producer price indices

Year	Month	Basic indices. 2010 = 100 ^a				Chain indices				Monthly year-on-year indices			
		Consumer price indices			Industrial producer prices ^b	Consumer price indices			Industrial producer prices ^b	Consumer price indices			Industrial producer prices ^b
		Total	Goods	Services		Total	Goods	Services		Total	Goods	Services	
2000	December	77.2	79.1	70.0	79.2	100.4	100.4	100.1	100.2	105.5	105.5	105.5	111.2
2001	December	79.1	80.2	74.7	76.4	100.4	100.4	100.5	99.0	102.4	101.3	106.8	96.9
2002	December	80.5	81.1	78.2	78.1	100.4	100.6	99.6	99.9	101.8	101.1	104.6	102.3
2003	December	81.9	82.3	79.9	78.9	100.3	100.2	100.5	100.0	101.7	101.6	102.2	101.0
2004	December	84.1	84.4	82.8	82.7	100.7	100.9	100.2	99.3	102.7	102.5	103.6	104.8
2005	December	87.2	87.3	86.2	84.5	100.5	100.5	100.5	99.7	103.6	103.5	104.1	102.7
2006	December	89.0	89.0	89.0	86.1	100.0	100.0	100.2	100.0	102.0	101.4	104.2	101.9
2007	December	94.1	94.9	91.5	91.2	101.2	101.2	101.3	100.4	105.8	106.6	103.4	105.9
2008	December	96.8	97.3	95.3	95.1	99.4	99.1	100.5	98.7	102.9	102.4	104.3	104.3
2009	December	98.7	98.6	99.0	96.6	99.4	99.3	100.2	100.0	101.9	101.3	103.9	101.6
2010	December	100.5	100.8	99.3	102.1	100.0	100.1	99.9	101.0	101.8	102.2	100.3	105.7
2011	December	102.6	103.8	98.3	108.0	99.6	99.6	99.6	99.8	102.1	103.0	98.9	105.8
2012	December	107.4	109.4	100.2	115.4	99.9	99.9	99.7	100.0	104.7	105.5	102.0	106.9
2013	December	107.7	109.7	100.7	112.4	99.8	99.8	100.0	100.0	100.3	100.2	100.4	97.4
2014	January	107.6	109.5	100.9	112.4	99.9	99.8	100.2	100.0	100.1	100.1	100.0	97.8
	February	107.3	109.1	100.8	112.6	99.7	99.6	99.9	100.1	99.4	99.3	99.8	97.6
	March	107.8	109.8	100.8	111.8	100.5	100.7	99.9	99.8	99.6	99.6	99.7	96.9
	April	108.1	110.2	100.9	111.7	100.3	100.3	100.1	99.9	99.5	99.5	99.7	97.0
	May	108.4	110.4	101.1	111.7	100.2	100.2	100.2	100.0	99.8	99.6	100.4	97.6
	June	108.0	109.8	101.5	111.5	99.7	99.4	100.4	99.8	99.6	99.3	100.6	97.1
	July	107.6	109.2	102.0	111.7	99.6	99.4	100.4	100.3	99.9	99.7	100.7	97.6
	August	107.5	108.8	102.6	111.0	99.9	99.7	100.6	99.3	99.7	99.1	101.6	96.8
	September	108.3	109.8	102.6	111.1	100.7	100.9	100.0	100.1	99.8	99.2	101.7	96.8
	October	108.4	110.0	102.6	110.8	100.1	100.2	100.0	99.8	100.4	99.9	101.8	97.9
	November	108.1	109.6	102.5	109.9	99.7	99.7	99.9	99.2	100.2	99.7	101.8	97.8

^a In January 2013, the Croatian Bureau of Statistics started publishing consumer price indices on a new base (2010, while the old base was 2005). Therefore, the basic indices for the period from January 1998 to December 2012 have been recalculated to a new base (2010 = 100). ^b On the domestic market.

Source: CBS.

Table J1 Consumer price and producer price indices • The Central Bureau of Statistics (CBS) introduced the consumer price index (CPI) in early 2004. This indicator of price movements was compiled in accordance with the methodological principles laid down by the ILO and Eurostat. In its First Release, issued on 17 February 2004, the CBS published the data on movements in the CPI in January 2004 and the time series for the CPI as of January 2001. The CBS subsequently constructed the time series for the consumer price index encompassing the period

from January 1998 to December 2000. As expected following the introduction of the new index, the CBS ceased to publish the retail price index (RPI) and the cost of living index, whose calculation methodologies have not been adequately harmonised with internationally accepted standards. The main features of the CPI are described in the CNB Bulletin No. 91 (see Box 1). The data on the average year-on-year consumer price inflation rate are shown in the Bulletin table on Economic indicators.

Table J2 Core consumer price indices

Year	Month	Basic indices, 2005 = 100			Chain indices			Year-on-year indices		
		Total	Goods	Services	Total	Goods	Services	Total	Goods	Services
2000	December	81.5	82.9	74.2	100.4	100.4	100.2	103.3	103.0	105.0
2001	December	82.5	83.6	77.0	99.8	99.7	100.3	101.2	100.8	103.8
2002	December	83.5	84.4	78.9	100.0	100.1	99.4	101.2	101.0	102.4
2003	December	84.5	85.2	81.2	100.2	100.1	101.0	101.2	100.9	103.0
2004	December	86.5	87.0	83.6	100.1	100.1	100.4	102.3	102.2	102.9
2005	December	89.1	89.5	86.7	100.1	100.0	100.5	103.0	102.9	103.7
2006	December	91.1	91.5	88.9	99.8	99.7	100.3	102.3	102.2	102.5
2007	December	95.6	96.4	91.9	100.8	100.8	100.4	105.0	105.3	103.5
2008	December	99.6	100.2	96.5	99.4	99.3	100.2	104.2	104.0	105.0
2009	December	99.9	100.1	98.8	98.8	98.6	100.2	100.2	99.8	102.4
2010	December	99.9	100.2	98.6	99.1	99.0	99.7	100.1	100.1	99.8
2011	December	102.8	103.5	99.6	99.5	99.4	100.1	102.9	103.3	101.1
2012	December	104.9	105.4	102.5	99.4	99.2	100.0	102.0	101.9	102.8
2013	December	105.5	105.9	103.3	99.1	98.9	100.0	100.6	100.5	100.9
2014	January	104.9	105.1	103.5	99.4	99.2	100.1	100.3	100.2	100.8
	February	104.4	104.6	103.3	99.6	99.5	99.8	99.9	99.8	100.5
	March	105.3	105.7	103.2	100.9	101.1	100.0	100.3	100.3	100.4
	April	105.5	106.0	103.2	100.2	100.2	99.9	99.8	99.7	100.0
	May	105.7	106.1	103.5	100.1	100.1	100.3	99.4	99.2	100.1
	June	105.4	105.6	103.8	99.7	99.6	100.4	99.2	98.9	100.2
	July	104.7	104.7	104.4	99.4	99.2	100.6	98.8	98.6	100.0
	August	104.8	104.5	105.6	100.0	99.8	101.1	99.2	98.6	101.7
	September	105.7	105.5	105.7	100.9	101.0	100.1	99.3	98.6	102.0
	October	106.1	106.2	105.3	100.4	100.6	99.6	99.5	99.0	101.7
	November	106.2	106.4	105.1	100.1	100.2	99.8	99.8	99.3	101.7

Source: CBS.

Table J2 Core consumer price indices • The core consumer price index is calculated by the Central Bureau of Statistics (CBS) in the manner that agricultural products prices and administrative prices (which among others include the prices of electricity and refined petroleum products) are excluded from the basket of goods and services used in the calculation of the total index. These two groups of products account for a total of 35.23% in the basket in 2013 (agricultural products 5.53 percentage points, and administrative products 29.70 percentage points) and are assigned a zero weight.

Table J3 Hedonic real estate price index • The Croatian National Bank started methodological work on developing a hedonic real estate price index (HREPI)² in 2008. By using data on realised transactions and estimates of realised transactions from the database of *Burza nekretnina* (Croatian association of real estate agencies) as input data, an econometric model was constructed to create a hedonic real estate price index (HREPI), which is methodologically consistent with the Eurosystem's Handbook on Residential Property Prices Indices³. From the

first quarter of 1997, the HREPI is reported on a quarterly and annual basis at the level of the Republic of Croatia and two regions: the City of Zagreb and the Adriatic coast. The main idea behind the methodology used to calculate the index is that buyers determine the usefulness of a real estate based on its characteristics and therefore it is necessary to determine the prices of those characteristics (attributes), the so-called implicit prices. However, as there is no market for individual attributes of residential property, their prices are estimated by simple econometric models. After estimating prices of individual attributes, it is possible to determine a *pure price* of each real estate property, i.e. a price adjusted by the impact of individual attributes of a given real estate, such as its location, floor area, the number of rooms, etc. The movements of pure prices are directly used to calculate the HREPI. Under this methodology, such an index, in contrast with indices based on average prices or medians of a square meter of floor space, adjusts price movements for possible biases in the data caused by the fact that, for example, an unusually large number of real estate properties of above- or below-average quality have been sold in a certain period.

2 The methodology used is described in detail in Kunovac, D. et al. (2008): *Use of the Hedonic Method to Calculate an Index of Real Estate Prices in Croatia*, Working Papers, W-19, CNB.

3 http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/methodology/hps/rppi_handbook

Table J3 Hedonic real estate price index

Year	Quarter	Basic indices, 2010 = 100			Year-on-year rate of change			Rate of change from the previous quarter		
		Croatia	Zagreb	Adriatic coast	Croatia	Zagreb	Adriatic coast	Croatia	Zagreb	Adriatic coast
2000		60.4	68.0	38.0	-2.0	-1.5	-4.8	....	....	....
2001		61.5	65.4	49.8	1.9	-3.7	31.2	....	....	....
2002		64.9	67.9	56.2	5.6	3.7	12.9	....	....	....
2003		67.0	70.8	55.9	3.2	4.2	-0.6	....	....	....
2004		74.4	78.0	64.0	11.1	10.2	14.6	....	....	....
2005		82.8	85.5	74.8	11.2	9.7	16.8	....	....	....
2006		97.5	101.7	85.1	17.7	18.9	13.8	....	....	....
2007		109.2	112.7	99.1	12.0	10.8	16.5	....	....	....
2008		113.0	115.7	105.2	3.5	2.7	6.2	....	....	....
2009		108.8	109.5	106.8	-3.8	-5.4	1.5	....	....	....
2010		100.0	100.0	100.0	-8.1	-8.7	-6.3	....	....	....
2011		96.3	94.9	99.5	-3.7	-5.1	-0.5	....	....	....
2012		97.3	97.0	97.9	1.0	2.2	-1.6	....	....	....
2013		81.2	82.5	78.4	-16.5	-14.9	-20.0	....	....	....
2013	Q1	85.7	88.3	79.8	-15.3	-12.3	-21.9	-7.8	-5.2	-13.5
	Q2	80.1	81.7	76.6	-19.5	-16.4	-25.9	-6.5	-7.5	-4.0
	Q3	79.5	80.4	77.5	-16.8	-16.5	-17.5	-0.8	-1.6	1.2
	Q4	79.5	79.5	79.6	-14.4	-14.6	-13.8	0.0	-1.1	2.6
2014	Q1	77.4	81.2	69.2	-9.7	-8.0	-13.2	-2.7	2.1	-13.0
	Q2	77.8	79.3	74.6	-2.9	-2.9	-2.6	0.6	-2.3	7.8
	Q3	81.5	80.2	84.3	2.5	-0.3	8.7	4.7	1.1	12.9

Table J4 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
2000	December	3,499.0	99.9	107.3	108.9
2001	December	3,582.0	96.6	102.4	106.5
2002	December	3,839.0	98.0	107.2	105.0
2003	December	4,045.0	99.8	105.4	105.9
2004	December	4,312.0	99.1	106.6	105.9
2005	December	4,473.0	97.3	103.7	104.9
2006	December	4,735.0	97.0	105.9	105.2
2007	December	4,958.0	96.6	104.7	105.2
2008	December	5,410.0	100.3	109.1	107.0
2009	December	5,362.0	99.6	99.1	102.6
2010	December	5,450.0	97.6	101.7	100.6
2011	December	5,493.0	95.9	100.8	101.8
2012	December	5,487.0	96.6	99.9	100.7
2013	December	5,556.0	98.6	101.3	100.7
2014	January	5,553.0	99.9	100.4	100.4
	February	5,427.0	97.7	99.6	100.0
	March	5,502.0	101.4	99.7	99.9
	April	5,497.0	99.9	100.3	100.0
	May	5,497.0	100.0	98.5	99.7
	June	5,558.0	101.1	101.3	100.0
	July	5,530.0	99.5	100.5	100.1
	August	5,516.0	99.7	100.1	100.1
	September	5,442.0	98.7	100.3	100.1

Source: CBS.

Table J5 Consumer confidence index, consumer expectations index and consumer sentiment index
index points, original data

Year	Month	Composite indices			Response indices (I)						
		Consumer confidence index	Consumer expectations index	Consumer sentiment index	I1	I2	I3	I4	I7	I8	I11
2000	October	-20.9	3.5	-32.2	-26.2	1.2	-22.0	5.7	26.9	-48.3	-63.6
2001	October	-27.0	-11.4	-35.6	-29.6	-10.0	-35.9	-12.7	22.9	-41.3	-62.3
2002	October	-25.2	-8.3	-29.3	-22.6	-5.1	-31.2	-11.5	20.1	-34.1	-64.0
2003	October	-22.2	-4.5	-25.0	-21.5	-2.6	-26.5	-6.4	14.7	-27.1	-65.2
2004	October	-23.9	-7.9	-22.0	-19.1	-4.1	-30.5	-11.6	22.5	-16.5	-57.3
2005	December	-26.4	-13.7	-25.6	-16.4	-5.9	-34.4	-21.5	27.6	-25.9	-50.6
2006	December	-18.9	-4.7	-15.4	-10.9	1.1	-22.4	-10.5	16.9	-12.9	-49.4
2007	December	-24.7	-15.5	-24.5	-16.8	-9.8	-31.8	-21.2	12.8	-25.0	-54.8
2008	December	-42.0	-33.3	-40.9	-30.7	-25.9	-51.8	-40.6	43.4	-40.3	-57.9
2009	December	-46.8	-32.7	-47.6	-35.7	-22.6	-64.5	-42.8	63.9	-42.5	-58.0
2010	December	-42.9	-30.6	-48.7	-40.7	-21.7	-65.9	-39.4	55.7	-39.4	-54.8
2011	December	-23.6	-8.9	-43.1	-31.6	-5.5	-56.5	-12.3	25.0	-41.2	-51.4
2012	December	-47.1	-33.5	-52.6	-42.1	-23.1	-71.4	-43.9	59.1	-44.2	-62.3
2013	December	-40.7	-26.3	-45.9	-34.5	-17.4	-61.9	-35.2	49.9	-41.3	-60.4
2014	January	-33.8	-20.1	-41.1	-30.5	-13.3	-56.5	-26.9	40.1	-36.3	-54.8
	February	-35.1	-21.1	-41.6	-28.4	-10.2	-58.3	-31.9	42.4	-38.2	-55.7
	March	-36.5	-23.9	-45.9	-33.4	-13.7	-60.7	-34.1	40.6	-43.5	-57.7
	April	-36.0	-26.0	-47.5	-34.5	-14.5	-66.1	-37.4	39.5	-42.0	-52.6
	May	-38.4	-27.1	-50.2	-38.2	-17.7	-67.9	-36.5	41.3	-44.4	-57.9
	June	-34.7	-23.7	-44.2	-30.8	-13.8	-60.5	-33.5	37.2	-41.3	-54.1
	July	-36.4	-22.9	-46.2	-32.2	-13.1	-60.1	-32.7	39.8	-42.8	-59.8
	August	-33.8	-22.0	-40.3	-28.3	-12.9	-58.3	-31.2	37.6	-34.2	-53.5
	September	-34.8	-22.5	-42.1	-30.1	-13.2	-57.6	-31.8	39.0	-38.6	-55.0
	October	-37.6	-25.1	-41.3	-27.3	-14.2	-55.1	-36.0	42.2	-41.7	-57.9
	November	-37.0	-24.0	-43.9	-31.3	-13.7	-60.4	-34.2	43.6	-40.0	-56.4

Sources: Ipsos Puls and CNB.

Table J5 Consumer confidence index, consumer expectations index and consumer sentiment index • The Consumer Confidence Survey has been carried out regularly since April 1999 in accordance with the methodology of the European Commission, the Joint Harmonised EU Programme of Business and Consumer Surveys. Until April 2005, the survey was conducted once a quarter (in January, April, July and October). As of May 2005, the survey is carried out in monthly frequency in cooperation with the European Commission, using its technical and financial assistance.

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

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

where: r is the value of the response, w is the share of respondents opting for a particular response (weight), i question from

the questionnaire, z is the offered/chosen response, k is the number of offered responses to a particular question.

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

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

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

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

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

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

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

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

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

The components of composite indices are as follows:

CCI: I2, I4, I7 $\times (-1)$, I11

CEI: I2, I4

CSI: I1, I3, I8.

List of banks and savings banks

1 December 2014

Authorised banks

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

Authorised savings banks

1. Tesla štedna banka d.d., Zagreb

Authorised housing savings banks

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

Other institutions

1. Hrvatska banka za obnovu i razvitak, Zagreb, operates in accordance with the Act on the Croatian Bank for Reconstruction and Development (OG 138/2006 and 25/2013)

Representative offices of foreign banks

1. BKS Bank AG, Zagreb
2. Commerzbank Aktiengesellschaft, Zagreb
3. Deutsche Bank AG, Zagreb
4. LHB Internationale Handelsbank AG, Zagreb

Banks and savings banks undergoing bankruptcy proceedings

Name of bank/savings bank	Date of bankruptcy proceedings opening
1. Agroobrtnička banka d.d., Zagreb	14/6/2000
2. Alpe Jadran banka d.d., Split	15/5/2002
3. Centar banka d.d., Zagreb	30/9/2013
4. Credo banka d.d., Split	16/1/2012
5. Glumina banka d.d., Zagreb	30/4/1999
6. Gradska banka d.d., Osijek	3/5/1999
7. Hrvatska gospodarska banka d.d., Zagreb	19/4/2000
8. Ilirija banka d.d., Zagreb	6/4/1999
9. Nava banka d.d., Zagreb	1/12/2014
10. Trgovačko-turistička banka d.d., Split	8/9/2000
11. Županjska banka d.d., Županja	3/5/1999

Banks and savings banks undergoing winding-up proceedings

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

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

Name of bank/savings bank	Date of withdrawal of authorisation
1. Hibis štedionica d.d., Zagreb	7/3/2001
2. Zagrebačka štedionica d.d., Zagreb (now MEDFIN d.o.o., Zagreb – in bankruptcy proceedings)	22/3/2000

Management of the Croatian National Bank

1 December 2014

Members of the Council of the Croatian National Bank

Chairman of the Council	Boris Vujčić
Members of the Council	Neven Barbaroša Bojan Fras Michael Faulend Relja Martić Damir Odak Tomislav Presečan Vedran Šošić

Management of the CNB

Governor	Boris Vujčić
Deputy Governor	Relja Martić
Vicegovernor	Vedran Šošić
Vicegovernor	Damir Odak
Vicegovernor	Tomislav Presečan
Vicegovernor	Bojan Fras
Vicegovernor	Michael Faulend
Vicegovernor	Neven Barbaroša

Executive directors

Research Area	Ljubinko Jankov
Statistics Area	Tomislav Galac
Central Banking Operations Area	Irena Kovačec
Prudential Regulation and Supervision Area	Željko Jakuš
Payment Operations Area	Ivan Biluš
International Relations Area	Sanja Tomičić
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