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Croatian National Bank

BULLETIN

Zagreb 2003

General Information on Croatia

Economic Indicators

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Area (square km) | 56,538 | 56,538 | 56,538 | 56,538 | 56,538 | 56,538 | 56,538 | 56,538 | 56,538 |
| GDP ^a (million USD, current prices) | 14,585 | 18,811 | 19,872 | 20,109 | 21,628 | 19,906 | 18,427 | 19,536 | 22,436 |
| GDP – annual changes ^a (in %, constant prices) | 5.9 | 6.8 | 5.9 | 6.8 | 2.5 | -0.9 | 2.9 | 3.8 | 5.2 |
| GDP per capita ^{a,b} (in current USD) | 3,137 | 4,029 | 4,422 | 4,398 | 4,805 | 4,371 | 4,206 | 4,403 | 5,057 |
| Retail price inflation (in %, end of year) | -3.0 | 3.7 | 3.4 | 3.8 | 5.4 | 4.4 | 7.4 | 2.6 | 2.3 |
| Population ^b (million, mid-year) | 4.6 | 4.7 | 4.5 | 4.6 | 4.5 | 4.6 | 4.4 | 4.4 | 4.4 |
| Exports of goods and services ^c (as % of GDP) | 49.8 | 37.1 | 40.1 | 39.9 | 39.5 | 40.8 | 47.0 | 49.3 | 47.0 |
| Imports of goods and services ^c (as % of GDP) | 47.4 | 48.7 | 49.7 | 56.6 | 48.7 | 49.2 | 52.1 | 55.3 | 56.6 |
| Current account balance ^c (as % of GDP) | 4.9 | -7.5 | -4.8 | -12.5 | -6.7 | -7.0 | -2.5 | -3.7 | -7.1 |
| Outstanding external debt ^c (million USD, end of year) | 3,020 | 3,809 | 5,308 | 7,452 | 9,683 | 9,878 | 11,055 | 11,317 | 15,337* |
| Outstanding external debt ^c (as % of GDP) | 20.7 | 20.2 | 26.7 | 37.1 | 44.8 | 50.1 | 60.0 | 57.9 | 68.4* |
| Outstanding external debt ^c (as % of exports of goods and services) | 41.6 | 54.6 | 66.6 | 92.9 | 113.3 | 122.9 | 127.6 | 117.5 | 145.4* |
| External debt service ^{c,d} (as % of exports of goods and services) | 9.0 | 10.1 | 9.0 | 9.9 | 12.5 | 20.8 | 23.3 | 24.4 | 25.9 |
| Gross international reserves (million USD, end of year) | 1,405 | 1,895 | 2,314 | 2,539 | 2,816 | 3,025 | 3,525 | 4,704 | 5,886 |
| Gross international reserves ^c (in terms of months of imports of goods and services, end of year) | 2.4 | 2.5 | 2.8 | 2.7 | 3.2 | 3.7 | 4.4 | 5.2 | 5.6 |
| Exchange rate on 31 December (HRK : 1USD) | 5.6287 | 5.3161 | 5.5396 | 6.3031 | 6.2475 | 7.6477 | 8.1553 | 8.3560 | 7.1457 |
| Average exchange rate (HRK : 1USD) | 5.9953 | 5.2300 | 5.4338 | 6.1571 | 6.3623 | 7.1124 | 8.2768 | 8.3391 | 7.8637 |

^a Preliminary data for 2001.

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

^c According to the revised CNB data on external debt.

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

Sources: Central Bureau of Statistics and Croatian National Bank.

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Quarterly Report

Introduction

According to the quarterly calculation, GDP growth was 5.2% in 2002. Accelerated economic growth in the second half of 2002 led to a GDP growth rate that exceeded the previous estimates for the year. The major contribution to this growth came from personal consumption and investment growth, whereas the contribution of external demand was negative due to the net import expansion induced by growing domestic demand and income stagnation in EU countries, which are Croatia's major trading partners. Economic activity indicators for the first quarter of 2003 have moved in opposite directions – some of the major sources of growth indicate its slowdown, but at the same time the negative contribution of other sources has weakened. On the one hand, retail trade growth recorded a slowdown, which indicates lower growth rates of personal consumption, whereas the growth in construction projects and imports of capital goods indicate that investment activity has continued to grow. Preliminary balance of payments data show that the current account deficit, in terms of its percentage in GDP, was slightly lower in the first quarter of 2003 in comparison with the corresponding period of 2002. Hence, the contribution of external demand to GDP growth in this period will probably be neutral. Taking the stated factors into account, the dynamics of GDP growth in the first quarter of 2003 could be somewhat slower than at end-2002.

In the first quarter of 2003, inflation continued on its downward trend despite a strong upturn in crude oil prices in the global and domestic markets. The growth rate in retail prices fell from 2.3% at end-2002 to 1.7% in March, and further to 0.9% in April, after the stabilization in crude oil prices in the global market. The fall in inflation rate was affected by the decline in core inflation, which fell to 0.2% at the end of the first quarter, as well as the slower growth in administrative prices. Such low rates of inflation are the result of well-anchored inflationary expectations, the decline in tariff rates brought about by foreign trade liberalization, the pronounced appreciation of the kuna against the US dollar and the strong growth in retail trade competition induced by the growing number of domestic chain stores and opening of numerous foreign-owned hypermarkets.

According to the revised balance of payments data for 2002, the current account deficit, which due to its connection with the external debt growth was identified as the major economic weakness in 2002 in light of favorable GDP and inflation developments, stands at 7.1% of GDP, or 0.2 percentage points more than indicated by the previously published data. In the first quarter of 2003, international transactions of Croatia were marked by more dynamic exports of goods as well as exceptionally good income from tourism-related services. Still, the continued growth in goods imports has offset these positive trends. Hence, the trade deficit on goods and services in the first quarter of 2003 remained at the level recorded in the corresponding period last year.

The growth in the external debt of the Republic of Croatia, which is the backside of credit expansion, reached USD

1,691m in the first quarter of 2003, up 11% in comparison with end-2002. On the basis of net transactions (the difference between newly received foreign funds and settled due principal payments), the total external debt rose by USD 1.4bn, whereas USD 0.3bn resulted from adjustments to cross-currency changes. Although the government sector contributed the most (of all individual sectors) to the total external debt growth, other sectors also recorded strong increase in debt. Thus, external borrowing of banks and of other sectors, i.e. companies (mostly financial leasing companies) accounted for about a fourth of the total borrowing each. Hence, these two sectors together accounted for over a half of the total debt increase. The restrained growth in external debt should this year be aided by the planned financing of the government budget deficit from privatization revenues and a shift of government borrowing to the domestic market.

It is too early to discuss the impact of the CNB measures aimed at curbing loan and external debt growth since only a short period has elapsed since their enforcement. Still, the aforementioned indicators show that credit expansion financed from foreign sources continued in the first quarter of 2003. Therefore, its restraint will be one of the major challenges for monetary policy in the forthcoming quarters. The decision prescribing the obligatory purchase of CNB bills in case of excessive credit growth has been amended in the meantime. The calculation base for the amount of CNB bills to be purchased now includes the transfer of claims to third parties, which the banks used in the first quarter to restructure their assets. Therefore, the impact of this decision will probably be much stronger in the following quarters. It seems that one of the side effects of the CNB measures aimed at restraining credit and external debt growth has also been the transfer of credit operations to financial leasing companies owned by banks or their parent companies. External debt of these companies rose from USD 0.6bn to USD 1.0bn in the first four months of 2003, which was also evident in the strong growth in their placements.

Early 2003 was marked by usual seasonal fluctuations in the kuna/euro exchange rate. After a slight depreciation of the kuna against the euro of 3.4% in the first quarter, April saw a sudden upturn in the value of the kuna, which continued to moderately appreciate in May. Apart from a seasonal surplus in demand for foreign exchange, depreciation pressures in early 2003 were additionally boosted by the government's decision to deposit foreign exchange arising from a eurobond placement with the CNB, and not with commercial banks as it did in the previous years. In addition to the absence of government's foreign exchange, the banking system was additionally hit by increased demand for foreign exchange triggered by the January regulations of the central bank, which set a minimum foreign exchange liquidity of banks at 35% to be maintained until March 2004.

Since kuna liquidity was withdrawn by foreign exchange interventions, the downward trend in subscriptions for CNB bills, which began last October, continued in the first quarter of 2003. In this period, the stock of subscribed CNB bills fell by HRK 1.1bn, and by additional HRK 1bn in April. Hence, the stock of CNB bills subscribed has almost halved in 2003.

The interest rate on these bills, which was slightly above 2%, has remained on a slight growth trend in the second quarter.

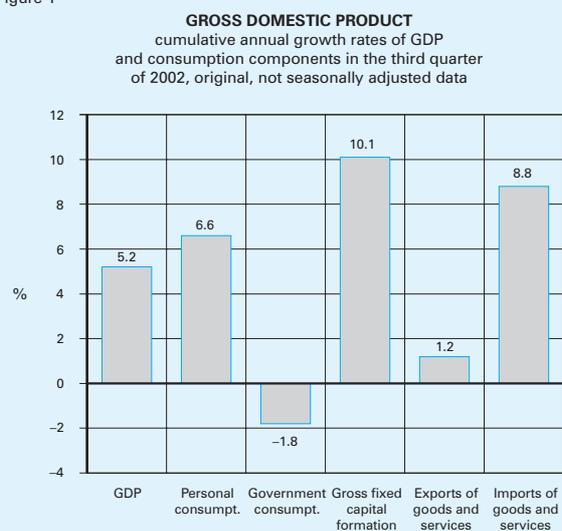
If the measures aimed at restraining credit and external debt growth fail to produce the expected results, the Croatian National Bank could resort to additional instruments to slow down external debt growth. The recently adopted Foreign Exchange Act provides for one such possibility. In line with the guidelines of the Stabilization and Association Agreement, this Act provides for gradual liberalization of certain parts of the capital account. Still, the safety provisions of the Act provide the CNB with a possibility to impose restrictions on the capital account transactions, should it deem necessary. Among others, these measures include the option to restrict credit transactions between residents and non-residents, i.e. the introduction of an obligation for residents to set aside deposits for loans obtained from non-residents.

The first review under the stand-by arrangement with the International Monetary Fund was completed in May, during which performance criteria for the second half of 2003 were set. Special attention was paid to the current account deficit, strong growth in domestic credits and external debt, and additional measures available to solve these problems.

Demand

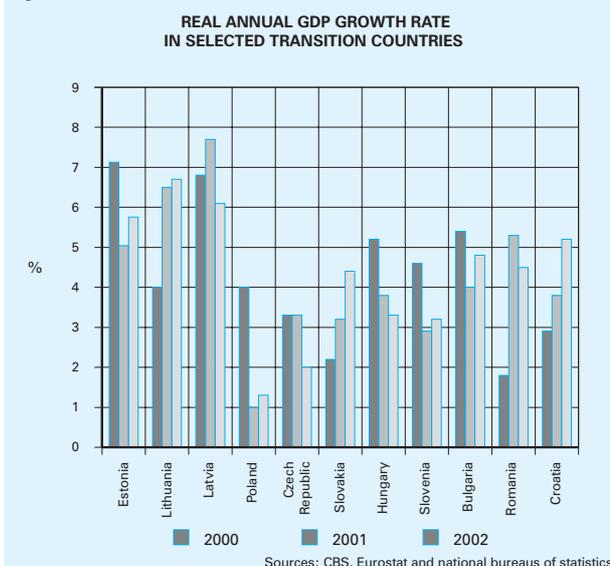
In 2002, the real annual growth of GDP estimated by the quarterly GDP calculation was 5.2%, with a stronger growth recorded in the second half of the year. This suggests that the upward trend in economic growth that started in 2000 following the 1999 decline in production continued at an even faster pace compared with the previous years. The source of the 2002 growth was an exceptionally strong domestic demand stimulated by an increase in household consumption and growing investment consumption. These positive developments in domestic demand offset the lack of foreign demand caused by the economic slowdown in the EU Member States and other major trading partners of Croatia.

Figure 1



Source: CBS.

Figure 2



Sources: CBS, Eurostat and national bureaus of statistics.

The neighboring countries recorded a slower economic growth than Croatia. The majority of other transition countries to become EU members in 2004 were also affected by the economic downturn in the EU countries. Given the weak foreign demand, their economic growth depended heavily on domestic demand. The slowest economic growth was recorded in Poland and the Czech Republic (1.3% and 2.0% respectively) while the estimated growth in Slovenia and Hungary was slightly above 3%. At the same time, the three Baltic republics (Estonia, Latvia and Lithuania) recorded higher growth rates than other transition countries, just like in the previous years. In 2002, the average real growth rate in these three countries was 6.2%. Romania and Bulgaria, which are to join the EU in its second wave of enlargement, grew at an average rate between 4% and 5%. It should be mentioned that owing to strong downward economic trends in these two countries over the first ten years of transition, their GDP still remains far below the level from 1989.

Foreign Demand

The main characteristic of aggregate demand in 2002 was a great negative impact of net foreign demand on economic growth, particularly in the second half of the year. Such developments resulted from an extremely strong domestic demand, which could not be completely satisfied by domestic production and thus led to a significant increase in imports. In addition, the outturn for the exports of goods and services was lower than expected. The beginning of 2003 saw a reversal in the negative trend with a continuing demand for imports and a growth of exports.

Owing to a large share of services in the total foreign goods and services trade, a positive impact of net foreign demand on economic growth is usually recorded in the third quarter each year. However, for the first time from the introduction of the quarterly GDP calculation (in 1997) this seasonal effect did not appear in 2002. The negative impact of net foreign demand on economic growth in the third quarter resulted

from a decline in real exports of goods and services paralleled with a boost in their imports. The fourth quarter developments were similar to those in the third quarter, i.e. stagnant exports accompanied by strong growth of imports. The downward trend in real exports of goods continued, with an only slight growth in exports of services, which commonly represent a rather insignificant component of exports in the third quarter. On the other hand, imports grew considerably, both in goods and services trade, so that foreign demand made an extremely high negative contribution (–6.0 percentage points) to GDP growth in the fourth quarter.

A fall in exports of goods, observed in the second half of the year was particularly serious in the exports to the EU Member States, with a sharp decline in exports to Germany and Italy in the fourth quarter. Exports to the EU Member States accounts for almost one half of the total exports of goods, and are heavily dependent on the economic developments in these countries. Over the last two years, EU countries experienced a sharp economic slowdown that started in the second quarter of 2001. Following the negative trends in the remaining part of 2001, a slight recovery was recorded in the first three quarters of 2002, with quarterly GDP growth rates of 0.4%. However, in the fourth quarter of 2002, another slowdown was recorded with a quarterly growth rate as low as 0.1%. The stagnation continued in early 2003, so that in the first quarter GDP in the EU Member States remained at the level from the previous period.

The trends observed in fifteen EU countries were also recorded in the twelve EMU Member States. According to the preliminary estimates, an economic slowdown was recorded in the Netherlands (–0.3% compared with the previous quarter), Germany (–0.2%) and Italy (–0.1%).

The economic stagnation in the EU Member States over the first quarter of 2003 did not have any adverse effects on the Croatian exports. Goods exports to the EU Member States expressed in kuna rose by 13.8% compared with the same period in the previous year, while total exports grew at a somewhat faster pace. The preliminary balance of payments

data for the first quarter of 2003 also point to positive developments in exports of services. At the same time, the growth of imports continued, but slower than the growth of exports. It follows that net foreign demand did not have any disturbing impact on the economic growth.

Domestic Demand

Domestic demand grew throughout 2002, with an extremely high growth achieved in the second half of the year. Domestic demand then exerted a significant influence on the strong economic growth and contributed 13.0 percentage points to the annual GDP growth rate of 6.3% in the second half of the year. In that period, final domestic consumption had only half as strong influence on GDP growth than total investment consumption. This was the result of a reduced government consumption, so that despite the strong growth in personal consumption, final consumption did not contribute significantly to GDP growth. In addition to a substantial increase in gross fixed capital formation, the investment consumption movements were strongly affected by the growth of inventory. In this connection, favorable trends were somewhat stronger in the third quarter than in the last quarter of 2002.

Personal Consumption

Among consumption components included in GDP calculation made by the expenditure method personal consumption made the largest contribution to the high GDP growth in 2002, which is consistent with the developments in the previous two years. The annual growth rate of personal consumption of 6.6% in 2002 contributed 4.0 percentage points to the 5.2% GDP growth. The largest increase in personal consumption at the quarterly level was recorded in the first and fourth quarters of 2002, while a high growth compared with the corresponding periods in the previous year was achieved in the second half of the year.

Figure 3

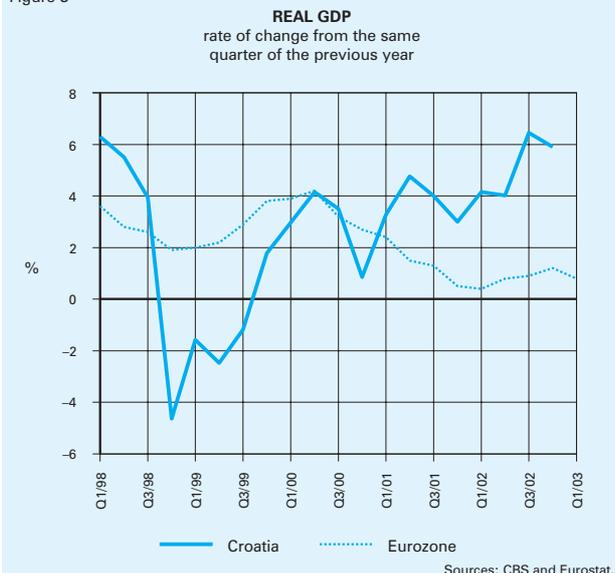


Figure 4

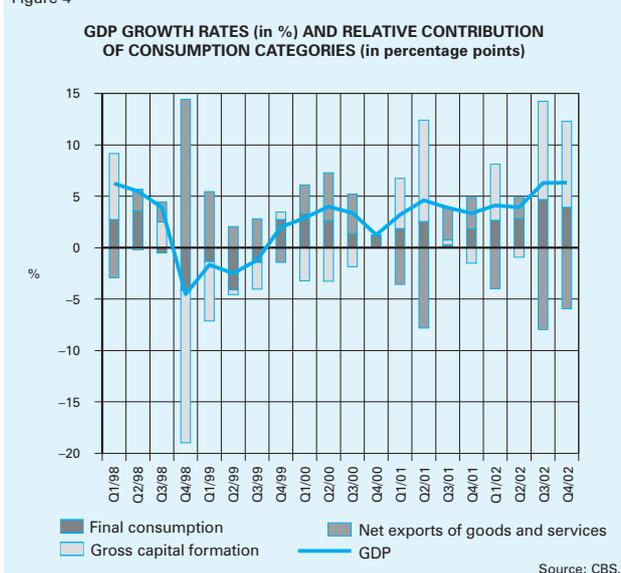
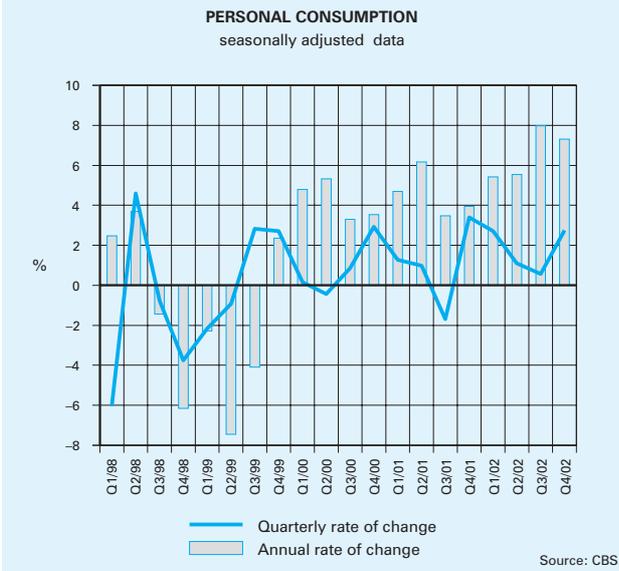


Figure 5



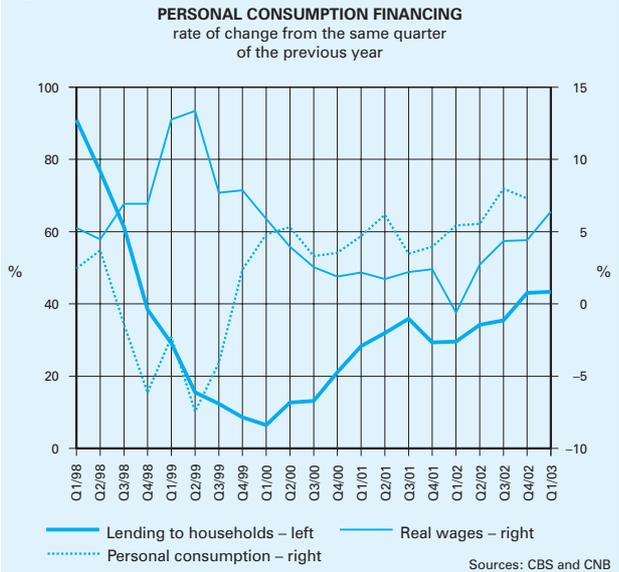
nanced by commercial bank credits, as household income from regular sources did not change significantly. However, in early 2003, total household income from regular sources also grew a little, while the strong household crediting by commercial banks continued. Thus, following a mild real growth of average wage in 2002, its growth trend accelerated in early 2003. The average real net wages paid started to grow in mid-2002, so that real wages rose by 4.4% in the second half of the year compared with the same period of 2001. This trend accelerated in the first quarter of 2003 and was paralleled by a 6.3% growth in real wages. At the same time, employment also grew, indicating a significant increase in total wage bill. Government transfers to households rose at the annual rate of 5.8% in nominal terms in the first quarter of 2003, which is a somewhat larger increase in real terms compared with the previous year.

Investment Consumption

In 2002, gross fixed capital formation grew at the annual rate of 10.0% in real terms, and contributed significantly to the growing domestic demand. Apart from gross fixed capital formation, 2002 saw a significant rise in investment in inventory. This resulted in an extremely high 5.6% contribution of gross capital formation to GDP growth, with the change in inventory¹ being the larger contributor to the growth. Such a strong growth of gross fixed capital formation was identical to that in the previous year, but significant differences are reflected in the sectoral structure of investment. In 2001, government investment fell sharply in order to reduce the budget deficit, so that the growth of gross fixed capital formation mainly originated from the private sector. In contrast to this, 2002 saw the beginning of a more intensive investment in road infrastructure, which increased government capital expenditures, while investment in the private sector continued. Heightened road construction activities in 2002 contributed to the recovery of construction, so that the index of total volume of construction projects rose by 12.9% compared with the previous year. This also made a favorable indirect impact on the overall economic activity, by stimulating the growth of production in the construction-related industrial branches (quarrying of stone, manufacture of machinery and equipment, manufacture of non-metallic mineral products).

According to the data supplied by the road construction agencies, the heightened investment activity in the first quarter of 2003 was aimed at meeting the established deadlines for the completion of certain sections of the highway before the beginning of the main tourist season. This is also reflected in a substantial rise in the index of total volume of construction projects, which increased by 14.0% in the period January-February compared with the same period in the previous year. Moreover, the third quarter of 2003 saw a sharp upturn in the imports of capital goods, particularly special purpose

Figure 6

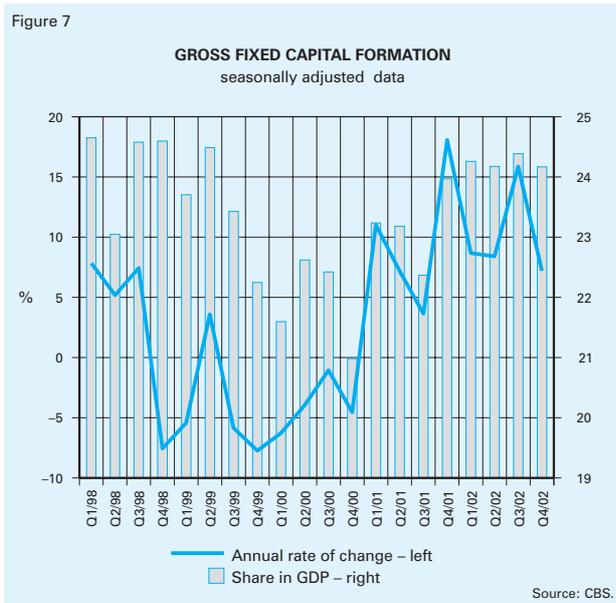


The available indicators of personal consumption in 2003 point to a downward trend in its growth. The growth of retail trade turnover, which is the best indicator of personal consumption movements, has slowed down. Thus, in the first quarter of 2003, the real retail trade turnover index was only 6.3% higher than in the same period in 2002. This represents half the index from the previous year, when real retail trade grew by 12.4% at the annual level. A marked growth of personal consumption in 2002 contributed significantly to the growth of imports. Exceptionally high growth rates of imports were recorded in consumer goods (food and beverages, wearing apparel, furniture) and motor vehicles. These developments continued into the first quarter of 2003, but were less intensive than at end-2002. In the first quarter of 2003, imports of durable and non-durable consumer goods grew at a slower rate than at the end of 2002, while the significant increase in imports of motor vehicles continued.

The growing personal consumption in 2002 was mainly fi-

¹ The change in inventory, being one of the components of GDP calculation made by the expenditure method, includes a statistical discrepancy in its calculation. The discrepancy arises from the adjustment between GDP calculation made by the expenditure and the production method.

Figure 7



machinery, general purpose machinery, telecommunication equipment and electrical machinery, which is an additional indicator of the intense investment activity.

Government Consumption

The decline in government consumption continued in 2002, but at a slower pace than in the previous year. According to the quarterly GDP estimate, government consumption fell by 1.8% in real terms, with a considerable adjustment made in the first part of the year. The third quarter saw a slight fall in government consumption compared with the previous quarter, while in the fourth quarter a 1.0% increase in government consumption was recorded at the quarterly level.

The Ministry of Finance data on the expenditures of the consolidated central government and the road construction agencies (CH and CR) in early 2003, suggest that government consumption continued its upward trend. Consolidated cen-

tral government expenditures including CH and CR on goods and services rose by 6.9% in nominal terms in the first quarter of 2003 compared with the same period in 2002. Adjusted for the growth in prices, this is a sign of a real growth in government consumption. A significant increase was recorded in expenditures on other goods and services, while wage bill grew only slightly.

Output

In 2002, gross value added (GVA) in residents' output rose by 5.2% in real terms compared with the same period in the previous year. This represents a 1.4 percentage points higher annual growth rate than that achieved in 2001 and is primarily the result of a strong growth of gross value added in the second half of the year. Thus, in the last two quarters gross value added grew at the annual rates of 6.6% and 5.6% respectively, which represents the highest growth rates recorded since 1997 when the quarterly GVA calculation was first introduced.

The largest contribution to the growth of total gross value added in the first three quarters was made by wholesale and retail trade. In the fourth quarter, a significant increase in gross value added was recorded in industry, accompanied by a slowdown in trade. As a result, industry made the greatest impact on the growth of total gross value added at the end of the year. As construction and trade were the fastest growing activities in 2002, their share in total gross value added increased significantly compared with the previous year. Despite a mild decline in the share of industry in total gross value added this activity still accounts for the largest share in the total national output. In addition, owing to the fiscal consolidation over the last two years the share of public and social services in total gross value added was substantially reduced.

Figure 8

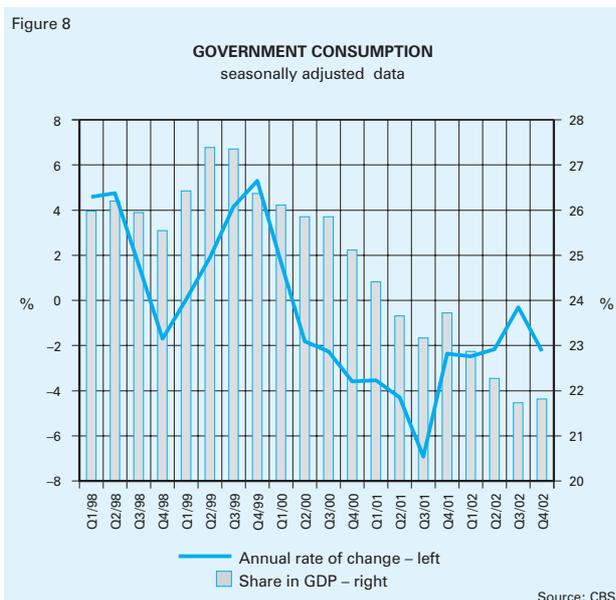


Figure 9

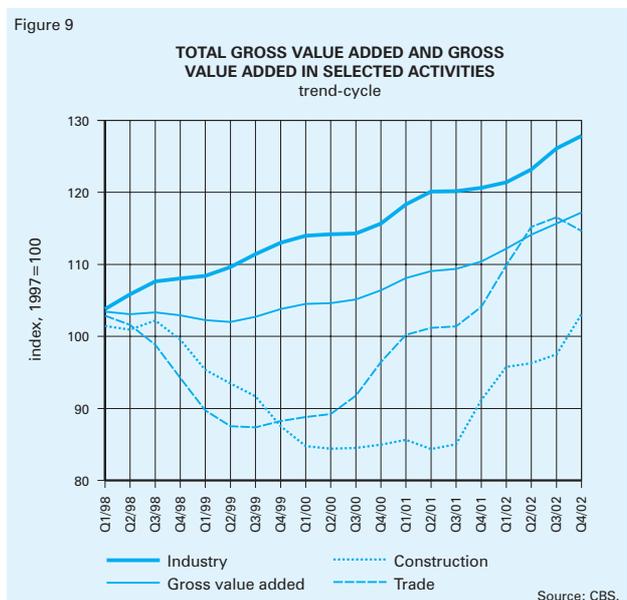
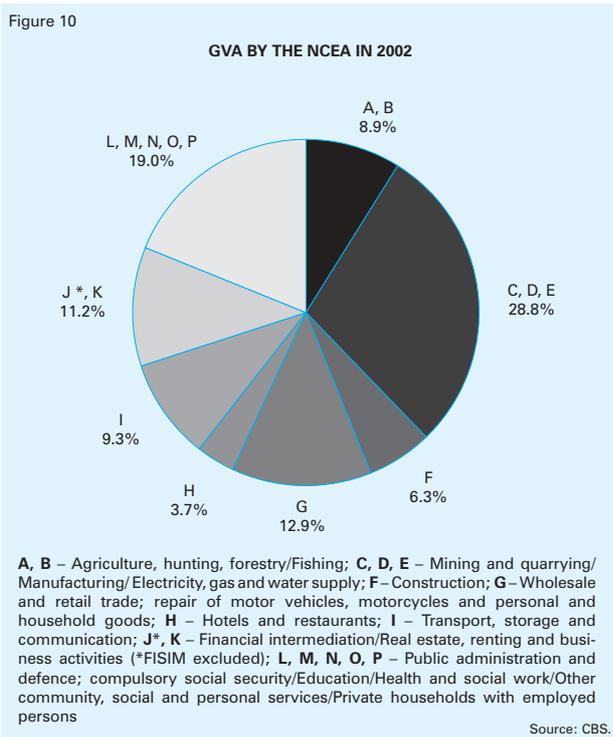


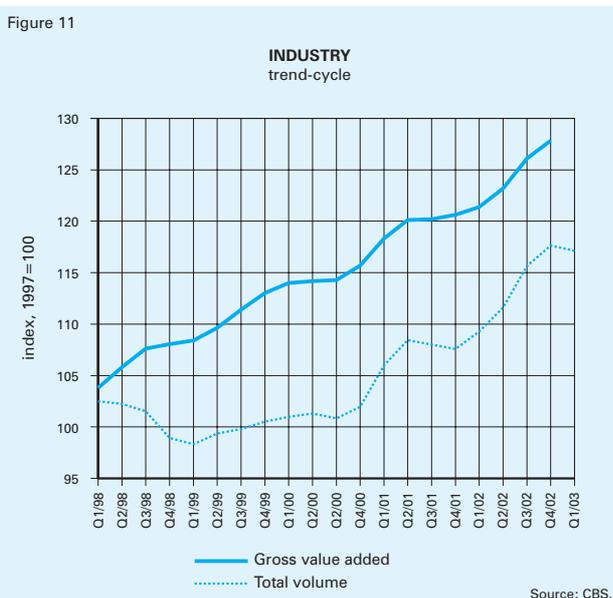
Figure 10



Industry

Following a slow growth of industry in the first half of 2002, the third quarter saw an upturn in industrial production accompanied by a 3.1% increase in gross value added at the quarterly level. However, after this enormous increase gross value added did not rise significantly in the fourth quarter, but remained at the level from the previous quarter. This gradual slowdown was not reflected in the annual rates of change, which, owing to the positive impact of the base period, pointed to an extremely high growth. Thus, in the third quarter the annual growth rate was 5.4%, while in the fourth quarter the real growth reached 6.3% despite the recorded slowdown.

Figure 11



The downward trend in industrial production, observed in late 2002, continued at the beginning of 2003. A reversal of this trend was recorded in February when, following a three-month decline in production, total volume of production in industry rose by 4.0% relative to the previous month. Although the intense industrial activity continued in March, the level of industrial production from the last quarter of 2002 could not be reached in the first quarter of 2003. As a result, total volume of production in industry fell by 2.7% in the first quarter of 2003 compared with the previous quarter. A recovery of production continued in April with a 2.7% growth at the monthly level. The overall analysis of the first four months of 2003 demonstrates that a 5.8% increase in total volume of production in industry, compared with the same period of the previous year, is partly attributable to the above-mentioned impact of the base period. In this regard, energy supply grew at the annual rate of 10.0%, mining and quarrying at the rate of 9.2% and manufacturing at the rate of 5.4%.

Negative developments in electricity, gas and water supply were recorded in late 2002, following an enormous growth at midyear. In the fourth quarter of 2002, the supply was 4.4% lower compared with the previous quarter, and in early 2003, it remained at the level from the end of the previous year. A significant increase was only recorded in February, when total volume of industrial production rose sharply. The other months saw a decline in energy supply. A high cumulative annual rate of growth in April resulted from a much lower level of supply in the same period in 2002.

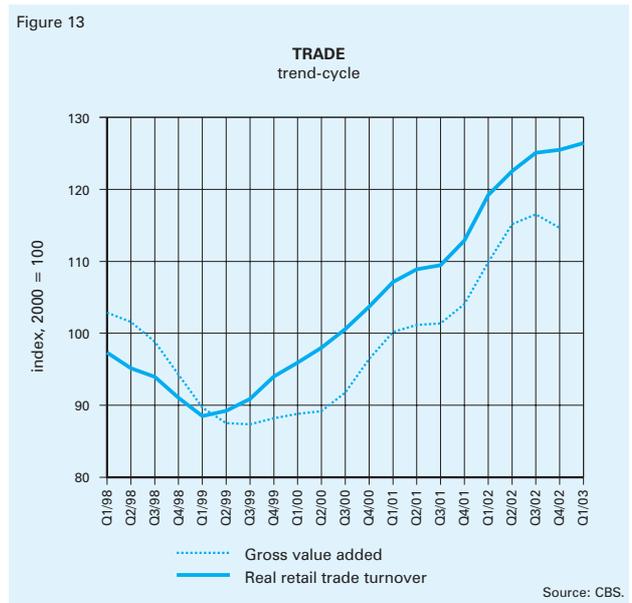
Despite its smallest share in industry, mining and quarrying made a strong contribution to the overall industrial production. Such developments mainly arose from a marked growth in other mining and quarrying stimulated by a heightened construction activity. In the first four months of 2003, total volume of quarrying rose by almost 50% compared with the same period in 2002. On the other hand, a downward trend was observed in extraction of crude petroleum and natural gas during the first four months of 2003.

Manufacturing, which accounts for 83.3% of total industrial production, had the strongest influence on the trends in overall industry. The upturn in manufacturing in mid-2002 was paralleled by an accelerated growth almost till the end of 2002. This resulted in an exceptionally high annual growth of production (10.9%) in the fourth quarter, which was partly attributable to the impact of the base period (in late 2001 production declined). The strong growth in the second half of 2002 was followed by a slowdown in the first quarter of 2003. January saw a sharp downturn in production activity, while in March the decline was only slight and was offset by a growth of production in February. These developments resulted in a 2.3% decline in production in manufacturing compared with the previous quarter. Owing to the revival in manufacturing activity recorded in April, the cumulative annual growth rate reached 5.4% in that month. The largest contributor to the growth of both manufacturing and total industrial production in the first four months of 2003 was the production in publishing and printing, as well as production of food and beverages. Other major manufacturing divisions, which followed positive trends in production and thus had a positive influence on

Figure 12



Figure 13



the growth of production in industry are the following: manufacture of metallic products (except machinery and equipment), manufacture of other non-metallic mineral products (glass, cement and other construction products) and manufacture of radio, television and apparatus and equipment. Production declined in nine of 23 divisions, with the largest negative contribution to the growth of production in manufacturing made by manufacture of chemicals and chemical products.

Trade

Trade made the largest contribution to the growth of total gross value added in 2002, 1.5 percentage points. In 2002, a particularly strong growth of gross value added was recorded in wholesale and retail trade, 12.9% compared with the previous year. Given the marked upward trend in trade over the previous two years, its share in total gross value added has also increased. In 2002, it reached almost 13%, making trade an increasingly important generator of total gross value added. The developments in gross value added in trade over 2002 point to a strong growth in the first three quarters, with a decline in the fourth quarter compared with the previous three months.

Similar trends, a strong growth and a slowdown at end-2002, were also perceived in retail trade turnover. In early 2003, retail trade turnover recovered and was 1.4% higher compared with the previous quarter. However, such developments, analyzed at the annual level, are strongly influenced by the negative carry-over effect of the downturn from end-2002. Thus, in the first quarter of 2003, retail trade turnover was only 6.3% higher in real terms compared with the same period in 2002 (adjusted for the “effect of Easter holidays”, which were in April, as opposed to last year when they fell in March). Overall trade turnover grew at a somewhat faster pace than retail trade turnover, with an exceptionally high growth recorded in the sales of motor vehicles. Nevertheless, the developments in early 2003 point to a marked

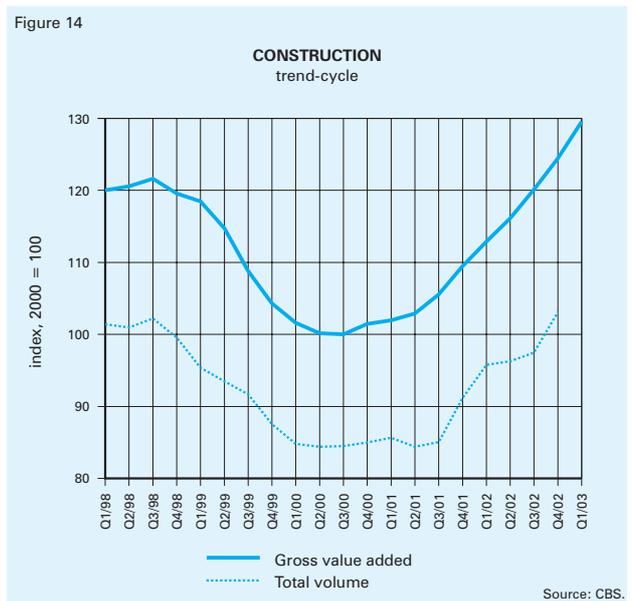
slowdown in trade turnover, after it grew at the rates exceeding 10% during 2002.

Construction

Construction was the fastest growing activity in 2002, with a sharp upturn in construction projects and employment. Construction projects completed by companies employing more than 20 workers rose in value by 30.9% in nominal terms compared with the previous year, while net construction project orders grew even faster. Gross value added rose by 13.9% relative to the previous year, with a 9.1% increase in employment. The intense activity and a huge demand for work resulted in a marked growth of wages in this section, although they still remained below the national average.

The largest contribution to the growth in construction was made by government capital investment in road infrastructure. Construction of roads accounted for one half and con-

Figure 14



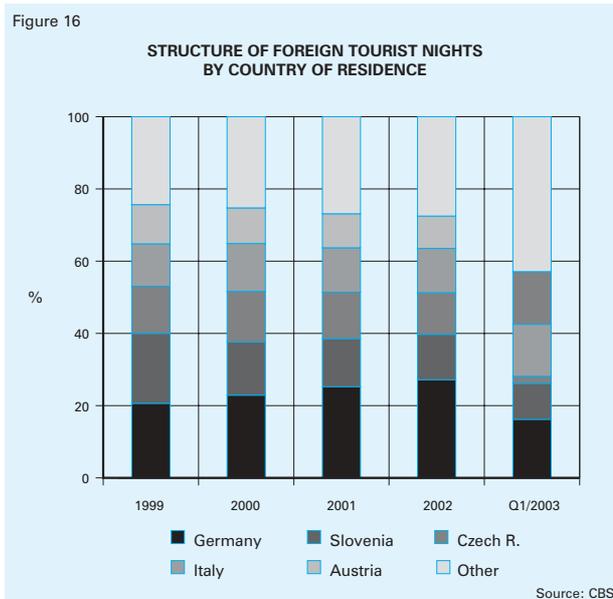
struction of buildings for one third of the total value of construction projects completed in 2002. Residential construction participated with as little as one tenth in the total value of construction projects. However, it should be noted that, besides the heightened road construction activity, an upward trend was also perceived in residential construction, as a result of more favorable housing credits and the government incentive-based residential construction project. Thus, in 2002 the number of completed dwellings rose by 19.6% compared with the previous year, while the number of uncompleted dwellings under construction fell.

The upward trend in construction continued in early 2003, as the result of accelerated works on the highway sections from inland towards the seaside, which have to be completed by end-June. Thus, in the first two months of 2003, the index of total volume of construction projects rose by 14.0% compared with the same period in the previous year. In addition to this, the number of issued construction permits for other buildings, mainly roads, also grew considerably.

Tourism

In 2002, better results were recorded in tourism compared with the previous year. However, due to some limiting factors the growth was below the level from previous years. While the main tourist season fell short of expectations, the best performance was recorded in the pre-season. Adverse weather conditions in August and September and raging floods in the neighboring countries (Czech Republic and Austria) probably contributed to the decline in tourist arrivals from these countries to the Adriatic Coast. In addition, limited accommodation facilities inhibit the growth in the main tourist season, so that an increase in tourist arrivals is only possible in pre-season and post-season when occupancy rates are lower.

In 2002, gross value added in hotels and restaurants rose by 7.5% in real terms compared with the previous year when the annual growth rate reached 5.7%. The strongest growth was recorded in the second quarter, while in the third quar-



ter, which is the peak of the season, gross value added corresponded to that in the previous quarter. A similar trend was observed in consumption of foreign tourists in Croatia. Thus, a considerable increase in foreign exchange income from tourism was only recorded in the second quarter (pre-season), while the third quarter, when more than 60% of total revenue from tourism was raised, saw a decline in income compared with the same period in 2001. Nevertheless, at the annual level, income from tourism expressed in US dollars grew only slightly compared with the year before.

Tourist nights stood at 44.7m in 2002, which is a 3.0% increase compared with the previous year, while tourist arrivals rose by 5.9%. The number of tourist arrivals and nights follows the trends in financial indicators, which point to a strengthening pre-season and post-season. The 2002 growth in total number of tourist nights resulted from an increase in the nights stayed by foreign tourists, particularly those from Western Europe, and a decline in nights stayed by tourists from Eastern Europe, while domestic tourist nights fell only slightly. Such developments also affected the structure of foreign tourists, by reducing the share of tourists from most represented countries (except Germany), and increasing the arrivals and nights stayed by tourists from less represented countries.

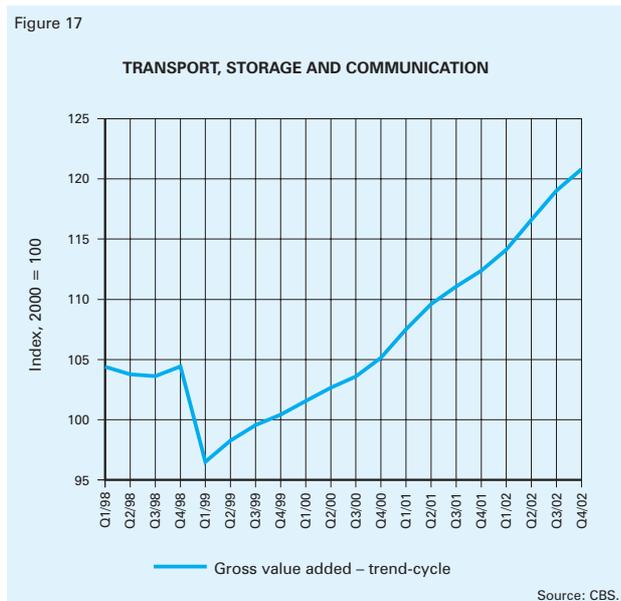
In the first quarter of 2003, tourist nights rose only slightly (by 1.0%) compared with the same period in the previous year (adjusted for different dates of the Easter holidays). A significant increase was recorded in the number of domestic tourists who account for more than a half of total nights in the observed period. These trends resulted from the Easter holidays, which were in April in 2003, and it is only then that the pre-season started accompanied by an increase in foreign tourist arrivals.

Transport and Communications

Gross value added in transport, storage and communication rose by 6.8% during 2002, which is almost identical to the growth in 2001. This is mainly the result of the accel-



Figure 17



ated growth over the first three quarters. The highest quarterly growth rate was recorded in the third quarter of 2002, as the consequence of an increased utilization of telecommunication and transport services in the peak tourist season. Towards the end of the tourist season in the last quarter of 2002, a slowdown was recorded compared with the preceding quarter, despite a significant growth at the annual level.

The first quarter of 2003 saw a 5.8% increase in the number of transported passengers compared with the same period in 2002. The largest contribution to the growth was made by road transport of passengers, which accounted for almost two thirds of the total transported passengers and grew by 10.1% in the observed period. Favorable results were also recorded in sea and air transport of passengers, as opposed to railway transport where the number of transported passengers remained below the level from the previous year. Transport of goods decreased by 3.1% in the first three months of 2003 compared with the same period in 2002. This was mainly the result of a sharp decline in road transport of goods (10.2%). The upward trend in mobile network utilization, observed in 2002, continued into the first quarter of 2003. Minutes spent in mobile network rose by 23.9% compared with the first quarter of 2002, while minutes spent in fixed network grew half so fast. In addition to telecommunication services, better results were also recorded in postal services. Thus, the last-year's increase in activity, which resulted from the liberalization of the letter and parcel delivery markets as well as a stronger competition, continued in 2003.

Labor Market

The early 2003 saw a continuation of some trends observed in the labor market during the second half of 2002. Firstly, registered unemployment continued to decline rapidly as the result of the employment mediation reform. Secondly, a fast growth of gross wages that began in mid-2002 continued in early 2003. This was paralleled by an acceler-

ated growth of real net wages owing to the higher amounts of personal deduction introduced in the income tax calculation at the beginning of 2003. A faster wage growth can be attributed to the changes in relative wages and their fast growth in certain sectors stimulated by the sectoral dynamics of the demand for labor, but also to their faster growth in all sectors.

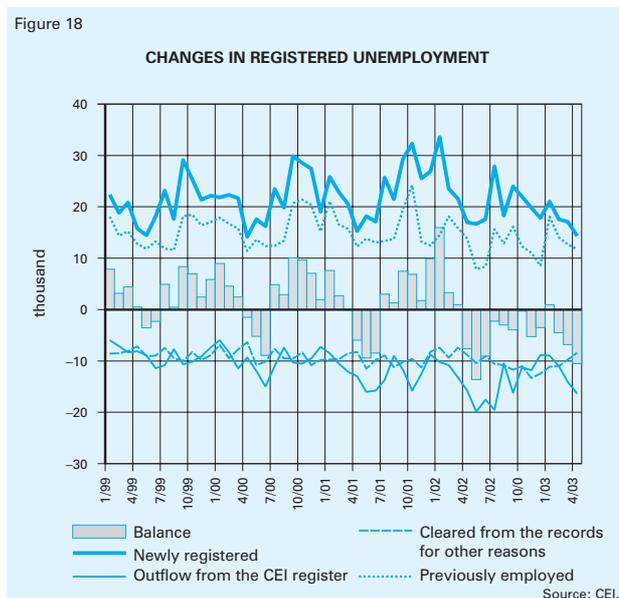
The recently published results of the Labor Force Survey for the second half of 2002 support the final administrative employment indicators suggesting that employment continued to grow in that year while unemployment went down.

Unemployment and Employment

The number of new registrations with the CEI over the first four months of the current year fell by 29% compared with the same period in 2002. Reduced inflows into the register corresponded with those from the last quarter of 2002, when the new Act on Employment Intermediation and Rights during Unemployment was introduced. Over the first four months, the number of job seeker, i.e. persons included in the CEI subregister of job seekers, who were not given the status of the unemployed, rose by some 3,000 reaching almost 11,000 persons in April. As the increase in the number of persons included in the CEI subregister accounts for only one tenth of the total fall in the inflows into the register of the unemployed in the observed period, their fall cannot be attributed to the transfer of inflows to the CEI subregister of job seekers. Therefore, the decline in total inflows is probably the result of a combination of factors that outweigh the advantages of registration. These factors include stricter criteria for acquiring the status of the unemployed pursuant to the before mentioned Act, e.g. obligatory reporting to the CEI at shorter intervals, and, probably, an increase in the number of vacancies filled by employers without the CEI intermediation.

However, despite the sharp decline in inflows into the register, the outflow from the register to employment did not fall in the first four months compared with the same period in the previous year. Such employment dynamics arises from in-

Figure 18



creased CEI intermediation in the observed period compared with the last quarter of 2002 when employers apparently used the new advantage of not being obliged to report vacancies to the CEI. On the other hand, a stricter job-seeking obligation of the unemployed resulted in a continuing growth in the number of persons cleared from the records for other reasons (except employment). This growth reached almost 22% over the first four months of 2003. Total outflows from the register also grew as a direct result of the increase in the number of persons cleared from the records for other reasons (except employment), so that the total outflow from the register approximated to the number of the newly employed.

The beginning of a year is commonly a period of the seasonal growth of registered unemployment. Thus, in the first four months of 2002, registered unemployment rose by almost 13,000. However, the dynamics of inflow into and outflow from the CEI register in early 2003 strongly affected the registered unemployment dynamics. Owing to the reduced inflows paralleled with stagnant outflow from the register to

employment and a growth in the number of persons cleared from the records for other reasons (except employment), net outflows from the register continued this year in all months after January, which is contrary to the usual seasonal developments. Such monthly dynamics resulted in a reduced number of persons registered with the CEI by almost 21,000 in the period from the beginning of the year to the end of April.

Despite a slight increase in the CEI employment intermediation over the first four months of 2003 compared with end-2002, the downward trend in employment through CEI intermediation that started in the previous year will probably continue, owing to the growing number of registered private intermediation agencies.

A sharp fall in the number of persons registered with the CEI over the first four months of the current year additionally accelerated its downward trend. At end-April, registered unemployment stood at 345,000, which was roughly the same as in early 2000. Such dynamics was the main determinant of the registered unemployment rate, which has also dropped

Figure 19

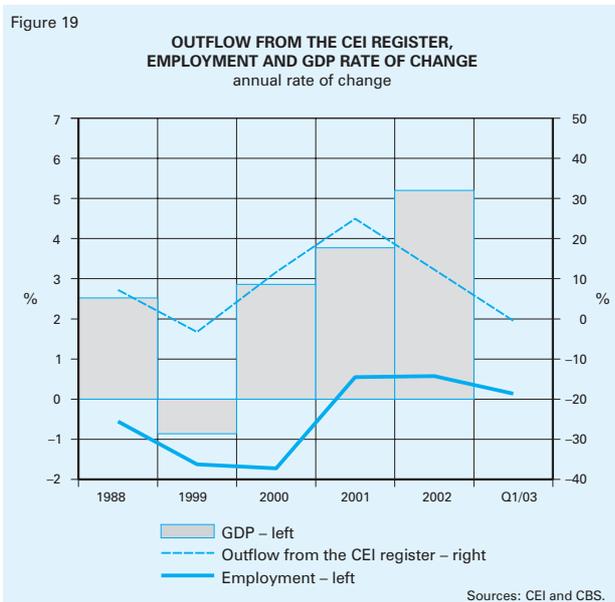


Figure 21

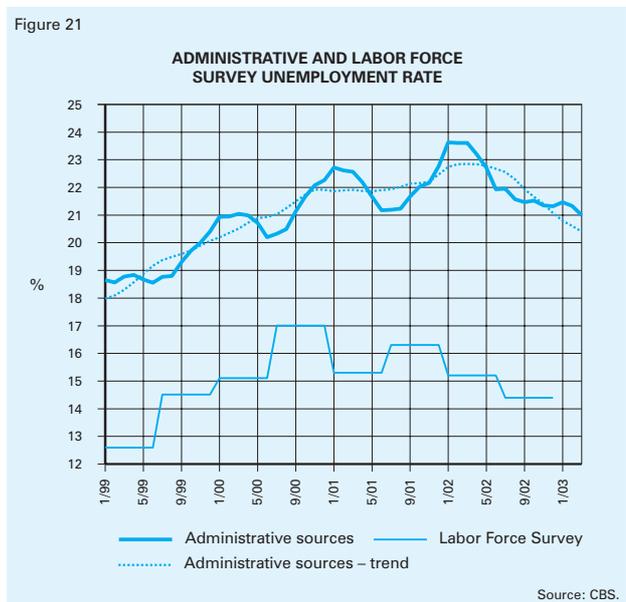


Figure 20

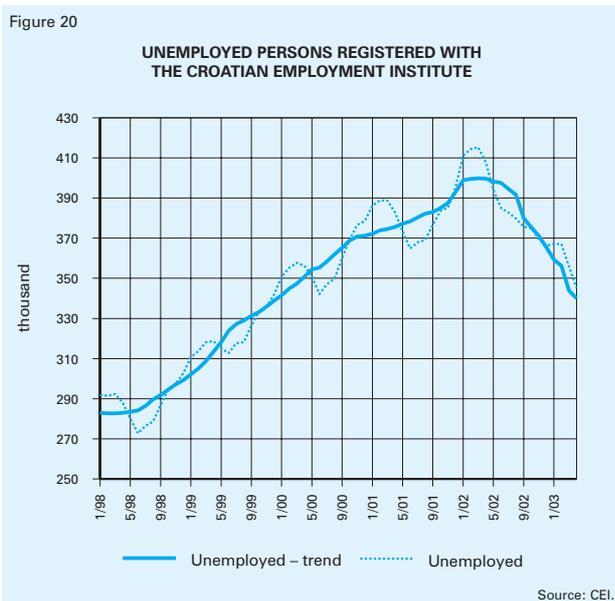


Figure 22

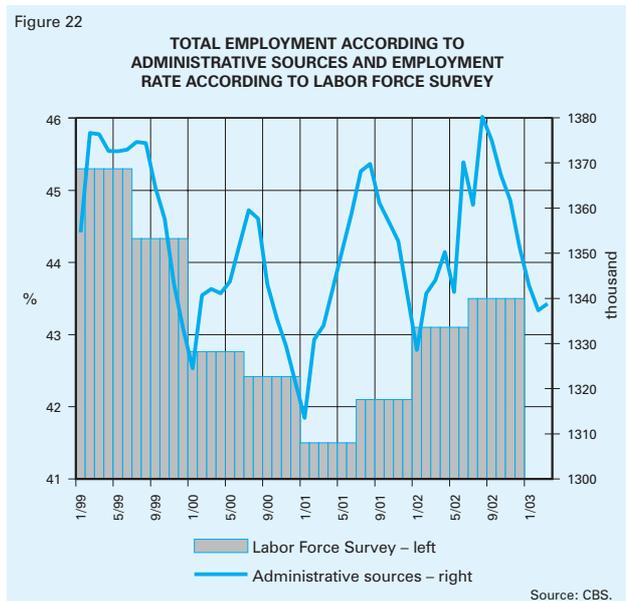
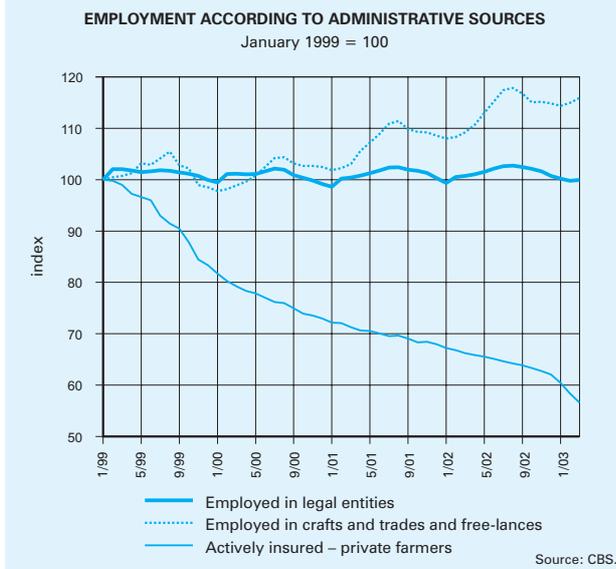


Figure 23



sharply since mid-2002. According to several indicators, since the second half of the last year sharp changes in the registered unemployment rate were strongly influenced by the employment intermediation reform. Specifically, the decline in registered unemployment, as already explained, was mainly the result of reduced inflows into the register and a growth in the number of persons cleared from CEI records for other reasons (except employment), which can be attributed to a different treatment of the unemployed. Furthermore, the results of the latest Labor Force Survey conducted in the second half of 2002 suggest that the unemployment rate continued to decline in that period dropping to 14.4%. However, despite the reduced Labor Force Survey unemployment rate, the difference between the administrative and Labor Force Survey unemployment rate decreased a little compared with the maximum rate from the first half of 2002. This decrease can be accounted for by a slight reduction in the number of unemployed persons registered with the CEI, who are not considered as unemployed pursuant to the Survey criteria because they are either engaged in a business activity or they are not active job seekers. Accordingly, the decline in registered unemployment rate may be partly accounted for by clearing from the CEI records of persons who are not considered as unemployed according to the international criteria, or by a closer correspondence between the CEI records and the real situation on the labor market and thus focusing of the CEI intermediation services on those who really need them.

The final administrative indicators for 2002 revised upward the level of employment, so that, according to these indicators, employment grew at a somewhat faster pace compared with 2001, i.e. 0.6%. Looking at the end of 2002, the annual rate of total employment growth is even higher, 0.8%, which is a sign of an additional acceleration of growth at the end of the year. The latest Labor Force Survey conducted in the second half of 2002 confirms the growth of employment in that period. According to the Survey as well as the administrative sources, the lowest level of employment was recorded in the first half of 2001. The recovery of employment was

somewhat slower than suggested by administrative sources. This is confirmed by the results of the Survey showing a slightly stronger growth of employment in 2002. The administrative employment indicators for the first quarter of 2003 point to a slowdown in employment and its almost stagnant level compared with the previous year. However, as these are preliminary employment indicators it cannot be claimed that a slowdown in employment really occurred in that period.

The main generators of employment in 2002, i.e. sectors with the largest relative increase in employment, were construction and trade. The absolute contribution of each of these sectors to total employment growth was about 6,000 persons, which means that the growth of each of these sectors was faster than the total growth of annual average employment in legal persons, which stood at 4,000 persons.

The first quarter of 2003 saw a continuation of divergent movements of certain components of total employment recorded in previous years. Firstly, the number of the employed in crafts and trades and free-lances insured with the CPII continued to grow. Secondly, the number of individual farmers insured with the CPII declined even faster (by 12.4%) in that period, contributing to a slowdown in total employment according to administrative source. The employed in legal persons, to whom preliminary administrative data actually relate, fell somewhat in the first quarter of 2003 compared with the same period in the previous year. However, in view of the adjustment expected in the next year, the preliminary data should be taken with reservations.

In 2002, according to the Labor Force Survey, the growth of employment was somewhat more rapid than the decline in unemployment, which resulted in an increased activity rate. This indicator corresponds with the growth of labor force according to administrative sources, which stood at 1% in that year. However, the end of the last year saw the beginning of a sharp decrease in labor force according to the same sources, so that its reduction totaled 2.9% in the first quarter of the current year. This is another indicator confirming that the legal reform of keeping unemployment records is the main reason for the sharp decline in unemployment since late 2002.

Wages and Labor Costs

The annual growth rate of the average real gross wage, which was high in mid-2002, remained at an almost equal level in the first quarter of the current year. The average nominal gross wage grew at the annual rate of 6.7% over the first quarter of 2003, while its real increase over the specified period was not much lower, owing to a slow growth of the cost of living, and stood at 5.6%. However, relieving the tax burden on labor costs in early 2003 additionally accelerated the growth of the average real net wage, which grew at an annual rate of 6.4% in the first quarter of 2003. This real increase in the average net wage is 50% larger than the growth recorded during the second half of 2002.

As the period of a slowdown in the cost of living has lasted since mid-2002, i.e. just since the beginning of the accelerated real growth of wages, a smaller part of this accelerated growth can be accounted for by price movements and

Figure 24



Figure 25

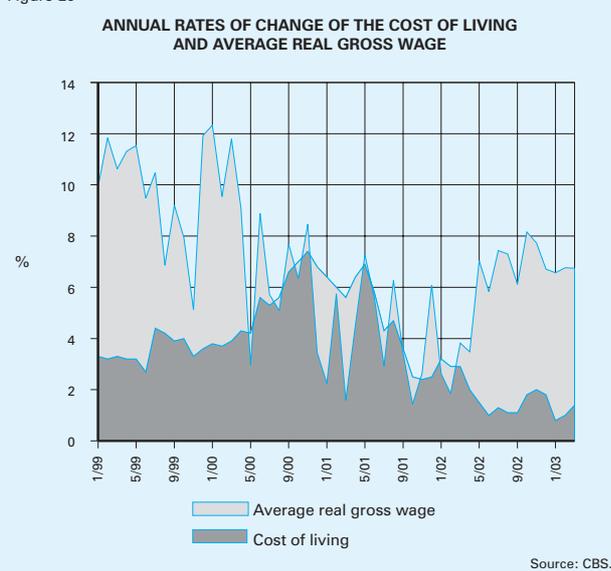
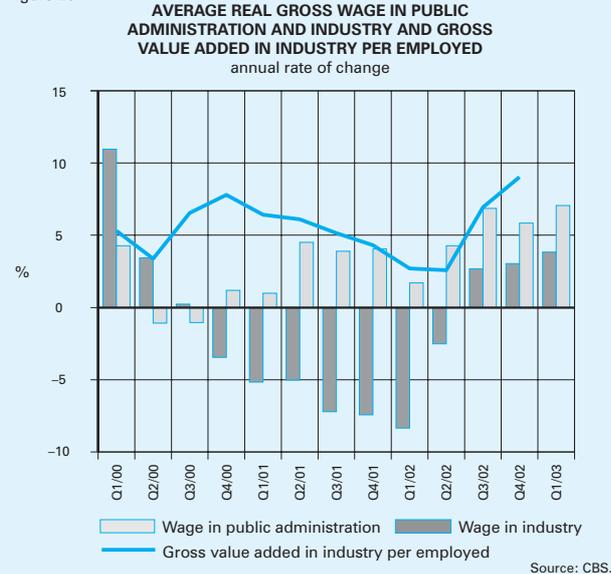


Figure 26



cost-of-living dynamics. However, although the period of a slowdown in prices has lasted for almost a year, no changes have been observed so far in average nominal wage dynamics. Therefore, pursuant to the available data, it is difficult to expect a correlation between a slower growth of the cost of living and a more rapid growth of real wages, or to assume that their faster real growth over the last nine months was the result of a slower increase in the cost of living.

An analysis of average wages by sector in 2002 shows that they depend on the changes in labor demand, which resulted in major differences in wage growth of individual sectors. Thus, the growth of the average wage was the strongest in the sectors with boosted employment. For example, the increase in the average real gross wage exceeded 12% in construction and 9% in trade. In industry, where wages grew at the rate below 5% in 2002, the real gross wage growth fell behind the above mentioned sectors. However, in the first quarter of this year the annual growth rate of the average real gross wage in industry reached 7%, i.e. these wages grew faster than in any period during the previous three years. The wage dynamics in public administration was similar to that in industry, but they grew at somewhat lower rates. In the first quarter of the current year, the average real gross wage in public administration rose by 3.8% at the annual level. This growth rate is radically different from the rate in 2002, when the average wage in public administration decreased in real terms. It also differs from the average real gross wage in 2001, when it went down significantly.

Last year's growth of production in industry outstripped the growth of average real gross wages, particularly during the second half of the year, which saw a marked increase in wages and an even sharper increase in productivity. This suggests that the faster growth of wages in the second half of 2002 did not exert any pressures on the price growth. However, the annual growth rate of the average real gross wage in the second half of 2002 and the first quarter of 2003 outstripped the average growth of productivity in industry over the last few years when it ranged between 5% and 6% at the annual level. Therefore, should the rapid growth of wages continue, it will probably result in a somewhat faster price growth. On the other hand, given the scenario of a faster growth of wages, should the impact of a closer trade integration and tougher competition on the domestic market, observed in the last few years, prevail, which has contributed to the price slowdown, industrial productivity might catch-up with the wage growth by means of reducing industrial employment.

Prices

The year-on-year inflation rate measured by the RPI fell considerably over the first quarter of 2003, from 2.3% in December 2002 to 1.7% in March 2003. In April 2003, it decreased to a low 0.9%, in consequence of a 0.4% fall in the aggregate level of retail prices in April compared with the previous month and the impact of the base period (a substantial increase in retail prices of 0.4% for the month in April 2002).

Figure 27

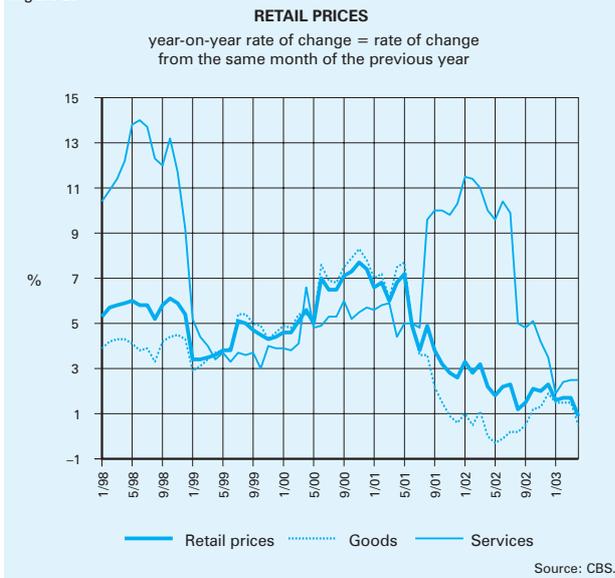
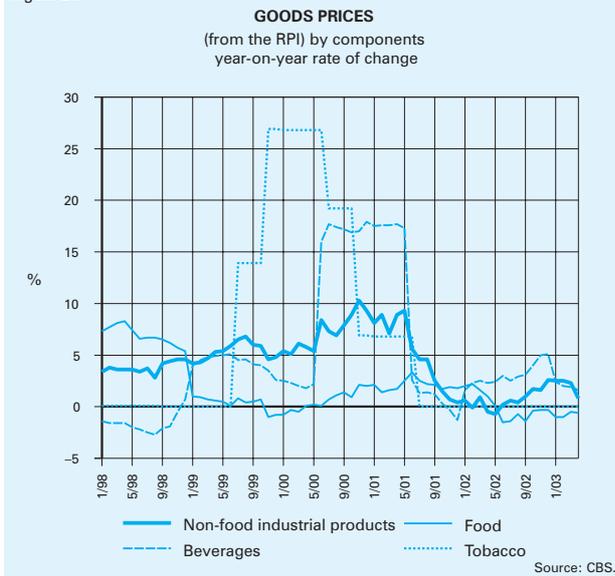


Figure 28



While most RPI components² made lower contributions to the overall year-on-year inflation rate in April 2003 than in December 2002, the decline in the contribution of the goods price index to overall inflation was the most significant.

The year-on-year core inflation rate also went down considerably, from 1.2% in December to a low of 0.2% late in the first quarter and 0.1% in April 2003. Prices used in the calculation of the core RPI (prices of agricultural and energy products and administratively set prices excluded) decreased by a total of 0.3% over the first four months of this year (April 2003 to December 2002), wherein goods prices declined by 0.5% and services prices rose by 0.7%. As goods account for an 83.14% share in the RPI basket in 2003, trends in goods prices have had a decisive impact on the developments in the overall index.

² Industrial food products, industrial non-food products, beverages and services.

These low inflation rates resulted from well-anchored inflationary expectations, the decline in tariff rates brought about by foreign trade liberalization, the pronounced appreciation of the kuna against the US dollar and the strong growth in retail trade competition induced by the growing number of domestic chain stores and opening of numerous foreign-owned hypermarkets.

The reduced contribution of core inflation to overall retail price inflation over the first four months of 2003 was paralleled by the lowered contribution of administrative prices, whose year-on-year rate of growth dropped from 7.5% in December 2002 to 6.7% in the first quarter, and a mere 3.3% in April 2003, the lowest year-on-year rate of change of administrative prices in the last four years. The lowered contribution of administrative prices to overall year-on-year inflation in April compared with March mostly resulted from the fall in the year-on-year rate of change of refined petroleum products, from 7.7% in March to -0.7% in April. In contrast, the contribution of agricultural prices to overall inflation rose in March and April. This year's growth of agricultural products' prices was mainly due to adverse weather conditions (draught).

The first quarter of 2003 was marked by strong inflationary pressures generated by the increase in prices of crude oil in the world market. This accounted for the 9.2% rise in retail prices of refined petroleum products (April 2003 to December 2002), which strongly influenced monthly growth rates. In addition, the rise in refined petroleum products prices brought about an increase in transport prices and thus made an indirect impact on the rise in retail prices. However, the growth of refined petroleum products prices over the first quarter in 2003 did not push up the year-on-year retail price inflation rate, due to the fact that refined petroleum products prices also rose considerably in the same period in 2002, by a total of 0.8%.

The overall RPI grew by 0.4% for the month in January 2003. However, due to the impact of the base period, the an-

Figure 29

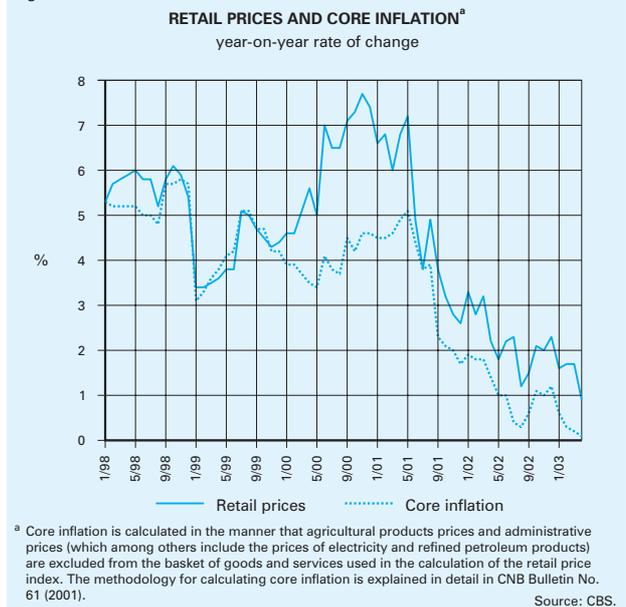
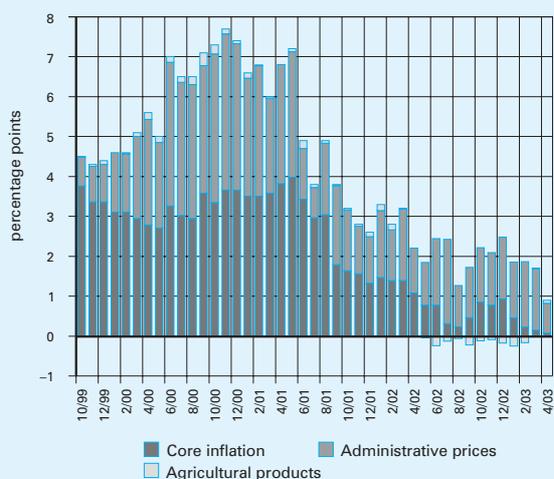


Figure 30

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



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

Sources: CBS and the CNB calculations.

Figure 31

AVERAGE OIL PRICES^a ON THE WORLD MARKET



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

Source: Bloomberg.

nual inflation rate dropped to a low of 1.6%, decreasing by 0.7 percentage points compared with the previous month. The rise in prices in January compared with the previous month was largely due to a strong monthly increase in prices of liquid fuels and lubricants and heating fuel of 6.2% and 5.2% respectively and – to a smaller extent – to the rise in prices of agricultural products averaging 3.5% in comparison with the previous month.

The RPI grew by a lower 0.2% for the month in February, while its year-on-year rate of change reached 1.7%. The monthly growth of retail prices was mostly spurred by the strong growth of services prices of 0.6%, brought about by the rise in administratively set services prices – i.e. contracted rent and heating, accommodation in pupils dormitories and city transport. Refined petroleum products rose by an approximate 0.9% in February, a slight decrease compared with Jan-

uary, while price of agricultural products went up by 3.2%.

The largest contribution to the 0.4% monthly growth of retail prices in March came once again from refined petroleum products prices, which increased by 2.0%, and agricultural products prices, which rose by an average 5.0% compared with the previous month.

Data on trends in crude oil prices in the world market show their marked increase in the first two and a half months of 2003, from USD 27.9 per barrel in December 2002 to USD 30.8 in January (10.3% for the month), USD 32.9 in February (6.9 % for the month) and USD 33.6 in the first half of March 2003. The rise in crude oil prices can primarily be ascribed to rising uncertainty brought about by political tensions and expectations related to the US military intervention in Iraq. Crude oil prices in the world market started to trend downwards at mid-March to reach an average USD 25.6 per barrel in April, decreasing by 15.8% compared with the previous month and standing at the same level as in the same period last year.

As an outcome of the fall in prices of crude oil in the world market caused by a short duration of the Iraq war and the parallel appreciation of the kuna against the US dollar, retail prices of refined petroleum products in the domestic market decreased by a significant 5.3% in April compared with the previous month. This and the impact of the reference base period brought down the annual retail price inflation to 0.9% in April, from 1.7% in March.

Raw materials prices in the world market (excluding energy), expressed in US dollars, started recovering in early 2002 and rose by a total of 13.7% over 2002. However, owing to the depreciation of the US dollar exchange rate against the euro, their euro prices held steady in December 2002 compared with the same period last year. Raw materials prices (excluding energy) rose by 11.7% for the year late in the third quarter of 2003 compared with the same quarter last

Figure 32

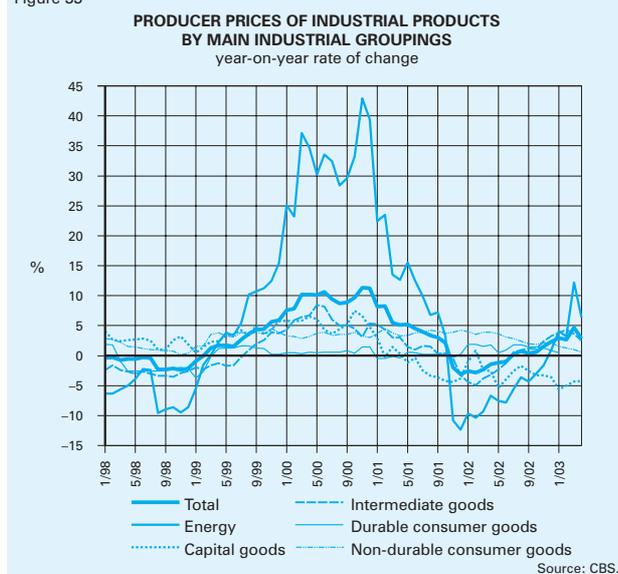
IMPORTED INFLATION: OIL PRICES, THE HWWA RAW MATERIALS PRICES INDEX^a, THE AVERAGE KUNA/EURO EXCHANGE RATE AND PRODUCER PRICES IN THE EUROZONE
year-on-year rate of change



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

Sources: Bloomberg; HWWA Wirtschaftsdienst; Eurostat and CNB.

Figure 33



year, while their euro prices dropped 9.4% owing to the strong appreciation of the euro exchange rate against the US dollar. The appreciation of the kuna against the US dollar has relieved imported inflationary pressures generated by the rise in prices of raw materials in the world market (expressed in US dollars).

The year-on-year rate of change of producer prices in the eurozone rose from 1.7% in December 2002 to 2.4% in March 2003, as a consequence of the growth of the year-on-year rate of change of energy prices. However, as oil prices have declined since then, producer prices in the eurozone are neither expected to rise any further year-on-year nor increase pressures on the growth of import prices in Croatia. Mostly due to the fall in crude oil prices in the world market and the appreciation of the kuna against the US dollar, imported inflationary pressures were generally considerably restrained late in the first and early in the second quarter of 2003 in comparison with the beginning of the year.

The year-on-year rate of change of producer prices of industrial products rose from 2.3% in late 2002 to 4.7% in March 2003 owing to the substantial increase in the year-on-year rate of change of energy prices, from 1.0% in December 2002 to 12.2% in March 2003. Producer prices of refined petroleum products dropped by 11.9% in April in comparison with the previous month. This and the impact of the base period (producer prices of refined petroleum products grew by a significant 7.1% in April 2002) brought down the year-on-year rate of change of energy prices to 6.3%, a decrease of 5.9 percentage points. Other industrial groupings also recorded lower year-on-year rates of change in April compared with March. In consequence, the overall index of producer prices of industrial products fell to 2.8% in April, decreasing by 1.8 percentage point compared with March.

Exchange Rate

In the first quarter of 2003, the domestic foreign exchange market saw the nominal depreciation of the kuna against the euro continuing from mid-December 2002. The kuna exchange rate weakened against the euro by a total of 3.36% over that period, while the euro rose from HRK 7.44/EUR late in 2002 to HRK 7.69/EUR late in the first quarter of 2003. The kuna depreciated by a considerable 1.52% in January and by a lower 0.86% and 0.94% in February and March respectively. Prompted by the pronounced depreciation of the kuna exchange rate, the central bank auctioned foreign exchange to the amount of EUR 315.2m over the first quarter, withdrawing a total of HRK 2.4bn from the market. Of this amount, EUR 115.7m was sold to commercial banks in January, EUR 45.4m in February and EUR 150.1m in March. In addition, the CNB sold foreign exchange amounting to USD 96.5m (USD 75.0m and EUR 20.0m) to the Ministry of Finance in January and repurchased it in February, following the EUR 497.45m (USD 538.8m) inflow into the government's foreign exchange account with the CNB, derived from the placement of eurobonds.

The growth of demand for foreign exchange in the first quarter can be attributed to government and banks' increased demand for foreign exchange required for the payment of credit installments to the London and Paris Clubs, and that of enterprises paying for imports from the fourth quarter last year. In addition to these seasonal factors, this increase in demand was also brought about by commercial banks, which needed foreign exchange to comply with the CNB's decision requiring banks to maintain a minimum of 35% of their foreign exchange liabilities by foreign exchange claims.

Moreover, rather than entering the banking system, the foreign exchange inflow from the placement of government bonds in the international market was deposited in the government's account with the CNB with a view to facilitating the

Figure 34

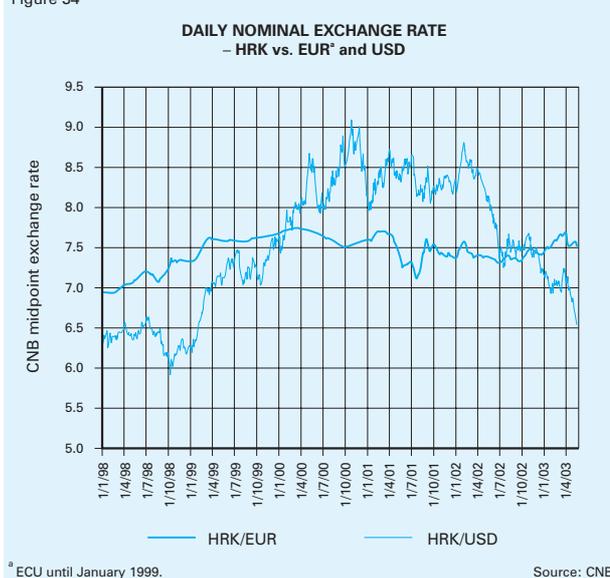
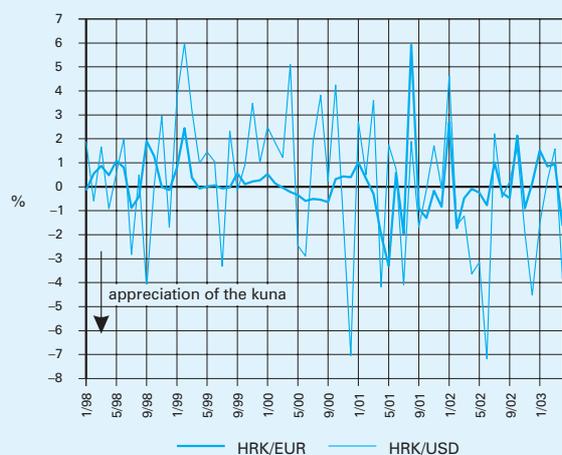


Figure 35

RATES OF CHANGE OF THE NOMINAL EXCHANGE RATE – HRK vs. EUR and USD

month-on-month, the CNB midpoint exchange rate

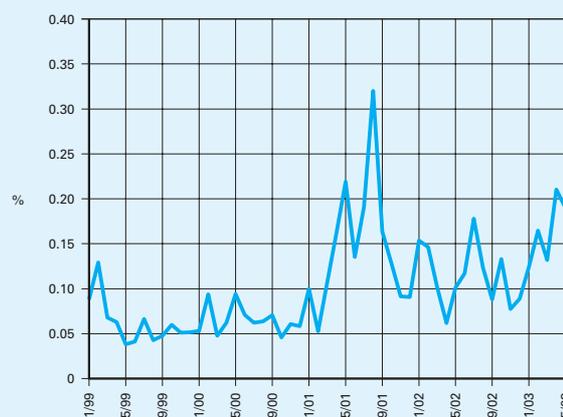


Source: CNB.

Figure 36

EXCHANGE RATE VARIABILITY

average absolute change in the daily exchange rate of the kuna against the euro by months



Source: CNB.

cooperation between the Ministry of Finance and the CNB and improve the coordination of fiscal and monetary policies.

The kuna depreciated by 3.36% against the euro over the first quarter of 2003 and the euro approached the HRK 7.70/EUR limit. In the first nine days of April however, the kuna strengthened by a considerable 2.33%, while the euro fell to HRK 7.51/EUR. The kuna/euro exchange rate then fluctuated between HRK 7.50/EUR and HRK 7.60/EUR until 21 May, appreciating and depreciating alternatively over short periods. The kuna strengthened by a total of 1.93% against the euro over the first half of the second quarter (21 May to 31 March), with the result that the euro fell from HRK 7.69/EUR on 31 March to HRK 7.54/EUR on 21 May. In that period, the CNB purchased foreign exchange from the government amounting to EUR 150.0m. Of that amount, EUR 81.0m was purchased on 15 April and EUR 69.0m on 19 May, so that the government's sale of foreign exchange did not create additional pressures on the exchange rate appreciation on the domestic market. Monetary authorities estimated that such conditions did not call for a central bank intervention and tolerated a slightly increased variability of the kuna/euro exchange rate. The average absolute change in the daily exchange rate of the kuna against the euro (which is an indicator of the exchange rate variability) was 0.21% and 0.19% in April and May³ respectively. In the previous months, however, the variability of the kuna exchange rate against the euro was lower.

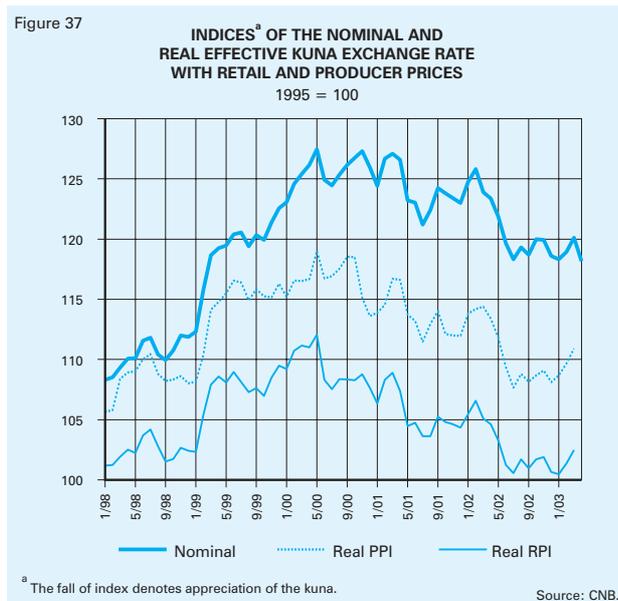
As an outcome of the considerable weakening of the US dollar against the euro on international foreign currency exchanges, the kuna exchange rate strengthened by a total of 9.18% against the US dollar in the first five months of 2003 (21 May 2003 to 31 December 2002), with the US dollar weakening from HRK 7.14/USD to HRK 6.49/USD. The kuna/US dollar exchange rate has strengthened by a significant 22.35% since the beginning of 2002.

Analysts estimate that the weakening of the US dollar vis-à-vis the euro has resulted from market participants' con-

cern over discouraging fundamental indicators in the US economy suggesting its slower-than-expected recovery, further burdened by the "twin deficit", i.e. the sizeable balance of payments and budgetary deficits. Furthermore, lower interest rates in the US compared with those in the eurozone have also made an impact on the weakening of the US dollar against the euro, since investors focused on eurozone financial assets producing higher returns. As fundamental economic indicators in the US are unlikely to improve in the short run, analysts do not expect the dollar to make a quick recovery in international foreign currency markets. The pronounced weakening of the dollar against the euro could strongly effect economic developments both in the eurozone and Croatia. Negative effects are primarily related to the possible slowdown in the growth rate of net exports due to a considerable decline in importers' price competitiveness, which could lead to a lower-than-expected GDP growth. On the other hand, expectations are that the depreciation of the US dollar against the euro will have a positive impact on curbing inflation in the eurozone, on account of the fall in prices of finished products and import inputs (crude oil and other raw materials and intermediary goods). Lower import prices, especially those of energy, have fostered the growth of real disposable household income, which has in turn resulted in a higher-than-expected personal consumption growth. The overall impact of the appreciation of the euro on corporate income is twofold. Companies generating most of their income from operations on the U.S. market will be adversely affected, in spite of some savings derived from the costs of import inputs. On the other hand, the appreciation of the euro could prove beneficial for companies generating most of their income from sales in the eurozone, while importing intermediate goods from the dollarzone. Estimates are that the strong euro could produce a negative overall effect on the eurozone economy, which is somewhat mitigated by the fact that the European Central Bank will be able to cut interest rates further without risking price stability, should it find appropriate.

In the first quarter of 2003 (March 2003 to December

3 Until 21 May.



2002), the real effective exchange rate of the kuna depreciated by 2.53% and 1.82% deflated by producer prices and retail prices respectively. A comparison of indices of the real effective kuna exchange rate with those in the same period last year (March 2003 to March 2002) shows that the kuna exchange rate appreciated by 3.04% in real terms, deflated by producer prices, and by 2.48% deflated by retail prices.

Monetary Policy and Instruments

Monetary Environment

As in 2002 when the average growth of retail prices was 2.2%, monetary environment in the first quarter of 2003 was also characterized by price stability. With an additional reduction in the rate of inflation, the year-on-year change in retail prices in April stood at only 0.9%. The reduction in the rate of inflation was largely due to the fall in oil prices in the global markets following the end of the war in Iraq while inflation later on in the year is expected to hold steady at levels recorded in previous years.

The beginning of this year was marked by usual seasonal fluctuation of the exchange rate of the kuna against the euro. Following its slow depreciation throughout the first quarter, when it fell by 3.4% against the euro, the value of the kuna suddenly recovered early in April and continued to increase slightly in May as well. In the conditions of underdeveloped financial market, the CNB had to intervene in the foreign exchange market to lessen the fluctuations of the exchange rate. Thus, in the first quarter the CNB sold foreign exchange to deposit money banks, while it responded to the appreciation of the exchange rate at the beginning of the second quarter by purchasing foreign exchange from the government.

Stability notwithstanding, the main challenge posed to the monetary authority was how to contain rapid credit activities of banks that relied on foreign borrowing and contributed to the widening of the current account deficit. In response to

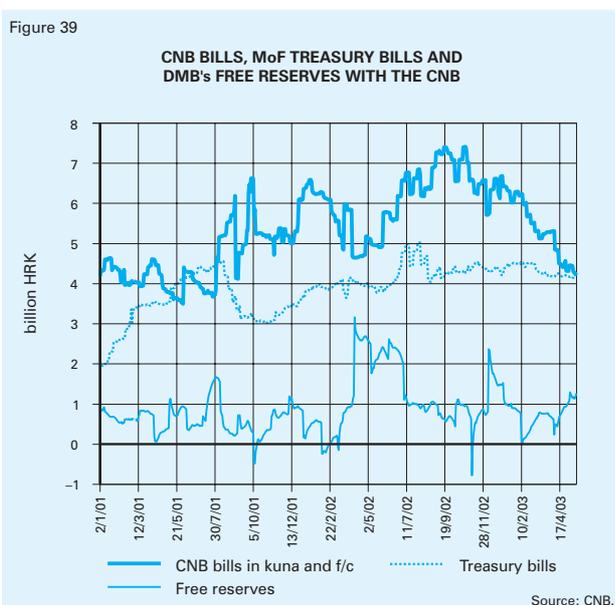
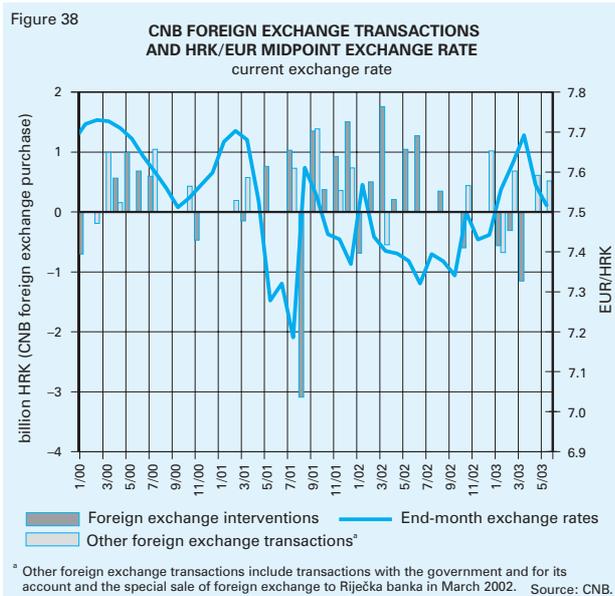
monetary policy measures adopted in January that were aimed at limiting the growth of domestic credit and foreign borrowing of banks, the banks restructured their assets to avoid the obligation to subscribe the penalty CNB bills. As a result, obligatory CNB bills subscriptions totaled only HRK 26.7m. Later on, changes were made to the original Decision on the Compulsory Purchase of CNB bills to prevent banks from circumventing, by asset restructuring, the requirements set down by the Decision. Under these changes, claims transferred to other persons cannot be excluded from the subscription base of any individual bank. The effects of these changes are expected later on in the year.

The first review of the performance criteria under the agreement with the International Monetary Fund was conducted in May. During the review, all monetary criteria referred to in the Letter of Intent were found to be successfully met and criteria for the second half of the year were set. Problems discussed included in particular the problem of the current account deficit, rapid growth of domestic credit and foreign borrowing and measures were examined that could help resolve these problems.

Uses of Monetary Policy Instruments

Following a considerable slowdown in its intervention activities in the second half of 2002, the CNB stepped up its foreign exchange market intervention efforts in the first quarter of 2003 selling foreign exchange to the banks to alleviate the depreciation of the exchange rate of the kuna against the euro usual for the beginning of the year. In addition to a seasonally high demand for foreign exchange, depreciation pressures at the beginning of the year increased additionally following a decision by the government to deposit foreign exchange obtained from its eurobonds issue with the CNB instead of deposit money banks as was the case in the previous years. The expected inflow of foreign exchange into the banking system thus failed to materialize. It is very common for governments in countries with large capital inflows to keep their foreign exchange deposits with the central bank, to protect the domestic monetary system from shocks caused by capital inflows. In addition to the absence of government deposits, the banking system was additionally hit by foreign exchange demand in connection with its adjustment to the prescribed minimum foreign exchange liquidity. To meet the increased demand of banks for foreign exchange, the CNB sold to deposit money banks, at six auctions in the first quarter, a total of EUR 315m, thus withdrawing HRK 2,401m.

Excess depreciation of the exchange rate in the first quarter led to the appreciation early in April. Instead of from banks, the CNB purchased foreign exchange from the government. As agreed with the Ministry of Finance, the CNB was to execute government payment obligations from the government's foreign exchange account and to gradually convert the remaining foreign exchange into kuna in accordance with budgetary needs. As a result, the CNB purchased from the government a total of EUR 150m in April and May, issuing instead HRK 1,806m and infusing additional liquidity into the system that helped relieve the appreciation pressures. For-



foreign exchange transactions with the government also included one repo transaction under which around EUR 90m was sold to the government in January to provide it with funds needed for its foreign payment obligations. The same amount of foreign exchange was purchased from the government following its issue of eurobonds.

The sterilization of the kuna liquidity through the sale of foreign exchange to DMBs contributed to a further decline in CNB bills subscriptions that started in October last year. The level of subscribed kuna CNB bills fell by HRK 1.1bn in the first quarter, and by an additional 1 billion in April, thus declining by almost one half totally. In addition to banks' efforts to maintain their high liquidity, worsened by the withdrawal of the kuna through foreign exchange interventions, the interest rate on kuna CNB bills of only slightly above 2% hardly encouraged subscriptions, particularly in comparison with interest rates on similar investments. As a result, the beginning of the second quarter saw a mild increase in interest rates on CNB bills.

Unlike kuna CNB bills, the subscriptions of foreign currency CNB bills picked up in the first quarter of 2003, following their large decline in 2002. This recovery was partly fuelled by a Decision on the Minimum Required Amount of Foreign Exchange Claims. Under this Decision, the banks have to increase the share of their liquid foreign exchange assets in total assets, which also include foreign currency CNB bills. During the first quarter, foreign currency CNB bills subscriptions rose by HRK 181m, or by 15.3%, standing at HRK 1.4bn at end-March. The trend continued into April, when subscriptions rose by additional HRK 103m.

Reserve requirements have not undergone any changes since end-2001, so any increase in reserve requirements can be attributed entirely to an increase in the calculation base. This increase in the base that started early in 2002 was largely the result of the increase in its kuna component, while the growth of its foreign exchange component was slower due to a slighter growth in household foreign exchange deposits. The kuna base increased by HRK 2.3bn or by 6.1% in the first quarter. Accordingly, the calculated reserve requirements in kuna rose by 19% of that amount or by HRK 0.4bn. To this amount HRK 0.3bn in foreign exchange reserve requirements allocated in kuna should be added, so the calculated kuna reserve requirements increased by HRK 0.7bn in the first quarter, totaling HRK 12.2bn in March. Banks have to lodge at least 40% of that amount in a special account with the CNB and can keep the rest in their settlement accounts and cash vaults. Banks are remunerated at the rate of 1.5% for the funds kept in a special account with the CNB, so the banks tend to set aside amounts in excess of the prescribed amount (around 70%). At end March, reserve requirements set aside stood at HRK 8.8bn, an increase of HRK 0.4bn compared with December 2002. The base continued to increase in the second quarter of this year.

The foreign exchange reserve requirements base grew slower than the kuna base (5.1% in the first quarter of 2003). The foreign exchange base was much larger than the kuna base and at end-March it stood at HRK 107.7bn. Thus, the

foreign exchange base increased by HRK 5.3bn in the first quarter. While 1/4 of the foreign exchange reserve requirements are met in kuna, the remaining 3/4 are met in foreign exchange in the accounts with the CNB. Foreign exchange reserve requirements increased by HRK 0.5bn in the first quarter, reaching HRK 7.6bn at end-March. The exchange rate movements had a strong impact on the kuna amount of foreign exchange base and foreign exchange reserve requirements; the appreciation of the exchange rate of the kuna at the beginning of the second quarter led to a decrease in the kuna amount of reserve requirements.

Given the good liquidity of the banking system, kuna sources of liquidity and CNB loans have not been used so far this year. The demand for CNB loans subsided almost completely in the second half of last year showing that deposit money banks were highly liquid.

Reserve Money and International Reserves

In line with seasonal trends, reserve money (M0) declined by HRK 1.1bn or 5.0% in nominal terms at the beginning of 2003. This decline reflects, among others, the withdrawal of currency through foreign exchange sales (decline of HRK 2.4bn). It was partly offset by kuna CNB bills redemptions totaling HRK 1.1bn. Despite its nominal fall, the seasonally adjusted value of reserve money mildly increased during the same period. The beginning of the third quarter saw a nominal recovery in reserve money that stood at HRK 23.2bn at end-April, or 11.8% more than in the same month previous year. A noticeable fall in the annual growth rate of M0 that amounted to 29.3% in December, may be attributed to the impact of the base period, given that last year, M0 grew the most in the first quarter.

As regards the structure of reserve money, the largest fall was observed in DMB's deposits, particularly in the settlement accounts that shrank by HRK 1.8bn in the first quarter. A seasonal decline of HRK 155m was also observed in currency in circulation during this period. Last year's changes in the

payment system somewhat changed its seasonal character, so that, following its mild increase at end-2002, the beginning of 2003 did not see any significant fall in this component of reserve money. Of all the categories of M0, DMB's cash in vaults grew the most (HRK 410m), mostly in March, following a stagnation in the first two months of 2003. Kuna reserve requirements that increased by HRK 400m in the first quarter also continued to grow.

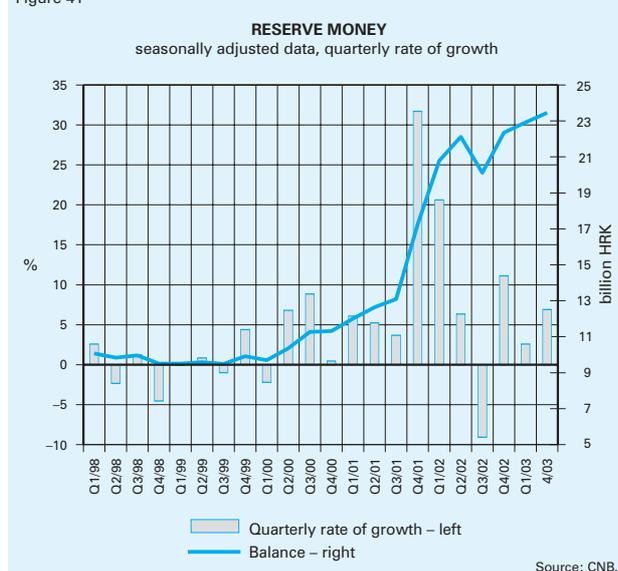
The decline in reserve money in the first quarter of 2003 was largely due to a fall in the balance in the settlement accounts of deposit money banks with the CNB. Of all the categories of reserve money, settlement accounts fluctuated the most due to the fact that inter-bank payments in Croatia are largely effected through these accounts. These accounts also reflect the use of the CNB's instruments for the creation and withdrawal of kuna liquidity and the payments by economic entities to the government account, particularly VAT payments at the end of the month. Thus, the fall in M0 in the first quarter affected in particular the settlement accounts that fell from HRK 3.9bn at the beginning of the quarter to HRK 2.1bn at the end of the quarter, or by 15.7%. The average daily balance in the settlement accounts was HRK 3.0bn, which is only slightly below HRK 3.2bn or the balance recorded in the fourth quarter of last year. The beginning of the second quarter saw a slight increase in the settlement accounts due to CNB bills redemptions and entry into the system of liquidity created by foreign exchange purchases from the government. At end-April 2003, the balance in the settlement accounts was HRK 3.2bn.

Despite a decline in M0, the high liquidity of the banking system persisted into the first quarter, although free reserves of banks shrank somewhat compared with the second half of last year. Free reserves of banks stood at HRK 0.7bn on average in the first quarter 2003, compared with approximately HRK 1.0bn in the second half of 2002. Following their stagnation in April, free reserves recovered in May. As the good liquidity persisted throughout the period, there was no interest for the Lombard facility on the part of the banks.

After it more than doubled in 2002 (125.5%), compared with the previous year, DMB's cash in vaults continued to grow at the beginning of 2003. Late in December 2002, DMB's cash in vaults rose sharply, reflecting banks' efforts to ensure sufficient cash to supply their bank branches given that the number of FINA's cash supply centers was to be reduced to its 22 branches at the beginning of 2003. In January and February, when typically a smaller demand for cash occurs, the average balance in DMB's cash vaults stood at about HRK 1.2bn. In anticipation of the increase in demand for cash, deposit money banks increased the amount of cash held in their vaults in March, and continued this upward trend into the beginning of the second quarter of 2003 when DMB's cash in vaults rose to HRK 1.6bn on average. On account of their March increase, the increase in DMB's cash in vaults represented the largest increase in relative and absolute terms of all the categories of reserve money in the first quarter (33.7% and HRK 410m respectively).

Developments in government deposits with the CNB (and deposit money banks) greatly influence the level of reserve

Figure 41



money and total monetary policy. Thus, kuna government deposits directly influence the movements in reserve money through their transfer, from the accounts of banks, that are included in reserve money, to the government account with the CNB, that are not included in M0. A very low level of government kuna deposits at the end of December 2002 led to an unusually high level of reserve money. The low level of government kuna deposits persisted throughout the entire first quarter, amounting to HRK 636m on average and continued into the beginning of the second quarter. This is significantly below the levels recorded in 2002, when government kuna deposits averaged HRK 925m. At end-March, government kuna deposits stood at HRK 650m, which is a slight increase compared with end-December.

Government foreign exchange deposits made an even greater impact on the country's monetary policy. Keeping the government foreign exchange deposits with the CNB reflects favorably on the monetary policy, as this helps avoid shocks caused by capital inflows. These deposits led to an increase in net usable reserves of the central bank in this period, despite a simultaneous sale of foreign exchange to banks. Full receipts from the issue of eurobonds amounting to EUR 500m were deposited initially in the accounts with the CNB in February. Immediately upon the inflow of these funds, the government sold back to the CNB the foreign exchange purchased in January for the settlement of the obligations arising from foreign exchange credits from that period. The CNB undertook to make payments for the government from these accounts in connection with the latter's foreign obligations. As a result, foreign exchange deposits fell to HRK 2.1bn (around EUR 270m) in the first quarter. The downward trend in government foreign exchange deposits with the CNB continued into the second quarter because of due foreign obligations and the conversion of foreign exchange for CH (CNB's purchases in April and May totaled EUR 150m). By keeping the government's foreign exchange account, conducting conversion transactions, and by executing payments from this account, the CNB has assumed certain additional responsibilities of a

fiscal agent, as defined by the Croatian National Bank Act. Under this act, the CNB may not grant any type of credit to the government. In the light of initial positive experience, government foreign exchange deposits are expected to continue being deposited with the CNB.

Although the described monetary operations are the ones with the largest impact on the international reserves of the Croatian National Bank, these reserves also seem to be greatly affected by the exchange rate movements, considering their currency composition that reflects the currency structure of imports and external debt. The problems arise because international reserves are customarily expressed in one currency, commonly kuna or the US dollar. Thus, the international reserves expressed in kuna sustained losses in 2002 arising from cross currency changes, due to the appreciation of the exchange rate of the kuna against the US dollar, although a profit was realized in currencies in which they are held. Similarly, due to a depreciation of the exchange rate of the dollar against the euro, international reserves in US dollars increased by a high USD 337m or by 5.7% in the first quarter. Net usable international reserves also increased during the same period (by USD 174m or 3.7%).

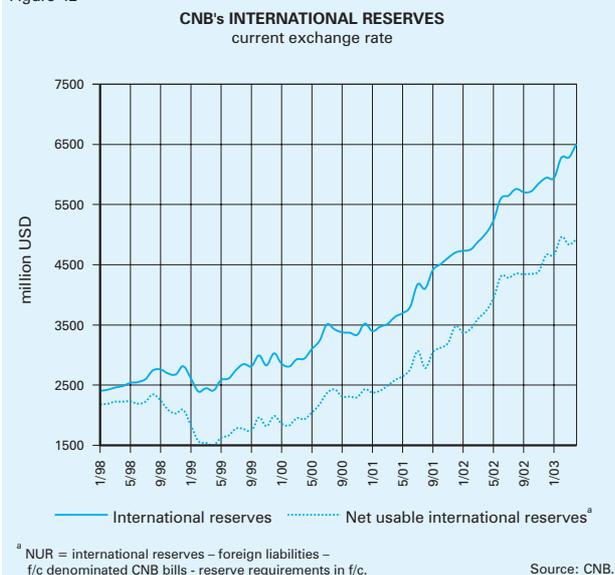
The growth in international reserves in the first quarter of 2003 reflects the activities of the instruments of monetary policy during that period. A fall in international reserves following the sale of EUR 315m, was set off by government foreign exchange receipts and increased subscriptions of foreign exchange CNB bills, foreign exchange reserve requirements, and income earned on invested reserves during the period. Continuing their increase into the beginning of the second quarter, international reserves totaled USD 6.5bn at end-April, which is USD 1.5bn or 29.8% more than in April last year. Net usable international reserves stood at USD 4.9bn, which is an annual increase of 32.2% or USD 1.2bn.

Monetary Developments

The last two years were marked by an exceptionally high growth of bank placements to the non-banking sector (25.5% in 2001 and 30.4% in 2002). These placements largely relied on domestic sources, particularly large household foreign exchange inflows resulting from the transfer into the banks of money socked away, a one-off event prompted by the conversion of EMU member countries' currencies into the euro at the beginning of 2002. After exhausting the euro effects, the banks, driven by considerably lower yields in the European Union compared with the Croatian financial market, and market competition, turned to their parent banks abroad for further funding of their placements. Mainly targeting the household sector, large placements' growth led to a rapid growth in personal consumption, particularly imports. This, in turn, led to a widening of the current account deficit and a rising external debt. The mid-January measures taken by the CNB, namely, the Decision on the Compulsory Purchase of CNB Bills and the Decision on the Minimum Required Amount of Foreign Exchange Claims were aimed at slowing down the placements growth.

At the end of the first quarter 2003, the annual growth rate

Figure 42



of bank placements to the non-banking sector fell to 29.5%. This data allows for several interpretations as by end-March several banks had sold a significant portion of their credit placements to their parent banks abroad. Therefore, the rate of placements' growth includes the negative effects of such sales.

Credits

The dynamics of placements is largely determined by credits to the non-banking sector that account for 95% of all bank placements to the non-banking sector.

The distribution of credits across institutional sectors shows further approximation of the share of household credits to the share of credits to companies. At the end of the first quarter, household credits accounted for 45.3% and credits to companies for 46.6% of total credits (see Figure 43). Credit developments in the first quarter indicate that household credits grew three times faster than credits to companies

(8.4% and 2.7% respectively) and that their growth intensified compared with the previous year when credits to households grew twice as fast as credits to companies (42.8% and 22.7%, in nominal terms, respectively).

Total credits grew slower throughout the first quarter of this year compared with the same period last year (8.3% nominally). Credits to households, however, held steady at the levels recorded in the first quarter 2002 (8.1%), while credits to companies decreased by 3.5 percentage points compared with credits to companies at end-March last year. Looking at bank credits by months, the first quarter of 2003 was characterized by fluctuations; following their increase in the first two months, bank credits decreased in March. Banks holding the largest share of the banking system assets cut on their corporate lending, while only a small portion of banks reduced their household lending.

Demand Deposits

Heightened credit and economic activity during 2002 reflected on demand deposits that grew steadily throughout last year, increasing by 39.4% compared with the end of the previous year. However, at end-March this year, their annual growth rate fell to 31.2%. In the first quarter of 2003, demand deposits declined by 2.3%, compared with end-December 2002. Corporate demand deposits declined by 11.0%, while household demand deposits increased by 4.5%. During the same period last year, demand deposits were stagnant at 0.3%. Despite their mild recovery in April 2003, demand deposits at end-April (HRK 20.5bn) remained below the levels recorded at end-December 2002 (HRK 21.2bn).

Currency

A slowdown in the growth of currency in the second half of 2002 continued into the beginning of 2003. In the first quarter of 2003, currency declined by 1.6%, compared with end-2002. A fall in the currency in circulation is usual for the first quarter.

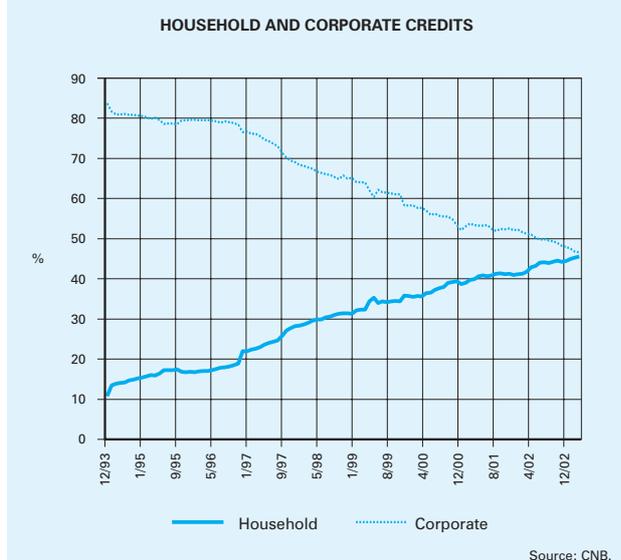
Events such as the introduction of the euro, the payment system reform and the crisis in Riječka banka boosted demand for currency in 2002. However, the effects of these events have been wearing out continually since last year so the developments in currency are now being increasingly shaped by the growing significance of electronic money and cards. The banks have a legitimate interest to reduce the use of cash that involves risks and costs for the banks.

Money (M1)

M1 has grown steadily and rapidly since 2000, reaching annual growth rates of 30.1% in 2000, 31.5% in 2001 and 30.2% in 2002.

Developments in money (M1) throughout last year were more driven by developments in demand deposits than cash. A decline in demand deposits and cash led to a decline in money in the first quarter that stood at HRK 29.5bn at the end of March, falling by 4.4% compared with end-December

Figure 43



Source: CNB.

Figure 44



Source: CNB.

2002. It is usual for M1 to decline nominally at the beginning of the year but it is also usual for this monetary aggregate to recover by end-March.

Non-Monetary Kuna Deposits

Kuna non-monetary deposits (savings and term deposits) increased by 45.1% at end-March 2003 compared with March 2002, of which corporate kuna deposits increased by 45.1% and household deposits by 15.8%. Steady increase in kuna non-monetary deposits led to an increase in the share of kuna savings and term deposits in quasi-money. At the end of the first quarter, the share of kuna non-monetary deposits and foreign exchange deposits in quasi-money stood at 18.2% and 81.8% respectively.

Table 1: Structure of Quasi-Money (kuna and foreign exchange deposits) (%)

| Item | 12/98 | 12/99 | 12/00 | 3/03 | 4/03 |
|---------------------------|-------|-------|-------|-------|-------|
| Kuna deposits | 12.2 | 12.8 | 14.3 | 17.0 | 18.2 |
| Foreign exchange deposits | 87.8 | 87.2 | 85.7 | 83.0 | 81.8 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: CNB.

A steep growth of the kuna component of quasi-money indicates a stable macroeconomic environment, characterized by low inflation and stability of the domestic currency as well as higher interest rates on kuna term deposits. The effect of kuna deposits provided as collateral for loans granted should also be taken into account, as they directly add to kuna deposits' growth. Kuna credits to companies increased by 44.0% and credits to households by 63.2% in March this year, annually.

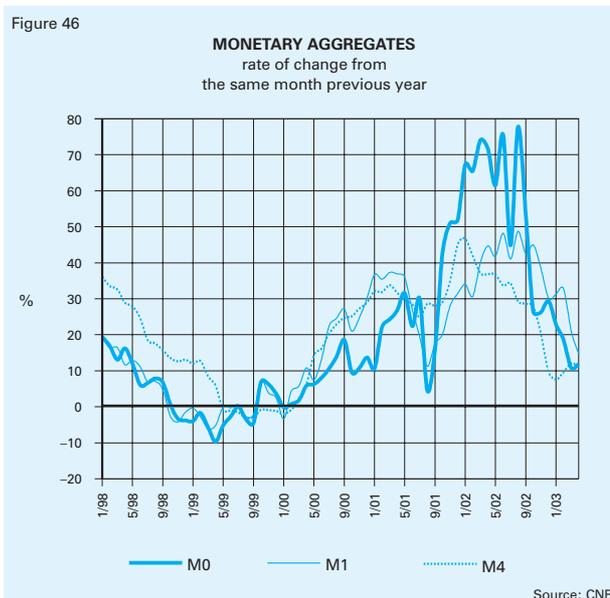
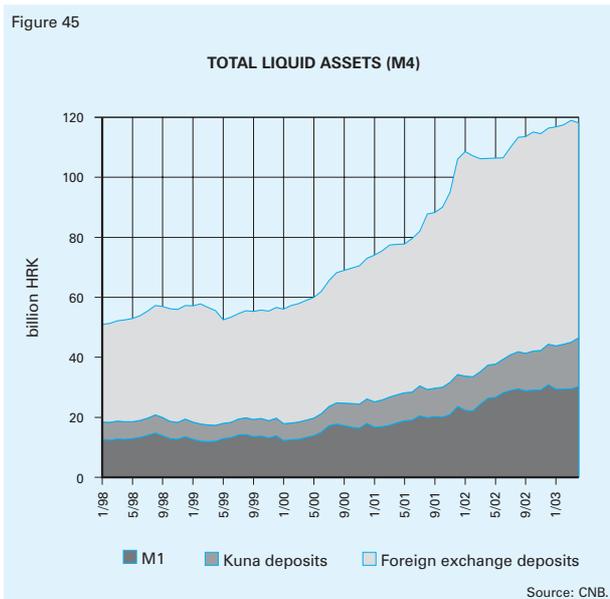
Foreign Exchange Deposits

Exchange rate effects excluded, foreign exchange deposits grew by 4.4% year-on-year at end-March. The increase in the growth rate, compared with end-2002, of 2.4%, is the result of the impact of the base period (the onset of the crisis in Riječka banka). Total foreign exchange deposits held steady throughout 2003, with a slight increase in household foreign exchange deposits (0.4%) and a slight decline in corporate foreign exchange deposits (0.5%), compared with end-December 2002. However, compared with end-March 2002, the growth rate (exchange rate effects excluded) of corporate and household deposits was 21.8% and 2.7% respectively. A more rapid growth in corporate deposits can be attributed to the liberalization of foreign exchange regulations in 2001.

Total Liquid Assets (M4)

The described developments led to a mild increase in total liquid assets (M4), the broadest monetary aggregate, in 2003. M4's growth rate, exchange rate effects excluded, rose from 10.3% at end-2002 to 11.4% in March 2003.

Foreign assets rose sharply towards the end of the first quarter, as a result of the sale, on the part of the banks, of credit assets to their parent banks. This move helped banks



boost their minimum foreign exchange liquidity, needed to meet the requirement set by the central bank under which banks are obligated to maintain a minimum 35% foreign exchange liquidity until end-March 2004.

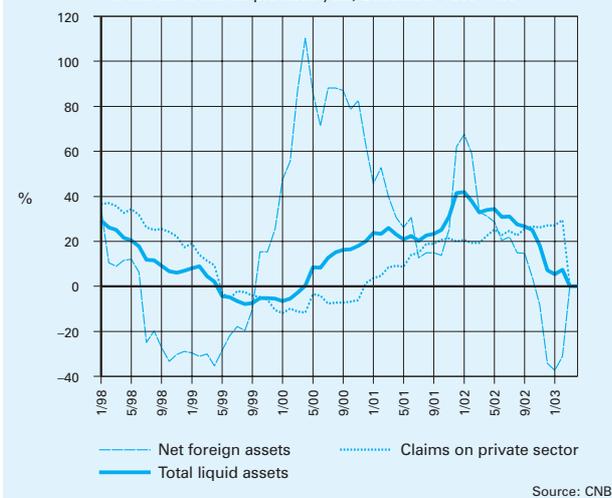
Though at a considerably slower pace, compared with the second half of 2002, foreign liabilities have continued to grow into the first quarter. The growth rate of foreign liabilities, exchange rate effects excluded, rose from 62.5% at end-December 2002 to 65.1% at end-April 2003. Instead of foreign borrowing of banks, focus was laid at the beginning of 2003 on heavier borrowing of companies involved in financial leasing, owned by banks or their parent banks.

Government

Central government funding in the first quarter of this year came from the issue of two bonds placed on the domestic and foreign markets. The government issued EUR 500.0m worth

Figure 47

CLAIMS ON PRIVATE SECTOR, TOTAL LIQUID ASSETS AND NET FOREIGN ASSETS
real growth rate of trend-cycle values relative to the same month previous year, December 1999=100



of eurobonds on the international markets, while its domestic issue involved EUR 200.0m worth of kuna denominated bonds intended primarily for private pension funds in the second pillar of obligatory pension scheme. The domestic issue increased DMB's claims on the government arising from bonds by HRK 0.97bn, and thus largely contributed to an increase in bank placements to the central government (HRK 1.0bn). Claims arising from other bonds decreased by HRK 0.4bn and those arising from money market instruments declined by HRK 0.04bn in the first quarter, while bank credits increased by HRK 0.5bn. Government deposits declined by HRK 1.5bn in the first quarter of this year, and government deposits with the CNB shrank by HRK 2.0bn, simultaneously with a HRK 0.5bn increase in deposits with DMB's. These developments led to a fall in banks' net claims on the central government of HRK 0.5bn. April data do not suggest any significant changes.

Money Market

The first four months of 2003 were marked by a moderate growth in money market interest rates. The upward trend continued from September last year into February-April period, although it was temporarily curbed in December and January this year, accompanied by large fluctuations. This was a result of an increased kuna demand, caused by the Croatian National Bank foreign exchange interventions by which kuna was withdrawn from circulation, and an increased foreign exchange demand, caused by the central bank measures which increased the minimum required ratio between liquid foreign exchange assets and liquid foreign exchange liabilities of deposit money banks. The interest rate upward trend spilled over into the short-term CNB bills and T-bills primary market, so that interest rates on these bills have continuously been growing since the beginning of 2003. The total stock of subscribed bills was reduced due to depreciation expectations, caused by the described new central bank measure directed

at bank foreign exchange liquidity increase, and as a result of placing liquidity surpluses in the money market under more favorable terms than during most of 2002. In contrast to 2002, which saw a credit expansion of deposit money banks, in the first quarter of 2003, bank credit activity was effected by the central bank measures aimed at restricting placement growth. Along with credit demand, which remained strong, this has resulted in interest rate rise on corporate credits, whereas interest rates on household credits additionally decreased relative to end-2002, due to a continued intense competition among banks.

Money Market Interest Rates

Over the first quarter of 2003, following a several month period of extremely high liquidity in the money market, the reported demand for loans in the Zagreb Money Market (ZMM) exceeded the reported supply of cash surpluses. Consequently, interest rates increased and the same trend continued into April.

The average monthly interest rate on ZMM overnight loans rose from 1.37% in January to 1.90% in April 2003. A stronger interest rate rise was recorded in other loans, particularly in loans with longer maturities relative to callable loans. The average interest rate on other loans increased over the first four months of 2003 by more than 1 percentage point (from 1.71% in January to 2.83% in April). The price difference in overnight and other loans, which is generally below 50 basis points, significantly increased in March and April. This can be accounted for by a larger share of loans with longer maturities (and higher interest rate) in total granted loans.

The ZMM daily turnover increased in early 2003 relative to the last quarter of 2002, remaining at approximately the same level in the following four months. Following an initial growth, overnight loans turnover was on the decrease during the first quarter. Nevertheless, a daily turnover was HRK 46.3m on average, which is HRK 8m more than in the last quarter of 2002. As the end of period was approaching,

Figure 48

INTEREST RATES ON THE ZAGREB MONEY MARKET

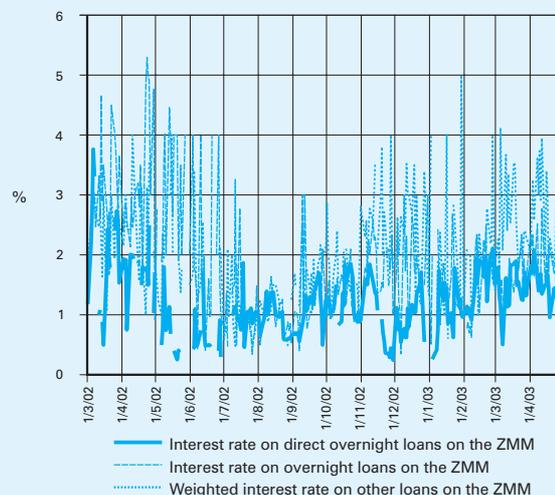
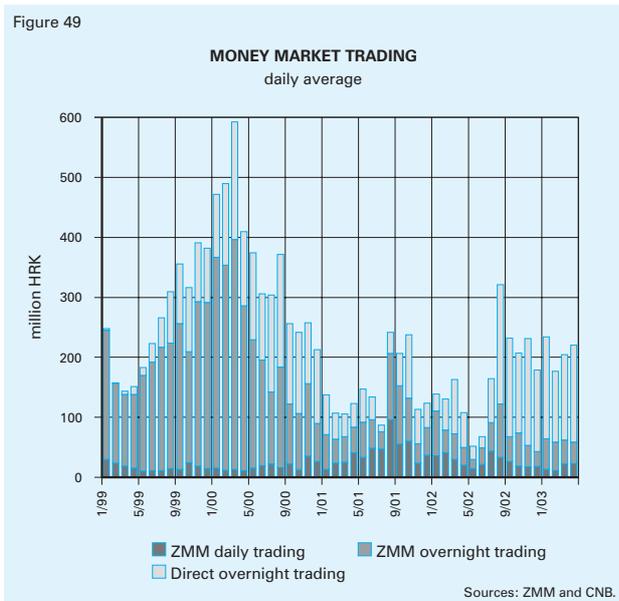


Figure 49



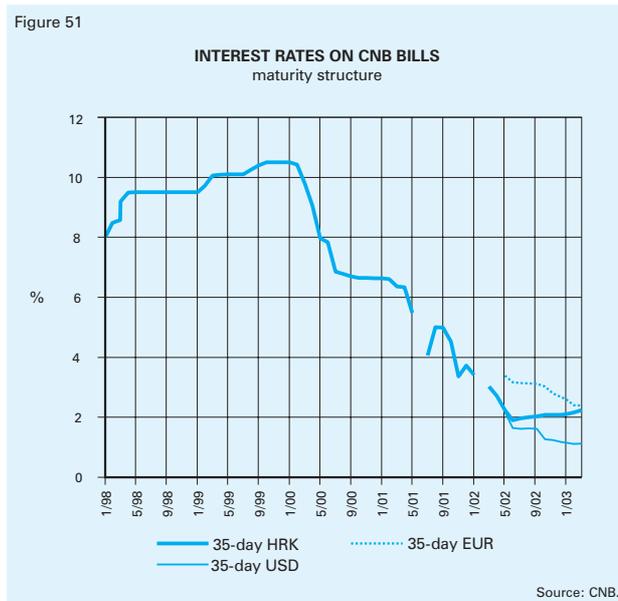
money trading with longer maturity was increasing, which caused a reduction in the share of overnight loans in total loans. The average daily turnover in other loans stood at HRK 15.4m in the first quarter (relative to HRK 17.9m in the previous quarter). The share of callable loans, which generally account for the largest portion of total other loans, was considerably reduced in the same period.

As regards direct interbank trading, the price of credits also rose, from the average 1.19% in January to 1.60% in April 2003. The daily average of direct loans in the ZMM was HRK 143m in the first quarter of 2003, and their share in total overnight loans amounted to an average of 75%.

Interest Rates in the Short-Term Securities Market

The weighted average monthly interest rate on auctioned kuna CNB bills started to grow in February, reaching 2.23% by the end of April, its record high in the last 10 months. De-

Figure 51



spite a yield growth, banks subscribed less bills as compared to those falling due, so that the stock of subscribed CNB bills dropped from HRK 5.17bn at the end of the fourth quarter 2002 to HRK 4bn in late March 2003. In April, the stock of subscribed CNB bills additionally fell to HRK 3bn, reaching its historic low since end-2001. A reduction in the stock of subscribed CNB bills was also influenced by a decreased demand and the fact that the central bank rejected the bids for the CNB bills purchase at interest rates higher than actually realized.

Over the first four months of 2003, interest rates on T-bills also increased. The largest interest rate increase was recorded in bills with the longest maturity, whose weighted monthly yield grew from its lowest level of 2.93% in December 2002 to 3.30% at the end of the first quarter 2003, additionally increasing by 70 basis points in April. Interest rates on T-bills with shorter maturities grew at a slightly slower rate and were, on average, 50 basis points higher at the end of the first quar-

Figure 50

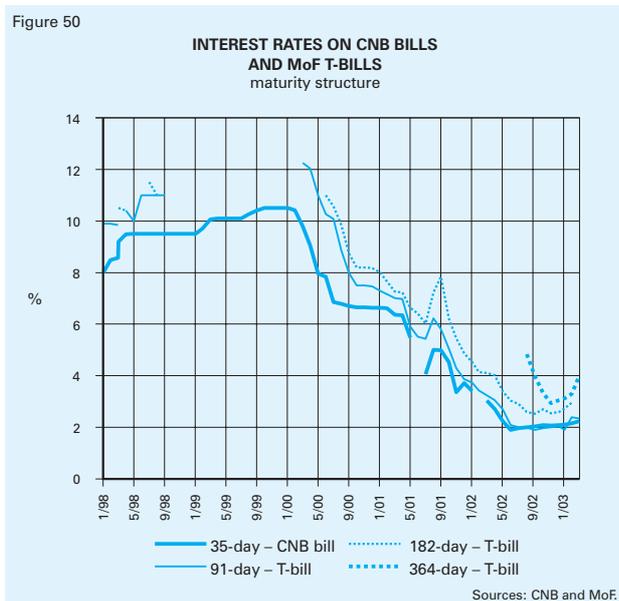
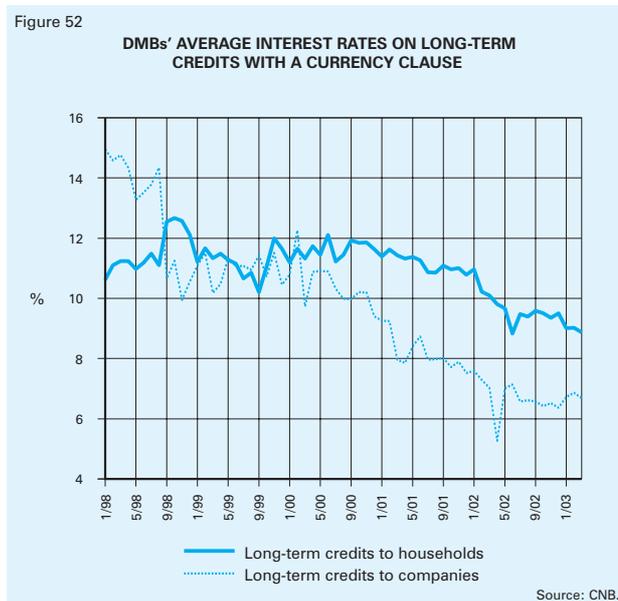


Figure 52



ter than at the end of the previous year. Interest rate on 91-day T-bills, after a longer period, exceeded the rate on one-month CNB bills. In relation to the end of the fourth quarter of 2002, the stock of subscribed T-bills remained at approximately the same level of HRK 4.9bn. The structure of subscribed T-bills changed in favor of bills with longer maturities, accounting for HRK 4.5bn, whereas the stock of bills with shorter maturities has been further decreasing.

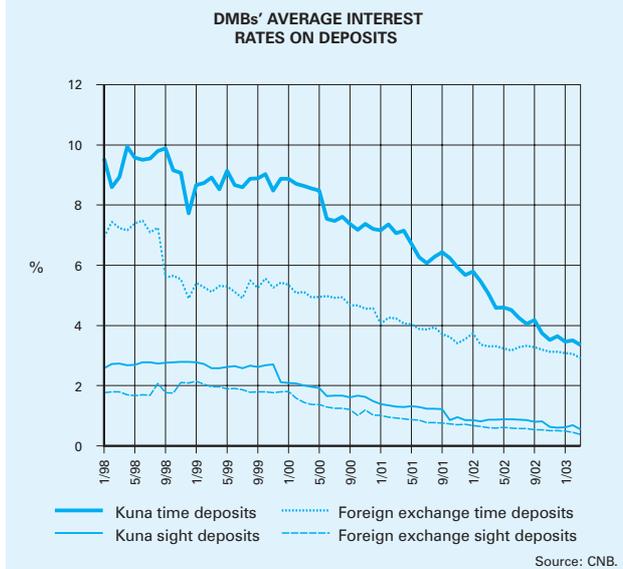
Interest rates on foreign currency CNB bills have trended downwards since summer 2001, as a result of interest rate movements in the international markets. From end-2002, the average interest rate on euro-denominated CNB bills, with maturities of 35 and 63 days, was reduced by 40 basis points, standing at 2.4% at the end of the first quarter and remaining at the same level in April. Interest rates on 35-day foreign currency CNB bills have remained higher than the interest rates on the kuna bills with same maturities. The average interest rate on US dollar-denominated CNB bills with the same maturities continued to fall to 1.11% in the first quarter of 2003, moderately increasing in April (by 1 basis point).

The stock of subscribed euro-denominated CNB bills constantly decreased over the first four months in 2003, whereas the stock of US dollar-denominated CNB bills increased. The total stock of foreign currency CNB bills stood at USD 203m at the end of the first quarter 2003 and was reduced by USD 5m by late April.

Deposit Money Banks' Interest Rates

Following a strong growth in credit activity of deposit money banks in 2002, directed mainly at households, a growth in total credits slowed down during the first quarter of 2003 as a result of the central bank measures. A downward trend in credit rates, which was mitigated in the second half of 2002, was reversed in the first quarter of 2003. The average monthly interest rate on kuna credits with a currency clause increased by 16 basis points in the first three months of 2003, amounting to 8.4% in March, whereas interest rate on kuna

Figure 54



credits without a currency clause increased by 14 basis points, to 11.3%. Deposit interest rates have trended downwards for quite a long time, which continued in the first quarter of this year as well. In 2003, interest rates on corporate and household credits started to move in opposite directions. More specifically, market competition among deposit money banks was mainly focused on households, so that, despite a general upward trend in credit price, interest rates on household credits continued to decline in the first quarter of this year as well. The average monthly interest rate on long-term household credits with a currency clause and on short-term credits without a currency clause was reduced twice in December 2002-March 2003 period, by 63 basis points to 8.87% and by 68 basis points to 15%.

On the other hand, interest rates on corporate credits increased to a certain extent relative to the fourth quarter of 2002, particularly interest rates on long-term credits. The average interest rate on long-term corporate credits with a cur-

Figure 53

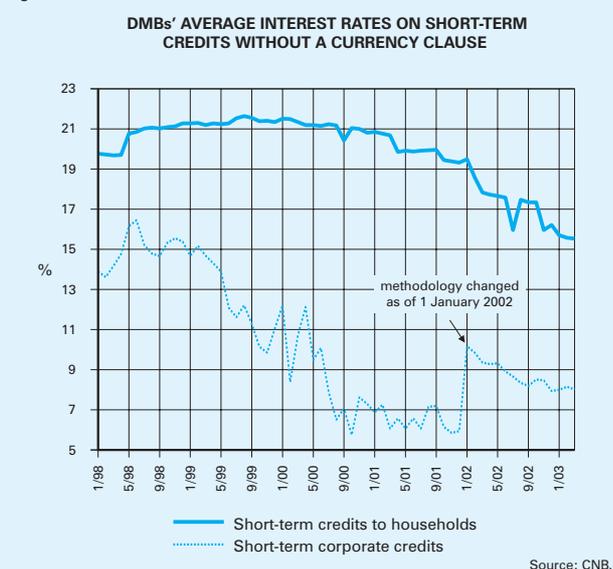


Figure 55

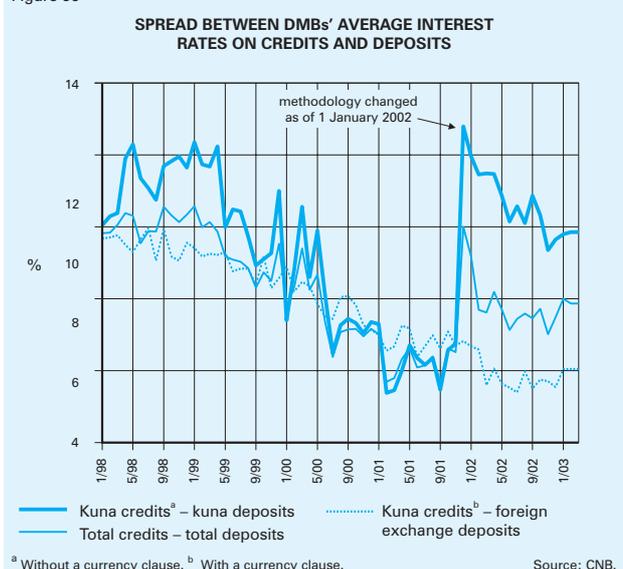
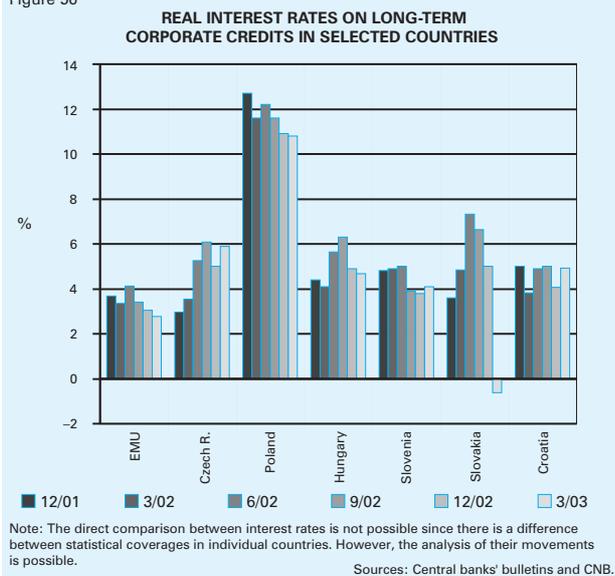


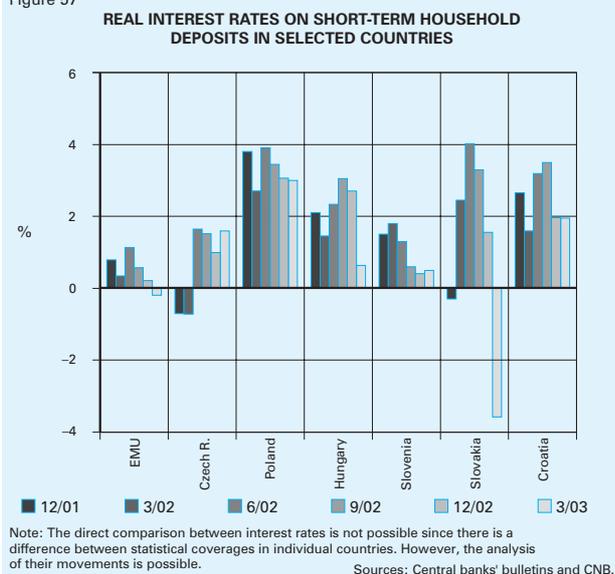
Figure 56



rates on kuna credits with a currency clause and foreign exchange deposits thus rose to 6 percentage points, from 5.6 at the end of 2002.

In EMU countries and selected transition countries, nominal interest rates were reduced on both long-term corporate credits and short-term household deposits, but inflation movements had a different effect on real interest rates. Consequently, unexpectedly high inflation in Slovakia led to negative real interest rates on credits and deposits, whereas in the EMU area, a further nominal interest rate fall along with inflation resulted in negative real deposit interest rates. In Croatia, a fall in the RPI inflation rate, apart from a growth in the nominal interest rate on long-term corporate credits, contributed to the growth in the real interest rate on credits in the first quarter of 2003. The inflation fall also influenced the real interest rate on deposits, which remained unchanged despite a further reduction in the nominal interest rate.

Figure 57



Capital Market

In the first quarter of 2003, the global capital markets were effected by the uncertainty concerning the Iraq crisis and unfavorable American and European economic indicators. The stock market indices fell considerably, whereas bond prices increased so that yields fell to a very low level. After the onset of the military intervention in Iraq in mid-March, stock prices recovered, while bonds recorded a price reduction and a yield rise. The global developments influenced the prices of the Croatian eurobonds as well, whereas domestic capital market was effected less intensely.

Equities Market

Market capitalization of companies whose shares have been listed on the Zagreb Stock Exchange (ZSE) reached HRK 27,753.2m (15.7% of GDP for 2002) at end-March, a fall of HRK 560m compared to end-December 2002. The market

currency clause grew by 30 basis points, to 6.7% over the first three months of 2003. Accordingly, in the first quarter this year, a difference between prices of long-term household credits and long-term corporate credits was considerably reduced (from the average 3 to 2.2 percentage points).

Deposit interest rates of deposit money banks have trended downwards for quite a long time, and this trend continued in the first quarter of 2003. A spread between interest rates on kuna and foreign exchange time deposits, which additionally decreased in 2003, stood at 40 basis points on average over the first three months of this year. In March, the average interest rate on kuna and foreign exchange time deposits amounted to 3.4% and 3% respectively. Interest rate on kuna 3-month time deposits stood at 3% in March, compared to 2.5% on foreign exchange deposits.

Since interest rates on credits and deposits moved in the opposite direction in this period, the spread between credit and deposit rates broadened. The spread between interest

Figure 58

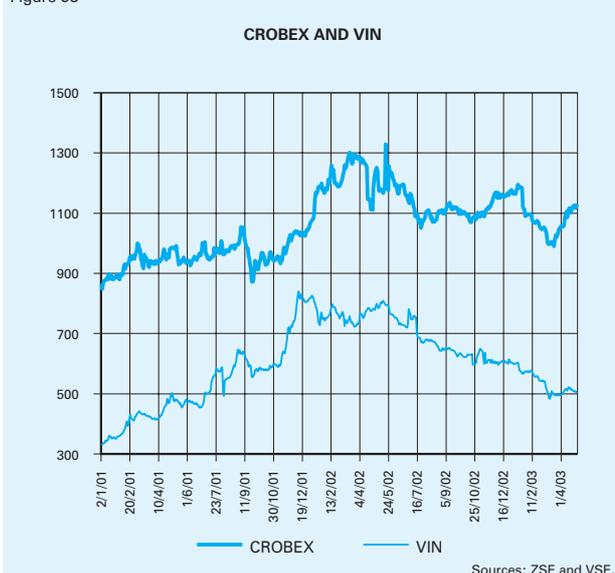
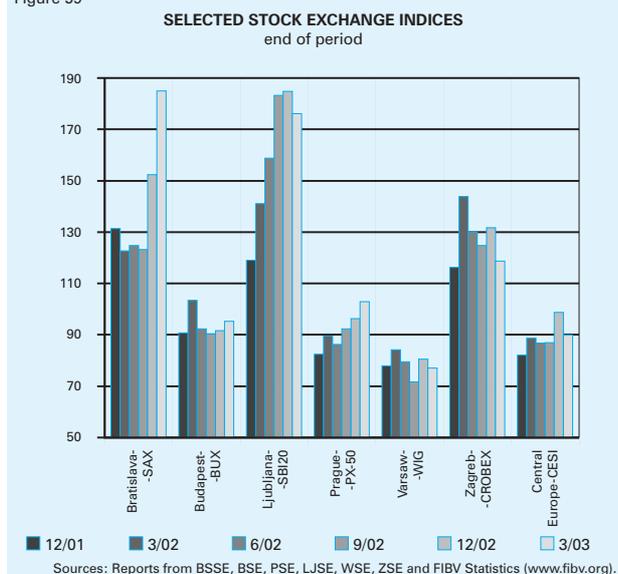


Figure 59



capitalization fall is a result of reduction in share prices over the first two months of 2003, which is reflected in the CROBEX value, falling from 1172.6 points at the end of the previous year to 1051.9 points by end-February 2003. As regards share indices movements in the world markets, the CROBEX moderately recovered in March, standing at 1056.3 points at the end of the first quarter. In that period, the shares of Privredna banka Zagreb were excluded from the index in the regular CROBEX review (due to reduced quantity that can be publicly traded) and Končar Elektroindustrija shares were included in the index calculation.

In the first quarter of 2003, trading in shares on the ZSE

reached only two-thirds of the share trading recorded in the same period of 2002 (HRK 312m). It should be noted that shares of Zagrebačka banka accounted for a large part of the trading in the first quarter of the previous year. After this bank had been taken over by the majority owner, its shares were excluded from Quotation I in June 2002 at the request of the bank itself and included in TN Quotation. They have been traded very rarely since. Over the first three months of 2003, shares of Pliva were traded most (38%), followed by Karlovačka pivovara (15%) and Podravka (13%). A downward trend in the share of share turnover in total turnover of securities on the ZSE continued in the first quarter of 2003 as well, amounting to only 11%.

According to the Securities Market Act (official gazette *Narodne novine*, No. 84 of 17 July 2002), public limited companies are obliged to list their shares in the quotation of public limited companies on the exchange or regulated public market by July this year. In terms of that Act, a public limited company is a joint stock company fulfilling one of the following criteria: 1) issues shares in a public offering, or 2) has more than 100 shareholders, and its initial capital is at least HRK 30,000,000.00.

In January 2003, the Croatian Securities Commission approved of the new rules for the ZSE concerning the listing of public limited companies in the special exchange quotation for public limited companies, by which conditions were formally met for the initiation of the application and listing process of all public limited companies.

In the first three months of 2003, the Varaždin Stock Exchange (VSE) recorded a significant decline in share trading. The total share turnover in the first quarter amounted to HRK 183.5m, relative to HRK 442.8m in the same period of 2002.

Table 2: Comparison of Capital Markets Indicators

| March 2003 | Bratislava | Budapest | Ljubljana | Prague | Warsaw | Zagreb |
|--|------------|----------|-----------|--------|--------|--------|
| Average daily turnover, shares (million USD) | 12.8 | 24.5 | 1.9 | 24.0 | 35.7 | 1.0 |
| Average daily turnover, bonds (million USD) | 99.5 | 2.7 | 2.7 | 223.0 | 4.2 | 5.2 |
| Turnover ^a /GDP ^c , annual level (%) | 13.6 | 9.4 | 2.2 | 8.7 | 4.6 | 1.1 |
| Turnover ^b /GDP ^c , annual level (%) | 105.9 | 1.1 | 3.1 | 81.0 | 0.6 | 5.8 |
| Turnover velocity ^d | 113.7 | 49.0 | 12.7 | 34.9 | 36.3 | 6.2 |
| Market capitalization ^a (million USD), end month | 2,838 | 12,583 | 3,831 | 17,335 | 24,746 | 3,884 |
| Market capitalization ^b (million USD), end month | 7,608 | 22,678 | 3,193 | 14,048 | .... | 1734 |
| Market capitalization ^a /GDP ^c , end month (%) | 12.0 | 19.1 | 17.4 | 24.9 | 13.1 | 17.3 |
| Market capitalization ^b /GDP ^c , end month (%) | 32.1 | 34.5 | 14.5 | 20.2 | .... | 7.7 |
| Index movement from the beginning of the year (%) | 21.5 | -4.0 | -4.7 | 7.0 | -6.2 | -9.9 |
| Index movement from the beginning of the month (%) | 6.7 | 3.8 | -1.0 | 4.3 | -0.6 | 0.4 |

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

Table 3: Issue of Bonds in the Domestic Market

| Series | Issued by | Issue day | Maturity | Currency | Nominal value of the issue | Nominal interest rate | Last price | Current yields 31/3/2003 |
|-------------|---------------------|------------|------------|----------|----------------------------|-----------------------|------------|--------------------------|
| DAB-O-03CA | DAB | 19/12/2000 | 19/12/2003 | EUR | 105,000,000 | 8.000% | 104.80 | 7.634% |
| DAB-O-05CA | DAB | 19/12/2000 | 19/12/2005 | EUR | 225,000,000 | 8.375% | 112.05 | 7.474% |
| HZZO-O-047A | CIHI | 19/07/2000 | 19/07/2004 | EUR | 222,000,000 | 8.500% | 106.90 | 7.951% |
| RHMF-O-049A | Republic of Croatia | 20/09/2001 | 20/09/2004 | EUR | 200,000,000 | 6.500% | 104.25 | 6.235% |
| RHMF-O-08CA | Republic of Croatia | 14/12/2001 | 14/12/2008 | EUR | 200,000,000 | 6.875% | 110.80 | 6.205% |
| RHMF-O-125A | Republic of Croatia | 23/05/2002 | 23/05/2012 | EUR | 500,000,000 | 6.875% | 110.30 | 6.233% |
| BLSC-O-051A | Belišće d.d. | 17/01/2002 | 17/01/2005 | EUR | 17,000,000 | 7.375% | 100.25 | 7.357% |
| PLAG-O-048A | Plava laguna d.d. | 25/02/2002 | 25/08/2004 | EUR | 12,000,000 | 6.750% | 100.50 | 6.716% |

Source: ZSE.

The largest portion of share trading in the total of four VSE segments where share trading is carried out was recorded in Free Market (74%) and Quotation I (19%). Only one share is traded in Quotation II and only one share (PIF Pleter) was left in PIF Quotation in late March 2003. More specifically, the privatization investment fund Sunce transformed into a closed-end investment fund and its shares began to be traded in the segment of the Free Market. Since a merger of Dom fond with Korifej joint stock company was announced in March, the VSE Quotation I could soon temporarily lose its only listed share.

The VIN index continued to fall in the first quarter of 2003, mostly as a result of a decline in the share price of Dom fond, which has the greatest weight in the VIN index calculation. A downward trend, which started 12 months ago, thus continued. At end-March 2003, the value of the VIN was 495 points, 20% less than at the end of the previous year.

Whereas the indices in the global capital markets recorded a significant fall in the first three months of 2003, the stock exchange indices moved differently in the transition countries' markets. A combined index of the Central European stock exchanges, CESI, lost 9% of its value from end-2002 to end-March. Following a two-year growth, the index of the Ljubljana Stock Exchange (SBI20) decreased, like the Warsaw (WIG) and Zagreb Stock Exchange (CROBEX) indices. In contrast, the Bratislava (SAX), Budapest (BUX) and Prague (PX-50) Stock Exchange indices recorded positive movements. In most of the observed countries, share turnover was considerably lower compared to December 2002, and market capitalization was also reduced.

Debt Securities Market

Intense trading in bonds on the ZSE continued in the first quarter of 2003. Total bond trading over the first three months amounted to HRK 2.43bn, which is more than half of the total bond trading in the entire 2002.

A total of 8 issues of bonds were listed on the ZSE and all were denominated in euro: 6 government bonds and 2 corporate bonds. As a result of a low value of issues, corporate bonds are not very liquid and have not been traded on a regular basis for 6 months. On the other hand, trading in govern-



ment bonds has recorded a constant growth. In January 2003, the third, last tranche of the Republic of Croatia's bonds (the so-called pension fund bonds) worth EUR 200m and maturing in 2012 was listed on the ZSE.

At end-March, market capitalization of the government bonds stood at HRK 12.2bn (EUR 1.6bn) or 7% of GDP in 2002. In the same period, market capitalization of the two corporate bonds amounted to HRK 224m (EUR 26m), the same as at end-2002, since these bonds were not traded in the first quarter.

Although bond prices were on the increase during January and February, they fell considerably after the onset of the war in Iraq, standing at a lower level at the end of the first quarter of 2003 than at the end of the previous year. As a result, the bond price index of the Zagreb Stock Exchange, CROBIS, was growing over the first two months of 2003, only to slump in March (from 101.275 at end-2002 it rose to 101.782 in late February and fell to 100.432 by the end of the first quarter 2003).

At end-February 2003, the first foreign issue of corporate bonds (Bina-Istra bond) in the amount of EUR 210m and 8% coupon rate was listed on the ZSE. The Bina-Istra bonds ma-

Table 4: Issue of International Bonds of the Republic of Croatia

| Bond | Currency | Amount | Nominal interest rate | Yield on issue day | Spread ^a 31/3/2002 | Spread ^a 30/6/2002 | Spread ^a 30/9/2002 | Spread ^a 31/12/2002 | Spread ^a 31/3/2003 |
|----------------------|----------|----------------|----------------------------|--------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------|-------------------------------|
| London Club A | USD | 857,796,000 | 6-month LIBOR + 81.25 b.p. | 0 | 161 | 143 | 149 | 138 | 133 |
| London Club B | USD | 604,426,000 | 6-month LIBOR + 81.25 b.p. | 0 | 157 | 142 | 139 | 135 | 128 |
| Euro-DEM bonds, 2004 | DEM | 300,000,000 | 6.125% | 6.20% | 104 | 147 | 130 | 93 | 93 |
| Eurobonds, 2006 | EUR | 300,000,000 | 7.375% | 7.45% | 124 | 150 | 150 | 123 | 113 |
| Samurai bonds, 2004 | JPY | 25,000,000,000 | 4.00% | 4.00% | .... | .... | 105 | 117 | .... |
| Eurobonds, 2005 | EUR | 500,000,000 | 7.00% | 7.06% | 124 | 147 | 152 | 118 | 88 |
| Samurai bonds, 2007 | JPY | 40,000,000,000 | 3.00% | 3.00% | 159 ^b | 159 ^b | 112 | 131 | 137 |
| Samurai bonds, 2006 | JPY | 25,000,000,000 | 2.50% | 2.50% | 160 ^b | 160 ^b | 99 | 125 | 121 |
| Eurobonds, 2011 | EUR | 750,000,000 | 6.75% | 6.90% | 148 | 158 | 164 | 122 | 135 |
| Eurobonds, 2009 | EUR | 500,000,000 | 6.25% | 6.45% | 139 | 153 | 158 | 126 | 129 |
| Samurai bonds, 2008 | JPY | 25,000,000,000 | 2.15% | 2.15% | .... | 144 ^b | 114 | 140 | 150 |
| Eurobonds, 2010 | EUR | 500,000,000 | 4.625% | 4.65% | .... | .... | .... | .... | 124 |

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

Box 1. Other Financial Institutions Development

The development of a national financial market is reflected in the variety of financial instruments. In the early 1990s there were only credits and deposits in the Croatian financial market. Shares (equity participations) in companies entered the market by a transformation of the state-owned companies into joint stock companies and their privatization. Company owners change in share trading. New owners often encourage investment that is financed by own or borrowed funds. One of the methods of collecting funds (apart from bank loans) is debt security issue, such as bonds and money market instruments.

Such a development of the financial market and new financial instruments is accompanied by the development of other financial institutions, which include two categories of financial institutions: other banking institutions and non-banking financial institutions. In the recent years, this process has particularly intensified, so that the number other financial institutions increased, along with their share in total assets of all financial institutions. This primarily refers to open-end and closed-end investment funds, pension funds and insurance companies. These institutions, mainly investment funds and insurance companies, together with voluntary pension funds, whose development is only expected, represent, in certain sense, a counter balance to the banking sector, competing with traditional forms of savings, just as their portfolios of securities and other types of assets successfully compete with traditional forms of investments.

Supervision of performance of each of these institutions and data collection is carried out by different regulatory institutions, which impedes a uniform statistical monitoring and collection of data on the activities of these institutions. For the purpose of a more comprehensive monitoring of other banking institutions and non-banking financial institutions and for the purpose of improvement and harmonization of the monetary statistics of the Republic of Croatia with the reg-

ulations and practice of the European Monetary Union, the Croatian National Bank has collected data on assets and liabilities of the financial institutions which are not directly supervised by the CNB. The following table shows the financial sector structure in Croatia.

In the 1999-2002 period, the share of investment funds in total financial sector assets particularly increased (from 0.4% in 1999 to 2.9% in 2002). This was a result of both an increase in their number and transformation of the former privatization investment funds into closed-end investment funds. Similarly, the share of housing savings banks rose, whereas a relative share of insurance companies fell from 7.3% in 1999 to 5.9% in 2002.

At the end 2002, 6 closed-end funds and 23 open-end investment funds operated in Croatia. The basic difference between open-end and closed-end investment funds is in the method of fund raising. Closed-end investment funds raise capital by a one-off issue of a fixed number of shares, while open-end investment funds raise funds continuously, by issue and public sale of participation certificates. PIFs (privatization investment funds) are specific for Croatia. They are actually closed-end investment funds which were established by a distribution of vouchers to displaced persons and victims of the war in Croatia. The following table shows the asset structure of investment funds and their liabilities.

As at 31 December 2002, open-end funds and closed-end funds accounted for 51.23% and 48.77% respectively, of the total investment funds' assets. Open-end and closed-end investment funds have a different investment structure. While open-end funds predominantly invest in debt securities (bonds, treasury bills, CNB bills, and other money market instruments), investments in shares and equity participation account for the majority of placements of closed-end investment funds.

With respect to the investment method, investment funds may be equity funds, bond funds, money market funds or mixed funds. From

Table 5: Financial Institutions' Assets and Share in Total Assets, end of period, in million HRK and %

| | Dec. 1999 | | Dec. 2000 | | Dec. 2001 | | Dec. 2002 | | Mar. 2003 | |
|----------------------------------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|
| | Amount | Share | Amount | Share | Amount | Share | Amount | Share | Amount | Share |
| 1 Banks | 93,251.5 | 89.9 | 109,949.1 | 89.4 | 142,605.6 | 89.8 | 165,622.2 | 88.7 | 172,475.1 | ... |
| 2 Investment funds | 408.7 | 0.4 | 685.1 | 0.6 | 2,044.8 | 1.3 | 5,460.4 | 2.9 | 5,733.3 | ... |
| 3 Privatization investment funds | 2,335.0 | 2.3 | 3,242.2 | 2.6 | 3,183.3 | 2.0 | 388.8 | 0.2 | 388.4 | ... |
| 4 Insurance companies | 7,620.2 | 7.3 | 8,615.5 | 7.0 | 9,670.1 | 6.1 | 11,096.8 | 5.9 | ... | ... |
| 5 Housing savings banks | 152.3 | 0.1 | 513.8 | 0.4 | 1,254.0 | 0.8 | 2,133.6 | 1.1 | 2,334.0 | ... |
| 6 Pension funds | - | - | - | - | - | - | 2,119.7 | 1.1 | 2,650.4 | ... |
| Total | 103,767.6 | 100.0 | 123,005.7 | 100.0 | 158,757.8 | 100.0 | 186,821.4 | 100.0 | ... | ... |
| 7 Savings and loan associations | 675.3 | ... | 793.6 | ... | 987.3 | ... | ... | ... | ... | ... |

Table 6: Net Assets of Investment Funds, end of period, in million HRK

| | Mar. 2002 | Jun. 2002 | Sep. 2002 | Dec. 2002 | Mar. 2003 |
|--|-----------|-----------|-----------|-----------|-----------|
| 1. Cash at bank and in vault | 115.1 | 160.2 | 151.3 | 140.0 | 134.0 |
| 2. Debt securities | 1,518.9 | 1,903.9 | 2,088.9 | 2,392.0 | 2,621.2 |
| MoF treasury bills | 554.1 | 818.7 | 712.6 | 841.3 | 1,024.2 |
| CNB bills | 189.9 | 157.9 | 0.0 | 50.0 | 0.0 |
| Government securities | 539.9 | 641.6 | 955.6 | 1,010.4 | 1,013.6 |
| Securities of financial institutions | 0.0 | 0.0 | 6.0 | 0.0 | 0.0 |
| Securities of non-financial institutions | 148.3 | 196.4 | 303.7 | 273.2 | 373.7 |
| Foreign securities | 86.7 | 89.3 | 111.0 | 217.1 | 209.7 |
| 3. Equity securities | 2,400.3 | 2,508.8 | 2,414.4 | 2,174.0 | 2,124.0 |
| Equity participation in financial institutions | 203.4 | 150.6 | 131.8 | 125.8 | 119.6 |
| Equity participation in non-financial institutions | 1,954.0 | 2,028.9 | 1,987.2 | 1,707.6 | 1,638.7 |
| Foreign equity participation | 242.9 | 329.3 | 295.4 | 340.5 | 365.6 |
| 4. Placements and deposits | 672.1 | 583.4 | 729.5 | 571.0 | 565.4 |
| 5. Other assets | 165.0 | 239.0 | 190.3 | 183.5 | 288.7 |
| 6. Liabilities | -243.9 | -441.1 | -270.7 | -358.4 | -421.6 |
| Total net assets | 4,627.5 | 4,954.2 | 5,303.7 | 5,102.0 | 5,311.7 |

the monetary policy point of view, open-end money market funds are of a particular interest. Participation in these funds is a close deposit substitute in terms of liquidity (it is negotiable and callable at request), so that data on assets and liabilities of open-end money market funds should generally be included in monetary aggregates. This is not the case in Croatia at present, since these funds are still relatively insignificant. According to the European Central Bank criteria, open-end money market funds are investment funds that issue participation certificates which are close substitutes for deposits in terms of liquidity, investing primarily (at least 85% of their portfolio) in money market instruments (e.g. treasury bills, negotiable certificates of deposit, CNB bills, commercial papers), and/or in negotiable debt instruments with a remaining maturity of up to one year, and/or in deposits with banks, and earning a rate of return that is close to the interest rates earned on money market instruments. According to the available data, these criteria are presently met in part by only four investment funds, whose total assets stood at HRK 1,150.4m, or 21.06% of total investment funds' assets, as at 31 December 2002.

Mandatory pension funds started to operate in parallel with the 2002 pension system reform. A constant growth in net assets of mandatory pension funds can be noted, from HRK 700.8m in June 2002 to HRK 2,610.9m in March 2003. Since these funds are financed from mandatory pension contributions of employees, a continuation of the rapid growth can be expected, as well as a long-term predominant share in assets of other financial institutions. Presently, there are seven mandatory and one voluntary pension fund. A share of manda-

tory pension funds in total financial institution's assets amounted to 1.1% at the end of 2002. Bonds of the Republic of Croatia constitute the largest part (85%) of total investments of mandatory pension funds in securities. Bonds of domestic non-financial companies account for 3.4% and investments in shares and equity participation for 7.5%. Mandatory pension funds invest a smaller portion of their assets (about 5%) in foreign financial instruments. According to the Pension Funds Act, pension funds are allowed to invest up to 15% of their assets in foreign securities. The following table shows assets and liabilities structure of pension funds.

According to the data of the Agency for the Supervision of Insurance Companies, a significant growth in almost all basic asset items was recorded in insurance companies as well. Accordingly, by the end of 2002, total assets stood at HRK 11,096.8m, an increase of 14.8% compared to the end of 2001. According to the available data, insurance companies invest almost one third of the total available funds for investment in securities of the Republic of Croatia, followed by investments in deposits and loans to domestic banks and investments in real estates. It should be noted that their share in total assets of other financial institutions has been on the decrease as a result of increasingly larger share of mandatory pension funds.

Savings and loan associations are supervised by the Ministry of Finance which also collects data from them. Only data on the movements in total assets of savings and loan associations (which rose from HRK 675m at end-1999 to HRK 987m at end-2001) are available to the CNB.

Figure 61

INVESTMENT STRUCTURE OF OPEN-END INVESTMENT FUNDS – 31 DECEMBER 2002

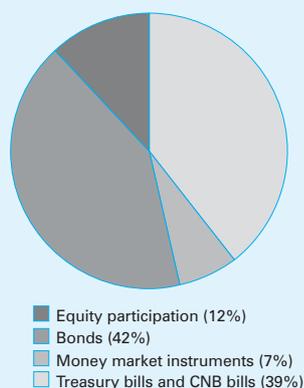


Figure 62

INVESTMENT STRUCTURE OF CLOSED-END INVESTMENT FUNDS – 31 DECEMBER 2002

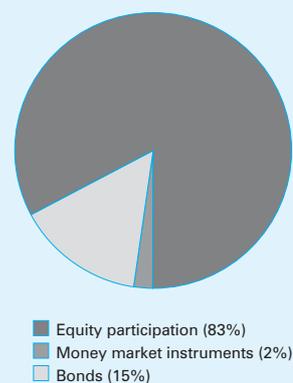


Table 7: Net Assets of Mandatory Pension Funds, end of period, in million HRK

| | Jun. 2002 | Sep. 2002 | Dec. 2002 | Mar. 2003 |
|--|--------------|----------------|----------------|----------------|
| 1. Cash at bank and in vault | 180.3 | 63.3 | 78.3 | 51.0 |
| 2. Debt securities | 499.1 | 1,192.8 | 1,815.7 | 2,279.9 |
| MoF treasury bills | 18.9 | 0.0 | 1.2 | 0.0 |
| CNB bills | 3.0 | 0.0 | 0.0 | 0.0 |
| Government securities | 461.7 | 1,181.8 | 1,669.0 | 2,102.1 |
| Securities of financial institutions | 0.0 | 0.0 | 0.0 | 0.0 |
| Securities of non-financial institutions | 15.4 | 11.0 | 66.2 | 124.7 |
| Foreign securities | 0.0 | 0.0 | 79.3 | 53.0 |
| 3. Equity securities | 22.7 | 36.6 | 146.8 | 239.0 |
| Equity participation in financial institutions | 0.0 | 0.0 | 24.5 | 18.1 |
| Equity participation in non-financial institutions | 13.4 | 28.2 | 101.7 | 153.8 |
| Foreign equity participation | 9.3 | 8.4 | 20.6 | 67.1 |
| 4. Placements and deposits | 0.0 | 0.5 | 3.0 | 38.2 |
| 5. Other assets | 20.5 | 29.1 | 75.8 | 42.3 |
| 6. Liabilities | -21.8 | -34.3 | -104.5 | -39.5 |
| Total net assets | 700.8 | 1,288.0 | 2,015.1 | 2,610.9 |

Figure 63

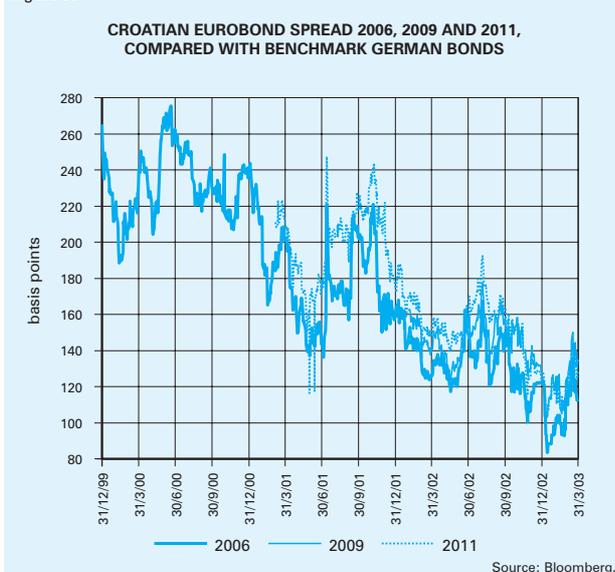
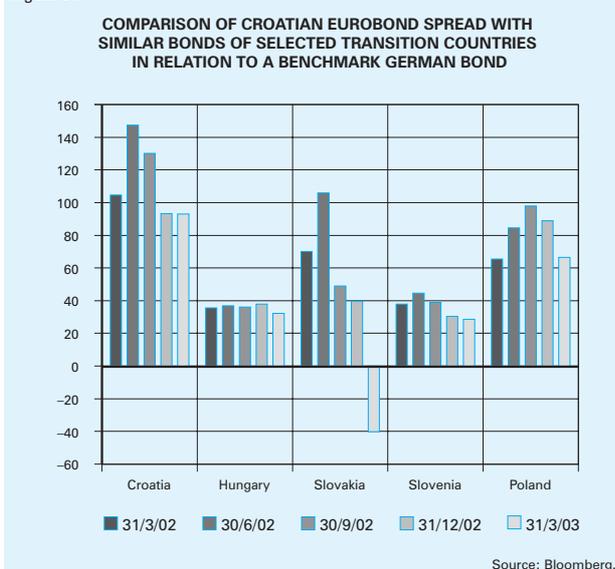


Figure 64



ture in 2022 and have government guarantees.

The issues of Croatia's bonds in the foreign markets increased to 12 in February 2003. A new issue of the Croatian eurobond worth EUR 500m, maturing in 2010 was concluded at a record low coupon rate of 4.625%. Total nominal value of all 12 issues of Croatian eurobonds stood at HRK 34.7bn or USD 4.85bn (EUR 4.51bn) at end-March 2003.

The prices of Croatian eurobonds were in line with the global and regional developments, so that their yield was falling until mid-March. The spread between Croatian eurobonds and benchmark German bonds was narrowing, accompanied by occasional fluctuations. In the second half of March, Croatian eurobonds recorded a strong fall in prices (i.e. yield growth), which is in accordance with the developments in the world markets. However, this fall was stronger than a price fall of eurobonds of other transition and developed countries, as a result of the current regional situation (crisis in Serbia). Consequently, the spread in relation to

benchmark German bonds again broadened, reaching 88–135 basis points for different maturities in late March.

The spread compared to the benchmark German bond (maturing in 2004) decreased in all the observed transition countries from December 2002 to the end of the first quarter 2003, whereas it remained at approximately the same level for Croatian eurobonds. Compared with the spreads of other transition countries, Croatian eurobonds still maintain the largest spread, which is understandable, since Croatia still has the lowest investment rating among the observed countries.

International Transactions

In the first quarter of 2003, international transactions were marked by more dynamic exports of goods as well as exceptionally good income from tourism-related services. Still, the continued growth in goods imports has offset these positive trends. Hence, expressed in terms of GDP projected for 2003, the trade deficit on goods and services in the first quarter of 2003 remained at the level recorded in the corresponding period last year. External debt continued its upward trend, standing at USD 17bn at end-March. International reserves grew substantially in this year. At end-April, they were sufficient to maintain the reserve cover ratio of imports of goods and services estimated for 2003 at 5.4 months. Under this criterion, Croatia is still viewed as the country with strong international liquidity (compared to international liquidity indicators of the most advanced transition countries).

It should be noted that the new balance of payments data, covering the year 2002, have been produced. In contrast to the balance of payment data published in the Statistical Survey of the CNB Bulletin No. 82, the new data indicate a change in the current account which was, inter alia, brought about by the revision in the income account, and a change in the capital and financial account which was brought about by the change in reserve assets and the inclusion of data received from the BIS. In consequence, the current account deficit, expressed in US dollars, grew by USD 40m or 0.2 percentage points and reached USD 1,587m or 7.1% of GDP for 2002, while net errors and omission fell by a substantial USD 227m.

Current Account

According to the preliminary balance of payment data for the first three months of 2003, the current account deficit stands at USD 1,006m or 3.7% of GDP estimate for 2003, which is a modest decline compared with the deficit of 3.9% of GDP for 2002 incurred in the first quarter of 2002. Since the current account developments greatly depend on the trade in goods and services, a continued growth of imports gives cause for concern. However, the data on more dynamic exports of goods and exceptionally good exports of services are encouraging.

The CBS data show that the value of goods exports (f.o.b.) stood at USD 1.4bn in the first quarter of 2003, which corresponds to the annual nominal increase of USD 411m or 39.7%. Care must be taken in interpreting these results be-

cause a significant increase in total goods exports reflects the annual rates of depreciation of the average monthly exchange rate of the US dollar against the euro (22.3%) and the domestic currency (20.4%) registered in the first quarter of 2003. It also should be taken into account that the euro, according to the currency structure of goods exports taken over from the balance of payments expressed in foreign currency, accounted for 67.1% of total goods exports in the first two months of 2003. SITC divisions show that exports of ships made the largest contribution to the annual growth of total goods exports. Even if the positive contributions of cross-currency changes and ships exports to total goods exports are excluded, the registered development still gives reason for optimism. Moreover, a 14.1% annual growth of seasonally adjusted goods exports (ships exports excluded), measured at constant 2002 exchange rate, is clear evidence of Croatia's growing presence in foreign markets. Such developments were influenced by sustained and intensive imports of capital goods (see Merchandise Trade), continued domestic enterprises restructuring, effects of the signed foreign trade agreements and a modest annual depreciation rate of the average monthly exchange rate of the kuna against the euro (1.6%) in the first three months of 2003. Results would have been even more favorable, if our most important export partners from the EU had not concurrently registered negative rates of economic growth in the first quarter of 2003 in comparison with the fourth quarter of 2002 (Germany -0.2% and Italy -0.1%) and thus influenced the decrease in foreign demand for Croatia's export products.

The value of goods imports (c.i.f.), in the first three months of 2003, reached USD 2.9bn. Its annual growth of USD 796m or 37.2% shows that the accelerated goods imports from 2002 have continued in the first quarter of 2003. As in the previous year, the purchasing power of Croatian citizens was maintained at a relatively high level thanks to the growth in bank credits and increased lending activities of leasing companies. The data on external debt indicate that the debt stock of these companies stood at USD 613m at end-2002, which was twice the size of that registered at end-2001. In comparison with end-2002, their debt stock rose by an additional USD 339m at end-March 2003. With a view to such developments, sustained imports of passenger cars came as little surprise.

The services account showed a continuation of the upward trend in its commonly positive balance. Income from tourism amounted to USD 390m in the first quarter of 2003 or 1.4% of GDP estimate for 2003 and rose considerably in comparison with USD 237m (1.1% of GDP for 2002) generated in the same period last year. This increase is even more pronounced if the impact of the base period is taken into account (the Easter holidays fell earlier in 2002 and thus partly contributed to the growth in income from tourism in the first quarter of 2002). Improved road communication between the Croatian coast and the rest of the country, investments made in accommodation facilities and recent global occurrences (fear of terrorist attacks and the appearance and spreading of SARS in Southeast Asia) indicate that this trend might continue in the coming period. As far as other services

are concerned, net income from construction-related services saw the highest annual growth in the same period (USD 25m or 62.5%). It resulted from higher income from construction projects completed in Croatia and ordered by foreign contractors (annual increase of USD 20m) and construction projects completed abroad (annual increase of USD 11m). In the first three months of 2003, net income from transport-related services also registered an annual rate of growth. The highest increase in net income was registered in air transport (USD 13m), whereas a pronounced annual increase was recorded in income from cargo ship transport (USD 17m).

Income and current transfers accounts also made a positive contribution to the developments in the current account. The current account deficit⁴ amounts to USD 223m or 0.8% of GDP estimate for 2003, which is a decrease of 0.2 percentage points in comparison with the deficit of 1% GDP for 2002 accumulated in the first three months of 2002. In the reference period, pronounced changes were registered in the following accounts of the income account: equity investment (a USD 39m annual decrease in outflows based on reinvested earnings and dividends paid out to foreign direct investors), portfolio investment (a USD 34m annual increase in outflows based on interest on newly issued government bonds) and other investment (a USD 26m annual increase in outflows based on other investment in the banking sector).

Current transfers received for the first quarter of 2003 were USD 332m, which corresponds to the annual increase of USD 91m or 37.8%. In the same quarter, the inflow based on current transfers of other sectors registered an annual increase of USD 61m (of this amount, the annual increase of inflow based on remittances from workers abroad accounted for USD 29m), while the government sector's inflow registered an annual increase of USD 31m.

Merchandise Trade

According to the preliminary CBS data, total goods exports (f.o.b.) in the first three months of 2003 amounted to USD 1.4bn, which corresponds to the annual nominal increase of USD 411m or 39.7%. This high growth rate of goods exports partly resulted from cross-currency developments, i.e. the above mentioned annual depreciation rates of the US dollar against the euro and the kuna in the first quarter of 2003. Looking at SITC sections and divisions, the largest contribution to the growth of total goods exports came from exports of other transport equipment (i.e. ships exports). The value of exported ships stood at USD 187m in the first three months of 2003 and almost doubled in comparison with the same quarter of 2002. Ships exports were exceptionally pronounced in February 2003 (about USD 126m USD), and consequently resulted in a relatively high monthly coverage of exports by imports (54.3%). The data of the Croatian Shipbuilding Corporation – Jadranbrod on ship deliveries made and planned in 2003, reported in accordance with its stock of orders, sug-

⁴ Interest paid by Croatia on loans and other inward investment largely exceeds the same kind of receipts.

gest that ships exports in 2003 should exceed by a large margin the exports realized in 2002.

The fact that increased dynamics of Croatia's goods exports in the January-March period of 2003 is not only the result of cross-currency changes and intensive ships exports is underpinned by the data series on the value of total exports (ships exports excluded), expressed at a constant exchange rate. Accordingly, the annual growth rate of seasonally adjusted goods exports (other transport equipment excluded), expressed in the US dollar at constant 2002 exchange rate, was 14.1%, which is a significant increase in comparison with 4.8% registered in 2002.

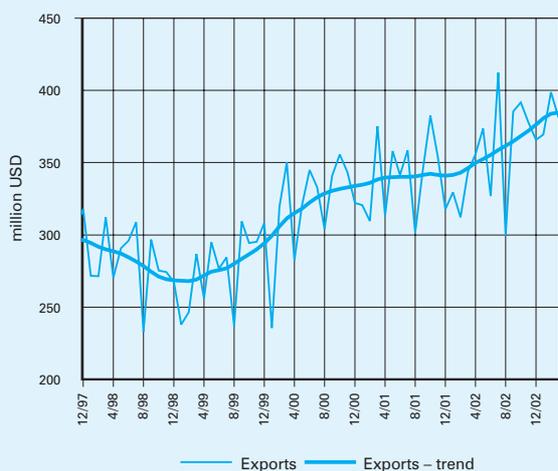
As far as other SITC divisions are concerned (ships exports excluded), the largest contribution to the growth of total goods exports came from increased exports of oil and refined petroleum products (according to the CBS their annual growth stood at 82.6%), wearing apparel (21.5%), electrical machinery, apparatus and equipment (34.4%) and fish and fish products (65.9%).

The value of total goods imports (c.i.f.) in the first quarter of 2003 amounted to USD 2.9bn, which corresponds to the annual nominal increase of USD 796m or 37.2%. Cross-currency changes excluded, the annual growth in total goods imports in the observed period was overridingly influenced by increased imports of road vehicles. Despite a strong impact of the base period (road vehicles imported in 2002 exceeded USD 1.1bn or 5.1% of GDP for 2002), imports of passenger cars stood at a high USD 338m in the first three months of 2003. As car imports were almost completely realized in euros (and thus largely susceptible to the development between the US dollar, the reporting currency, and the euro, the transaction currency), a high 39.6% annual growth rate of imports, measured at constant 2002 exchange rate, in the first quarter of 2003 gives cause for concern. In addition to imports of road vehicles, imports of oil and refined petroleum products also strongly contributed the growth of total goods imports (according to the CBS their annual growth stood at 40.6%).

More favorable movements in Croatia's goods imports be-

Figure 65

MERCHANDISE EXPORTS (f.o.b.) and TREND
other transport equipment excluded,
at constant 2002 exchange rate



Sources: CBS and CNB.

Figure 67

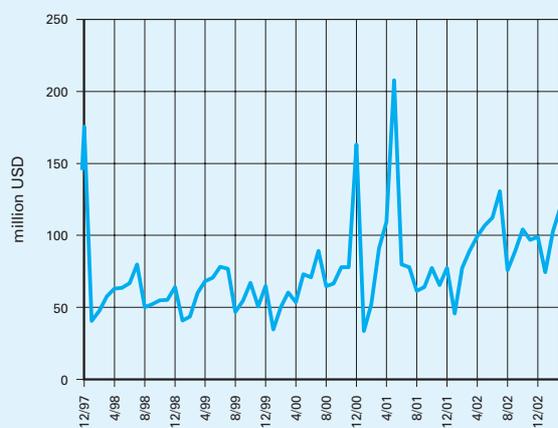
MERCHANDISE IMPORTS (c.i.f.) AND TREND
machinery and transport equipment excluded,
at constant 2002 exchange rate



Sources: CBS and CNB.

Figure 66

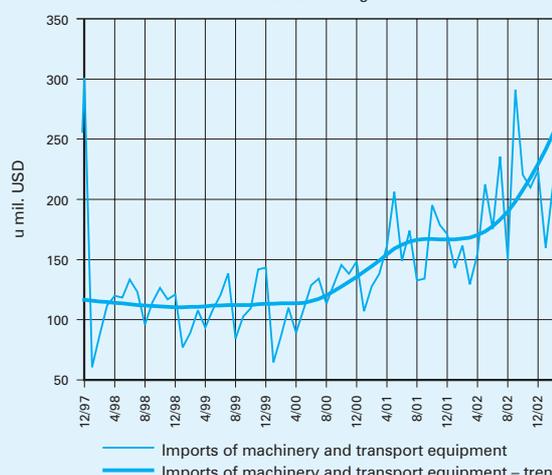
IMPORTS OF ROAD VEHICLES (c.i.f.)
at constant 2002 exchange rate



Sources: CBS and CNB.

Figure 68

IMPORTS OF MACHINERY AND TRANSPORT EQUIPMENT (c.i.f.) AND TREND
other transport equipment and road vehicles excluded,
at constant 2002 exchange rate



Sources: CBS and CNB.

Table 8: Imports and Exports by Economic Classification of Countries, in %

| Exports | 1998 | 1999 | 2000 | 2001 | 2002 ^a | Jan. – Mar. 2002 ^a | Jan. – Mar. 2003 ^a |
|---------------------------|-------|-------|-------|-------|-------------------|-------------------------------|-------------------------------|
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Developed countries | 52.4 | 56.9 | 60.1 | 61.7 | 58.1 | 62.3 | 64.6 |
| EU-15 | 47.7 | 49.0 | 54.5 | 54.1 | 52.7 | 56.0 | 55.0 |
| Austria | 5.5 | 6.4 | 6.6 | 5.7 | 7.5 | 7.9 | 8.1 |
| Italy | 17.7 | 18.0 | 22.3 | 23.7 | 22.7 | 22.7 | 26.0 |
| Germany | 16.9 | 15.7 | 14.3 | 14.8 | 12.5 | 13.9 | 11.9 |
| EFTA | 1.8 | 3.5 | 1.0 | 1.1 | 0.8 | 1.0 | 0.8 |
| Other developed countries | 3.0 | 4.4 | 4.6 | 6.5 | 4.6 | 5.3 | 8.8 |
| Developing countries | 47.6 | 43.1 | 39.9 | 38.3 | 41.9 | 37.7 | 35.4 |
| CEFTA | 13.2 | 13.5 | 13.8 | 12.1 | 12.4 | 11.8 | 11.4 |
| Slovenia | 9.5 | 10.6 | 10.8 | 9.1 | 8.7 | 8.7 | 7.9 |
| Bosnia and Herzegovina | 14.4 | 12.7 | 11.2 | 12.0 | 14.4 | 12.5 | 12.4 |
| Yugoslavia | 0.4 | 0.6 | 2.4 | 3.2 | 3.5 | 3.3 | 2.4 |
| Imports | 1998 | 1999 | 2000 | 2001 | 2002 ^a | Jan. – Mar. 2002 ^a | Jan. – Mar. 2003 ^a |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Developed countries | 69.3 | 66.7 | 64.7 | 66.0 | 64.5 | 64.9 | 66.2 |
| EU-15 | 59.3 | 56.6 | 55.4 | 57.1 | 55.8 | 55.3 | 56.4 |
| Austria | 7.3 | 7.1 | 6.7 | 6.9 | 6.6 | 6.6 | 6.1 |
| Italy | 17.9 | 15.9 | 16.6 | 18.1 | 17.3 | 17.1 | 16.7 |
| Germany | 19.1 | 18.5 | 16.5 | 17.3 | 16.3 | 15.8 | 16.0 |
| EFTA | 2.8 | 2.6 | 2.4 | 2.1 | 2.0 | 2.5 | 1.9 |
| Other developed countries | 7.2 | 7.5 | 7.0 | 6.8 | 6.8 | 7.1 | 7.9 |
| Developing countries | 30.7 | 33.3 | 35.3 | 34.0 | 35.5 | 35.1 | 33.8 |
| CEFTA | 15.2 | 13.8 | 14.8 | 14.8 | 16.0 | 15.7 | 15.3 |
| Slovenia | 8.7 | 7.9 | 7.9 | 7.8 | 7.7 | 8.0 | 6.9 |
| Bosnia and Herzegovina | 1.8 | 1.5 | 1.0 | 1.4 | 1.6 | 1.4 | 1.2 |
| Yugoslavia | 0.2 | 0.3 | 0.4 | 0.4 | 0.5 | 0.6 | 0.4 |

^a Preliminary data. Source: CBS.

come evident when the data on imports of capital goods (SITC section of machinery and transport equipment) and cross-currency changes are excluded from the data series on total goods imports. Moreover, seasonally adjusted data on goods imports (machinery and transport equipment excluded), expressed in US dollars at constant 2002 exchange rate, indicate an annual growth of imports of 6.3% in the first three months of 2003, which is substantially below the average annual growth of 11.5% registered in 2002.

The trend of imports of machinery and transport equipment (ships and road vehicles excluded), expressed at a constant exchange rate, accelerated in the first quarter of 2003. In this period, the annual growth of imports of machinery and transport equipment was 38.9%, up 15.6 percentage points in comparison with the average annual growth in 2002. According to other divisions of this SITC section, high annual growth rates of imports were registered in special purpose machinery (88.9%), general purpose machinery (57.1%), telecommunication equipment (54.3%) and electrical machinery, apparatus and equipment (34.4%). Their growth rates were partly stimulated by increased exports of ships in the first quarter of 2003, which largely depend on imports, and by heightened CH and CR construction activities. However, the annual growth of exports of 13.7% registered in manufacturing in the first three months of 2003 (expressed in kuna) suggests that increased imports of capital goods were to a certain extent the result of continued restructuring of domestic enterprises and their improved export competitiveness.

Exports/imports of goods by economic classification of countries show that Croatia's exports into developed countries, expressed as a share in total goods exports, rose by 2.3 percentage points in the January-March period of 2003, from 62.3% in the first quarter of 2002 to 64.6% in the corresponding period of 2003. Croatia's exports to the EU member countries, especially Italy and Austria, grew steeply. The annual value of goods exported to these two countries grew at an average rate of 55.6% in the first quarter of 2003. Croatia's exports to developing countries grew largely on account of exports to Bosnia and Herzegovina (annual growth of 38.5%), Liberia (a 93.3% growth due to ships exports) and Slovenia (27.2%). The share of imports from developed countries in total goods imports grew from 64.9% in the first three months of 2002 to 66.2% in the same period of 2003. The most pronounced contribution to imports from developed countries came from Germany (annual growth of 38.6%) and Italy (34.2%). The first quarter of 2003 also saw an annual increase in goods imports from all CEFTA countries, especially Hungary (annual growth of 54.7%) and Slovenia (17.5%).

Capital and Financial Account

The preliminary balance of payments data show that outward FDI amounted to USD 505m in the first quarter of 2003, up USD 497m in comparison with the same period of 2002. For the most part, this increase resulted from the transfer of the market value of patents to an affiliated company abroad (the counter-entry to this transaction is the inflow to the ac-

count of non-produced, non-financial assets within the capital account). In the same period, the value of inward FDI stood at USD 237m or 0.9% of GDP estimate for 2003, which is a decrease of 0.1 percentage point in comparison with USD 232m or 1% GDP for 2002 generated in the first quarter of 2002. It should be stressed that this quarterly performance is in line with and even exceeds the expected capital inflows into Croatia on the basis of net FDI in 2003. Moreover, on account of the fall in number of large FDI, the FDI value is expected to decrease in 2003 in comparison with 2002 when USD 886m was generated.

In comparison with the first quarter of 2002, significant changes also marked the portfolio investment in the first quarter of 2003. The value of transactions involving financial assets of Croatian residents (investment in shares) grew by USD 8m in the first quarter 2003 and was substantially below the increase of USD 93m registered in the first three months of 2002. The value of transactions involving financial assets of Croatian residents (investment in bonds) fell by USD 10m in the January-March period of 2003, whereas the value of these transactions amounted to USD 109m in the first quarter of 2002.

The analyses of obligations arising from the portfolio investment shows that transactions based on investment in bonds have experienced the largest changes. As a result of transactions registered in the first quarter of 2002, obligations grew by USD 62m or 0.3% of GDP for 2002. These comprised the repayment of USD 300m worth of eurodollar bond, the payment of credit installment of USD 75m to the London Club and the issuance of EUR 500m worth of eurobonds (USD 436m). In contrast, transactions registered in the first quarter of 2003 comprised the January payment of credit installment of USD 81m to the London Club, the February issuance of EUR 500m worth of eurobonds abroad (USD 542m) and USD 202m worth of Bina-Istra bonds. Accordingly, obligations arising from investment in bonds rose by USD 663m or 2.4% of GDP estimate for 2003.

Other investment, accounts of assets and liabilities included, were also marked by significant annual changes in the first quarter of 2003. In the first quarter of 2002, receipts from other investment fell by USD 655m or 2.9% of GDP for 2002, mostly as a result of movements in item currency and deposits. Moreover, currency and deposits of domestic banks held abroad fell by USD 972m in the January-March period of 2002 due to the adjustments in bank portfolios (the post euro effect). Concurrently, prompted by the conversion of EMU member countries' currencies into the euro, foreign currency

in circulation of other sectors (especially households) grew by USD 362m. In the first quarter of 2003, transactions registered in the account of assets maintained within the account of other investment rose by USD 129m or 0.5% of GDP estimate for 2003, which was to a large extent the result of movements in item currency and deposits of banks. According to the preliminary and incomplete data on the balance of payments, the decrease in banks' currency and deposits amounted to 1.1% of GDP estimate for 2003 in January and February. However, they grew in March, by 1.8% of GDP estimate for 2003. The monetary statistics data show that bank time and notice deposits held abroad grew by a high 16.7% for the month in March 2003. This growth was most probably stimulated by the adjustments which banks were forced to make following the introduction of the central bank measure aimed at maintaining the adequate ratio between foreign exchange assets and foreign exchange liabilities, i.e. a minimum foreign exchange liquidity.

In the first quarter of 2003, the value of transactions registered in the account of liabilities maintained within the account of other investment, according to the preliminary data, amounted to USD 194m or 0.7% of GDP estimate for 2003 and thus remained at almost the same level registered in the same period last year (USD 189m or 0.8% of GDP for 2002).

The international reserves of the CNB stood at USD 6,208m at end-March, up USD 322m or 5.5% in comparison with at end-2002. The preliminary CNB monetary statistics data show that international reserves were USD 6,524m at end-April, which is sufficient to maintain the reserve cover ratio of imports of goods and services estimated for 2003 at 5.4 months. This indicator confirms that Croatia is still perceived as the country with strong international liquidity (in relation to the international liquidity of the most advanced transition countries).

External Debt

External debt stood at USD 16,996m at end-March, up USD 1,691m or 11% in comparison with end-2002. Net transactions (the difference between new foreign borrowing and settled due principal payments) contributed USD 1.4bn to the increase in total external debt, of which USD 0.3bn resulted from adjustments to cross-currency changes.

Except for the central bank, all other debt-generating sectors contributed to the increase in total external debt in the first quarter of 2003. The external debt growth of the government sector was the highest in absolute terms and amounted

Table 9: Change in External Debt by Debtor, in million USD

| | Outstanding debt 31/12/2002 | Change | | | Cross-currency change | Outstanding debt 31/3/2003 |
|--------------------------------|--------------------------------|--------------|--------------|----------|--------------------------|-------------------------------|
| | | Disbursement | Amortization | | | |
| | | | Principal | Interest | | |
| 1. Direct investment | 1.047 | 241 | 35 | 8 | 29 | 1.282 |
| 2. Government | 6.356 | 576 | 134 | 195 | 96 | 6.895 |
| 3. Central bank (CNB) | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Banks | 4.011 | 551 | 201 | 26 | 111 | 4.473 |
| 5. Other sectors (enterprises) | 3.891 | 624 | 259 | 25 | 89 | 4.345 |
| Total (1+2+3+4+5) | 15.304 | 1.993 | 628 | 255 | 326 | 16.996 |

Source: CNB.

Box 2. New Foreign Exchange Act Enhances CNB's Authority

In its report for 2002, *Global Development Finance*, a publication providing data on individual countries' indebtedness, puts Croatia during 1998-2000 into a category of medium-indebted countries. The publication uses two indicators to measure the degree of a country's indebtedness: the share of the current value of repaid external debt in gross national income (GNI) and the share of the current value of repaid external debt in goods and services exports (including remittances from workers abroad)⁵. Developments in repaid external debt, coupled with a rising GNI per capita, and to a lesser extent increased exports, seem to suggest that, despite an increase in these values, Croatia did not become a highly indebted country in 2001 and 2002.

However, deterioration in these values, as well as the fact that movements in foreign indebtedness cannot be observed separately, all advocate caution. In particular, year 2002 was marked by negative movements in Croatia's merchandise foreign trade; the country's external debt grew by USD 4bn, or 35.2% in absolute terms in that year. Rapid growth in merchandise imports in 2002, backed by credit expansion of deposit money banks, led to the widening of the foreign trade deficit and the current account deficit that almost doubled compared with 2001.

In response to such economic developments, the CNB adopted a decision at the beginning of 2003 that was intended to curb excessive placements growth of banks, without prejudicing increased capital needs necessary to accommodate faster economic growth expected for 2003. It should be stressed that the reason for the adoption of the said measure by the Croatian National Bank was not the gradual increase in the share of credits granted to the private sector (mainly households) expressed as a percentage of gross domestic product (GDP). Rather, it was this share's high rate of change over a relatively short period of time that prompted central bank action. Gradual increase in the share of household credits in GDP very often follows domestic financial market deepening, or a wider-ranging offer of financial products on the market, and is not worrying in itself, provided adequate bank supervision is ensured. What is worrying is the rapid growth in credits granted to the private sector over a relatively short period of time (annual growth of DMB's credits to households stood at 43% in 2002) that can increase an average loan's level of risk.

Given the fact that it is too early to assess the impact of the CNB's measure on the growth of DMB's placements, and the fact that movements in merchandise imports over the first three months in 2003 indicate that this growth has still not been reduced to the level that would be compatible with the basic indicators of the Croatian economy, the Croatian National Bank is considering additional measures to restrict placements growth and stabilize current account deficit.

Newly adopted Foreign Exchange Act, in line with provisions of the Stabilization and Association Agreement with the European Union, provides for a gradual but significant liberalization of individual parts of the balance of payments' capital account, and, in its safety provisions, for a broad spectrum of measures aimed at dealing with any serious difficulties in the implementation of monetary or foreign exchange policies. Therefore, the Croatian National Bank has again been granted the authority to also impose, if it deems it necessary, restrictions on capital account transactions (Chapter V of the Act). One of the measures that the CNB may take is to restrict credit transactions between residents and non-residents, or to impose an obligation on residents to set aside deposits for credits granted by non-residents, thus increasing the cost of foreign borrowing.

Capital restrictions, and particularly restrictions in connection with credit activities of banks supporting personal consumption, are imbedded in legislation of a number of countries. Restrictions relating to sterilization and raised reserve requirements rate stand out as most used in relative terms. Asian countries, far more open and exposed to developments in global markets than Croatia, are particularly inclined to impose finely targeted capital restrictions aimed at reducing foreign borrowing by domestic banks and/or limiting channeling of financial funds obtained abroad into consumer credits or credits for the purchase of real estate in the domestic market.⁶

In addition to allowing capital restrictions, the new foreign exchange act also provides for measures that will ensure better transparency of portfolio investments in Croatia. Though previously unregulated, non-resident investments in securities in Croatia could be made in practice without restrictions. Under a subordinate legislation by the CNB, based on the new foreign exchange act, non-residents will be obligated to open custody accounts in domestic deposit money banks and to sign a statement undertaking not to alienate or pledge the acquired security within a period of one year, except on behalf of another non-resident.

Table 10: Selected indicators

| | 1998 | 1999 | 2000 | 2001 | 2002 |
|---|-------|-------|-------|-------|-------|
| Current account deficit (as % of GDP) | -6.7 | -7.0 | -2.5 | -3.7 | -7.1 |
| External debt (as % of GDP) | 44.8 | 50.1 | 60.0 | 57.9 | 68.2 |
| Government external debt (as % of GDP) | 15.8 | 20.0 | 26.2 | 26.3 | 28.3 |
| External debt (as % of goods exports) | 211.4 | 227.0 | 242.1 | 237.8 | 306.4 |
| External debt (as % of exports of goods and services) | 113.3 | 122.9 | 127.6 | 117.5 | 145.1 |
| External debt (as % of exports of goods and services and current transfers) | 102.3 | 109.8 | 113.2 | 104.7 | 128.6 |
| External debt (as % of international reserves) | 343.9 | 329.8 | 313.6 | 240.6 | 260.0 |
| Government external debt (as % of international reserves) | 121.2 | 131.4 | 137.0 | 109.1 | 108.0 |
| External debt (as % of M4 measured at HRK/USD exchange rate at end of period) | 105.5 | 134.7 | 123.4 | 89.1 | 93.9 |
| Monetary aggregate M4 in HRK (as % of GDP in HRK) | 41.7 | 40.0 | 47.9 | 65.1 | 66.0 |
| Bank credits to companies (as % of GDP) | 26.6 | 22.1 | 20.7 | 23.5 | 26.6 |
| Bank credits to households (as % of GDP) | 12.9 | 13.6 | 15.3 | 18.5 | 24.4 |
| Annual growth in bank credits to households (in %) | 38.4 | 8.6 | 21.0 | 29.3 | 43.0 |

Source: CNB.

5 Critical limits for the first and the second indicator stand at 80% and 220%, respectively. A country is considered highly indebted when either of the indicators exceeds the critical limit. A country is considered medium-indebted when the former share exceeds 48% and the latter 132%. Croatia's benchmark values stand at 61% and 130% respectively. See *Global Development Finance 2002, The World Bank*, pp. 119-125.

6 Malaysia, for example, imposed finely targeted restrictions in 1993 to slow down the country's consumer credit growth (in particular credits

granted on the basis of credit cards and car loans). To discourage foreign borrowing, Thailand has been taxing interest payable by domestic banks on credits granted abroad since 1990. The country also imposes restrictions on placements of capital inflows into non-productive activities, such as consumer credits and credits for the purchase of luxury real estate. See *Appendix: Country Summaries in Sachs, J., Tornell, A. and Velasco, A.: A Financial Crises in Emerging Markets: The Lessons from 1995; NBER WP 5576, May 1996, pp. 29-44.*

Table 11: External Debt of the Republic of Croatia by Debtor, end of period, in million USD and %

| Sectors | 2000 | 2001 | 2002 | Mar. 2003 | Structure (%) | | | | Indices | | |
|---------------------------------|--------|--------|--------|-----------|---------------|-------|-------|-----------|---------|---------|--------------|
| | | | | | 2000 | 2001 | 2002 | Mar. 2003 | 2001/00 | 2002/01 | Mar. 2003/02 |
| 1. Monetary sector | 159 | 122 | 0 | 0 | 1.4 | 1.1 | 0.0 | 0.0 | 77.0 | 0.0 | 0.0 |
| 2. Government | 4,828 | 5,133 | 6,356 | 6,895 | 43.7 | 45.4 | 41.5 | 40.6 | 106.3 | 123.8 | 108.5 |
| of which: London Club | 1,255 | 1,106 | 957 | 876 | 11.4 | 9.8 | 6.3 | 5.2 | 88.1 | 86.5 | 91.6 |
| 3. Banks | 2,086 | 2,299 | 4,011 | 4,473 | 18.9 | 20.3 | 26.2 | 26.3 | 110.2 | 174.5 | 111.5 |
| of which: Currency and deposits | 433 | 634 | 1,976 | 2,130 | 3.9 | 5.6 | 12.9 | 12.5 | 146.4 | 311.9 | 107.8 |
| 4. Other sectors (enterprises) | 3,355 | 3,128 | 3,891 | 4,345 | 30.3 | 27.6 | 25.4 | 25.6 | 93.2 | 124.4 | 111.7 |
| 5. Direct investment | 627 | 635 | 1,047 | 1,282 | 5.7 | 5.6 | 6.8 | 7.5 | 101.3 | 164.8 | 122.5 |
| Total (1+2+3+4+5) | 11,055 | 11,317 | 15,304 | 16,996 | 100.0 | 100.0 | 100.0 | 100.0 | 102.4 | 135.2 | 111.0 |

Source: CNB.

to USD 539m, of which USD 442m and USD 96m referred to net transactions and cross-currency changes respectively. The government settled USD 134m of principal payments in the first quarter of 2003. Of this amount, USD 81m comprised the payment of credit installment of USD 81m to the London Club, while the remaining portion comprised almost fully the repayment of long-term loans. In the same period, the new government borrowing amounted to USD 576m, of which USD 542m comprised the issuance of eurobonds.

However, the structure of shares of individual debtors in total external debt shows a fall in the government share, from 41.5% at end-2002 to 40.6% at end-March. The data on the potential government external debt (external debt increased by total amount of guarantees issued by the central government, which excludes guarantees for the government sector debt) also show a fall, from 32.9% of GDP for 2002 at end-2002 to 29.4% of GDP estimate for 2003 at end-March. The value of the central government guarantees (the government sector excluded) stood at USD 1,111m at the end of the first quarter of 2003, an increase of only USD 36m in absolute terms in comparison with end-2002. It should be noted that this increase was not a result of new guarantees issued in the said period but of the activation of guarantees extended by the Republic of Croatia for some loans in previous periods, the repayment of loans backed by guarantees and the impact of cross-currency changes.

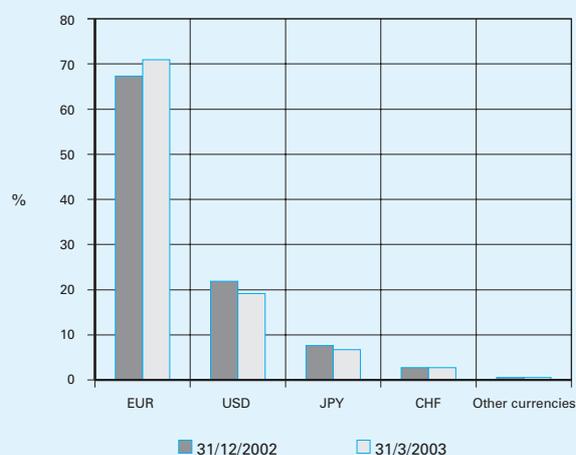
External debt of banks grew by a total of USD 462m in the January-March period of 2003, of which USD 351m comprised the increase based on net transaction. Principal payments of USD 201m mostly referred to the repayments of long-term loans. In this period, banks borrowed USD 551m, of which USD 451m related to long-term loans and USD 101m to currency and deposits.

External debt of other sectors (enterprises) rose by a total of USD 454m in the first quarter of 2003, whereas the increase based on net transactions accounted for USD 366m. Principal payments of USD 259m related to other investment, i.e. the repayments of trade and long-term loans. Other sectors (enterprises) borrowed an additional USD 624m in this quarter. Of this amount, other investment and foreign issue of Bina-Istra bonds accounted for USD 422m and USD 202m respectively.

Apart from the increase based on net transactions, the statistical changes in total external debt were also influenced by the currency structure of external debt and cross-currency movements. A major share of Croatia's external debt is denominated in the euro. In addition, the euro share in the currency structure of external debt has been on a steady upward trend in recent years. It stood at 67.3% at end-2002 (non-residents' deposits excluded) and rose to 70.9% at the end of the first quarter of 2003 (EUR 500 worth of government bonds issued abroad).

Figure 69

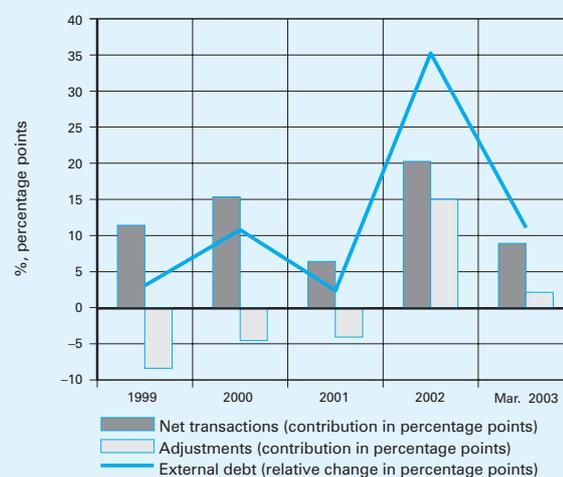
CURRENCY STRUCTURE OF THE EXTERNAL DEBT OF THE REPUBLIC OF CROATIA
non-residents' deposits excluded from the stock



Source: CNB.

Figure 70

RELATIVE CHANGE AND CONTRIBUTIONS TO THE CHANGE IN THE EXTERNAL DEBT OF THE REPUBLIC OF CROATIA
compared with the stock at the end of the previous period



Source: CNB.

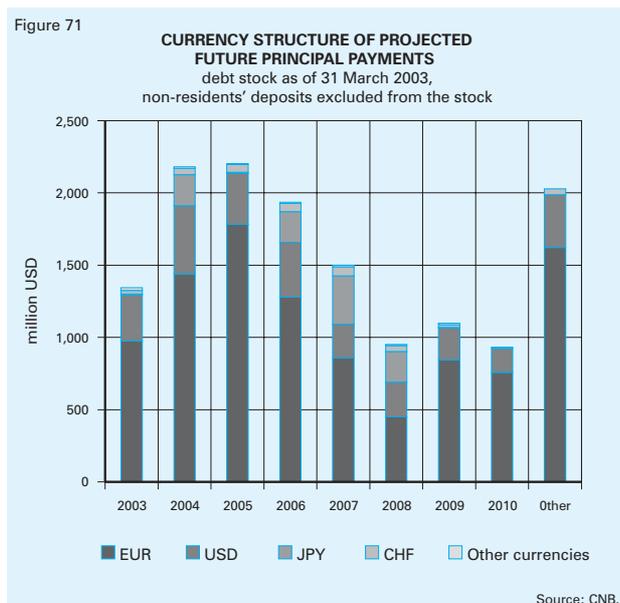


Figure 70 shows the impact of the currency structure and cross-currency changes registered in 1999-2001 period, stimulated by the strengthening of the US dollar against the euro, on the statistical decrease in external debt expressed in the US dollar (the reporting currency). Owing to negative fundamental indicators in the American economy, the dollar started to depreciate significantly against the euro in 2002. According to the CNB's mid-point exchange rates registered at end of periods, the dollar/euro exchange rate depreciated by a high 18.1% at end-2002 in comparison with end-2001 and thus strongly contributed to the statistical increase in external debt in 2002. In consequence of a significantly larger share of the euro (the non-reporting currency) in the external debt registered at the end of 2003 in comparison with end-2002 and a 3% appreciation of the euro/US dollar exchange rate at the end of the first quarter of 2003 in comparison with end-2002, total external debt grew by USD 326m at end-March 2003 in comparison with end-2002.

In contrast to external debt at end-March 2003 (non-residents' deposits excluded), the currency structure of estimated future payments of principal on external debt and continued extensive fluctuations in the US dollar/euro exchange rate indicate that the statistical adjustments, along with an increase in external debt based on net transactions, might positively contribute to the statistical increase in external debt in the remaining months of 2003 in comparison with the debt registered at end-March 2003.

Government Finance

Budget Highlights in 2003

Favorable fiscal performance in 2002, when the consolidated general government deficit stood at HRK 8.3bn or 4.7% of GDP, continued into the first quarter of 2003. According to the Ministry of Finance data, the general government deficit on an accrual basis is estimated at HRK 2.5bn or 1.3% of GDP

in the first quarter of 2003. The planned 2003 general government deficit of 4.6% of GDP should be mostly financed by privatization revenues and borrowing on the domestic market.

The general government debt (excluding government guarantees) stood at HRK 80.5bn or 42.4% of GDP at the end of the first quarter of 2003, whereas the central government debt (excluding government guarantees) stood at HRK 79.8bn or 42.0% of GDP according to the CNB data. Guarantees issued by the Republic of Croatia, which do not include those issued for the debt of the central government itself, reached HRK 15.9bn or 8.4% of GDP at the end of the first quarter of 2003. Thus, the central government debt together with its potential debt in the form of guarantees reached HRK 95.8bn or 50.4% of GDP at the end of the first quarter of 2003.

The Outturn of the Government Budget

Deficit of the General Government Budget and of the Consolidated Central Government Budget

According to the preliminary MoF data, the general government deficit on an accrual basis in the first quarter of 2003 is estimated at HRK 2.5bn or 1.3% of GDP. The general government deficit outturn for 2002 was 4.7% of GDP, or much less than 6.2% that was projected at end-2002 when the stand-by agreement was signed. Accordingly, the deficit target for 2003 was redefined from 5.0% of GDP to 4.6% of GDP. The deficit outturn in the first quarter of 2003 indicates favorable budgetary developments that are in line with the deficit target. It is impossible to compare these developments with those in the same period last year owing to the unavailability of quarterly data for local government and self-government, which were presented only on a cumulative level in the first half of 2002.

According to the MoF data, the consolidated central government deficit on an accrual basis stood at HRK 2.6bn or 1.4% of GDP in the first quarter of 2003. In nominal terms, this deficit was 6.2% larger than that recorded in the same period last year. However, in terms of their share in GDP, the two deficits are almost the same. After adjustment for the budgetary outturn of the government agencies Croatian Highways (CH) and Croatian Roads (CR), the deficit was almost the same in nominal terms as that recorded in the first quarter of 2002. However, in terms of its share in GDP, the deficit is 0.1 percentage points less than last year. Favorable budgetary deficit developments in 2003 have resulted from strong economic growth, which is reflected in a steep rise in tax revenues and a slower than planned progress of CH and CR projects owing to unfavorable weather conditions in the first three months of 2003.

Since 2003, the Ministry of Finance has monitored another level of the central government budget consolidation, for which there is a time series for two consecutive years. This new budgetary level refers to the consolidated central government budget adjusted for CH, CR, the Croatian Privatization Fund (CPF) and the State Agency for Deposit Insurance and

Table 12: Balances of the General Government Budget, in million HRK and %

| | 2001 | | 2002 | | 2003 | 2003/2002 |
|---|--------|---------|--------|---------|--------|-----------|
| | Q1 | Q1 – Q4 | Q1 | Q1 – Q4 | Q1 | Q1 |
| Revenues and grants | 14,409 | 70,846 | 14,611 | 70,929 | 16,237 | 11.1% |
| Expenditures and net lending | 17,752 | 74,277 | 17,225 | 74,938 | 18,873 | 9.6% |
| Balance on a cash basis | -3,344 | -3,431 | -2,614 | -4,009 | -2,636 | 0.8% |
| Capital revenues | 56 | 5,412 | 62 | 2,542 | 57 | -8.1% |
| Balance on a cash basis excluding capital revenues | -3,400 | -8,843 | -2,676 | -6,551 | -2,693 | 0.6% |
| Net repayment of arrears | 457 | 1,470 | 285 | -59 | 119 | -58.2% |
| Balance on an accrual basis | -2,943 | -7,373 | 2,391 | -6,610 | -2,574 | 7.7% |
| Repayments reclassified as subsidies | 240 | 618 | 32 | 175 | ... | ... |
| Consolidated central government balance, accrual basis | -3,183 | -7,992 | -2,423 | -6,785 | -2,574 | 6.2% |
| as % of GDP | | -4.9% | | -3.8% | | |
| Balance of state agencies CH and CR | 0 | 0 | -262 | -2,705 | -104 | -60% |
| Consolidated central government balance adjusted for CH and CR, accrual basis | -3,183 | -7,992 | -2,685 | -9,490 | -2,678 | -0.3% |
| as % of GDP | | -4.9% | | -5.4% | | |
| Balance of local government, CPF and DAB ^a , accrual basis | ... | -2,229 | ... | 1,219 | 158 | |
| as % of GDP | | -1.4% | | 0.7% | | |
| Consolidated general government balance | ... | -10,220 | ... | -8,271 | -2,520 | |
| as % of GDP | | -6.3% | | -4.7% | | |

^a DAB = State Agency for Deposit Insurance and Bank Rehabilitation. Source: MoF.

Bank Rehabilitation. Until 2003, the outturn of the consolidated central government budget on a quarterly basis was adjusted for CH and CR operations, which corresponded with the consolidated central government until 2000 (CH and CR were then within the Croatian Roads Administration). It may be generally stated that the State Agency for Deposit Insurance and Bank Rehabilitation and the CPF together contribute to the reduction in government deficit as they mostly generate a budgetary surplus.

Consolidated Central Government Revenues

Consolidated central government revenues recorded an upsurge in 2002. This especially refers to profit tax revenues, social security contributions, VAT revenues and certain excise revenues.

In the first quarter of 2003, revenues reached HRK 16.9bn (of which HRK 0.7bn refers to CH and CR revenues from excises and road tolls), which is an increase of HRK 1.7bn in comparison with the same period of 2002 (a nominal increase of 11.5%). The revenue outturn was mostly based on tax revenues, which were HRK 15.8bn, HRK 1.5bn above those recorded in the first three months of 2002 (a nominal increase of 10.2%). It may be generally stated that government budget revenues were in line with expectations.

VAT revenues stood at HRK 6.0bn in the first quarter of 2003, 6.7% higher in nominal terms than in the same period last year, or somewhat above the budgetary projections. In comparison with the same period last year, revenues from social security contributions grew by some 7.6% (HRK 0.4bn) as a result of the widening of the base in early 2003, an increase in employment and changes in wage developments. Still, this outturn is some 2.0% below that planned by the MoF for the first quarter of 2003. It is interesting to note that revenues from a special tax on imported vehicles continued to grow

strongly in 2003. In the first quarter of 2003, they were HRK 0.2bn, or as much as 4.7% higher than in the same period last year. The CNB measures aimed at curbing credit activities of banks should be especially reflected in revenues from various forms of import duties.

Consolidated Central Government Expenditures

After adjustment for CH and CR operations, the net amount of arrears settled and principal payments on behalf of certain public enterprises, which have the characteristics of subsidies, consolidated central government expenditures stood at HRK 19.5bn in the first quarter of 2003 according to the CNB estimates. This is an increase of some 10.0% in nominal terms in comparison with the same period of 2002.

The main characteristic of expenditure developments in 2003 has been the continued slow growth in CH and CR expenditures. In 2002, these expenditures were 20% below the budgeted amount, and this trend continued at a slightly slower pace due to bad weather conditions in the first three months of 2003. Taking all this into account, the outturn of CH and CR investment activities could be somewhat below the amount planned for 2003.

The total wage bill paid in the first quarter of 2003 amounted to HRK 4.7bn, 4.5% (HRK 0.2bn) more than in the corresponding period of 2002. At the general government level, the wage bill is currently in line with the budgeted amount.

Since the government budget is favorably affected by the US dollar weakening against the euro, outlays for interest payments stood at HRK 1.7bn in the first quarter of 2003, which is HRK 0.2bn below the planned amount. However, interest payments in the first quarter of 2003 were HRK 0.1bn higher than in the corresponding period last year. In the first quarter of 2003, interest payments accounted for 8.6% of total consolidated central government expenditures.

Financing

According to the CNB data, the central government debt (excluding government guarantees) stood at HRK 79.8bn at the end of the first quarter of 2003, which is 42.0% of GDP planned for 2003. In the same period, guarantees issued by the Republic of Croatia amounted to HRK 15.9bn, or 8.4% of GDP projected for 2003. In other words, the central government debt together with its potential debt in the form of guarantees totaled HRK 95.8bn, or 50.4% of GDP, at the end of the first quarter of 2003. In this period, the total central government debt rose by HRK 6.0bn (3.2% of GDP), while guarantees issued grew by HRK 0.2bn (0.1% of GDP). The external component accounted for 67% (HRK 4.0bn), whereas the domestic component accounted for 33% (HRK 2.0bn) of the total debt increase.

The general government debt (excluding guarantees issued) stood at HRK 80.5bn (42.4% of GDP) at the end of the first quarter of 2003 as the total local government and self-government debt was only HRK 0.7bn (0.4% of GDP).

The data on the central government debt include the consolidated central government debt (as defined by the MoF) and the debt of CH, CR, CPF, CBRD and the State Agency for Deposit Insurance and Bank Rehabilitation. The data on the general government debt include the consolidated central government debt and the local government debt. The definition of the government coverage thus differs from that given

in the stand-by arrangement with the IMF, which does not include the CBRD debt in the general and central government debt. Instead, total CBRD liabilities are included in guarantees issued.

Central Government Domestic Debt

In the first quarter of 2003, the domestic central government debt rose by HRK 2.1bn net, which is 52.3% more in nominal terms compared with the domestic debt increase in the same period of 2002 (HRK 1.4bn). The domestic debt grew mostly on account of bond issuance (70.2%) and bank loans (36.2%). In this period, T-bills issued contributed 3% to the domestic debt increase, or much less than in the first quarter of 2002 when they accounted for 57% of the domestic debt increase.

In 2002, the government took over companies' debt to banks of HRK 2.137bn or 1.2% of GDP. The stated amount refers to bank claims on shipyards and public enterprises Zagreb – Rijeka Highway and Croatian Railways. This debt assumption did not increase the 2002 government deficit since debt payments did not come due. This debt assumption will be reflected in the government budget deficit over the next several years in line with the debt-maturity dynamics.

The debt assumption has led to a statistical discrepancy because banks differently reclassified their claims on certain companies. Banks report only a minor portion of companies'

Box 3. Adjustment of Data on Tax Revenues of the Government Budget

The data on customs, VAT and excise revenues was revised in the first quarter of 2003 in order to eliminate methodological errors in the calculation of these revenue categories in 2001 and 2002. In short, the revision influenced only the tax revenue structure, whereas the aggregate revenue amount remained unchanged. Within tax revenues, the ratio between revenues from retail sales tax and VAT and revenues from taxes on international trade was changed. This changed revenue structure led to a change in the time series for these tax categories, and thus a change in their elasticity coefficients. It should be stressed that new elasticity coefficients boosted revenue projections for 2003. According to the new estimate, revenues should be HRK 0.3bn above the originally projected amount.

Concerning the quantitative data in Table 13, it is useful to explain the origin of the methodological error that persisted over the last two years. The error in the methodology used to form the tax revenue structure resulted from a practice whereby the inflow to the customs office's evidence account was promptly (several times a day) withdrawn from this account and moved to the government budget account in order to make the funds immediately available. This inflow was simultaneously classified and recorded in tax revenues ac-

ording to a following key: 70% was recorded as retail sales tax and VAT revenues and 30% was recorded as revenues from taxes on international trade, i.e. customs duties. This ratio was adequate until 2000. However, in 2001, its adequacy began to diminish month by month owing to a growing number of concluded free trade agreements (there were 24 of them in 2002 already), which provided for a gradual reduction or abolition of customs duties. This means that the share of customs duties collected by the Customs Administration has become substantially smaller. Thus, the real share of revenues from customs duties in total tax revenues has fallen to approximately 10%. This observation has been used in the recent data revision and insures a more precise revenue structure in the future.

Finally, with regard to the change in the revenue structure itself, Table 13 clearly shows the differences between the old presentation of data on the government budget outturn in the area of tax revenues and the actual outturn (revised data). In 2001, the difference between recorded and actual tax revenues from customs duties was HRK 0.6bn, whereas recorded revenues from retail sales tax and VAT were lower by the same amount. In 2002, this difference grew to almost HRK 1.9bn. This is logically correlated with the growth in the number of concluded free trade agreements, on the one hand, just as the real increase in VAT revenues is logically correlated with the strong 2002 economic growth, on the other hand.

Table 13: Adjustment of Data on Government Budget Revenues for 2001 and 2002, in million HRK

| | 2001 | | | 2002 | | |
|----------------------------------|----------|--------------|------------|----------|--------------|------------|
| | Old data | Revised data | Difference | Old data | Revised data | Difference |
| Retail sales tax and VAT | 13,257 | 13,797 | -540 | 14,453 | 16,247 | -1,794 |
| Special taxes (excises) | 621 | 686 | -64 | 1,031 | 1,107 | -76 |
| – of which: on imported vehicles | 410 | 447 | -37 | 694 | 752 | -58 |
| Taxes on international trade | 3,820 | 3,216 | 604 | 3,921 | 2,051 | 1,870 |

Source: MoF.

Table 14: Domestic Debt of Central Government, end of period, in million HRK

| | Stock | | | Change | |
|--|--------------|--------------|--------------|---------------------|---------------------|
| | 2001 Dec. | 2002 Dec. | 2003 Mar. | 2002 Jan. – Feb. | 2003 Jan. – Feb. |
| 1. Domestic debt of central government | 24,907.3 | 28,746.7 | 30,814.2 | 1,357.7 | 2,067.4 |
| 1.1. Domestic debt of the Republic of Croatia | 21,467.9 | 24,735.0 | 27,000.1 | 1,352.3 | 2,265.1 |
| Treasury bills | 4,892.3 | 5,632.7 | 5,696.1 | 779.9 | 63.4 |
| Money market instruments | 7.4 | 0.1 | 0.0 | -7.3 | -0.1 |
| Bonds | 15,415.8 | 16,021.7 | 17,472.6 | -638.4 | 1,451.0 |
| Credits from the CNB | - | 0.5 | 2.0 | - | 1.5 |
| Credits from DMBs | 1,152.4 | 3,080.0 | 3,829.3 | 1,218.1 | 749.3 |
| 1.2. Domestic debt of central government funds | 3,439.4 | 4,011.8 | 3,814.1 | 5.5 | -197.7 |
| Money market instruments | - | - | - | - | - |
| Bonds | 1,636.1 | 1,652.2 | 1,707.7 | 7.2 | 55.5 |
| Credits from DMBs | 1,803.3 | 2,359.6 | 2,106.4 | -1.8 | -253.2 |

Source: CNB Bulletin, Table I3.

debt taken by the government as claims on the central government, whereas a major portion of these obligations they report as claims on companies, but with a government guarantee.

Table 15: Companies' Financial Obligations Assumed by the Government at end-2002, in million HRK

| | Assumed obligations | Bank claims on the central government | Bank claims on companies backed by government guarantee |
|-------------------------|---------------------|---------------------------------------|---|
| Croatian Railways | 730 | 669 | 61 |
| Shipyards | 836 | 125 | 711 |
| Zagreb – Rijeka Highway | 545 | - | 545 |
| Total | 2,111 | 793 | 1,318 |
| as % of GDP | 1.2 | 0.45 | 0.75 |

Source: CNB.

Central Government External Debt

The central government external debt rose by HRK 4.0bn net, standing at HRK 49.0bn at the end of March 2003. This is

an 8.9% increase compared with the external debt level at end-December 2002. EUR 500m worth of eurobonds issued in February 2003 was mostly used for the repayment of interest due on foreign borrowing and due principal payments and for CH financing (EUR 150m), whereas the remaining principal amount is intended for external payments coming due in the second quarter of 2003.

Privatization

Despite end-2002 expectations, Sunčani Hvar was not privatized in the first quarter of 2003. Negotiations on the privatization of INA, which is the most significant privatization project in 2003, are currently underway. Over the year, additional privatization revenues may be expected from the sale of a portion of the CPF portfolio. The privatization of a stake in HT (ESOP program) and the privatization of Croatia osiguranje are not so certain.

Table 16: External Debt of Central Government, end of period, in million HRK

| | Stock | | | Change | |
|--|--------------|--------------|--------------|---------------------|---------------------|
| | 2001 Dec. | 2002 Dec. | 2003 Mar. | 2002 Jan. – Mar. | 2003 Jan. – Dec. |
| 1. External debt of central government | 42,413.4 | 45,023.1 | 49,025.3 | 1,856.2 | 4,002.2 |
| 1.1. External debt of the Republic of Croatia | 39,656.8 | 41,263.8 | 45,243.0 | 1,843.9 | 3,979.2 |
| Bonds | 30,029.0 | 30,115.3 | 33,936.6 | 801.5 | 3,821.4 |
| Credits | 9,627.8 | 11,148.5 | 11,306.4 | 1,042.4 | 157.9 |
| 1.2. External debt of central government funds | 2,756.7 | 3,759.3 | 3,782.2 | 12.2 | 23.0 |
| Bonds | 696.6 | 1,019.3 | 1,045.1 | 7.0 | 25.7 |
| Credits | 2,060.0 | 2,739.9 | 2,737.2 | 5.2 | -2.8 |

Source: CNB Bulletin, Table I3.

Statistical Survey

Classification and Presentation of Data on Claims and Liabilities

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

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

ple insurance companies, pension funds).

The central government and funds comprise government authorities including the Croatian Roads Administration, State Agency for Deposit Insurance and Bank Rehabilitation and Croatian Guarantee Agency, and the following central government funds: Croatian Institute for Health Insurance, Croatian Pension Insurance Institute, Croatian Employment Institute, Croatian Privatization Fund, Croatian Waters and Croatian Bank for Reconstruction and Development. Other domestic sectors are local government authorities and local funds, public and private enterprises and households, including craftsmen and non-profit institutions providing services to households. In some tables other domestic sectors are divided into the following sub-sectors: local government (which comprises local government authorities and local funds), public and private enterprises, and households (including craftsmen and non-profit institutions).

Foreign sector includes foreign legal and natural persons.

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

Table A1: Monetary and Credit Aggregates

End of period, million kuna and %

| Year | Month | Reserve money | Money M1 | Money M1a | Broadest money M4 | Net domestic assets | Domestic credit | Monthly rates of growth | | | | | | |
|------|-----------------------|---------------|----------|-----------|-------------------|---------------------|-----------------|-------------------------|----------|-----------|-------------------|---------------------|-----------------|---|
| | | | | | | | | Reserve money | Money M1 | Money M1a | Broadest money M4 | Net domestic assets | Domestic credit | |
| 1993 | December | 2,248.9 | 3,134.4 | 3,759.2 | 10,061.1 | 12,005.7 | 20,287.9 | – | – | – | – | – | – | – |
| 1994 | December | 4,714.2 | 6,642.6 | 6,996.7 | 17,679.9 | 16,540.1 | 27,661.5 | 11.73 | 2.20 | 3.83 | 2.26 | 11.84 | 3.45 | |
| 1995 | December | 6,744.1 | 8,234.9 | 8,503.2 | 24,623.0 | 21,576.3 | 32,819.5 | 2.97 | 0.89 | 1.54 | 3.41 | 1.00 | 1.88 | |
| 1996 | December | 8,770.4 | 11,368.9 | 11,494.9 | 36,701.1 | 24,960.4 | 33,831.2 | 11.35 | 7.83 | 7.67 | 4.88 | –5.41 | –11.61 | |
| 1997 | December | 10,346.1 | 13,731.4 | 13,848.8 | 50,742.0 | 33,829.0 | 48,863.4 | 7.86 | 3.93 | 3.85 | 2.16 | 4.98 | 4.96 | |
| 1998 | December | 9,954.2 | 13,531.4 | 13,615.2 | 57,340.3 | 44,626.8 | 59,792.0 | 7.24 | 6.92 | 6.59 | 2.51 | 3.73 | 0.25 | |
| 1999 | December ^a | 10,310.0 | 13,858.9 | 13,965.7 | 56,659.3 | 40,003.8 | 55,875.8 | 4.53 | 5.46 | 5.48 | 2.28 | 0.35 | –4.58 | |
| 2000 | December | 11,717.3 | 18,030.3 | 18,256.4 | 73,061.1 | 44,043.9 | 60,883.8 | 7.32 | 10.04 | 9.89 | 3.66 | 10.46 | 2.66 | |
| 2001 | December | 17,803.2 | 23,703.5 | 23,936.5 | 106,071.4 | 57,410.0 | 74,964.5 | 8.01 | 13.00 | 11.96 | 11.65 | 3.40 | 1.16 | |
| 2002 | February | 18,954.0 | 22,164.9 | 22,511.3 | 107,183.8 | 59,950.6 | 77,343.1 | 7.50 | –1.04 | –0.38 | –1.35 | –2.15 | 0.05 | |
| | March | 19,747.8 | 24,375.1 | 24,776.6 | 106,245.0 | 63,530.6 | 79,862.5 | 4.19 | 9.97 | 10.06 | –0.88 | 5.97 | 3.26 | |
| | April | 20,757.4 | 26,418.4 | 27,012.0 | 106,333.0 | 66,599.9 | 82,131.3 | 5.11 | 8.38 | 9.02 | 0.08 | 4.83 | 2.84 | |
| | May | 20,991.0 | 26,715.5 | 27,255.7 | 106,444.8 | 68,443.7 | 83,986.9 | 1.13 | 1.12 | 0.90 | 0.11 | 2.77 | 2.26 | |
| | June | 22,036.3 | 28,254.4 | 28,792.8 | 106,593.3 | 69,213.8 | 85,013.2 | 4.98 | 5.76 | 5.64 | 0.14 | 1.13 | 1.22 | |
| | July | 21,309.5 | 28,947.0 | 29,480.3 | 109,733.8 | 71,437.7 | 87,472.7 | –3.30 | 2.45 | 2.39 | 2.95 | 3.21 | 2.89 | |
| | August | 21,706.3 | 29,502.1 | 30,155.7 | 113,036.5 | 72,714.9 | 89,091.9 | 1.86 | 1.92 | 2.29 | 3.01 | 1.79 | 1.85 | |
| | September | 20,871.2 | 28,913.6 | 30,043.0 | 113,275.2 | 73,340.9 | 91,165.6 | –3.85 | –1.99 | –0.37 | 0.21 | 0.86 | 2.33 | |
| | October | 20,319.8 | 29,090.4 | 29,899.1 | 114,826.3 | 76,709.3 | 94,581.1 | –2.64 | 0.61 | –0.48 | 1.37 | 4.59 | 3.75 | |
| | November | 20,798.0 | 29,092.3 | 29,850.9 | 114,260.6 | 77,210.7 | 95,408.8 | 2.35 | 0.01 | –0.16 | –0.49 | 0.65 | 0.88 | |
| | December | 23,027.9 | 30,869.8 | 31,876.7 | 116,141.8 | 83,324.4 | 97,463.7 | 10.72 | 6.11 | 6.79 | 1.65 | 7.92 | 2.15 | |
| 2003 | January | 21,678.2 | 29,412.1 | 30,260.9 | 116,614.9 | 86,344.4 | 100,155.5 | –5.86 | –4.72 | –5.07 | 0.41 | 3.62 | 2.76 | |
| | February | 22,483.3 | 29,456.0 | 30,071.0 | 117,208.5 | 84,687.7 | 102,161.0 | 3.71 | 0.15 | –0.63 | 0.51 | –1.92 | 2.00 | |
| | March | 21,883.5 | 29,512.2 | 30,147.9 | 118,791.2 | 85,953.3 | 102,706.0 | –2.67 | 0.19 | 0.26 | 1.35 | 1.49 | 0.53 | |
| | April | 23,216.0 | 30,294.4 | 30,888.6 | 117,857.1 | 88,259.5 | 103,721.0 | 6.09 | 2.65 | 2.46 | –0.79 | 2.68 | 0.99 | |

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

Table A1: Monetary and Credit Aggregates

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

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

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

Broadest money (M4) comprises Money (M1), savings and time deposits, foreign currency deposits as well as bonds and money market instruments (all components are taken over from the Monetary Survey, Table B1).

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

Domestic credit comprises DMBs' claims on other domestic sectors, other banking institutions and other financial institutions.

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

Table B1: Monetary Survey

End of period, million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|---|----------|-------------------|-----------|-------------------|-----------|-----------|-----------|-----------|-----------|
| | Dec. | Dec. ^a | Dec. | Dec. ^b | Dec. | Jan. | Feb. | Mar. | Apr. |
| ASSETS | | | | | | | | | |
| 1. Foreign assets (net) | 12,713.5 | 16,655.5 | 29,017.2 | 48,661.3 | 32,817.4 | 30,270.5 | 32,520.8 | 32,838.0 | 29,597.6 |
| 2. Domestic credit | 66,923.1 | 65,938.6 | 72,051.4 | 87,637.6 | 112,518.9 | 116,346.0 | 115,183.9 | 117,269.0 | 118,616.0 |
| 2.1. Claims on central government and funds (net) | 7,131.1 | 10,062.8 | 11,167.6 | 12,673.1 | 15,055.2 | 16,190.5 | 13,022.9 | 14,563.0 | 14,895.1 |
| 2.2. Claims on other domestic sectors | 59,597.7 | 55,676.4 | 60,653.4 | 74,513.0 | 96,329.0 | 98,893.1 | 100,745.6 | 101,128.3 | 102,182.9 |
| 2.3. Claims on other banking institutions | 0.4 | 45.4 | 68.7 | 170.2 | 219.5 | 215.7 | 267.8 | 214.0 | 296.2 |
| 2.4. Claims on other financial institutions | 193.9 | 154.0 | 161.7 | 281.4 | 915.3 | 1,046.6 | 1,147.6 | 1,363.7 | 1,241.8 |
| Total (1+2) | 79,636.5 | 82,594.1 | 101,068.7 | 136,298.9 | 145,336.3 | 146,616.6 | 147,704.7 | 150,107.0 | 148,213.7 |
| LIABILITIES | | | | | | | | | |
| 1. Money | 13,531.4 | 13,858.9 | 18,030.3 | 23,703.5 | 30,869.8 | 29,412.1 | 29,456.0 | 29,512.2 | 30,294.4 |
| 2. Savings and time deposits | 5,683.8 | 5,397.5 | 7,651.1 | 10,213.1 | 13,001.1 | 13,995.3 | 14,468.4 | 15,056.8 | 15,877.7 |
| 3. Foreign currency deposits | 37,970.9 | 36,966.0 | 46,901.6 | 71,836.9 | 72,054.6 | 73,015.0 | 73,134.7 | 74,068.6 | 71,537.3 |
| 4. Bonds and money market instruments | 154.1 | 436.8 | 478.2 | 317.8 | 216.3 | 192.5 | 149.4 | 153.7 | 147.8 |
| 5. Restricted and blocked deposits | 4,315.2 | 3,814.7 | 2,864.5 | 1,926.2 | 1,729.5 | 1,645.5 | 1,827.6 | 1,812.6 | 1,716.0 |
| o/w: Households' blocked f/c deposits | 3,419.1 | 2,742.7 | 1,695.1 | 770.2 | 319.3 | 258.2 | 257.3 | 257.5 | 249.5 |
| 6. Other items (net) | 17,981.1 | 22,120.0 | 25,143.1 | 28,301.4 | 27,465.1 | 28,356.1 | 28,668.5 | 29,503.2 | 28,640.5 |
| Total (1+2+3+4+5+6) | 79,636.5 | 82,594.1 | 101,068.7 | 136,298.9 | 145,336.3 | 146,616.6 | 147,704.7 | 150,107.0 | 148,213.7 |

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

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

Table B1: Monetary Survey

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

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

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

Money is the sum of currency outside banks, deposits by other banking institutions with the CNB, deposits by other domestic sectors with the CNB and DMBs' demand deposits (item Demand deposits in DMBs' Accounts, Table D1).

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

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' share in DMBs' balance sheet total amounted to 4,296.3 million kuna. Data for June 1999 are comparable with data for July 1999 if Claims on other domestic sectors and Other items (net) are increased by 3,513.5 million kuna.

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

| Year | Month | Total number of reporting DMBs | Reporting DMBs classified according to their total assets | | | | | | Total number of reporting savings banks | Savings banks classified according to their total assets | | |
|------|-----------|--------------------------------|---|--|--|--|---|--------------------------|---|--|---|---------------------------|
| | | | Less than 100 million kuna | 100 million kuna to less than 500 million kuna | 500 million kuna to less than 1 billion kuna | 1 billion kuna to less than 2 billion kuna | 2 billion kuna to less than 10 billion kuna | 10 billion kuna and over | | Less than 10 million kuna | 10 million kuna to less than 100 million kuna | 100 million kuna and over |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 1993 | December | 43 | 16 | 12 | 7 | 4 | 2 | 2 | 0 | 0 | 0 | 0 |
| 1994 | December | 50 | 13 | 21 | 6 | 6 | 2 | 2 | 33 | 22 | 9 | 2 |
| 1995 | December | 53 | 15 | 20 | 7 | 7 | 2 | 2 | 21 | 7 | 13 | 1 |
| 1996 | December | 57 | 10 | 26 | 6 | 9 | 4 | 2 | 22 | 10 | 11 | 1 |
| 1997 | December | 60 | 4 | 28 | 9 | 8 | 9 | 2 | 33 | 12 | 18 | 3 |
| 1998 | December | 60 | 3 | 26 | 8 | 11 | 10 | 2 | 33 | 4 | 25 | 4 |
| 1999 | December | 53 | 4 | 23 | 7 | 7 | 10 | 2 | 30 | 5 | 21 | 4 |
| 2000 | December | 45 | 3 | 15 | 9 | 6 | 10 | 2 | 29 | 5 | 19 | 5 |
| 2001 | December | 44 | 3 | 13 | 7 | 7 | 10 | 4 | 21 | 4 | 12 | 5 |
| 2002 | February | 45 | 4 | 13 | 7 | 7 | 9 | 5 | 18 | 2 | 12 | 4 |
| | March | 46 | 5 | 12 | 8 | 7 | 11 | 3 | 17 | 2 | 11 | 4 |
| | April | 48 | 5 | 14 | 8 | 7 | 11 | 3 | 15 | 2 | 11 | 2 |
| | May | 50 | 8 | 14 | 7 | 7 | 11 | 3 | 12 | 2 | 8 | 2 |
| | June | 49 | 7 | 14 | 8 | 6 | 11 | 3 | 12 | 2 | 8 | 2 |
| | July | 47 | 7 | 13 | 8 | 6 | 10 | 3 | 11 | 3 | 6 | 2 |
| | August | 47 | 7 | 13 | 7 | 7 | 10 | 3 | 11 | 3 | 6 | 2 |
| | September | 47 | 7 | 12 | 6 | 9 | 10 | 3 | 11 | 3 | 6 | 2 |
| | October | 47 | 7 | 12 | 6 | 9 | 10 | 3 | 11 | 3 | 6 | 2 |
| | November | 46 | 6 | 12 | 6 | 9 | 8 | 5 | 11 | 3 | 6 | 2 |
| | December | 46 | 4 | 13 | 7 | 9 | 8 | 5 | 10 | 3 | 5 | 2 |
| 2003 | January | 46 | 4 | 13 | 7 | 8 | 9 | 5 | 10 | 3 | 5 | 2 |
| | February | 46 | 4 | 13 | 8 | 7 | 9 | 5 | 10 | 4 | 4 | 2 |
| | March | 46 | 4 | 12 | 8 | 9 | 8 | 5 | 10 | 4 | 4 | 2 |
| | April | 46 | 4 | 12 | 8 | 9 | 8 | 5 | 10 | 4 | 4 | 2 |

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

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

Special reporting requirements applied to savings banks until June 1995. Savings banks were not legally obliged to report on their operations, so that data up to June 1995 relate only to those savings banks

that reported voluntarily to the CNB. From July 1995 on, the data cover all registered savings banks. Savings banks that were granted a bank operating license are required to adjust their operations to the provisions of the Banking Law by 31 December 2006.

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

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

Table C1: Monetary Authorities Accounts

End of period, million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Jan. | Feb. | Mar. | Apr. |
| ASSETS | | | | | | | | | |
| 1. Foreign assets | 17,592.5 | 23,135.7 | 28,747.4 | 39,308.9 | 42,058.8 | 41,851.6 | 45,345.7 | 44,479.0 | 44,947.0 |
| 1.1. Gold | – | – | – | – | – | – | – | – | – |
| 1.2. Holdings of SDRs | 1,444.4 | 1,449.2 | 1,204.2 | 905.8 | 17.4 | 17.4 | 10.0 | 10.2 | 9.9 |
| 1.3. Reserve position in the IMF | 1.0 | 1.6 | 1.8 | 1.8 | 1.6 | 1.6 | 1.6 | 1.7 | 1.6 |
| 1.4. Currency and demand deposits with foreign banks | 342.0 | 1,109.6 | 7.4 | 6.1 | 6.4 | 6.1 | 5.9 | 5.9 | 5.9 |
| 1.5. Time deposits with foreign banks | 11,696.6 | 17,702.4 | 20,986.9 | 25,565.9 | 28,183.2 | 28,013.6 | 30,149.9 | 25,243.7 | 19,965.7 |
| 1.6. Securities in f/c | 4,107.2 | 2,871.6 | 6,545.7 | 12,829.3 | 13,850.0 | 13,812.9 | 15,178.2 | 19,217.5 | 24,963.8 |
| 1.7. Nonconvertible foreign exchange | 1.4 | 1.3 | 1.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. Claims on central government and funds | – | 24.1 | 0.0 | – | 0.5 | 0.5 | 2.0 | 2.0 | 3.2 |
| 2.1. Claims in kuna | – | 24.1 | 0.0 | – | 0.5 | 0.5 | 2.0 | 2.0 | 3.2 |
| 2.2. Claims in f/c | – | – | – | – | – | – | – | – | – |
| 3. Claims on other domestic sectors | 1.0 | 276.8 | 289.5 | 229.2 | 110.6 | 110.5 | 110.6 | 110.5 | 102.4 |
| 4. Claims on DMBs | 1,053.8 | 1,138.7 | 329.9 | 18.5 | 17.9 | 18.1 | 14.0 | 14.1 | 13.9 |
| 4.1. Credits to DMBs | 1,044.4 | 1,125.3 | 313.6 | – | – | – | – | – | – |
| Lombard credits | 252.3 | 176.7 | – | – | – | – | – | – | – |
| Short-term liquidity credits | – | 929.0 | – | – | – | – | – | – | – |
| Other credits | 333.0 | 19.7 | 14.0 | – | – | – | – | – | – |
| CNB bills under repurchase agreement | 459.2 | – | 299.6 | – | – | – | – | – | – |
| 4.2. CNB deposits with DMBs | 9.3 | 13.4 | 15.2 | 16.6 | 17.6 | 17.8 | 13.7 | 13.8 | 13.6 |
| 4.3. Overdue claims | 0.0 | 0.0 | 1.1 | 1.9 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| 5. Claims on other banking institutions | – | – | – | – | – | – | – | – | – |
| Total (1+2+3+4+5) | 18,647.3 | 24,575.3 | 29,366.8 | 39,556.6 | 42,187.7 | 41,980.7 | 45,472.3 | 44,605.6 | 45,066.5 |
| LIABILITIES | | | | | | | | | |
| 1. Reserve money | 9,954.2 | 10,310.0 | 11,717.3 | 17,803.2 | 23,027.9 | 21,678.2 | 22,483.3 | 21,883.5 | 23,216.0 |
| 1.1. Currency outside banks | 5,718.8 | 5,958.9 | 6,636.7 | 8,507.4 | 9,680.9 | 9,468.1 | 9,605.0 | 9,526.1 | 9,812.5 |
| 1.2. DMBs' cash in vaults | 251.4 | 382.1 | 532.3 | 538.8 | 1,214.8 | 1,278.0 | 1,235.9 | 1,624.7 | 1,444.7 |
| 1.3. DMBs' deposits | 3,980.2 | 3,960.4 | 4,540.7 | 8,741.5 | 12,109.4 | 10,914.0 | 11,632.0 | 10,719.2 | 11,945.7 |
| Settlement accounts | 467.5 | 247.9 | 459.5 | 2,450.1 | 3,923.4 | 2,626.0 | 3,158.3 | 2,132.0 | 3,154.4 |
| Statutory reserves | 3,512.7 | 3,712.5 | 4,081.2 | 6,291.4 | 8,186.0 | 8,288.0 | 8,473.7 | 8,587.2 | 8,764.7 |
| CNB bills on obligatory basis | – | – | – | – | – | – | – | – | 26.7 |
| 1.4. Deposits of other banking institutions | 2.4 | 8.5 | 7.5 | 15.5 | 19.1 | 15.0 | 7.3 | 4.2 | 9.3 |
| 1.5. Deposits of other domestic sectors ^b | 1.3 | – | 0.0 | 0.1 | 3.5 | 3.2 | 3.1 | 9.2 | 3.6 |
| 2. Restricted and blocked deposits | 1,787.6 | 5,016.8 | 5,805.5 | 6,030.5 | 7,091.2 | 7,196.6 | 7,536.6 | 7,589.1 | 7,493.9 |
| 2.1. Statutory reserve in f/c | 1,668.4 | 4,636.2 | 5,490.5 | 5,705.1 | 7,042.3 | 7,149.6 | 7,484.6 | 7,562.5 | 7,467.2 |
| 2.2. Restricted deposits | 119.1 | 380.6 | 315.0 | 325.4 | 49.0 | 47.0 | 52.1 | 26.6 | 26.7 |
| 2.3. Escrow deposits | – | – | – | – | – | – | – | – | – |
| 3. Foreign liabilities | 1,465.4 | 1,671.2 | 1,630.8 | 1,597.5 | 195.7 | 825.2 | 442.5 | 1,134.2 | 2,368.6 |
| 3.1. Use of IMF credit | 1,461.3 | 1,501.7 | 1,290.3 | 1,025.5 | 2.8 | 2.8 | 0.0 | – | – |
| 3.2. Liabilities to international organizations | 4.1 | 6.8 | 9.5 | 12.2 | 12.6 | 13.0 | 13.0 | 13.2 | 12.8 |
| 3.3. Liabilities to foreign banks ^a | – | 162.7 | 331.0 | 559.8 | 180.2 | 809.4 | 429.4 | 1,121.0 | 2,355.8 |
| 4. Central government and funds deposits | 434.8 | 397.2 | 1,157.4 | 1,752.1 | 768.1 | 800.8 | 4,051.3 | 2,858.9 | 2,462.6 |
| 4.1. Demand deposits | 390.2 | 394.2 | 1,008.5 | 1,752.1 | 608.3 | 631.2 | 806.0 | 649.9 | 974.6 |
| Central government demand deposits | 291.0 | 388.0 | 980.8 | 1,564.8 | 569.5 | 612.9 | 801.2 | 648.1 | 971.4 |
| Central government funds demand deposits | 99.3 | 6.2 | 27.7 | 187.3 | 38.7 | 18.3 | 4.8 | 1.8 | 3.2 |
| 4.2. Central government f/c deposits | – | 0.0 | – | – | – | – | 3,100.6 | 2,094.3 | 1,358.2 |
| 4.3. CNB bills | 44.6 | 2.9 | 148.8 | – | 159.9 | 169.7 | 144.7 | 114.8 | 129.7 |
| 5. CNB bills | 2,242.9 | 2,887.2 | 4,207.3 | 6,372.3 | 6,212.4 | 6,288.8 | 5,491.8 | 5,279.0 | 4,337.7 |
| 5.1. CNB bills in kuna | 830.7 | 1,252.5 | 2,394.6 | 3,458.9 | 4,986.2 | 5,103.9 | 4,173.6 | 3,871.4 | 2,826.9 |
| 5.2. CNB bills in f/c | 1,412.2 | 1,634.7 | 1,812.7 | 2,913.4 | 1,226.3 | 1,185.0 | 1,318.2 | 1,407.6 | 1,510.8 |
| 6. Capital accounts | 2,898.2 | 4,535.5 | 5,216.6 | 6,425.2 | 5,353.5 | 5,655.8 | 5,933.4 | 6,328.8 | 5,653.5 |
| 7. Other items (net) | –135.8 | –242.4 | –368.1 | –424.2 | –461.1 | –464.8 | –466.6 | –467.9 | –465.7 |
| Total (1+2+3+4+5+6+7) | 18,647.3 | 24,575.3 | 29,366.8 | 39,556.6 | 42,187.7 | 41,980.7 | 45,472.3 | 44,605.6 | 45,066.5 |

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

Table C1: Monetary Authorities Accounts

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

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

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

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

Claims on DMBs are credits to DMBs, deposits by the CNB with DMBs and overdue claims on DMBs. Credits to DMBs are split according to the type of financial instruments. Item Lombard credits comprises credits to DMBs for regular maintaining of the day-to-day liquidity, which were replaced by lombard credits in December 1994. Short-term liquidity credits, which have been granted since the beginning of 1999, also serve to bridge liquidity problems. Other credits include intervention credits, special credits for bridging liquidity problems granted in the past (initial credits, prerehabilitation credits) and due but unpaid credits. Overdue claims on DMBs comprise settlement account overdrafts (until mid-1994) and banks' failure to correctly and promptly allocate and maintain statutory reserve requirements.

Since May 1999, Claims on other domestic sectors include overdue claims on banks against which bankruptcy proceedings have been initi-

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

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

Restricted and blocked deposits include required foreign exchange reserves and accrued interest, restricted deposits and blocked foreign exchange deposits. Banks and savings banks are required to place foreign exchange reserve deposits in accounts at the Croatian National Bank on the basis of certain foreign exchange deposits they hold. Restricted deposits are kuna funds set aside on the basis of a court order or legal regulation, kuna funds set aside in the period between May 1999 and April 2002 and deposits of banks against which bankruptcy proceedings have been initiated. Blocked foreign exchange deposits are funds that were set aside in special accounts at the Croatian National Bank for repaying unpaid amounts due to foreign creditors.

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

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

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

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

Other items (net) are unclassified liabilities decreased by unclassified assets of the Monetary Authorities Accounts.

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

Table D1: Deposit Money Banks' Accounts

End of period, million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|--|----------|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Dec. | Dec. ^a | Dec. | Dec. | Dec. | Jan. | Feb. | Mar. | Apr. |
| ASSETS | | | | | | | | | |
| 1. Reserves with the CNB | 5,908.1 | 8,987.9 | 10,588.9 | 15,002.7 | 20,373.5 | 19,379.5 | 20,411.4 | 19,993.5 | 20,903.5 |
| 1.1. In kuna | 4,239.7 | 4,352.6 | 5,098.4 | 9,306.2 | 13,340.0 | 12,238.6 | 12,933.7 | 12,438.6 | 13,444.0 |
| 1.2. In f/c | 1,668.4 | 4,635.3 | 5,490.5 | 5,696.5 | 7,033.5 | 7,140.9 | 7,477.7 | 7,554.8 | 7,459.5 |
| 2. Foreign assets | 12,763.1 | 12,400.1 | 19,710.4 | 32,807.6 | 25,977.8 | 25,439.1 | 23,435.9 | 26,950.7 | 23,895.2 |
| 3. Claims on central government and funds | 14,864.2 | 16,264.4 | 19,055.5 | 20,059.9 | 21,917.7 | 22,743.1 | 22,466.4 | 22,935.5 | 22,573.8 |
| 3.1. Bonds arising from blocked f/c deposits | 5,802.3 | 5,419.9 | 4,484.4 | 3,420.1 | 2,473.5 | 2,014.4 | 2,032.4 | 2,047.2 | 2,014.8 |
| 3.2. Big bonds | 2,103.1 | 1,321.8 | 1,475.7 | 1,659.4 | 1,699.1 | 1,705.5 | 1,711.5 | 1,725.0 | 1,711.6 |
| 3.3. Other claims | 6,958.8 | 9,522.8 | 13,095.3 | 14,980.4 | 17,745.2 | 19,023.2 | 18,722.5 | 19,163.3 | 18,847.5 |
| 4. Claims on other domestic sectors | 59,596.7 | 55,399.7 | 60,363.9 | 74,283.8 | 96,218.4 | 98,782.6 | 100,635.1 | 101,017.8 | 102,080.6 |
| 4.1. Claims on local government and funds | 654.0 | 905.6 | 1,174.9 | 1,280.0 | 1,422.4 | 1,421.2 | 1,400.6 | 1,307.4 | 1,295.7 |
| 4.2. Claims on enterprises | 41,225.5 | 35,244.3 | 35,890.7 | 42,882.0 | 51,723.4 | 52,781.7 | 53,335.2 | 53,023.3 | 53,352.6 |
| 4.3. Claims on households | 17,717.2 | 19,249.8 | 23,298.3 | 30,121.9 | 43,072.6 | 44,579.7 | 45,899.3 | 46,687.1 | 47,432.2 |
| 5. Claims on other banking institutions | 0.4 | 45.4 | 68.7 | 170.2 | 219.5 | 215.7 | 267.8 | 214.0 | 296.2 |
| 6. Claims on other financial institutions | 193.9 | 154.0 | 161.7 | 281.4 | 915.3 | 1,046.6 | 1,147.6 | 1,363.7 | 1,241.8 |
| Total (1+2+3+4+5+6) | 93,326.4 | 93,251.5 | 109,949.1 | 142,605.6 | 165,622.2 | 167,606.7 | 168,364.1 | 172,475.1 | 170,991.0 |
| LIABILITIES | | | | | | | | | |
| 1. Demand deposits | 7,808.9 | 7,891.5 | 11,386.0 | 15,180.6 | 21,166.2 | 19,925.8 | 19,840.6 | 19,972.7 | 20,468.8 |
| 2. Savings and time deposits | 5,683.8 | 5,397.5 | 7,651.1 | 10,213.1 | 13,001.1 | 13,995.3 | 14,468.4 | 15,056.8 | 15,877.7 |
| 3. Foreign currency deposits | 37,970.9 | 36,966.0 | 46,901.6 | 71,836.9 | 72,054.6 | 73,015.0 | 73,134.7 | 74,068.6 | 71,537.3 |
| 4. Bonds and money market instruments | 154.1 | 436.8 | 478.2 | 317.8 | 216.3 | 192.5 | 149.4 | 153.7 | 147.8 |
| 5. Foreign liabilities | 16,176.8 | 17,209.1 | 17,809.7 | 21,857.8 | 35,023.5 | 36,194.9 | 35,818.4 | 37,457.5 | 36,876.0 |
| 6. Central government and funds' deposits | 7,298.3 | 5,828.6 | 6,730.5 | 5,634.7 | 6,094.9 | 5,752.3 | 5,394.2 | 5,515.5 | 5,219.3 |
| 7. Credit from central bank | 1,049.2 | 1,138.7 | 328.8 | 16.6 | 17.6 | 17.6 | 13.7 | 13.8 | 13.6 |
| 8. Restricted and blocked deposits | 4,196.0 | 3,434.2 | 2,549.6 | 1,600.8 | 1,680.5 | 1,598.5 | 1,775.5 | 1,785.9 | 1,689.3 |
| o/w: Households' blocked f/c deposits | 3,419.1 | 2,742.7 | 1,695.1 | 770.2 | 319.3 | 258.2 | 257.3 | 257.5 | 249.5 |
| 9. Capital accounts | 19,785.6 | 21,975.4 | 24,953.1 | 25,455.1 | 26,323.2 | 26,574.4 | 26,792.1 | 26,526.4 | 26,027.2 |
| 10. Other items (net) | -6,797.2 | -7,026.4 | -8,839.4 | -9,507.8 | -9,955.6 | -9,659.6 | -9,022.9 | -8,075.7 | -6,866.0 |
| Total (1+2+3+4+5+6+7+8+9+10) | 93,326.4 | 93,251.5 | 109,949.1 | 142,605.6 | 165,622.2 | 167,606.7 | 168,364.1 | 172,475.1 | 170,991.0 |

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

Table D1: Deposit Money Banks' Accounts

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

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

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

Claims on central government and funds are the following forms of claims in kuna and foreign currency: securities and loans. The main forms of claims on the central government are shown separately: bonds issued in accordance with the Law on Converting Households' Foreign Exchange Deposits into the Public Debt of the Republic of Croatia, and bonds issued in accordance with the Law on the Issue of Bonds for the Restructuring of the Economy of the Republic of Croatia.

Claims on other domestic sectors include the following claims in

kuna and foreign currency: money market instruments, bonds, loans (including acceptances), and equities.

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

Items Demand deposits, Savings and time deposits, Foreign currency deposits as well as Bonds and money market instruments comprise banks' liabilities to other domestic sectors, other banking institutions and other financial institutions.

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

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

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

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

Foreign liabilities comprise the following forms of kuna and foreign currency liabilities to foreign legal and natural persons: giro and current accounts, savings deposits (including loro letters of credit and other forms of collateral), time deposits, loans received and liabilities due. Issued debt and hybrid instruments, purchased by foreign investors, are also included in loans received. Central government and funds' deposits are all forms of DMBs' kuna and foreign currency liabilities (except restricted and blocked deposits) to the central government and funds.

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

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

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

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

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

Tables: D2-D12

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

Table D2: Deposit Money Banks' Foreign Assets

End of period, million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|---------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Foreign assets in f/c | 12,743.4 | 12,352.8 | 19,619.2 | 32,763.6 | 25,924.4 | 25,374.9 | 23,362.0 | 26,879.1 | 23,790.0 |
| 1.1. Claims on foreign banks | 11,980.5 | 11,598.5 | 19,154.9 | 31,660.3 | 21,333.5 | 20,983.3 | 19,659.1 | 23,598.3 | 20,523.0 |
| Foreign currencies | 586.9 | 886.7 | 1,002.8 | 7,324.7 | 1,019.8 | 773.7 | 764.3 | 853.0 | 1,012.5 |
| Demand deposits | 6,228.6 | 1,498.5 | 995.0 | 1,231.9 | 757.7 | 810.7 | 710.5 | 1,611.7 | 824.2 |
| Time and notice deposits | 4,637.1 | 8,509.4 | 16,286.7 | 21,765.2 | 17,569.8 | 17,163.3 | 15,836.7 | 18,477.0 | 16,065.2 |
| Securities | 51.1 | – | 454.9 | 1,008.5 | 1,690.2 | 1,942.0 | 2,051.2 | 2,330.3 | 2,350.4 |
| Loans and advances | 343.4 | 569.8 | 370.9 | 290.3 | 278.7 | 276.1 | 278.7 | 308.5 | 253.1 |
| Shares and participations | 133.5 | 134.1 | 44.6 | 39.7 | 17.2 | 17.5 | 17.6 | 17.8 | 17.5 |
| 1.2. Claims on foreign nonbanks | 762.9 | 754.3 | 464.3 | 1,103.3 | 4,590.8 | 4,391.6 | 3,702.9 | 3,280.8 | 3,267.1 |
| Claims on foreign governments | – | 399.9 | 137.8 | 596.2 | 3,855.5 | 3,680.3 | 2,964.2 | 2,764.0 | 2,782.2 |
| Claims on other nonresidents | 583.9 | 350.4 | 322.4 | 505.5 | 733.7 | 709.7 | 737.2 | 515.2 | 483.2 |
| Securities | 3.7 | 4.5 | – | 72.1 | 191.3 | 193.1 | 194.9 | 40.3 | 38.6 |
| Loans and advances | 580.2 | 345.9 | 322.4 | 433.4 | 542.4 | 516.6 | 542.2 | 474.9 | 444.6 |
| Shares and participations | 179.0 | 4.0 | 4.1 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.7 |
| 2. Foreign assets in kuna | 19.7 | 47.3 | 91.2 | 44.1 | 53.4 | 64.2 | 73.9 | 71.7 | 105.2 |
| 2.1. Claims on foreign banks | 3.1 | 16.6 | 66.1 | 29.2 | 19.6 | 18.9 | 22.2 | 19.3 | 80.5 |
| 2.2. Claims on foreign nonbanks | 16.6 | 30.6 | 25.1 | 14.8 | 33.8 | 45.3 | 51.7 | 52.4 | 24.7 |
| o/w: Loans and advances | 16.6 | 29.6 | 23.3 | 13.9 | 33.0 | 44.5 | 50.9 | 51.6 | 23.7 |
| Total (1+2) | 12,763.1 | 12,400.1 | 19,710.4 | 32,807.6 | 25,977.8 | 25,439.1 | 23,435.9 | 26,950.7 | 23,895.2 |

Table D2: Deposit Money Banks' Foreign Assets

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

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

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

sets in kuna and in foreign currency.

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' Foreign assets amounted to 402.3 million kuna. Through June 1999, some households' f/c savings deposits were included in Demand deposits and f/c savings deposits.

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

End of period, million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Bonds (c'part to blocked f/c savings deposits) | 5,802.3 | 5,419.9 | 4,484.4 | 3,420.1 | 2,473.5 | 2,014.4 | 2,032.4 | 2,047.2 | 2,014.8 |
| 2. Big bonds | 2,103.1 | 1,321.8 | 1,475.7 | 1,659.4 | 1,699.1 | 1,705.5 | 1,711.5 | 1,725.0 | 1,711.6 |
| 3. Other claims | 6,958.8 | 9,522.8 | 13,095.3 | 14,980.4 | 17,745.2 | 19,023.2 | 18,722.5 | 19,163.3 | 18,847.5 |
| 3.1. In kuna | 5,066.1 | 8,564.0 | 11,412.0 | 12,699.2 | 14,271.8 | 15,237.9 | 15,057.6 | 15,452.9 | 15,190.3 |
| 3.1.1. Claims on central government | 4,614.1 | 7,831.3 | 9,812.6 | 11,150.7 | 12,270.8 | 13,234.2 | 12,985.5 | 13,605.5 | 13,352.3 |
| Securities | 4,426.9 | 6,897.3 | 8,587.8 | 10,323.7 | 9,816.5 | 10,647.2 | 10,471.8 | 10,506.7 | 10,263.1 |
| Loans and advances | 187.2 | 934.0 | 1,224.9 | 826.9 | 2,454.3 | 2,586.9 | 2,513.7 | 3,098.8 | 3,089.2 |
| 3.1.2. Claims on central government funds | 452.0 | 732.7 | 1,599.4 | 1,548.5 | 2,001.0 | 2,003.7 | 2,072.1 | 1,847.4 | 1,838.0 |
| Securities | – | – | 627.3 | 560.1 | 560.7 | 561.9 | 631.9 | 641.7 | 637.8 |
| Loans and advances | 452.0 | 732.7 | 972.1 | 988.4 | 1,440.3 | 1,441.8 | 1,440.2 | 1,205.7 | 1,200.1 |
| 3.2. In f/c | 1,892.7 | 958.8 | 1,683.3 | 2,281.2 | 3,473.3 | 3,785.3 | 3,664.9 | 3,710.4 | 3,657.2 |
| 3.2.1. Claims on central government | 1,879.5 | 921.4 | 1,492.7 | 1,390.9 | 2,359.1 | 2,630.6 | 2,504.0 | 2,591.3 | 2,511.8 |
| Bonds | 1,182.2 | 518.1 | 869.2 | 1,065.5 | 1,733.4 | 1,921.4 | 1,793.3 | 1,860.8 | 1,795.5 |
| Loans and advances | 697.3 | 403.3 | 623.5 | 325.5 | 625.7 | 709.2 | 710.7 | 730.5 | 716.3 |
| 3.2.2. Claims on central government funds | 13.2 | 37.4 | 190.6 | 890.3 | 1,114.2 | 1,154.7 | 1,160.8 | 1,119.0 | 1,145.4 |
| Securities | 0.2 | 27.6 | 35.0 | 75.4 | 195.0 | 244.1 | 258.1 | 218.4 | 222.1 |
| Loans and advances | 13.0 | 9.8 | 155.5 | 814.8 | 919.2 | 910.6 | 902.8 | 900.7 | 923.3 |
| Total (1+2+3) | 14,864.2 | 16,264.4 | 19,055.5 | 20,059.9 | 21,917.7 | 22,743.1 | 22,466.4 | 22,935.5 | 22,573.8 |

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

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

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

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

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

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

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' Claims on central government and funds amounted to 17.8 million kuna.

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

End of period, million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|--------------------------------|----------|-------------------|----------|----------|----------|----------|-----------|-----------|-----------|
| | Dec. | Dec. ^a | Dec. | Dec. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Claims in kuna | 50,509.7 | 48,336.4 | 53,739.5 | 66,626.8 | 85,418.7 | 87,951.2 | 89,981.5 | 90,821.9 | 91,973.9 |
| 1.1. Money market instruments | 101.8 | 365.7 | 231.9 | 544.7 | 1,394.7 | 1,437.8 | 1,485.1 | 1,483.2 | 1,526.4 |
| 1.2. Bonds | 0.7 | 0.0 | 1.0 | 7.7 | 72.4 | 67.4 | 69.0 | 60.5 | 69.5 |
| 1.3. Loans and advances | 45,956.0 | 44,505.1 | 49,566.8 | 62,180.6 | 80,887.6 | 83,402.7 | 85,397.2 | 86,206.8 | 87,257.6 |
| 1.4. Shares and participations | 4,451.3 | 3,465.5 | 3,939.8 | 3,893.8 | 3,064.0 | 3,043.3 | 3,030.2 | 3,071.3 | 3,120.4 |
| 2. Claims in f/c | 9,087.0 | 7,063.3 | 6,624.3 | 7,657.0 | 10,799.8 | 10,831.4 | 10,653.6 | 10,195.9 | 10,106.7 |
| 2.1. Securities | 0.6 | 74.9 | 112.4 | 126.6 | 243.2 | 247.5 | 267.7 | 197.3 | 214.4 |
| 2.2. Loans and advances | 9,086.3 | 6,988.5 | 6,512.0 | 7,530.5 | 10,556.6 | 10,583.9 | 10,385.9 | 9,998.7 | 9,892.3 |
| Total (1+2) | 59,596.7 | 55,399.7 | 60,363.9 | 74,283.8 | 96,218.4 | 98,782.6 | 100,635.1 | 101,017.8 | 102,080.6 |

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

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

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

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

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' Claims on other domestic sector amounted to 5,088.0 million kuna. Data for June 1999 are comparable with data for July 1999 if item Loans and advances under Claims in kuna is increased by 2,904.3 million kuna, item Shares and participations is decreased by 520.3 million kuna, and if item Loans and advances under Claims in f/c is increased by 1,129.4 million kuna.

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

End of period, million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|--|----------|-------------------|----------|----------|----------|-----------|-----------|-----------|-----------|
| | Dec. | Dec. ^a | Dec. | Dec. | Dec. | Jan. | Feb. | Mar. | Apr. |
| LOANS IN KUNA | | | | | | | | | |
| 1. Loans to central government and funds | 633.2 | 1,666.6 | 2,196.9 | 1,815.4 | 3,894.6 | 4,028.8 | 3,953.9 | 4,304.5 | 4,289.4 |
| 1.1. Loans to central government | 181.9 | 934.0 | 1,224.9 | 826.9 | 2,454.3 | 2,586.9 | 2,513.7 | 3,098.8 | 3,089.2 |
| 1.2. Loans to central government funds | 451.3 | 732.7 | 972.1 | 988.4 | 1,440.3 | 1,441.8 | 1,440.2 | 1,205.7 | 1,200.1 |
| 2. Loans to local governments and funds | 623.5 | 785.7 | 996.8 | 1,069.1 | 1,202.9 | 1,200.6 | 1,176.9 | 1,177.7 | 1,192.2 |
| 3. Loans to enterprises | 27,660.0 | 24,533.4 | 25,328.0 | 31,049.4 | 36,708.1 | 37,719.9 | 38,417.4 | 38,437.9 | 38,731.1 |
| 4. Loans to households | 17,672.5 | 19,186.1 | 23,242.1 | 30,062.1 | 42,976.6 | 44,482.3 | 45,802.9 | 46,591.3 | 47,334.3 |
| o/w: Housing loans | .... | 7,469.5 | 8,257.8 | 9,450.0 | 12,363.4 | 12,803.5 | 13,212.5 | 13,604.9 | 13,785.9 |
| 5. Loans to other banking institutions | 0.4 | 31.3 | 33.5 | 34.7 | 17.6 | 17.7 | 43.9 | 18.5 | 94.8 |
| 6. Loans to other financial institutions | 114.2 | 138.6 | 105.5 | 240.9 | 521.3 | 593.8 | 680.7 | 827.2 | 769.9 |
| A. Total (1+2+3+4+5+6) | 46,703.7 | 46,341.6 | 51,902.8 | 64,271.6 | 85,321.1 | 88,043.0 | 90,075.8 | 91,357.0 | 92,411.6 |
| LOANS IN F/C | | | | | | | | | |
| 1. Loans to central government and funds | 637.4 | 413.1 | 779.1 | 1,140.3 | 1,544.9 | 1,619.9 | 1,613.5 | 1,631.2 | 1,639.6 |
| 1.1. Loans to central government | 624.5 | 403.3 | 623.5 | 325.5 | 625.7 | 709.2 | 710.7 | 730.5 | 716.3 |
| 1.2. Loans to central government funds | 13.0 | 9.8 | 155.5 | 814.8 | 919.2 | 910.6 | 902.8 | 900.7 | 923.3 |
| 2. Loans to local governments and funds | 30.5 | 118.7 | 171.6 | 179.1 | 152.3 | 144.5 | 146.0 | 55.1 | 55.9 |
| 3. Loans to enterprises | 9,009.8 | 6,806.1 | 6,284.0 | 7,291.7 | 10,308.3 | 10,341.9 | 10,143.5 | 9,847.7 | 9,738.5 |
| 4. Loans to households | 46.0 | 63.7 | 56.3 | 59.7 | 96.0 | 97.5 | 96.4 | 95.8 | 97.9 |
| 5. Loans to other banking institutions | – | 1.7 | – | – | 1.2 | – | 26.2 | – | 17.1 |
| 6. Loans to other financial institutions | – | – | – | – | 28.3 | 80.5 | 91.2 | 105.8 | 48.1 |
| B. Total (1+2+3+4+5+6) | 9,723.8 | 7,403.2 | 7,291.0 | 8,670.7 | 12,131.0 | 12,284.3 | 12,116.8 | 11,735.6 | 11,597.1 |
| TOTAL (A+B) | 56,427.5 | 53,744.9 | 59,193.9 | 72,942.3 | 97,452.1 | 100,327.3 | 102,192.6 | 103,092.6 | 104,008.7 |

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

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

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' loans amounted to 4,463.3 million kuna. Data for June 1999 are comparable with data for July 1999 if total loans in kuna are increased by 2,972.6 million kuna, and total loans in f/c are increased by 840.9 million kuna.

Table D6: Demand Deposits with Deposit Money Banks

End of period, million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|---|---------|---------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Local governments and funds | 514.3 | 314.7 | 573.6 | 907.0 | 1,910.4 | 1,886.1 | 1,827.8 | 1,867.3 | 1,964.7 |
| 2. Enterprises | 4,794.2 | 4,695.6 | 7,087.1 | 8,981.6 | 12,344.5 | 11,184.8 | 10,982.7 | 10,982.9 | 11,207.9 |
| 3. Households | 2,492.2 | 2,686.5 | 3,499.7 | 4,872.0 | 6,307.4 | 6,368.3 | 6,597.2 | 6,594.0 | 6,777.6 |
| 4. Other banking institutions | – | 6.9 | 11.6 | 17.0 | 42.1 | 28.1 | 29.1 | 86.6 | 27.0 |
| 5. Other financial institutions | 190.0 | 190.0 | 221.7 | 407.1 | 568.1 | 463.9 | 408.5 | 443.9 | 494.5 |
| 6. Less: Checks of other banks and checks in collection | –181.8 | –2.2 | –7.6 | –4.2 | –6.4 | –5.4 | –4.7 | –2.1 | –2.7 |
| Total (1+2+3+4+5+6) | 7,808.9 | 7,891.5 | 11,386.0 | 15,180.6 | 21,166.2 | 19,925.8 | 19,840.6 | 19,972.7 | 20,468.8 |

Table D6: Demand Deposits with Deposit Money Banks

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

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

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

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

Table D7: Time and Savings Deposits with Deposit Money Banks

End of period, million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|-----------------------------------|---------|---------|---------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Savings deposits | 1,117.5 | 1,371.4 | 1,676.1 | 2,006.8 | 2,236.2 | 2,198.2 | 2,254.9 | 2,212.5 | 2,236.2 |
| 1.1. Local governments and funds | – | 91.7 | 137.6 | 118.3 | 14.8 | 14.0 | 14.5 | 15.1 | 15.2 |
| 1.2. Enterprises | – | 92.1 | 142.4 | 88.0 | 213.3 | 150.3 | 138.3 | 124.9 | 123.1 |
| 1.3. Households | 1,117.5 | 1,167.3 | 1,348.3 | 1,712.2 | 1,996.3 | 2,016.4 | 2,082.9 | 2,061.9 | 2,090.5 |
| 1.4. Other banking institutions | – | 2.6 | 0.6 | 20.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.5. Other financial institutions | – | 17.8 | 47.2 | 67.5 | 11.8 | 17.5 | 19.1 | 10.5 | 7.3 |
| 2. Time and notice deposits | 4,566.3 | 4,026.2 | 5,975.0 | 8,206.3 | 10,764.9 | 11,797.1 | 12,213.5 | 12,844.3 | 13,641.5 |
| 2.1. Local governments and funds | 185.3 | 176.1 | 230.7 | 340.7 | 482.8 | 563.7 | 671.9 | 684.5 | 691.0 |
| 2.2. Enterprises | 1,569.2 | 1,417.0 | 2,871.4 | 3,618.3 | 4,633.6 | 5,182.9 | 5,274.5 | 5,620.2 | 6,431.6 |
| 2.3. Households | 1,998.7 | 1,531.7 | 1,789.8 | 2,554.1 | 3,793.8 | 4,076.0 | 4,268.5 | 4,451.6 | 4,533.0 |
| 2.4. Other banking institutions | – | 33.5 | 20.8 | 24.7 | 58.4 | 70.5 | 62.4 | 75.3 | 70.5 |
| 2.5. Other financial institutions | 813.1 | 867.8 | 1,062.2 | 1,668.5 | 1,796.3 | 1,903.9 | 1,936.2 | 2,012.6 | 1,915.4 |
| Total (1+2) | 5,683.8 | 5,397.5 | 7,651.1 | 10,213.1 | 13,001.1 | 13,995.3 | 14,468.4 | 15,056.8 | 15,877.7 |

Table D7: Time and Savings Deposits with Deposit Money Banks

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

In May 1999, bankruptcy proceedings have been initiated against

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

Table D8: Foreign Currency Deposits with Deposit Money Banks

End of period, million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|-----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Savings deposits | 12,140.3 | 12,228.1 | 14,566.3 | 23,748.8 | 21,074.4 | 21,153.5 | 20,959.2 | 21,649.3 | 20,593.1 |
| 1.1. Local governments and funds | 19.5 | 29.5 | 16.8 | 13.2 | 12.2 | 12.3 | 13.0 | 12.9 | 12.8 |
| 1.2. Enterprises | 2,091.9 | 1,842.6 | 2,408.0 | 2,884.2 | 3,346.7 | 3,293.3 | 3,269.3 | 3,703.9 | 3,231.0 |
| 1.3. Households | 9,976.4 | 10,256.6 | 12,041.5 | 20,688.3 | 17,537.3 | 17,711.7 | 17,556.1 | 17,785.4 | 17,245.1 |
| 1.4. Other banking institutions | – | 6.4 | 10.3 | 23.9 | 34.7 | 9.6 | 9.2 | 6.7 | 2.6 |
| 1.5. Other financial institutions | 52.5 | 93.0 | 89.8 | 139.2 | 143.5 | 126.6 | 111.7 | 140.4 | 101.6 |
| 2. Time deposits | 25,830.6 | 24,737.9 | 32,335.3 | 48,088.1 | 50,980.3 | 51,861.5 | 52,175.4 | 52,419.3 | 50,944.2 |
| 2.1. Local governments and funds | – | 15.5 | 8.2 | 1.7 | 9.5 | 9.7 | 6.8 | 6.8 | 6.6 |
| 2.2. Enterprises | 1,579.4 | 1,442.3 | 2,753.1 | 4,619.1 | 6,009.6 | 5,949.6 | 5,755.4 | 5,868.3 | 5,180.0 |
| 2.3. Households | 23,994.7 | 22,957.7 | 29,097.2 | 42,705.4 | 44,159.2 | 45,112.3 | 45,687.2 | 45,894.9 | 45,136.2 |
| 2.4. Other banking institutions | – | 2.5 | 4.2 | 11.5 | 41.5 | 33.8 | 27.4 | 2.8 | 11.8 |
| 2.5. Other financial institutions | 256.5 | 320.0 | 472.7 | 750.3 | 760.5 | 756.1 | 698.8 | 646.5 | 609.6 |
| Total (1+2) | 37,970.9 | 36,966.0 | 46,901.6 | 71,836.9 | 72,054.6 | 73,015.0 | 73,134.7 | 74,068.6 | 71,537.3 |

Table D8: Foreign Currency Deposits with Deposit Money Banks

The table shows foreign currency savings and time deposits by other domestic sectors, other banking institutions and other financial institutions with DMBs. Foreign currency savings deposits are all foreign currency sight deposits and foreign currency payment instruments

issued while foreign currency time deposits also include foreign currency notice deposits.

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

Table D9: Bonds and Money Market Instruments

End of period, million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Money market instruments (net) | 4.5 | 1.4 | – | – | 5.1 | 5.1 | 0.2 | 0.2 | – |
| 2. Bonds (net) | 24.1 | 384.1 | 353.5 | 104.4 | 92.8 | 63.1 | 64.3 | 62.5 | 61.3 |
| 3. Other domestic borrowing | 125.6 | 51.2 | 124.7 | 213.4 | 118.4 | 124.3 | 84.9 | 91.0 | 86.6 |
| 3.1. Local governments and funds | 0.0 | – | – | – | – | – | – | – | – |
| 3.2. Enterprises | 22.5 | 13.7 | 15.2 | 158.1 | 46.3 | 59.6 | 44.2 | 44.0 | 43.9 |
| 3.3. Other banking institutions | 54.2 | 15.7 | 1.3 | 4.6 | 10.0 | 4.0 | 4.0 | 8.5 | 9.0 |
| 3.4. Other financial institutions | 48.9 | 21.8 | 108.2 | 50.7 | 62.0 | 60.7 | 36.8 | 38.5 | 33.6 |
| Total (1+2+3) | 154.1 | 436.8 | 478.2 | 317.8 | 216.3 | 192.5 | 149.4 | 153.7 | 147.8 |

Table D9: Bonds and Money Market Instruments

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

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

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

ments, excluding those purchased by foreign investors.

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

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' Bonds and Money market instruments amounted to 9 million kuna. In July 1999, certain debt and hybrid instruments were reclassified from Time and notice deposits to Bonds (net). The amount reclassified was 3,513.5 million kuna.

Table D10: Deposit Money Banks' Foreign Liabilities

End of period, million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|--------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Foreign liabilities in f/c | 15,878.2 | 17,066.0 | 17,669.8 | 21,692.7 | 34,198.5 | 35,239.6 | 34,666.1 | 36,276.5 | 35,323.9 |
| 1.1. Liabilities to foreign banks | 10,557.0 | 11,525.4 | 11,957.6 | 16,407.4 | 28,662.3 | 29,644.3 | 29,014.9 | 30,461.5 | 29,695.4 |
| Demand deposits | 242.3 | 157.1 | 176.3 | 147.1 | 130.9 | 98.1 | 96.4 | 100.8 | 105.2 |
| Time and notice deposits | 411.5 | 1,267.0 | 345.9 | 1,208.3 | 9,002.9 | 8,714.9 | 9,191.2 | 9,621.7 | 9,315.1 |
| Loans and advances | 9,903.2 | 10,101.2 | 11,435.4 | 15,052.1 | 19,528.5 | 20,831.3 | 19,727.2 | 20,739.0 | 20,275.0 |
| 1.2. Liabilities to foreign nonbanks | 5,321.2 | 5,540.7 | 5,712.2 | 5,285.2 | 5,536.2 | 5,595.2 | 5,651.2 | 5,815.1 | 5,628.5 |
| Savings and time deposits | 2,892.6 | 2,545.9 | 2,868.1 | 3,777.8 | 4,160.2 | 4,246.2 | 4,299.4 | 4,359.0 | 4,277.4 |
| Sight deposits | 620.5 | 754.0 | 745.5 | 873.7 | 875.6 | 939.5 | 936.9 | 938.6 | 895.0 |
| Time and notice deposits | 2,272.1 | 1,791.9 | 2,122.6 | 2,904.1 | 3,284.6 | 3,306.6 | 3,362.5 | 3,420.4 | 3,382.3 |
| Loans and advances | 2,428.6 | 2,994.8 | 2,844.1 | 1,507.4 | 1,376.0 | 1,349.1 | 1,351.8 | 1,456.0 | 1,351.1 |
| 2. Foreign liabilities in kuna | 298.6 | 143.1 | 140.0 | 165.1 | 825.0 | 955.3 | 1,152.3 | 1,180.9 | 1,552.1 |
| 2.1. Liabilities to foreign banks | 156.3 | 65.0 | 37.0 | 46.9 | 690.9 | 814.4 | 1,000.5 | 845.6 | 1,277.3 |
| Demand deposits | 70.5 | 52.6 | 14.4 | 38.2 | 53.6 | 125.4 | 357.5 | 225.8 | 151.8 |
| Time and notice deposits | 85.8 | 11.7 | 22.0 | 4.2 | 635.8 | 646.5 | 641.6 | 618.4 | 973.1 |
| Loans and advances | – | 0.7 | 0.7 | 4.5 | 1.5 | 42.5 | 1.5 | 1.5 | 152.5 |
| 2.2. Liabilities to foreign nonbanks | 142.3 | 78.1 | 103.0 | 118.2 | 134.1 | 141.0 | 151.8 | 335.3 | 274.8 |
| Demand deposits | 41.0 | 42.1 | 50.8 | 60.1 | 56.2 | 55.9 | 65.7 | 54.0 | 67.8 |
| Time and notice deposits | 96.1 | 35.9 | 52.2 | 58.1 | 77.9 | 85.1 | 86.1 | 281.4 | 207.0 |
| Loans and advances | 5.2 | 0.1 | – | – | – | – | – | – | – |
| Total (1+2) | 16,176.8 | 17,209.1 | 17,809.7 | 21,857.8 | 35,023.5 | 36,194.9 | 35,818.4 | 37,457.5 | 36,876.0 |

Table D10: Deposit Money Banks' Foreign Liabilities

The table shows DMBs' total foreign currency and kuna liabilities to foreign legal and natural persons, with the exception of restricted kuna and foreign currency deposits by foreign legal and natural persons.

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

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

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

In May 1999, bankruptcy proceedings have been initiated against several banks so their assets and liabilities are excluded from monetary statistics. In April 1999, those banks' Foreign liabilities amounted to 1,024.6 million kuna.

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

End of period, million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|---|---------|-------------------|---------|---------|---------|---------|---------|---------|---------|
| | Dec. | Dec. ^a | Dec. | Dec. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. In kuna | 3,033.3 | 3,269.6 | 3,073.3 | 3,335.1 | 4,036.8 | 3,952.8 | 3,713.1 | 3,805.2 | 3,639.4 |
| 1.1. Central government deposits | 130.1 | 330.9 | 430.0 | 295.9 | 634.3 | 553.1 | 487.4 | 459.1 | 427.3 |
| Demand deposits | 4.5 | 74.7 | 116.7 | 33.9 | 476.4 | 367.5 | 293.4 | 265.4 | 286.1 |
| Savings deposits | – | 15.9 | 26.1 | 41.6 | 3.3 | 24.9 | 24.9 | 24.9 | 24.9 |
| Time and notice deposits | 100.4 | 202.3 | 259.5 | 217.6 | 153.6 | 159.6 | 168.0 | 167.7 | 115.2 |
| Loans and advances | 25.2 | 38.1 | 27.7 | 2.8 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| 1.2. Central government funds' deposits | 2,903.2 | 2,938.8 | 2,643.3 | 3,039.2 | 3,402.5 | 3,399.7 | 3,225.7 | 3,346.1 | 3,212.1 |
| Demand deposits | 83.0 | 40.6 | 116.9 | 214.6 | 553.2 | 499.4 | 331.9 | 383.7 | 321.1 |
| Savings deposits | – | 4.5 | 15.2 | 10.8 | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 |
| Time and notice deposits | 33.9 | 57.2 | 32.6 | 195.2 | 144.3 | 179.8 | 178.7 | 173.7 | 186.8 |
| Loans and advances | 2,786.4 | 2,836.5 | 2,478.6 | 2,618.6 | 2,705.0 | 2,720.4 | 2,715.0 | 2,788.7 | 2,704.1 |
| 2. In f/c | 4,265.0 | 2,559.0 | 3,657.1 | 2,299.6 | 2,058.1 | 1,799.5 | 1,681.1 | 1,710.3 | 1,579.9 |
| 2.1. Central government deposits | 4,249.5 | 2,497.6 | 3,622.6 | 2,275.0 | 1,938.9 | 1,701.1 | 1,496.6 | 1,522.4 | 1,443.7 |
| Savings deposits | 83.2 | 59.1 | 1,256.1 | 329.8 | 263.0 | 461.6 | 254.1 | 265.5 | 235.0 |
| Time and notice deposits | 0.1 | 10.5 | 27.0 | 55.8 | 293.1 | 4.6 | 4.6 | 4.7 | 4.6 |
| Refinanced loans and advances | 4,166.2 | 2,428.0 | 2,339.4 | 1,889.5 | 1,382.8 | 1,234.8 | 1,237.9 | 1,252.2 | 1,204.0 |
| 2.2. Central government funds' deposits | 15.5 | 61.4 | 34.6 | 24.5 | 119.2 | 98.4 | 184.5 | 188.0 | 136.3 |
| Savings deposits | 8.0 | 55.2 | 25.0 | 22.9 | 114.1 | 93.1 | 175.9 | 177.7 | 125.1 |
| Time and notice deposits | 7.5 | 6.1 | 9.5 | 1.6 | 5.0 | 5.3 | 8.6 | 10.3 | 11.1 |
| Total (1+2) | 7,298.3 | 5,828.6 | 6,730.5 | 5,634.7 | 6,094.9 | 5,752.3 | 5,394.2 | 5,515.5 | 5,219.3 |

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

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

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

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

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

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

Table D12: Restricted and Blocked Deposits with Deposit Money Banks

End of period, million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1. Restricted deposits | 700.6 | 691.4 | 854.4 | 830.6 | 1,361.2 | 1,340.4 | 1,518.2 | 1,528.4 | 1,439.8 |
| 1.1. In kuna | 202.5 | 81.8 | 131.6 | 100.3 | 789.6 | 704.5 | 774.5 | 750.5 | 727.3 |
| 1.2. In f/c | 498.0 | 609.7 | 722.8 | 730.3 | 571.6 | 635.9 | 743.7 | 777.9 | 712.5 |
| 2. Blocked f/c deposits | 3,495.5 | 2,742.7 | 1,695.1 | 770.2 | 319.3 | 258.2 | 257.3 | 257.5 | 249.5 |
| 2.1. Central government | 74.0 | – | – | – | – | – | – | – | – |
| 2.2. Enterprises | 2.4 | – | – | – | – | – | – | – | – |
| 2.3. Households | 3,419.1 | 2,742.7 | 1,695.1 | 770.2 | 319.3 | 258.2 | 257.3 | 257.5 | 249.5 |
| Total (1+2) | 4,196.0 | 3,434.2 | 2,549.6 | 1,600.8 | 1,680.5 | 1,598.5 | 1,775.5 | 1,785.9 | 1,689.3 |

Table D12: Restricted and Blocked Deposits with Deposit Money Banks

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

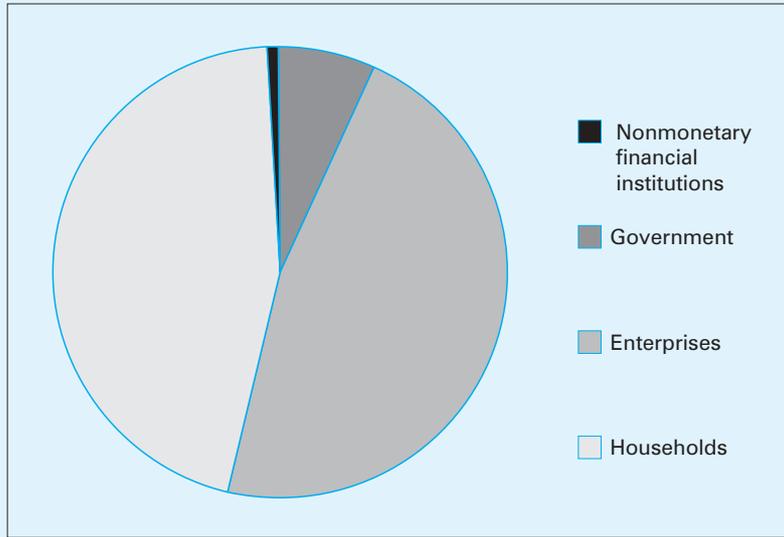
Restricted and blocked deposits include two categories of deposits: restricted (kuna and foreign currency) deposits and blocked foreign currency deposits.

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

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

Figure D1

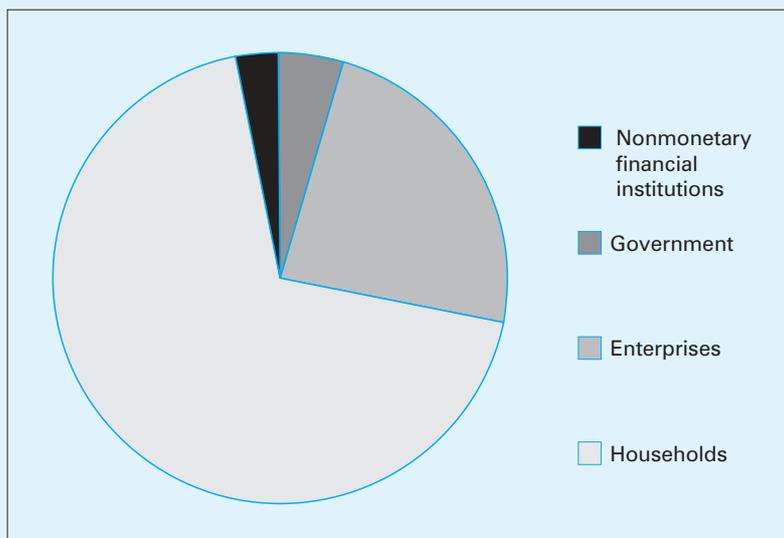
**DISTRIBUTION OF DEPOSIT MONEY BANKS' LOANS
BY DOMESTIC INSTITUTIONAL SECTORS**



April 2003

Figure D2

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



April 2003

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

Table E1: Housing Savings Banks' Accounts

End of Period, million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|---|--------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Jan. | Feb. | Mar. | Apr. |
| ASSETS | | | | | | | | | |
| 1. Reserves with the CNB | 2.4 | 8.6 | 7.6 | 15.5 | 19.1 | 15.0 | 7.4 | 4.2 | 9.4 |
| 2. Claims on central government and funds | 49.7 | 81.4 | 497.6 | 1,208.8 | 1,983.9 | 2,055.5 | 2,109.7 | 2,178.9 | 2,173.3 |
| 3. Claims on other domestic sectors | – | 5.3 | 1.1 | 11.6 | 93.3 | 99.7 | 106.4 | 114.1 | 122.5 |
| o/w: Claims on households | – | – | 0.6 | 11.6 | 91.3 | 97.7 | 104.4 | 114.1 | 122.5 |
| 4. Claims on banks | 54.2 | 57.0 | 7.6 | 18.1 | 37.2 | 29.3 | 30.3 | 36.8 | 34.5 |
| 5. Claims on other banking institutions | – | – | – | – | – | – | – | – | – |
| Total (1+2+3+4+5) | 106.3 | 152.3 | 513.8 | 1,254.0 | 2,133.6 | 2,199.5 | 2,253.7 | 2,334.0 | 2,339.6 |
| LIABILITIES | | | | | | | | | |
| 1. Time deposits | 8.7 | 87.6 | 437.8 | 1,137.5 | 2,012.9 | 2,087.1 | 2,142.8 | 2,210.7 | 2,208.9 |
| 2. Bonds and money market instruments | 0.4 | – | 10.0 | 10.0 | – | – | – | – | – |
| 3. Capital accounts | 108.3 | 117.4 | 112.5 | 124.0 | 141.1 | 148.3 | 147.2 | 159.7 | 162.6 |
| 4. Other items (net) | –11.0 | –52.7 | –46.5 | –17.5 | –20.4 | –35.9 | –36.3 | –36.4 | –31.9 |
| Total (1+2+3+4) | 106.3 | 152.3 | 513.8 | 1,254.0 | 2,133.6 | 2,199.5 | 2,253.7 | 2,334.0 | 2,339.6 |

Table E1: Housing Savings Banks' Accounts

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

Housing savings banks' required reserves held at the central bank include kuna vault cash and kuna funds held in accounts at the central bank.

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

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

Claims on banks include loans extended to banks, as well as depos-

its with banks.

Claims on other banking institutions include investments in investment funds.

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

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

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

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

Table F1: Credit Rates of the Croatian National Bank

In percentage, on annual basis

| Year | Month | CNB discount rate | Credit rates | | | | | | |
|----------|-----------|-------------------|--------------------|-------------------------|-----------------------------------|---------------------------------|--|---|------------|
| | | | On lombard credits | On intervention credits | On intra-day refinancing facility | On short-term liquidity credits | On advances on the account of statutory reserves | On inaccurately calculated statutory reserves | On arrears |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1992 | December | 1,889.39 | 2,840.09 | – | 6,881.51 | – | 4,191.93 | 6,881.51 | 4,191.93 |
| 1993 | December | 34.49 | 46.78 | – | 289.60 | – | 101.22 | 289.60 | 166.17 |
| 1994 | December | 8.50 | 18.00 | – | 17.00 | 14.00 | – | 19.00 | 22.00 |
| 1995 | December | 8.50 | 25.49 | 19.00 | 17.00 | – | – | 19.00 | 22.00 |
| 1996 | December | 6.50 | 11.00 | 19.00 | 17.00 | – | – | 19.00 | 18.00 |
| 1997 | December | 5.90 | 9.50 | 19.00 | 17.00 | – | – | 19.00 | 18.00 |
| 1998 | December | 5.90 | 12.00 | 19.00 | 7.00 | 14.00 | – | 19.00 | 18.00 |
| 1999 | December | 7.90 | 13.00 | 19.00 | – | 14.00 | – | 19.00 | 18.00 |
| 2000 | December | 5.90 | 12.00 | 18.00 | – | 13.00 | – | 18.00 | 18.00 |
| 2001 | December | 5.90 | 10.00 | – | – | 11.00 | – | 15.00 | 18.00 |
| 2002 | February | 5.90 | 10.00 | – | – | 11.00 | – | 15.00 | 18.00 |
| | March | 5.90 | 10.00 | – | – | 11.00 | – | 15.00 | 18.00 |
| | April | 5.90 | 9.50 ^a | – | – | 10.50 | – | 15.00 | 18.00 |
| | May | 5.90 | 9.50 | – | – | 10.50 | – | 15.00 | 18.00 |
| | June | 5.90 | 9.50 | – | – | 10.50 | – | 15.00 | 18.00 |
| | July | 5.90 | 9.50 | – | – | 10.50 | – | 15.00 | 15.00 |
| | August | 5.90 | 9.50 | – | – | 10.50 | – | 15.00 | 15.00 |
| | September | 5.90 | 9.50 | – | – | 10.50 | – | 15.00 | 15.00 |
| | October | 4.50 ^b | 9.50 | – | – | 10.50 | – | 15.00 | 15.00 |
| | November | 4.50 | 9.50 | – | – | 10.50 | – | 15.00 | 15.00 |
| | December | 4.50 | 9.50 | – | – | 10.50 | – | 15.00 | 15.00 |
| | 2003 | January | 4.50 | 9.50 | – | – | 10.50 | – | 15.00 |
| February | | 4.50 | 9.50 | – | – | 10.50 | – | 15.00 | 15.00 |
| March | | 4.50 | 9.50 | – | – | 10.50 | – | 15.00 | 15.00 |
| April | | 4.50 | 9.50 | – | – | 10.50 | – | 15.00 | 15.00 |

^a Since 24 April 2002. ^b Since 23 October 2002.

Table F1: Credit Rates of the Croatian National Bank

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

Credit rates of the CNB are being set by special decisions of the Council of the Croatian National Bank, on annual basis. Exceptionally, from June 1995 to September 11, 1996 interest rate charged by the CNB on lombard credits was 1.5 percentage point higher than the weighted average interest rate on CNB bills on a voluntary basis (which serve as collateral for lombard credits) in cases when the weighted average interest rate was higher than 16.5%. Congruently, from June 1995 to August 1996 the table reports weighted average interest rate on lombard credits. Interest rate in September 1996 is calculated as the weighted average of interest rate applied in the first 10 days of September 1996 (according to the regime mentioned above) and fixed interest rate applied since September 11, 1996.

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

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

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

Data shown in column 7 refer, until December 1994, to interest rate on initial credits, and since March 18, 1998, to credits for overcoming liquidity problems of banks under evaluation for entry into rehabilitation and restructuring procedures and since February 1999, to interest rates on short-term liquidity credits. Since December 1999, data show interest rates on short-term liquidity credit with a maturity over 3 months which is 1 percentage point higher than interest rate on lombard credits. Interest rate on short-term liquidity credit up to 3 months is 0.5 percentage point higher than interest rate on lombard credits.

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

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

Table F2: Deposit Rates of the Croatian National Bank

In percentage, on annual basis

| Year | Month | Interest rates on statutory reserves dep. with the CNB | Interest rates on CNB bills on an obligatory basis | Interest rates on CNB bills on a voluntary basis | | | | Interest rates on f/c CNB bills on a voluntary basis | | | | |
|------|-----------|--|--|--|----------------|----------------|-----------------|--|----------------|----------------|-----------------|-----------------|
| | | | | Due in 7 days | Due in 35 days | Due in 70 days | Due in 105 days | Due in 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 |
| 1992 | December | 367.60 | 556.66 | 1,057.67 | 1,889.39 | – | – | – | – | – | – | – |
| 1993 | December | 0.00 | – | 67.84 | 63.08 | 97.38 | – | – | – | – | – | – |
| 1994 | December | 5.15 | – | 9.00 | 12.00 | 14.00 | – | – | – | – | – | – |
| 1995 | December | 5.50 | 16.50 | 12.00 | 25.54 | 27.00 | – | – | – | – | – | – |
| 1996 | December | 5.50 | – | – | 8.00 | 9.50 | – | – | – | – | – | – |
| 1997 | December | 4.50 | – | – | 8.00 | 9.00 | 10.00 | – | – | – | – | – |
| 1998 | December | 5.90 | – | – | 9.50 | 10.50 | 11.00 | – | 4.60 | 3.12 | 3.08 | – |
| 1999 | December | 5.90 | – | – | 10.50 | 11.55 | 12.50 | – | 4.83 | 3.56 | – | – |
| 2000 | December | 4.50 | – | – | 6.65 | 7.00 | 7.70 | – | 5.51 | 4.83 | – | – |
| 2001 | December | 2.00 | – | – | 3.36 | 4.26 | 4.85 | – | 2.62 | 3.06 | – | – |
| 2002 | February | 2.00 | – | – | 3.41 | 4.05 | 4.37 | – | 2.53 | 3.10 | – | – |
| | March | 2.00 | – | – | – | – | – | – | 2.78 | 3.18 | 2.15 | 2.82 |
| | April | 1.75 ^a | – | – | 3.03 | 3.79 | 4.35 | – | 2.50 | 3.09 | – | 3.29 |
| | May | 1.75 | – | – | 2.71 | 3.42 | 4.05 | – | 2.80 | 3.26 | 3.33 | 3.82 |
| | June | 1.75 | – | – | 2.24 | 2.76 | 3.39 | 1.92 | 2.67 | 3.06 | 3.41 | – |
| | July | 1.75 | – | – | 1.90 | – | – | 2.29 | 2.97 | – | – | – |
| | August | 1.75 | – | – | 1.97 | – | – | 2.36 | 3.05 | – | – | – |
| | September | 1.75 | – | – | 2.00 | – | – | 2.50 | 3.01 | – | – | – |
| | October | 1.75 | – | – | 2.03 | – | – | 2.52 | 2.85 | – | – | – |
| | November | 1.75 | – | – | 2.08 | – | – | 2.70 | 2.85 | – | – | – |
| | December | 1.75 | – | – | 2.08 | – | – | 2.30 | 2.68 | – | – | – |
| 2003 | January | 1.50 ^b | – | – | 2.08 | – | – | 2.27 | 2.30 | – | – | – |
| | February | 1.50 | – | – | 2.11 | – | – | 1.98 | 2.47 | – | – | – |
| | March | 1.50 | – | – | 2.16 | – | – | 1.89 | 2.07 | – | – | – |
| | April | 1.50 | – | – | 2.23 | – | – | 1.66 | 2.20 | – | – | – |

^a Since 24 April 2002. ^b Since 29 January 2003.

Table F2: Deposit Rates of the Croatian National Bank

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

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

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

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

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

Since April 1998 columns 9 through 13 report 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.

Table F3: Deposit Money Banks' Reserve Requirements

Daily averages and percentages, million kuna and %

| Year | Month | Weighted average res. requirement in % on res. base | Reserve requirement (RR) | | | Other obligatory deposits with the CNB | Statutory reserves deposited with the CNB | | Weighted avg. remuneration in % of total immobilized funds in kuna | Weighted avg. remuneration in % of total immobilized 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 |
| 1993 | December | 25.32 | 894.9 | 894.9 | – | 19.8 | 804.0 | – | 1.97 | – |
| 1994 | December | 26.20 | 1,826.0 | 1,826.0 | – | 188.3 | 1,779.2 | – | 5.63 | – |
| 1995 | December | 30.90 | 2,431.8 | 2,431.8 | – | 826.5 | 2,215.9 | – | 7.93 | – |
| 1996 | December | 35.91 | 3,652.9 | 3,652.9 | – | – | 3,312.0 | – | 4.99 | – |
| 1997 | December | 32.02 | 4,348.8 | 4,348.8 | – | – | 3,914.2 | – | 4.05 | – |
| 1998 | December | 29.57 | 13,112.7 | 3,967.2 | 9,145.4 | 57.4 | 3,469.8 | 1,467.6 | 5.28 | .... |
| 1999 | December | 30.50 | 13,579.0 | 4,210.1 | 9,368.9 | 37.3 | 3,695.1 | 4,606.5 | 5.62 | .... |
| 2000 | December | 23.22 | 16,245.8 | 4,646.8 | 11,599.0 | 5.0 | 4,191.6 | 5,544.6 | 4.05 | .... |
| 2001 | December | 19.67 | 21,187.1 | 8,691.5 | 12,495.5 | – | 6,287.8 | 5,950.0 | 1.97 | 1.32 |
| 2002 | February | 18.95 | 22,828.1 | 9,431.5 | 13,396.7 | – | 6,810.9 | 6,418.9 | 1.93 | 1.35 |
| | March | 18.97 | 23,623.4 | 9,676.3 | 13,947.2 | – | 7,029.1 | 6,757.3 | 1.94 | 1.26 |
| | April | 18.98 | 23,438.4 | 9,720.5 | 13,717.9 | – | 7,113.7 | 6,754.5 | 1.91 | 1.29 |
| | May | 19.00 | 23,383.4 | 10,024.5 | 13,359.0 | – | 7,304.8 | 6,622.4 | 1.71 | 1.28 |
| | June | 19.00 | 23,483.2 | 10,225.7 | 13,257.5 | – | 7,393.2 | 6,590.9 | 1.73 | 1.40 |
| | July | 19.00 | 23,659.6 | 10,415.5 | 13,244.1 | – | 7,473.7 | 6,588.8 | 1.70 | 1.20 |
| | August | 19.00 | 23,967.9 | 10,599.9 | 13,368.0 | – | 7,578.3 | 6,607.1 | 1.71 | 1.25 |
| | September | 19.00 | 24,482.1 | 10,822.7 | 13,659.4 | – | 7,742.9 | 6,748.3 | 1.69 | 1.22 |
| | October | 19.00 | 24,997.1 | 11,056.5 | 13,940.5 | – | 7,908.7 | 6,909.4 | 1.68 | 1.21 |
| | November | 19.00 | 25,547.1 | 11,274.2 | 14,272.9 | – | 8,043.6 | 7,077.8 | 1.70 | 1.22 |
| December | 19.00 | 25,985.1 | 11,447.1 | 14,538.0 | – | 8,156.7 | 7,139.9 | 1.72 | 1.05 | |
| 2003 | January | 19.00 | 26,507.2 | 11,693.9 | 14,813.3 | – | 8,265.0 | 7,182.9 | 1.66 | 0.95 |
| | February | 19.00 | 27,119.0 | 12,011.3 | 15,107.6 | – | 8,414.0 | 7,359.0 | 1.41 | 1.02 |
| | March | 19.00 | 27,495.8 | 12,169.4 | 15,326.5 | – | 8,554.3 | 7,429.8 | 1.39 | 0.90 |
| | April | 19.00 | 27,949.3 | 12,394.7 | 15,554.6 | 1.3 | 8,723.3 | 7,563.2 | 1.40 | 0.83 |

Table F3: Deposit Money Banks' Reserve Requirements

This table shows data on monthly averages of day-to-day balances of DMBs' 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 requirement 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 exchange claims (which include foreign currency cash and checks in foreign exchange, liquid foreign exchange claims maintained in the accounts with the high-grade foreign banks and foreign currency CNB bills).

Column 5 shows the amount of kuna reserve requirements. Between January 1995 and December 2000, this amount corresponded with the statutory reserve requirement instrument, while until December 1994 it comprised two instruments: statutory reserves and liquid assets requirement - LAR (except for the part in which banks were conforming to this requirement by registering CNB bills on a voluntary basis). In December 2000, reserve requirements in kuna and in foreign currency were unified, i.e. reserve requirements rate, periods for calculating, allocating and maintaining reserve requirements were unified, as well as a minimum percentage of the total reserve requirements deposited with the Croatian National Bank. Starting from September 2001, 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 a special statutory reserve account with the CNB, or to main-

tain (in average) in accounts of liquid claims. Until November 2000, the calculation base consisted of average daily balances of household foreign exchange savings deposits with a remaining maturity of up to 3 months, while starting from December 2000 the base consists of foreign exchange sources of funds, including: ordinary foreign exchange accounts, special foreign exchange accounts, sight foreign exchange accounts and savings deposits, received foreign exchange deposits and received foreign exchange loans, as well as obligations arising from securities issued in foreign exchange (excluding the bank's equity securities). Starting from November 2001, 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) and statutory reserves on f/c deposits, f/c credits from foreign banks and guarantees for such credits.

Column 8 shows the portion of the kuna reserve requirement which banks deposit in a special 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). This percentage currently stands at 40%.

Column 9 shows the portion of the foreign currency reserve requirement which banks deposit in a special statutory reserve account with the CNB. The minimum percentage of the total reserve requirement banks are required to deposit in a special statutory reserve account with the CNB currently stands at 40%.

Column 10 shows the weighted average remuneration rate on all forms of immobilized funds which include reserve requirements and

Table F4: Deposit Money Banks' Liquidity Indicators

Daily averages and percentages, million kuna and %

| Year | Month | Free reserves | | Primary liquidity ratio (in %) | Secondary liquidity sources | Kuna CNB bills | F/c CNB bills | Kuna treasury bills |
|----------|-----------|---------------|----------|--------------------------------|-----------------------------|----------------|---------------|---------------------|
| | | In kuna | In f/c | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1993 | December | -18.5 | .... | -0.52 | 188.0 | 1.9 | - | - |
| 1994 | December | 119.5 | .... | 1.72 | 393.7 | 210.2 | - | - |
| 1995 | December | 49.4 | .... | 0.63 | 199.4 | 218.7 | - | - |
| 1996 | December | 267.9 | .... | 2.63 | 98.5 | 780.9 | - | 183.8 |
| 1997 | December | 396.3 | .... | 2.92 | 32.7 | 728.9 | - | 260.7 |
| 1998 | December | 221.9 | .... | 1.65 | 445.5 | 850.4 | 1,377.4 | 141.3 |
| 1999 | December | 179.6 | .... | 1.30 | 1,183.6 | 1,348.7 | 1,507.6 | 410.4 |
| 2000 | December | 638.8 | 10,721.4 | 3.32 | 80.1 | 2,496.0 | 1,692.7 | 2,095.8 |
| 2001 | December | 794.4 | 17,247.4 | 3.23 | 2.6 | 2,656.2 | 2,630.8 | 3,457.2 |
| 2002 | February | 272.0 | 20,847.6 | 1.04 | 51.9 | 3,087.7 | 3,025.9 | 3,910.9 |
| | March | 910.1 | 16,712.7 | 3.44 | 241.8 | 3,275.8 | 2,296.0 | 3,944.7 |
| | April | 2,120.0 | 13,985.8 | 7.83 | 134.0 | 2,816.8 | 1,982.9 | 4,019.3 |
| | May | 2,146.2 | 12,679.5 | 7.32 | 0.4 | 3,179.1 | 1,878.6 | 3,882.2 |
| | June | 2,010.0 | 11,774.5 | 6.58 | 0.4 | 3,910.6 | 1,846.1 | 4,018.2 |
| | July | 1,106.9 | 11,952.8 | 3.50 | 8.4 | 4,726.2 | 1,757.5 | 4,235.6 |
| | August | 916.2 | 12,727.4 | 2.83 | 0.6 | 4,766.4 | 1,704.2 | 4,091.8 |
| | September | 611.1 | 14,981.0 | 1.85 | 0.6 | 5,509.6 | 1,722.7 | 4,251.7 |
| | October | 558.4 | 13,230.0 | 1.66 | 0.6 | 5,417.9 | 1,596.0 | 4,311.3 |
| | November | 732.7 | 11,602.3 | 2.14 | 19.4 | 5,221.3 | 1,257.8 | 4,435.8 |
| | December | 1,225.0 | 10,398.0 | 3.53 | 0.6 | 4,966.0 | 1,273.9 | 4,356.6 |
| | 2003 | January | 890.4 | 9,601.7 | 2.50 | 0.6 | 5,118.3 | 1,184.0 | 4,418.2 |
| February | | 652.6 | 9,228.8 | 1.78 | 0.7 | 4,666.4 | 1,241.1 | 4,494.5 |
| March | | 622.1 | 10,130.5 | 1.67 | 0.6 | 3,883.8 | 1,370.7 | 4,307.0 |
| April | | 973.5 | 11,109.2 | 2.57 | 0.6 | 3,384.6 | 1,391.4 | 4,203.4 |

other obligatory deposits with the CNB.

Column 11 shows the weighted average remuneration rate on total immobilized funds in foreign currency. The Croatian National Bank pays remuneration equaling the average interest earned on placements abroad on the calculated foreign currency reserve requirement deposited in the foreign exchange accounts with the Croatian National Bank.

Table F4: Deposit Money Banks' Liquidity Indicators

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

Column 3 shows free reserves in kuna, defined as bank's total reserves (in settlement accounts and in vaults) decreased by the minimal average settlement account and vault balance, as prescribed by instruments of the CNB.

Column 4 shows free reserves in foreign currency, defined as funds for the maintenance of foreign currency reserve requirements (foreign currency cash and checks in foreign exchange, liquid foreign exchange 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: use of statutory reserves (until October 1994), regular loans for maintenance of day-to-day liquidity (until November 1994), use of funds exceeding those available in the bank's giro account (until October 1994), special credits for overcoming liquidity problems (initial credits, credits for overcoming liquidity problems of banks under evaluation for entry into rehabilitation and restructuring procedures), lombard credits (since December 1994), intervention credits for overcoming liquidity problems (since October 1994), short-term liquidity credits (since February 1999), as well as overdue liabilities to the CNB.

Column 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 (EUR and USD).

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

Table G1: Deposit Money Banks' Interest Rates on Kuna Credits Not Indexed to Foreign Currency

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

| Year | Month | Money market interest rates | | | Interest rates on kuna credits not indexed to foreign currency | | | | | | | | |
|------------------------------------|-----------|-----------------------------|------------------|---------------|--|-------------|------------|-------|-------|---------------|----------------------|------------|--|
| | | On overnight credits | On other credits | Total average | On short-term credits | | | | | | On long-term credits | | |
| | | | | | Total average | Enterprises | Households | | | Total average | Enterprises | Households | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | |
| 1992 | December | 2,182.26 | 2,182.26 | 2,332.92 | 2,384.89 | .... | .... | .... | .... | 1,166.29 | .... | .... |  |
| 1993 | December | 34.49 | 86.90 | 59.00 | 59.00 | .... | .... | .... | .... | 78.97 | .... | .... |  |
| 1994 | December | 8.50 | 17.76 | 15.39 | 15.43 | .... | .... | .... | .... | 13.82 | .... | .... |  |
| 1995 | December | 27.26 | 27.15 | 22.32 | 22.56 | 22.23 | 23.81 | 23.75 | 25.58 | 13.48 | 13.39 | 14.38 | |
| 1996 | December | 9.66 | 10.72 | 18.46 | 19.35 | 19.18 | 20.18 | 19.90 | 23.12 | 11.51 | 11.29 | 14.28 | |
| 1997 | December | 8.46 | 9.49 | 14.06 | 14.12 | 13.17 | 19.26 | 19.34 | 18.11 | 13.24 | 12.98 | 13.75 | |
| 1998 | December | 10.00 | 15.91 | 16.06 | 16.22 | 14.89 | 20.77 | 20.80 | 19.92 | 11.73 | 11.48 | 13.16 | |
| 1999 | December | 9.92 | 12.78 | 13.54 | 13.52 | 10.55 | 20.83 | 20.84 | 20.39 | 15.14 | 15.31 | 14.16 | |
| 2000 | December | 2.39 | 4.45 | 10.45 | 10.45 | 6.81 | 20.30 | 20.33 | 19.05 | 9.90 | 9.64 | 12.97 | |
| 2001 | December | 2.49 | 2.18 | 9.51 | 9.49 | 5.43 | 18.81 | 18.85 | 14.88 | 11.42 | 10.06 | 13.14 | |
| 2002 | January | 1.62 | 1.79 | 15.28 | 15.30 | 9.69 | 18.98 | 19.04 | 10.97 | 13.69 | 10.57 | 14.41 | |
| | February | 2.08 | 2.16 | 14.28 | 14.37 | 9.36 | 17.68 | 17.74 | 11.33 | 11.20 | 8.69 | 12.70 | |
| | March | 2.86 | 2.41 | 13.47 | 13.56 | 8.86 | 16.86 | 17.00 | 11.08 | 11.89 | 7.24 | 12.38 | |
| | April | 2.84 | 2.46 | 13.42 | 13.64 | 8.78 | 16.72 | 16.83 | 11.68 | 10.68 | 7.08 | 12.39 | |
| | May | 2.91 | 1.51 | 13.44 | 13.54 | 8.82 | 16.63 | 16.73 | 10.67 | 10.85 | 6.60 | 12.43 | |
| | June | 1.35 | 0.87 | 12.78 | 12.94 | 8.42 | 16.55 | 16.66 | 11.16 | 9.23 | 6.35 | 12.15 | |
| | July | 1.07 | 0.90 | 11.89 | 12.02 | 8.16 | 15.00 | 16.54 | 5.58 | 9.55 | 6.84 | 11.20 | |
| | August | 0.99 | 0.95 | 12.35 | 12.55 | 7.85 | 16.45 | 16.58 | 9.34 | 8.12 | 7.34 | 11.02 | |
| | September | 1.15 | 1.55 | 11.81 | 12.18 | 7.69 | 16.27 | 16.34 | 10.61 | 6.99 | 6.21 | 11.29 | |
| | October | 1.29 | 1.58 | 12.54 | 12.71 | 8.02 | 16.30 | 16.38 | 10.76 | 8.36 | 6.75 | 11.37 | |
| | November | 2.10 | 2.39 | 11.91 | 12.02 | 7.97 | 14.91 | 15.38 | 5.98 | 9.19 | 7.56 | 11.07 | |
| | December | 1.58 | 1.89 | 10.91 | 11.24 | 7.44 | 15.16 | 15.28 | 9.84 | 7.32 | 6.48 | 7.88 | |
| 2003 | January | 1.37 | 1.71 | 11.26 | 11.56 | 7.49 | 15.20 | 15.27 | 9.72 | 7.74 | 7.43 | 7.87 | |
| | February | 1.43 | 1.92 | 11.43 | 11.63 | 7.65 | 15.07 | 15.20 | 9.17 | 9.47 | 7.44 | 10.60 | |
| | March | 1.60 | 2.48 | 11.30 | 11.50 | 7.52 | 15.04 | 15.14 | 11.18 | 9.38 | 6.58 | 10.61 | |
| | April | 1.90 | 2.83 | 11.41 | 11.62 | 7.64 | 15.00 | 15.10 | 11.71 | 9.85 | 7.19 | 11.23 | |
| Relative significance ^a | | – | – | 62.20 | 55.18 | 25.38 | 29.80 | 28.87 | 0.94 | 7.02 | 2.40 | 4.62 | |

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

Note: A break in the time series occurred due to changes in the methodology used in interest rate statistics as of 1 January 2001. This especially refers to interest rates shown in columns 5, 6 and 7. Interbank credits, which bear relatively low interest rates, were, among others, excluded from short-term credits to enterprises. The increase in interest rates was also caused

Table G1: Deposit Money Banks' Interest Rates on Kuna Credits Not Indexed to Foreign Currency

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

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

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

Up to February 1996, columns 3 and 4 showed interest rates on the interbank money market, according to information published by the Zagreb Money Market (ZMM). Starting from March 1996, interest rates on the money market are calculated as weighted monthly averages of weighted daily interest rates and shown separately for trading in over-

night credits and trading in other credits on the ZMM. In the period between May 1998 and January 2001, the repayment of credits granted on the interbank overnight market was guaranteed by DMBs' required reserves with the CNB. Columns 5 through 13 show weighted averages of DMBs' and savings banks' monthly interest rates classified by maturity and sectors. Interest rates on short-term credits to enterprises also include interest rates on callable loans.

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

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

Table G2: Deposit Money Banks' Interest Rates on Kuna Credits Indexed to Foreign Currency and on Credits in Euros

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

| Year | Month | Interest rates on kuna credits indexed to foreign currency | | | | | | | | | Interest rates on credits in euros | | |
|------------------------------------|-----------|--|-----------------------|-------------|------------|----------------------|-------------|---------------|-----------------|-------|------------------------------------|-----------------------|----------------------|
| | | Total average | On short-term credits | | | On long-term credits | | | | | Total average | On short-term credits | On long-term credits |
| | | | Total average | Enterprises | Households | Total average | Enterprises | Total average | Housing credits | Other | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 1992 | December | 20.41 | 9.90 | .... | .... | 21.41 | .... | .... | .... | .... | .... | .... | .... |
| 1993 | December | 21.84 | 19.00 | .... | .... | 23.14 | .... | .... | .... | .... | .... | .... | .... |
| 1994 | December | 11.99 | 12.38 | .... | .... | 11.65 | .... | .... | .... | .... | .... | .... | .... |
| 1995 | December | 19.56 | 21.62 | 21.09 | 18.10 | 14.33 | 15.79 | 10.48 | .... | .... | 17.18 | 19.06 | 12.27 |
| 1996 | December | 18.97 | 22.56 | 22.40 | 27.00 | 12.12 | 13.15 | 11.30 | .... | .... | 19.50 | 21.46 | 10.77 |
| 1997 | December | 14.40 | 16.92 | 17.00 | 14.02 | 12.25 | 13.00 | 11.02 | .... | .... | 13.61 | 14.95 | 9.71 |
| 1998 | December | 13.04 | 14.28 | 14.25 | 13.64 | 11.15 | 10.55 | 12.12 | .... | .... | 6.95 | 8.37 | 5.71 |
| 1999 | December | 12.53 | 13.66 | 13.54 | 17.21 | 10.81 | 10.46 | 11.65 | .... | .... | 6.75 | 7.43 | 6.07 |
| 2000 | December | 10.74 | 11.17 | 11.10 | 13.59 | 10.52 | 9.41 | 11.64 | .... | .... | 7.70 | 7.49 | 8.05 |
| 2001 | December | 9.29 | 9.45 | 9.45 | 11.30 | 9.20 | 7.52 | 10.79 | .... | .... | 5.94 | 5.70 | 7.27 |
| 2002 | February | 9.28 | 9.76 | 9.37 | 11.21 | 9.12 | 7.29 | 10.21 | 8.54 | 10.61 | 7.76 | 7.58 | 8.36 |
| | March | 9.21 | 9.08 | 8.57 | 11.32 | 9.24 | 7.03 | 10.10 | 8.22 | 10.36 | 6.20 | 6.44 | 5.86 |
| | April | 8.19 | 9.08 | 8.42 | 11.69 | 8.01 | 6.56 | 9.81 | 7.95 | 10.16 | 6.38 | 6.62 | 6.05 |
| | May | 8.63 | 8.75 | 8.04 | 11.57 | 8.60 | 7.01 | 9.67 | 7.37 | 10.13 | 7.48 | 7.74 | 6.41 |
| | June | 8.21 | 8.25 | 7.57 | 11.66 | 8.20 | 7.14 | 8.83 | 7.55 | 9.06 | 6.71 | 6.65 | 6.89 |
| | July | 8.12 | 8.70 | 7.98 | 11.44 | 7.99 | 6.57 | 9.48 | 7.35 | 10.16 | 6.48 | 6.69 | 6.24 |
| | August | 7.99 | 8.70 | 7.95 | 11.52 | 7.83 | 6.61 | 9.40 | 7.37 | 10.14 | 6.55 | 6.48 | 6.61 |
| | September | 8.54 | 9.16 | 8.41 | 10.97 | 8.39 | 6.57 | 9.59 | 7.40 | 10.35 | 5.79 | 7.02 | 5.19 |
| | October | 8.04 | 8.67 | 7.89 | 11.39 | 7.91 | 6.42 | 9.51 | 7.38 | 10.27 | 6.18 | 7.00 | 5.51 |
| | November | 8.29 | 8.57 | 7.94 | 11.30 | 8.22 | 6.52 | 9.36 | 7.37 | 10.10 | 6.46 | 6.60 | 6.28 |
| | December | 8.25 | 9.34 | 8.72 | 11.37 | 7.98 | 6.37 | 9.50 | 7.42 | 10.11 | 5.91 | 6.66 | 5.44 |
| 2003 | January | 8.09 | 8.35 | 7.74 | 10.39 | 8.01 | 6.73 | 9.01 | 7.24 | 9.76 | 6.19 | 6.70 | 5.59 |
| | February | 8.55 | 8.84 | 7.89 | 11.39 | 8.49 | 6.86 | 9.02 | 7.21 | 9.75 | 6.33 | 6.62 | 5.80 |
| | March | 8.41 | 8.64 | 8.06 | 10.67 | 8.35 | 6.69 | 8.87 | 7.18 | 9.61 | 5.70 | 6.40 | 5.30 |
| | April | 8.03 | 8.80 | 7.99 | 10.84 | 7.85 | 6.18 | 8.62 | 7.08 | 9.31 | 6.55 | 6.77 | 6.31 |
| Relative significance ^a | | 33.99 | 6.13 | 4.38 | 1.75 | 27.86 | 8.78 | 19.08 | 5.89 | 13.19 | 3.81 | 2.01 | 1.79 |

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

Table G2: Deposit Money Banks' Interest Rates on Kuna Credits Indexed to Foreign Currency and on Credits in Euros

The table contains weighted averages of DMBs' and savings banks' monthly interest rates on kuna credits indexed to f/c and on credits in euros, reported on a yearly basis.

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

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

Data on DMBs' and savings banks' interest rates on kuna credits indexed to f/c and on credits in euros are based on DMBs' and savings

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

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

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

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

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

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

| Year | Month | Interest rates on kuna deposits not indexed to foreign currency | | | | | | | | |
|------------------------------------|-----------|---|------------------------------|------------------|------------------------|------------|-------------|-----------------------|------------|-------------|
| | | Total average | In giro and current accounts | On time deposits | | | | | | |
| | | | | Total average | On short-term deposits | | | On long-term deposits | | |
| | | | | | Total average | Households | Enterprises | Total average | Households | Enterprises |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1992 | December | 434.47 | 184.69 | 1,867.18 | .... | .... | .... | .... | .... | .... |
| 1993 | December | 27.42 | 18.16 | 52.16 | .... | .... | .... | .... | .... | .... |
| 1994 | December | 5.03 | 3.55 | 9.65 | .... | .... | .... | .... | .... | .... |
| 1995 | December | 6.10 | 3.88 | 13.65 | 13.80 | 10.56 | 14.28 | 9.88 | 10.67 | 9.62 |
| 1996 | December | 4.15 | 2.19 | 10.19 | 10.11 | 9.84 | 10.26 | 12.36 | 15.49 | 9.88 |
| 1997 | December | 4.35 | 2.19 | 9.10 | 9.08 | 9.30 | 8.96 | 9.48 | 11.24 | 8.06 |
| 1998 | December | 4.11 | 2.31 | 7.73 | 7.63 | 9.47 | 7.15 | 10.19 | 10.72 | 9.56 |
| 1999 | December | 4.27 | 2.24 | 8.87 | 8.79 | 9.62 | 8.38 | 10.96 | 11.56 | 10.18 |
| 2000 | December | 3.40 | 1.64 | 7.20 | 7.13 | 7.44 | 7.03 | 8.89 | 9.19 | 8.63 |
| 2001 | December | 2.76 | 1.40 | 5.68 | 5.60 | 6.35 | 5.38 | 7.35 | 7.93 | 6.70 |
| 2002 | February | 2.32 | 1.25 | 5.47 | 5.41 | 5.93 | 5.01 | 7.20 | 7.59 | 5.73 |
| | March | 2.02 | 1.16 | 5.06 | 5.00 | 5.55 | 4.59 | 7.24 | 7.47 | 5.70 |
| | April | 1.94 | 1.18 | 4.58 | 4.56 | 5.62 | 3.80 | 5.15 | 7.12 | 3.06 |
| | May | 1.97 | 1.16 | 4.60 | 4.52 | 5.54 | 3.85 | 7.23 | 7.45 | 3.39 |
| | June | 1.91 | 1.16 | 4.51 | 4.45 | 5.48 | 3.36 | 6.51 | 7.37 | 2.66 |
| | July | 1.75 | 1.01 | 4.25 | 4.23 | 5.45 | 2.96 | 4.54 | 7.57 | 1.97 |
| | August | 1.77 | 1.00 | 4.04 | 3.97 | 5.45 | 3.07 | 6.20 | 7.57 | 3.72 |
| | September | 1.71 | 0.98 | 4.18 | 4.10 | 5.24 | 3.17 | 6.46 | 7.33 | 1.82 |
| | October | 1.67 | 0.95 | 3.75 | 3.68 | 5.22 | 2.61 | 6.09 | 7.21 | 2.26 |
| | November | 1.58 | 0.94 | 3.52 | 3.44 | 4.36 | 2.80 | 5.56 | 7.11 | 2.37 |
| | December | 1.55 | 0.94 | 3.64 | 3.53 | 4.39 | 2.86 | 6.05 | 7.24 | 3.23 |
| | 2003 | January | 1.61 | 0.92 | 3.45 | 3.34 | 4.21 | 2.77 | 6.62 | 7.27 | 1.53 |
| February | | 1.64 | 0.95 | 3.51 | 3.43 | 4.31 | 2.87 | 6.45 | 6.68 | 1.33 |
| March | | 1.44 | 0.83 | 3.36 | 3.29 | 3.82 | 2.83 | 4.44 | 5.37 | 3.90 |
| April | | 1.40 | 0.80 | 3.16 | 3.12 | 3.87 | 2.62 | 4.73 | 5.31 | 2.23 |
| Relative significance ^a | | 42.26 | 33.80 | 4.60 | 4.46 | 1.79 | 2.67 | 0.13 | 0.11 | 0.03 |

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

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

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

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

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

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

Column 3 reports weighted averages of monthly interest rates on total kuna deposits (giro and current accounts, household savings deposits and time deposits) not indexed to f/c. Column 4 shows weighted

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

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

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

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

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

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

| Year | Month | Interest rates on savings and time deposits indexed to f/c | | | | Interest rates on foreign currency deposits | | | | | |
|------------------------------------|-----------|--|------------------------|-----------------------|---------------|---|------------|------|-------------|------|------|
| | | Total average | On short-term deposits | On long-term deposits | Total average | Savings deposits | | | | | |
| | | | | | | Total average | Households | | Enterprises | | |
| | | | | | | | EUR | USD | EUR | USD | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | |
| 1992 | December | 6.04 | | | | | | | | | |
| 1993 | December | 5.91 | | | | | | | | | |
| 1994 | December | 6.95 | | | | | | | | | |
| 1995 | December | 12.69 | 11.46 | 19.36 | 4.57 | 2.82 | 3.53 | 4.20 | 1.10 | 1.53 | |
| 1996 | December | 9.46 | 9.56 | 8.80 | 5.09 | 1.44 | 1.32 | 1.95 | 1.47 | 1.39 | |
| 1997 | December | 7.63 | 7.24 | 11.77 | 4.77 | 1.75 | 1.89 | 2.43 | 0.83 | 1.40 | |
| 1998 | December | 7.47 | 7.67 | 5.58 | 3.98 | 2.09 | 2.38 | 2.40 | 0.72 | 0.74 | |
| 1999 | December | 6.62 | 6.91 | 1.10 | 4.23 | 1.80 | 1.95 | 2.04 | 0.78 | 1.30 | |
| 2000 | December | 5.54 | 5.94 | 2.16 | 3.47 | 1.03 | 0.99 | 1.23 | 0.65 | 1.29 | |
| 2001 | December | 4.58 | 4.92 | 2.56 | 2.60 | 0.71 | 0.71 | 0.81 | 0.82 | 0.40 | |
| 2002 | February | 3.32 | 4.22 | 3.80 | 2.62 | 0.67 | 0.67 | 0.70 | 0.65 | 0.63 | |
| | March | 2.89 | 4.58 | 6.04 | 2.62 | 0.60 | 0.60 | 0.64 | 0.61 | 0.40 | |
| | April | 3.76 | 3.87 | 5.22 | 2.60 | 0.59 | 0.61 | 0.61 | 0.56 | 0.38 | |
| | May | 2.78 | 4.15 | 3.58 | 2.57 | 0.61 | 0.60 | 0.58 | 0.83 | 0.49 | |
| | June | 3.39 | 4.54 | 3.20 | 2.58 | 0.59 | 0.58 | 0.56 | 0.77 | 0.43 | |
| | July | 3.59 | 4.11 | 3.66 | 2.59 | 0.58 | 0.57 | 0.52 | 0.79 | 0.38 | |
| | August | 3.44 | 3.66 | 4.90 | 2.59 | 0.57 | 0.56 | 0.48 | 0.60 | 0.87 | |
| | September | 3.39 | 4.03 | 3.53 | 2.56 | 0.53 | 0.54 | 0.43 | 0.69 | 0.41 | |
| | October | 3.62 | 3.57 | 4.54 | 2.54 | 0.53 | 0.53 | 0.42 | 0.65 | 0.44 | |
| | November | 3.58 | 3.97 | 4.87 | 2.54 | 0.51 | 0.52 | 0.42 | 0.56 | 0.42 | |
| | December | 2.92 | 3.45 | 1.48 | 2.55 | 0.50 | 0.52 | 0.41 | 0.52 | 0.38 | |
| | 2003 | January | 3.61 | 3.47 | 4.45 | 2.54 | 0.50 | 0.52 | 0.42 | 0.50 | 0.35 |
| February | | 3.30 | 2.82 | 5.17 | 2.50 | 0.45 | 0.47 | 0.31 | 0.54 | 0.30 | |
| March | | 3.61 | 3.15 | 4.92 | 2.37 | 0.38 | 0.40 | 0.26 | 0.45 | 0.32 | |
| April | | 3.52 ^b | 3.42 | 4.85 | 2.36 | 0.36 | 0.37 | 0.24 | 0.46 | 0.28 | |
| Relative significance ^a | | 3.23 | 2.92 | 0.25 | 54.51 | 34.82 | 25.04 | 4.77 | 3.65 | 1.35 | |

^a Relative significance is calculated as a percentage of corresponding deposit category in total deposits received in the reporting month (according to data for the last period included in the table). ^b Of the total amount of deposits to which this interest rate refers, 74.56 percent refers to enterprises.

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

The table contains weighted averages of DMBs' and savings banks' monthly interest rates on kuna deposits indexed to f/c and on foreign currency deposits, reported on a yearly basis.

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

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

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

Column 3 reports weighted averages of monthly interest rates on total kuna savings and time deposits indexed to f/c received from enterprises (until December 2001, all legal persons) and households, whereas weighted averages of monthly interest rates on time deposits are shown in columns 4 (short-term deposits) and 5 (long-term deposits) respectively.

Up to December 2001, interest rates on foreign currency deposits

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

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

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

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

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

Table G4b: Deposit Money banks' Interest Rates on Kuna Deposits Indexed to Foreign Currency and on Foreign Currency Deposits

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

| Year | Month | Interest rates on foreign currency deposits | | | | | | | | | | |
|------------------------------------|-----------|---|------------------------|-------|-------------|------|-----------------------|-------|-------------|------|-------|---------------|
| | | On time deposits | | | | | | | | | | Total Average |
| | | Total Average | On short-term deposits | | | | On long-term deposits | | | | | |
| | | | Households | | Enterprises | | Households | | Enterprises | | | |
| 1 | 2 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 1992 | December | .... | .... | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| 1993 | December | .... | .... | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| 1994 | December | .... | .... | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| 1995 | December | 6.83 | 6.66 | 7.10 | 6.97 | 5.86 | 6.68 | 8.73 | 8.78 | 8.81 | 3.27 | 4.50 |
| 1996 | December | 7.77 | 6.95 | 5.65 | 6.21 | 9.86 | 5.47 | 12.24 | 7.71 | 7.97 | 19.92 | 1.50 |
| 1997 | December | 6.36 | 6.07 | 6.03 | 6.42 | 5.09 | 7.10 | 7.32 | 7.87 | 8.71 | 5.09 | 6.76 |
| 1998 | December | 4.89 | 4.49 | 5.42 | 6.16 | 2.84 | 5.37 | 7.29 | 7.68 | 8.59 | 4.93 | 6.92 |
| 1999 | December | 5.43 | 5.17 | 4.93 | 6.39 | 3.97 | 6.00 | 6.59 | 6.64 | 8.09 | 3.66 | 6.77 |
| 2000 | December | 4.57 | 4.36 | 3.65 | 5.15 | 4.59 | 6.62 | 5.56 | 5.17 | 6.61 | 5.97 | 8.53 |
| 2001 | December | 3.54 | 3.35 | 3.42 | 3.23 | 3.60 | 2.44 | 4.59 | 4.72 | 4.42 | 4.58 | 0.23 |
| 2002 | February | 3.39 | 3.22 | 3.35 | 2.88 | 3.33 | 1.92 | 4.73 | 4.95 | 4.38 | 3.51 | 2.75 |
| | March | 3.31 | 3.17 | 3.42 | 2.82 | 3.27 | 1.98 | 4.57 | 4.75 | 4.17 | 3.65 | - |
| | April | 3.31 | 3.17 | 3.33 | 2.76 | 3.36 | 1.91 | 4.51 | 4.72 | 4.20 | 3.50 | 6.46 |
| | May | 3.24 | 3.13 | 3.31 | 2.77 | 3.31 | 1.94 | 4.36 | 4.66 | 4.17 | 2.54 | - |
| | June | 3.17 | 3.07 | 3.34 | 2.74 | 3.24 | 1.75 | 4.56 | 4.73 | 4.21 | 3.51 | 0.76 |
| | July | 3.28 | 3.14 | 3.36 | 2.69 | 3.41 | 1.89 | 4.52 | 4.68 | 4.25 | 3.69 | 2.90 |
| | August | 3.33 | 3.14 | 3.40 | 2.63 | 3.27 | 1.84 | 4.66 | 4.84 | 4.03 | 3.62 | 0.00 |
| | September | 3.28 | 3.16 | 3.35 | 2.59 | 3.29 | 1.89 | 4.47 | 4.64 | 3.87 | 4.18 | - |
| | October | 3.19 | 3.07 | 3.30 | 2.29 | 3.21 | 1.84 | 4.34 | 4.57 | 3.86 | 3.50 | 3.68 |
| | November | 3.12 | 3.00 | 3.25 | 2.19 | 3.20 | 1.49 | 4.46 | 4.61 | 3.80 | 3.53 | - |
| December | 3.13 | 2.96 | 3.27 | 2.21 | 2.89 | 1.43 | 4.59 | 4.69 | 3.84 | 3.46 | 2.30 | |
| 2003 | January | 3.09 | 2.91 | 3.29 | 2.20 | 2.76 | 1.44 | 4.42 | 4.63 | 3.85 | 3.28 | 4.60 |
| | February | 3.06 | 2.90 | 3.25 | 2.10 | 2.81 | 1.43 | 4.30 | 4.47 | 3.73 | 3.13 | 3.00 |
| | March | 2.91 | 2.78 | 3.12 | 1.90 | 2.72 | 1.46 | 4.33 | 4.53 | 3.29 | 3.22 | 2.00 |
| | April | 2.91 | 2.76 | 3.14 | 1.88 | 2.61 | 1.37 | 3.98 | 4.07 | 3.12 | 3.31 | - |
| Relative significance ^a | | 19.69 | 17.19 | 10.83 | 1.72 | 3.03 | 1.61 | 2.50 | 2.25 | 0.24 | 0.01 | - |

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

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

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

Table G5: Deposit Money Banks' Trade with Foreign Exchange

Million EUR, current exchange rate

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | | |
|---|----------|----------|----------|----------|----------|---------|---------|-------------------|-------------------|------------------|
| | | | | | | Jan. | Feb. | Mar. ^b | Apr. ^a | May ^a |
| A. Purchase of foreign exchange | | | | | | | | | | |
| 1. Legal persons | 3,186.0 | 2,924.9 | 3,316.4 | 5,012.4 | 7,112.1 | 724.8 | 677.3 | 1,006.4 | 930.6 | 1,044.1 |
| 2. Natural persons | 2,273.5 | 2,170.0 | 2,549.2 | 3,339.9 | 3,342.7 | 191.6 | 221.7 | 271.2 | 299.7 | 311.5 |
| 2.1. Residents | 1,854.5 | 1,794.7 | 2,021.1 | 2,684.5 | 2,842.0 | 180.8 | 210.4 | 250.4 | | |
| 2.2. Non-residents | 419.1 | 375.3 | 528.0 | 655.4 | 500.8 | 10.8 | 11.4 | 20.9 | | |
| 3. Commercial banks | 1,138.2 | 1,204.4 | 2,441.4 | 3,985.8 | 5,996.0 | 571.2 | 334.4 | 407.9 | 550.0 | 684.5 |
| 4. Croatian National Bank | 582.2 | 934.8 | 168.2 | 481.7 | 294.4 | 74.6 | 90.5 | 150.1 | – | – |
| Total (1+2+3+4) | 7,179.9 | 7,234.0 | 8,475.2 | 12,820.1 | 16,745.2 | 1,562.1 | 1,323.9 | 1,835.7 | 1,780.3 | 2,040.1 |
| B. Sale of foreign exchange | | | | | | | | | | |
| 1. Legal persons | 4,656.0 | 4,487.0 | 5,414.8 | 8,534.2 | 11,227.4 | 981.2 | 965.3 | 1,399.6 | 1,337.9 | 1,449.4 |
| 2. Natural persons | 1,011.8 | 893.1 | 963.6 | 1,253.5 | 1,333.6 | 115.6 | 120.5 | 119.1 | 112.9 | 110.8 |
| 2.1. Residents | 1,011.5 | 892.7 | 962.8 | 1,252.3 | 1,329.9 | 115.1 | 120.3 | 118.9 | | |
| 2.2. Non-residents | 0.3 | 0.4 | 0.6 | 1.2 | 3.7 | 0.5 | 0.2 | 0.3 | | |
| 3. Commercial banks | 1,138.2 | 1,204.4 | 2,441.4 | 3,985.8 | 5,996.0 | 571.2 | 334.4 | 407.9 | 550.0 | 684.5 |
| 4. Croatian National Bank | 217.0 | 48.3 | 284.2 | 915.7 | 745.3 | – | – | – | – | – |
| Total (1+2+3+4) | 7,022.9 | 6,632.8 | 9,104.1 | 14,689.5 | 19,302.4 | 1,668.0 | 1,420.2 | 1,926.7 | 2,000.8 | 2,244.7 |
| C. Net purchase (A-B) | | | | | | | | | | |
| 1. Legal persons | -1,470.1 | -1,562.1 | -2,098.4 | -3,521.9 | -4,115.1 | -256.5 | -288.0 | -393.2 | -407.2 | -405.3 |
| 2. Natural persons | 1,261.7 | 1,276.8 | 1,585.4 | 2,086.3 | 2,009.1 | 76.0 | 101.2 | 152.1 | 186.8 | 200.8 |
| 2.1. Residents | 843.0 | 901.9 | 1,058.2 | 1,432.2 | 1,512.3 | – | 90.1 | 131.5 | | |
| 2.2. Non-residents | 418.7 | 374.9 | 527.3 | 654.2 | 497.0 | – | 11.2 | 20.6 | | |
| 3. Croatian National Bank | 365.2 | 886.5 | -116.0 | -434.0 | -450.9 | 74.6 | 90.5 | 150.1 | – | – |
| Total (1+2+3) | 156.8 | 601.2 | -628.9 | -1,869.6 | -2,557.0 | -105.9 | -96.2 | -91.0 | -220.4 | -204.6 |
| Memo items: Other Croatian National Bank transactions | | | | | | | | | | |
| Purchase of foreign exchange | 254.5 | 1,044.9 | 405.8 | 536.8 | 197.5 | – | 89.7 | – | 81.0 | 69.0 |
| Sale of foreign exchange | 279.5 | 100.4 | 86.9 | 2.6 | 3.3 | 89.6 | – | – | – | – |

^a Preliminary data. ^b Revised data.

Table G5: Deposit Money Banks' Trade with Foreign Exchange

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

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

Table H1: Balance of Payments – Summary

Million US dollars

| | 1998 | 1999 | 2000 | 2001 | 2002 ^a | 2002 | | | |
|---|-----------|-----------|-----------|-----------|-------------------|-----------------|-----------------|-----------------|-----------------|
| | | | | | | Q1 ^a | Q2 ^a | Q3 ^a | Q4 ^a |
| A. CURRENT ACCOUNT (1+6) | -1,452.8 | -1,397.2 | -459.4 | -725.1 | -1,586.9 | -875.1 | -768.7 | 1,006.0 | -949.1 |
| 1. Goods, services, and income (2+5) | -2,158.8 | -2,029.7 | -1,342.6 | -1,690.8 | -2,680.2 | -1,115.9 | -1,039.8 | 706.3 | -1,230.9 |
| 1.1. Credit | 8,939.6 | 8,372.6 | 9,008.9 | 10,053.1 | 10,971.0 | 1,760.7 | 2,522.8 | 4,292.7 | 2,394.9 |
| 1.2. Debit | -11,098.4 | -10,402.2 | -10,351.4 | -11,743.8 | -13,651.3 | -2,876.6 | -3,562.6 | -3,586.4 | -3,625.8 |
| 2. Goods and services (3+4) | -1,994.8 | -1,673.4 | -935.9 | -1,174.3 | -2,162.7 | -897.9 | -820.6 | 766.3 | -1,210.6 |
| 2.1. Credit | 8,544.7 | 8,117.8 | 8,663.1 | 9,634.2 | 10,546.4 | 1,664.0 | 2,420.8 | 4,182.7 | 2,278.9 |
| 2.2. Debit | -10,539.5 | -9,791.1 | -9,598.9 | -10,808.5 | -12,709.1 | -2,561.9 | -3,241.4 | -3,416.4 | -3,489.5 |
| 3. Goods | -4,071.5 | -3,298.6 | -3,203.8 | -4,101.3 | -5,279.3 | -1,011.6 | -1,381.4 | -1,410.9 | -1,475.4 |
| 3.1. Credit | 4,580.6 | 4,394.7 | 4,567.2 | 4,758.7 | 4,994.6 | 1,051.2 | 1,250.2 | 1,319.4 | 1,373.8 |
| 3.2. Debit | -8,652.0 | -7,693.3 | -7,770.9 | -8,860.0 | -10,273.9 | -2,062.8 | -2,631.6 | -2,730.4 | -2,849.1 |
| 4. Services | 2,076.7 | 1,625.2 | 2,267.9 | 2,927.0 | 3,116.6 | 113.7 | 560.8 | 2,177.3 | 264.7 |
| 4.1. Credit | 3,964.1 | 3,723.0 | 4,095.9 | 4,875.5 | 5,551.8 | 612.9 | 1,170.6 | 2,863.3 | 905.1 |
| 4.2. Debit | -1,887.4 | -2,097.8 | -1,828.0 | -1,948.5 | -2,435.2 | -499.1 | -609.8 | -686.0 | -640.3 |
| 5. Income | -164.0 | -356.3 | -406.7 | -516.5 | -517.5 | -218.0 | -219.2 | -60.1 | -20.3 |
| 5.1. Credit | 394.9 | 254.8 | 345.8 | 418.9 | 424.6 | 96.7 | 102.0 | 110.0 | 116.0 |
| 5.2. Debit | -558.9 | -611.1 | -752.5 | -935.3 | -942.1 | -314.7 | -321.2 | -170.0 | -136.3 |
| 6. Current transfers | 706.0 | 632.5 | 883.2 | 965.7 | 1,093.4 | 240.8 | 271.1 | 299.7 | 281.7 |
| 6.1. Credit | 919.1 | 967.4 | 1,101.0 | 1,174.5 | 1,359.1 | 302.2 | 335.5 | 355.3 | 366.1 |
| 6.2. Debit | -213.1 | -335.0 | -217.8 | -208.8 | -265.7 | -61.4 | -64.4 | -55.6 | -84.3 |
| B. CAPITAL AND FINANCIAL ACCOUNT | 1,469.0 | 1,946.1 | 1,339.4 | 1,316.9 | 2,654.7 | 766.1 | 870.7 | 86.6 | 931.3 |
| B1. Capital account | 19.1 | 24.9 | 20.9 | 133.0 | 24.0 | 5.6 | 7.8 | 7.5 | 3.1 |
| B2. Financial account, excl. reserves | 1,601.5 | 2,299.7 | 1,900.7 | 2,497.0 | 3,327.6 | 983.5 | 1,142.3 | 248.4 | 953.4 |
| 1. Direct investment | 834.9 | 1,420.0 | 1,084.8 | 1,406.7 | 885.9 | 223.7 | 361.7 | 20.2 | 280.3 |
| 1.1. Abroad | -97.5 | -47.2 | -3.9 | -154.6 | -94.6 | -8.4 | -31.0 | -36.3 | -19.0 |
| 1.2. In Croatia | 932.4 | 1,467.2 | 1,088.7 | 1,561.3 | 980.5 | 232.1 | 392.7 | 56.5 | 299.2 |
| 2. Portfolio investment | 14.9 | 532.4 | 707.6 | 600.7 | -259.8 | -83.9 | 224.0 | -111.9 | -288.0 |
| 2.1. Assets | -0.1 | -38.3 | -22.7 | -129.3 | -669.8 | -191.9 | -24.9 | -78.7 | -374.4 |
| 2.2. Liabilities | 15.1 | 570.8 | 730.3 | 730.0 | 410.0 | 108.0 | 248.9 | -33.3 | 86.4 |
| 3. Other investment | 751.7 | 347.2 | 108.3 | 489.5 | 2,701.5 | 843.7 | 556.6 | 340.1 | 961.2 |
| 3.1. Assets | 348.8 | -575.7 | -844.5 | 395.9 | 401.9 | 654.8 | 0.9 | -282.7 | 28.9 |
| 3.2. Liabilities | 402.9 | 922.9 | 952.8 | 93.6 | 2,299.6 | 188.9 | 555.6 | 622.8 | 932.3 |
| B3. Reserve assets (CNB) | -151.5 | -378.5 | -582.1 | -1,313.1 | -696.9 | -223.0 | -279.5 | -169.2 | -25.2 |
| C. NET ERRORS AND OMISSIONS | -16.2 | -548.8 | -880.0 | -591.8 | -1,067.8 | 108.9 | -102.0 | -1,092.6 | 17.8 |

^a Revised data.

Table H1-H5: Balance of Payments

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

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

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

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

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

Table H2: Balance of Payments – Goods and Services

Million US dollars

| | 1998 | 1999 | 2000 | 2001 | 2002 ^a | 2002 | | | |
|---|----------|----------|----------|----------|-------------------|-----------------|-----------------|-----------------|-----------------|
| | | | | | | Q1 ^a | Q2 ^a | Q3 ^a | Q4 ^a |
| 1. Goods | -4,071.5 | -3,298.6 | -3,203.8 | -4,101.3 | -5,279.3 | -1,011.6 | -1,381.4 | -1,410.9 | -1,475.4 |
| 1.1. Credit | 4,580.6 | 4,394.7 | 4,567.2 | 4,758.7 | 4,994.6 | 1,051.2 | 1,250.2 | 1,319.4 | 1,373.8 |
| 1.1.1. Exports f.o.b. in trade statistics | 4,517.2 | 4,302.5 | 4,431.6 | 4,665.9 | 4,894.6 | 1,033.9 | 1,228.7 | 1,291.3 | 1,340.7 |
| 1.1.2. Adjustments for coverage | 63.4 | 92.2 | 135.6 | 92.8 | 100.0 | 17.2 | 21.5 | 28.1 | 33.1 |
| 1.2. Debit | -8,652.0 | -7,693.3 | -7,770.9 | -8,860.0 | -10,273.9 | -2,062.8 | -2,631.6 | -2,730.4 | -2,849.1 |
| 1.2.1. Imports c.i.f. in trade statistics | -8,275.6 | -7,798.6 | -7,886.5 | -9,147.1 | -10,703.8 | -2,142.5 | -2,748.6 | -2,829.2 | -2,983.5 |
| 1.2.2. Adjustments for coverage | -964.0 | -448.4 | -444.4 | -362.3 | -330.1 | -72.4 | -78.1 | -102.1 | -77.5 |
| 1.2.3. Adjustments for classification | 587.6 | 553.7 | 559.9 | 649.4 | 760.0 | 152.1 | 195.2 | 200.9 | 211.8 |
| 2. Services | 2,076.7 | 1,625.2 | 2,267.9 | 2,927.0 | 3,116.6 | 113.7 | 560.8 | 2,177.3 | 264.7 |
| 2.1. Transportation | 229.5 | 83.8 | 178.6 | 166.8 | 141.2 | 30.4 | 23.0 | 49.2 | 38.6 |
| 2.1.1. Credit | 565.7 | 484.0 | 557.3 | 588.6 | 590.2 | 118.1 | 141.3 | 177.3 | 153.5 |
| 2.1.2. Debit | -336.2 | -400.1 | -378.7 | -421.8 | -448.9 | -87.6 | -118.3 | -128.1 | -114.9 |
| 2.2. Travel | 2,133.2 | 1,742.0 | 2,189.9 | 2,728.6 | 3,030.2 | 95.0 | 551.7 | 2,096.0 | 287.4 |
| 2.2.1. Credit | 2,733.4 | 2,493.4 | 2,758.0 | 3,335.0 | 3,811.4 | 236.7 | 756.9 | 2,350.0 | 467.9 |
| 2.2.2. Debit | -600.3 | -751.4 | -568.1 | -606.4 | -781.3 | -141.7 | -205.2 | -254.0 | -180.4 |
| 2.3. Other services | -286.0 | -200.6 | -100.6 | 31.6 | -54.8 | -11.8 | -13.8 | 32.1 | -61.3 |
| 2.3.1. Credit | 665.0 | 745.7 | 780.6 | 951.9 | 1,150.2 | 258.1 | 272.5 | 336.0 | 283.7 |
| 2.3.2. Debit | -951.0 | -946.3 | -881.2 | -920.3 | -1,205.1 | -269.8 | -286.3 | -303.9 | -345.0 |
| Total (1+2) | -1,994.8 | -1,673.4 | -935.9 | -1,174.3 | -2,162.7 | -897.9 | -820.6 | 766.3 | -1,210.6 |

^a Revised data.

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

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

Income from travel-tourism is calculated on the basis of the Survey on Consumption of Foreign Travelers in Croatia starting in the first quarter of 1999. Additional data from the Croatian Institute for Health Insurance on health services provided to nonresidents is also used.

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

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

The income account includes data from the foreign payments statistics on compensation of employees, payments on the basis of interest, data from the CNB's research on income paid from foreign direct and portfolio investment of the private sector, Croatian National Bank data and Institute for Payment Transactions data on income paid from foreign portfolio investment in the official sector and estimates on residents' income from factor services to peacekeeping and humanitarian missions in the Republic of Croatia, based on the research of the Cro-

atian National Bank for the period 1993 to 1996, data on foreign direct investment do not include data on retained profit.

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

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

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

The foreign exchange expenditures of the household sector include purchases of foreign cash from exchange offices and withdrawals of foreign cash from households' foreign exchange accounts at domestic banks. Realized foreign payments and expenditures from business trips, education and training, tourist payments and other tourist expenditures are added to this. The total outflow is decreased by: individuals' expenditures for goods abroad and expenditures for foreign tourism by residents (Survey on Consumption of Domestic Travelers Abroad, which is carried out jointly by the Croatian National Bank and the Insti-

Table H3: Balance of Payments – Income and Current Transfers

Million US dollars

| | 1998 | 1999 | 2000 | 2001 | 2002 ^a | 2002 | | | |
|----------------------------------|--------|--------|--------|---------|-------------------|-----------------|-----------------|-----------------|-----------------|
| | | | | | | Q1 ^a | Q2 ^a | Q3 ^a | Q4 ^a |
| 1. Income | -164.0 | -356.3 | -406.7 | -516.5 | -517.5 | -218.0 | -219.2 | -60.1 | -20.3 |
| 1.1. Compensation of employees | 69.7 | 60.3 | 69.6 | 124.5 | 154.8 | 34.6 | 36.5 | 39.8 | 43.9 |
| 1.1.1. Credit | 81.0 | 75.2 | 82.7 | 137.3 | 173.2 | 38.3 | 40.3 | 44.7 | 49.8 |
| 1.1.2. Debit | -11.4 | -14.9 | -13.1 | -12.8 | -18.4 | -3.8 | -3.9 | -4.9 | -5.9 |
| 1.2. Direct investment income | -100.6 | -65.5 | -152.9 | -290.5 | -339.3 | -74.1 | -201.7 | -40.2 | -23.3 |
| 1.2.1. Credit | 5.3 | 4.6 | 9.3 | 20.2 | 20.0 | 0.6 | 3.4 | 6.5 | 9.4 |
| 1.2.2. Debit | -105.9 | -70.1 | -162.2 | -310.7 | -359.2 | -74.7 | -205.2 | -46.7 | -32.7 |
| 1.3. Portfolio investment income | -102.6 | -129.4 | -178.8 | -218.1 | -193.5 | -142.4 | -8.9 | -35.1 | -7.1 |
| 1.3.1. Credit | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.3.2. Debit | -102.8 | -129.5 | -178.8 | -218.1 | -193.6 | -142.4 | -9.0 | -35.1 | -7.1 |
| 1.4. Other investment income | -30.5 | -221.6 | -144.5 | -132.4 | -139.5 | -36.1 | -45.0 | -24.6 | -33.8 |
| 1.4.1. Credit | 308.3 | 174.9 | 253.8 | 261.4 | 231.4 | 57.8 | 58.2 | 58.7 | 56.8 |
| 1.4.2. Debit | -338.8 | -396.6 | -398.3 | -393.7 | -370.9 | -93.8 | -103.2 | -83.3 | -90.6 |
| 2. Current transfers | 706.0 | 632.5 | 883.2 | 965.7 | 1,093.4 | 240.8 | 271.1 | 299.7 | 281.7 |
| 2.1. General government | -9.2 | -130.3 | 21.7 | 56.7 | 28.6 | 4.0 | 6.8 | 17.4 | 0.4 |
| 2.1.1. Credit | 77.6 | 76.2 | 118.0 | 125.5 | 132.2 | 27.6 | 30.4 | 36.5 | 37.7 |
| 2.1.2. Debit | -86.8 | -206.5 | -96.3 | -68.9 | -103.6 | -23.6 | -23.5 | -19.1 | -37.3 |
| 2.2. Other sectors | 715.2 | 762.7 | 861.5 | 909.0 | 1,064.8 | 236.8 | 264.2 | 282.3 | 281.4 |
| 2.2.1. Credit | 841.5 | 891.2 | 983.0 | 1,049.0 | 1,226.9 | 274.6 | 305.1 | 318.8 | 328.4 |
| 2.2.2. Debit | -126.3 | -128.5 | -121.5 | -139.9 | -162.1 | -37.8 | -40.9 | -36.5 | -47.0 |
| Total (1+2) | 542.0 | 276.2 | 476.5 | 449.2 | 575.8 | 22.8 | 51.9 | 239.7 | 261.5 |

^a Revised data.

tute for Tourism). Expenditures on transfers of other sectors are based on foreign payments statistics data on the total value of foreign exchange transfers abroad.

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

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

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

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

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

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

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

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

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

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

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

Table H4: Balance of Payments – Other Investments

Million US dollars

| | 1998 | 1999 | 2000 | 2001 | 2002 ^a | 2002 | | | |
|-------------------------------------|---------|--------|--------|----------|-------------------|-----------------|-----------------|-----------------|-----------------|
| | | | | | | Q1 ^a | Q2 ^a | Q3 ^a | Q4 ^a |
| ASSETS | 348.8 | -575.7 | -844.5 | 396.6 | 401.9 | 654.8 | 0.9 | -282.7 | 28.9 |
| 1. Trade credits | -19.5 | -292.1 | 97.8 | 56.7 | -87.0 | 45.0 | -20.5 | -47.7 | -63.7 |
| 1.1. General government | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.1.1. Long-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.1.2. Short-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.2. Other sectors | -19.5 | -292.1 | 97.8 | 56.7 | -87.0 | 45.0 | -20.5 | -47.7 | -63.7 |
| 1.2.1. Long-term | 0.0 | -20.7 | 2.4 | 8.3 | -10.3 | -8.7 | 1.9 | -6.1 | 2.5 |
| 1.2.2. Short-term | -19.5 | -271.4 | 95.4 | 48.4 | -76.7 | 53.7 | -22.4 | -41.7 | -66.3 |
| 2. Loans | 0.0 | -97.5 | -93.2 | 34.7 | -42.1 | -3.7 | 34.9 | -28.1 | -45.2 |
| 2.1. General government | 0.0 | 1.1 | 0.0 | -3.2 | 0.6 | 0.0 | 0.0 | -0.3 | 0.9 |
| 2.1.1. Long-term | 0.0 | 1.1 | 0.0 | -3.2 | 0.6 | 0.0 | 0.0 | -0.3 | 0.9 |
| 2.1.2. Short-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2. Banks | 0.0 | -24.6 | 2.7 | -9.2 | -7.0 | -4.3 | -13.6 | -2.0 | 12.9 |
| 2.2.1. Long-term | 0.0 | -14.8 | 2.3 | -3.0 | -11.2 | -0.7 | -4.8 | -3.0 | -2.6 |
| 2.2.2. Short-term | 0.0 | -9.8 | 0.4 | -6.3 | 4.2 | -3.5 | -8.8 | 1.1 | 15.5 |
| 2.3. Other sectors | 0.0 | -74.0 | -96.0 | 47.1 | -35.7 | 0.6 | 48.5 | -25.8 | -59.0 |
| 2.3.1. Long-term | 0.0 | -74.0 | -96.0 | 47.1 | -35.6 | 0.6 | 48.5 | -25.7 | -59.0 |
| 2.3.2. Short-term | 0.0 | 0.0 | 0.0 | 0.0 | -0.1 | 0.0 | 0.0 | -0.1 | 0.0 |
| 3. Currency and deposits | 368.3 | -186.1 | -849.1 | 305.1 | 531.0 | 613.5 | -13.5 | -206.8 | 137.9 |
| 3.1. General government | -22.3 | 12.3 | -26.7 | -15.2 | -28.4 | 3.4 | 75.1 | -44.1 | -62.8 |
| 3.2. Banks | 406.1 | 185.6 | -921.4 | -1,613.7 | 1,366.8 | 972.4 | 332.5 | -120.7 | 182.7 |
| 3.3. Other sectors | -15.5 | -384.0 | 99.0 | 1,934.0 | -807.4 | -362.3 | -421.1 | -42.0 | 18.0 |
| LIABILITIES | 402.9 | 922.9 | 952.8 | 93.6 | 2,300.5 | 189.0 | 555.9 | 623.0 | 932.7 |
| 1. Trade credits | -466.9 | 310.6 | 276.9 | 72.7 | 474.0 | -106.7 | 400.9 | 79.8 | 100.0 |
| 1.1. General government | 0.0 | 0.9 | -3.2 | 1.1 | 0.1 | 0.4 | 0.0 | -0.2 | -0.1 |
| 1.1.1. Long-term | 0.0 | -1.0 | -0.5 | 1.1 | 0.1 | 0.4 | 0.0 | -0.2 | -0.1 |
| 1.1.2. Short-term | 0.0 | 1.9 | -2.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.2. Other sectors | -466.9 | 309.7 | 280.1 | 71.6 | 474.0 | -107.1 | 401.0 | 80.1 | 100.0 |
| 1.2.1. Long-term | 0.0 | -9.3 | -12.7 | -14.9 | -8.4 | 1.5 | 5.5 | -3.6 | -11.7 |
| 1.2.2. Short-term | -466.9 | 319.0 | 292.8 | 86.5 | 482.3 | -108.6 | 395.5 | 83.7 | 111.8 |
| 2. Loans | 1,045.7 | 576.7 | 780.8 | -179.8 | 658.9 | 124.0 | -135.4 | 345.4 | 324.9 |
| 2.1. Monetary authorities | -8.9 | -31.4 | -28.7 | -30.8 | -129.6 | -3.0 | -13.7 | -3.1 | -109.8 |
| 2.1.1. Use of Fund credit and loans | -8.9 | -31.4 | -28.7 | -30.8 | -129.6 | -3.0 | -13.7 | -3.1 | -109.8 |
| 2.1.1.1. Drawings | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.1.1.2. Repayments | -8.9 | -31.4 | -28.7 | -30.8 | -129.6 | -3.0 | -13.7 | -3.1 | -109.8 |
| 2.2. General government | -61.4 | 186.1 | 300.8 | -189.8 | 390.1 | 108.0 | 23.1 | 140.1 | 119.0 |
| 2.2.1. Long-term | -12.2 | 170.6 | 13.9 | 170.2 | 390.1 | 108.0 | 23.1 | 140.1 | 119.0 |
| 2.2.1.1. Drawings | 248.0 | 236.1 | 264.6 | 325.3 | 547.3 | 138.5 | 59.6 | 183.5 | 165.7 |
| 2.2.1.2. Repayments | -260.2 | -65.5 | -250.6 | -155.1 | -157.2 | -30.6 | -36.5 | -43.3 | -46.7 |
| 2.2.2. Short-term (net) | -49.2 | 15.5 | 286.9 | -360.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.3. Banks | 311.6 | -5.7 | 101.5 | 127.6 | 65.6 | -10.8 | -22.8 | -84.6 | 183.9 |
| 2.3.1. Long-term | 362.3 | -7.2 | 107.9 | 133.1 | 65.4 | -10.5 | -23.2 | -84.3 | 183.3 |
| 2.3.1.1. Drawings | 517.0 | 494.6 | 652.6 | 750.0 | 610.6 | 71.3 | 57.1 | 238.9 | 243.4 |
| 2.3.1.2. Repayments | -154.7 | -501.8 | -544.7 | -616.9 | -545.2 | -81.7 | -80.3 | -323.2 | -60.0 |
| 2.3.2. Short-term (net) | -50.7 | 1.5 | -6.4 | -5.5 | 0.2 | -0.3 | 0.4 | -0.4 | 0.5 |
| 2.4. Other sectors | 804.3 | 427.7 | 407.2 | -86.8 | 332.7 | 29.8 | -122.0 | 293.1 | 131.8 |
| 2.4.1. Long-term | 668.0 | 439.3 | 466.5 | -38.7 | 252.8 | 9.8 | -132.7 | 233.2 | 142.6 |
| 2.4.1.1. Drawings | 969.7 | 979.8 | 971.1 | 690.1 | 1,107.0 | 161.6 | 167.1 | 350.2 | 428.0 |
| 2.4.1.2. Repayments | -301.8 | -540.5 | -504.6 | -728.8 | -854.1 | -151.9 | -299.8 | -117.0 | -285.5 |
| 2.4.2. Short-term (net) | 136.4 | -11.6 | -59.3 | -48.1 | 79.9 | 20.1 | 10.8 | 59.9 | -10.8 |
| 3. Currency and deposits | -175.9 | 35.6 | -104.9 | 200.7 | 1,167.6 | 171.7 | 290.3 | 197.7 | 507.8 |
| 3.1. Monetary authorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3.2. Banks | -175.9 | 35.6 | -104.9 | 200.7 | 1,167.6 | 171.7 | 290.3 | 197.7 | 507.8 |
| 4. Other liabilities (short-term) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4.1. General government | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4.2. Banks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4.3. Other sectors | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

^a Revised data.

Table H5: Balance of Payments – Summary

Million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 ^a | 2002 | | | |
|---|-----------|-----------|-----------|-----------|-------------------|-----------------|-----------------|-----------------|-----------------|
| | | | | | | Q1 ^a | Q2 ^a | Q3 ^a | Q4 ^a |
| A. CURRENT ACCOUNT (1+6) | -9,239.2 | -9,953.0 | -3,894.0 | -6,052.7 | -13,172.7 | -7,447.4 | -6,196.7 | 7,544.1 | -7,072.5 |
| 1. Goods, services, and income (2+5) | -13,736.0 | -14,456.2 | -11,217.5 | -14,108.1 | -21,742.6 | -9,514.5 | -8,364.3 | 5,305.0 | -9,168.8 |
| 1.1. Credit | 56,904.8 | 59,736.5 | 74,694.1 | 83,975.4 | 85,195.8 | 14,984.6 | 20,255.8 | 32,113.6 | 17,841.9 |
| 1.2. Debit | -70,640.8 | -74,192.7 | -85,911.5 | -98,083.6 | -106,938.5 | -24,499.1 | -28,620.1 | -26,808.6 | -27,010.7 |
| 2. Goods and services (3+4) | -12,665.6 | -11,928.5 | -7,894.9 | -10,019.2 | -17,519.0 | -7,656.7 | -6,608.0 | 5,760.1 | -9,014.4 |
| 2.1. Credit | 54,398.7 | 57,919.7 | 71,797.8 | 80,246.0 | 81,887.2 | 14,166.7 | 19,441.5 | 31,296.4 | 16,982.6 |
| 2.2. Debit | -67,064.3 | -69,848.2 | -79,692.7 | -90,265.2 | -99,406.1 | -21,823.4 | -26,049.5 | -25,536.2 | -25,996.9 |
| 3. Goods | -25,946.4 | -23,586.6 | -26,686.7 | -34,327.9 | -41,252.7 | -8,626.5 | -11,065.4 | -10,551.5 | -11,009.3 |
| 3.1. Credit | 29,130.4 | 31,369.6 | 37,910.1 | 39,690.9 | 39,129.0 | 8,951.5 | 10,088.0 | 9,861.3 | 10,228.2 |
| 3.2. Debit | -55,076.9 | -54,956.2 | -64,596.7 | -74,018.8 | -80,381.7 | -17,578.0 | -21,153.4 | -20,412.7 | -21,237.6 |
| 4. Services | 13,280.8 | 11,658.1 | 18,791.7 | 24,308.7 | 23,733.7 | 969.8 | 4,457.4 | 16,311.6 | 1,995.0 |
| 4.1. Credit | 25,268.3 | 26,550.1 | 33,887.7 | 40,555.2 | 42,758.2 | 5,215.2 | 9,353.5 | 21,435.1 | 6,754.4 |
| 4.2. Debit | -11,987.5 | -14,892.0 | -15,096.0 | -16,246.4 | -19,024.5 | -4,245.5 | -4,896.1 | -5,123.5 | -4,759.4 |
| 5. Income | -1,070.4 | -2,527.7 | -3,322.5 | -4,089.0 | -4,223.7 | -1,857.8 | -1,756.3 | -455.1 | -154.4 |
| 5.1. Credit | 2,506.0 | 1,816.8 | 2,896.3 | 3,729.4 | 3,308.7 | 817.9 | 814.3 | 817.2 | 859.3 |
| 5.2. Debit | -3,576.5 | -4,344.5 | -6,218.8 | -7,818.4 | -7,532.3 | -2,675.7 | -2,570.5 | -1,272.4 | -1,013.7 |
| 6. Current transfers | 4,496.8 | 4,503.2 | 7,323.5 | 8,055.5 | 8,570.0 | 2,067.1 | 2,167.6 | 2,239.1 | 2,096.3 |
| 6.1. Credit | 5,846.2 | 6,898.2 | 9,131.4 | 9,795.4 | 10,648.7 | 2,583.3 | 2,687.3 | 2,655.2 | 2,723.0 |
| 6.2. Debit | -1,349.4 | -2,394.9 | -1,807.9 | -1,740.0 | -2,078.7 | -516.2 | -519.8 | -416.1 | -626.7 |
| B. CAPITAL AND FINANCIAL ACCOUNT | 9,123.9 | 13,217.7 | 10,832.0 | 9,347.7 | 20,783.7 | 6,810.1 | 6,432.9 | 649.5 | 6,891.1 |
| B1. Capital account | 121.9 | 178.0 | 172.1 | 1,140.1 | 189.7 | 47.9 | 63.1 | 55.8 | 22.9 |
| B2. Financial account, excl. reserves | 10,056.6 | 16,031.7 | 15,469.6 | 19,242.6 | 26,166.2 | 8,650.9 | 8,585.5 | 1,859.1 | 7,070.8 |
| 1. Direct investment | 5,349.3 | 10,131.7 | 8,539.9 | 9,356.5 | 7,054.0 | 1,897.4 | 2,944.6 | 155.0 | 2,057.0 |
| 1.1. Abroad | -619.7 | -347.2 | -32.9 | -1,279.6 | -728.8 | -72.4 | -247.2 | -269.1 | -140.1 |
| 1.2. In Croatia | 5,969.1 | 10,478.9 | 8,572.8 | 10,636.1 | 7,782.8 | 1,969.7 | 3,191.8 | 424.1 | 2,197.1 |
| 2. Portfolio investment | 107.9 | 3,697.3 | 5,658.5 | 4,975.0 | -1,889.3 | -716.5 | 1,807.3 | -838.8 | -2,141.3 |
| 2.1. Assets | -0.9 | -277.4 | -189.8 | -1,081.7 | -5,201.7 | -1,635.3 | -194.1 | -587.8 | -2,784.5 |
| 2.2. Liabilities | 108.8 | 3,974.8 | 5,848.2 | 6,056.7 | 3,312.4 | 918.9 | 2,001.4 | -251.1 | 643.2 |
| 3. Other investment | 4,599.3 | 2,202.6 | 1,271.3 | 4,911.1 | 21,001.5 | 7,470.0 | 3,833.5 | 2,542.9 | 7,155.2 |
| 3.1. Assets | 2,139.9 | -4,476.5 | -7,042.5 | 4,031.7 | 3,424.9 | 5,861.8 | -538.6 | -2,113.5 | 215.2 |
| 3.2. Liabilities | 2,459.4 | 6,679.1 | 8,313.8 | 879.4 | 17,576.6 | 1,608.1 | 4,372.1 | 4,656.4 | 6,940.0 |
| B3. Reserve assets (CNB) | -1,054.5 | -2,992.0 | -4,809.8 | -11,035.1 | -5,572.2 | -1,888.6 | -2,215.6 | -1,265.4 | -202.6 |
| C. NET ERRORS AND OMISSIONS | 115.3 | -3,264.8 | -6,938.0 | -3,295.0 | -7,611.1 | 637.3 | -236.2 | -8,193.6 | 181.4 |

^a Revised data.

Table H6: International Reserves and Banks' Foreign Exchange Reserves

End of period, million US dollars

| Year | Month | International reserves of the Croatian National Bank | | | | | | | Banks' foreign exchange reserves ^a |
|------------------|-----------|--|------------------------|------------------------------|------|------------------|-----------------------|-----------------|---|
| | | Total | Special drawing rights | Reserve position in the Fund | Gold | Foreign exchange | | | |
| | | | | | | Total | Currency and deposits | Bonds and notes | |
| 1991 | December | – | – | – | – | – | – | – | 200.9 |
| 1992 | December | 166.8 | – | – | – | 166.8 | 166.8 | – | 484.0 |
| 1993 | December | 616.2 | 3.7 | – | – | 612.5 | 612.5 | – | 689.4 |
| 1994 | December | 1,405.0 | 4.5 | – | – | 1,400.5 | 1,400.5 | – | 878.7 |
| 1995 | December | 1,895.2 | 139.8 | – | – | 1,755.4 | 1,651.0 | 104.3 | 1,330.3 |
| 1996 | December | 2,314.0 | 125.6 | – | – | 2,188.4 | 2,016.6 | 171.8 | 1,919.5 |
| 1997 | December | 2,539.1 | 147.1 | 0.1 | – | 2,391.9 | 2,011.7 | 380.2 | 2,291.3 |
| 1998 | December | 2,815.7 | 231.2 | 0.2 | – | 2,584.4 | 1,927.0 | 657.4 | 1,885.2 |
| 1999 | December | 3,025.0 | 189.5 | 0.2 | – | 2,835.3 | 2,459.8 | 375.5 | 1,350.2 |
| 2000 | December | 3,524.8 | 147.7 | 0.2 | – | 3,376.9 | 2,574.3 | 802.6 | 2,152.9 |
| 2001 | December | 4,704.2 | 108.4 | 0.2 | – | 4,595.6 | 3,060.3 | 1,535.3 | 3,577.4 |
| 2002 | February | 4,750.0 | 106.4 | 0.2 | – | 4,643.3 | 3,273.2 | 1,370.2 | 3,138.5 |
| | March | 4,885.5 | 104.1 | 0.2 | – | 4,781.1 | 3,275.3 | 1,505.8 | 2,667.6 |
| | April | 5,018.8 | 92.1 | 0.2 | – | 4,926.5 | 3,292.0 | 1,634.5 | 2,423.1 |
| | May | 5,230.8 | 92.8 | 0.2 | – | 5,137.8 | 3,365.6 | 1,772.2 | 2,509.7 |
| | June | 5,601.8 | 95.9 | 0.2 | – | 5,505.7 | 3,627.8 | 1,878.0 | 2,573.3 |
| | July | 5,648.4 | 95.5 | 0.2 | – | 5,552.7 | 3,638.7 | 1,914.0 | 2,618.3 |
| | August | 5,758.3 | 95.3 | 0.2 | – | 5,662.8 | 3,779.1 | 1,883.7 | 2,674.6 |
| | September | 5,705.2 | 91.6 | 0.2 | – | 5,613.4 | 3,573.5 | 2,039.9 | 2,705.4 |
| | October | 5,715.9 | 77.3 | 0.2 | – | 5,638.4 | 3,628.7 | 2,009.7 | 2,677.9 |
| | November | 5,852.9 | 76.5 | 0.2 | – | 5,776.1 | 3,914.2 | 1,861.9 | 2,665.3 |
| | December | 5,885.8 | 2.4 | 0.2 | – | 5,883.2 | 3,945.0 | 1,938.2 | 2,688.7 |
| | 2003 | January | 5,948.9 | 2.5 | 0.2 | – | 5,946.2 | 3,982.8 | 1,963.4 | 2,653.5 |
| February | | 6,429.5 | 1.4 | 0.2 | – | 6,427.9 | 4,275.8 | 2,152.1 | 2,443.1 |
| March | | 6,207.8 | 1.4 | 0.2 | – | 6,206.2 | 3,524.0 | 2,682.1 | 2,913.1 |
| April | | 6,524.1 | 1.4 | 0.2 | – | 6,522.4 | 2,898.9 | 3,623.5 | 2,601.4 |
| May ^b | | 7,003.5 | 1.2 | 0.2 | – | 7,002.0 | 3,034.4 | 3,967.6 | 3,149.0 |

^a Data starting from May 1999 have been revised. ^b Preliminary data.

Table H6: International Reserves and Banks' Foreign Exchange Reserves

The international reserves of the Croatian National Bank are shown according to the methodology contained in the Balance of Payments Manual (International Monetary Fund, 1993), and include those foreign claims of the Croatian National Bank that can be used to bridge imbalances in international payments. International reserves include

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

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

Table H7: International Reserves and Foreign Currency Liquidity

Million US dollars

| | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|--|-----------|----------|-------------------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. ^b | Dec. | Jan. | Feb. | Mar. | Apr. |
| I. Official reserve assets and other f/c assets (approximate market value) | | | | | | | | |
| A. Official reserve assets | 2,847.4 | 3,432.3 | 4,704.2 | 5,885.8 | 5,948.9 | 6,429.5 | 6,207.8 | 6,524.1 |
| (1) Foreign currency reserves (in convertible f/c) | 2,616.3 | 2,567.4 | 3,420.3 | 4,423.1 | 4,498.4 | 5,047.3 | 4,909.2 | 5,388.6 |
| (a) Securities | 375.5 | 802.6 | 1,535.3 | 1,938.2 | 1,963.4 | 2,152.1 | 2,682.1 | 3,623.5 |
| o/w: issuer headquartered in reporting country but located abroad | | | | | | | | |
| (b) Total currency and deposits with: | 2,240.8 | 1,764.8 | 1,885.0 | 2,484.9 | 2,535.0 | 2,895.2 | 2,227.0 | 1,765.1 |
| (i) other national central banks, BIS and IMF | 712.3 | 545.7 | 406.9 | 338.6 | 335.5 | 336.1 | 335.5 | 319.7 |
| (ii) banks headquartered in the reporting country | | | | | | | | |
| o/w: located abroad | | | | | | | | |
| (iii) banks headquartered outside the reporting country | 1,528.6 | 1,219.1 | 1,478.1 | 2,146.3 | 2,199.5 | 2,559.1 | 1,891.5 | 1,445.4 |
| 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 |
| (3) SDRs | 189.5 | 147.7 | 108.4 | 2.4 | 2.5 | 1.4 | 1.4 | 1.4 |
| (4) gold | | | | | | | | |
| (5) other reserve assets | 41.4 | 717.0 | 1,175.3 | 1,460.1 | 1,447.8 | 1,380.5 | 1,297.0 | 1,133.8 |
| – reverse repo | 41.4 | 717.0 | 1,175.3 | 1,460.1 | 1,447.8 | 1,380.5 | 1,297.0 | 1,133.8 |
| B. Other foreign currency assets (specify) | 177.6 | 92.5 | | | | | | |
| – time deposits | 177.6 | 92.5 | | | | | | |
| C. Total (A+B) | 3,025.0 | 3,524.8 | 4,704.2 | 5,885.8 | 5,948.9 | 6,429.5 | 6,207.8 | 6,524.1 |
| II. Predetermined short-term net drains on f/c assets (nominal value) | | | | | | | | |
| 1. F/c loans, securities, and deposits (total net drains up to one year) | -932.6 | -1,210.8 | -1,191.4 | -771.6 | -792.8 | -839.2 | -846.3 | -876.1 |
| (a) Croatian National Bank | -258.7 | -265.0 | -391.1 | -174.4 | -171.5 | -189.7 | -199.2 | -222.1 |
| Up to 1 month | Principal | -90.2 | -107.6 | -172.9 | -142.6 | -69.4 | -110.9 | -150.6 |
| | Interest | -5.0 | -4.3 | -2.8 | -2.3 | -2.0 | -1.9 | -2.0 |
| More than 1 and up to 3 months | Principal | -123.6 | -116.5 | -179.6 | -27.6 | -99.5 | -76.5 | -46.4 |
| | Interest | -2.7 | -2.8 | -1.9 | -0.1 | -0.5 | -0.3 | -0.2 |
| More than 3 months and up to 1 year | Principal | -29.9 | -29.0 | -30.4 | -1.7 | -0.1 | -0.1 | |
| | Interest | -7.3 | -4.7 | -3.4 | -0.1 | 0.0 | 0.0 | |
| (b) Central government (excluding extrabudgetary funds) | -673.9 | -945.8 | -800.3 | -597.3 | -621.3 | -649.5 | -647.1 | -654.0 |
| Up to 1 month | Principal | -63.5 | -89.3 | -89.7 | -102.1 | -2.6 | -6.5 | -3.1 |
| | Interest | -58.3 | -69.0 | -49.0 | -44.6 | -40.4 | -119.5 | -3.2 |
| More than 1 and up to 3 months | Principal | -6.0 | -93.8 | -310.1 | -9.0 | -9.6 | -6.4 | -55.0 |
| | Interest | -42.9 | -77.1 | -110.9 | -154.3 | -121.2 | -6.3 | -20.2 |
| More than 3 months and up to 1 year | Principal | -384.6 | -497.1 | -150.6 | -183.5 | -304.9 | -305.2 | -261.0 |
| | Interest | -118.7 | -119.6 | -90.0 | -103.8 | -142.6 | -205.6 | -304.7 |
| 2. Aggregate short and long positions in forwards and futures in f/c vis-a-vis the domestic currency (including the forward leg of currency swaps) | | | | | | | | |
| (a) Short positions (-) | | | | | | | | |
| Up to 1 month | | | | | | | | |
| More than 1 and up to 3 months | | | | | | | | |
| More than 3 months and up to 1 year | | | | | | | | |
| (b) Long positions (+) | | | | | | | | |
| Up to 1 month | | | | | | | | |
| More than 1 and up to 3 months | | | | | | | | |
| More than 3 months and up to 1 year | | | | | | | | |
| 3. Other | -21.3 | -40.7 | -66.3 | -22.4 | -112.2 | -58.1 | -153.8 | -337.6 |
| – outflows related to repos (-) | -21.3 | -40.7 | -66.3 | -22.4 | -112.2 | -58.1 | -153.8 | -337.6 |
| Up to 1 month | Principal | -21.3 | -40.6 | -66.3 | -22.4 | -112.1 | -58.0 | -337.4 |
| | Interest | 0.0 | -0.1 | -0.1 | 0.0 | 0.0 | -0.1 | -0.2 |
| More than 1 and up to 3 months | Principal | | | | | | | |
| | Interest | | | | | | | |
| More than 3 months and up to 1 year | Principal | | | | | | | |
| | Interest | | | | | | | |
| 4. Total predetermined short-term net drains on foreign currency assets (1+2+3) | -954.0 | -1,251.5 | -1,257.7 | -794.1 | -905.0 | -897.3 | -1,000.1 | -1,213.8 |
| III. Contingent short-term net drains on f/c assets (nominal value) | | | | | | | | |
| 1. Contingent liabilities in foreign currency | -869.9 | -969.3 | -960.3 | -1,698.7 | -1,304.6 | -1,392.5 | -1,424.9 | -1,455.9 |
| (a) Collateral guarantees on debt falling due within 1 year | -263.6 | -296.0 | -278.6 | -714.4 | -289.5 | -332.2 | -370.5 | -373.1 |
| – Croatian National Bank | | | | | | | | |
| – Central government (excluding extrabudgetary funds) | -263.6 | -296.0 | -278.6 | -714.4 | -289.5 | -332.2 | -370.5 | -373.1 |
| Up to 1 month | -37.3 | -48.4 | -43.6 | -54.5 | -5.8 | -29.0 | -10.9 | -2.8 |
| More than 1 and up to 3 months | -57.6 | -11.4 | -21.8 | -36.7 | -40.8 | -15.4 | -38.0 | -92.3 |

| | | | | | | | | |
|---|---------|---------|---------|----------|----------|----------|----------|----------|
| More than 3 months and up to 1 year | -168.7 | -236.2 | -213.2 | -623.2 | -243.0 | -287.8 | -321.6 | -278.1 |
| (b) Other contingent liabilities | -606.2 | -673.2 | -681.7 | -984.3 | -1,015.0 | -1,060.3 | -1,054.4 | -1,082.7 |
| – Croatian National Bank | -606.2 | -673.2 | -681.7 | -984.3 | -1,015.0 | -1,060.3 | -1,054.4 | -1,082.7 |
| Up to 1 month | | | | | | | | |
| More than 1 and up to 3 months | -606.2 | -673.2 | -681.7 | -984.3 | -1,015.0 | -1,060.3 | -1,054.4 | -1,082.7 |
| More than 3 months and up to 1 year | | | | | | | | |
| – Central government (excluding extrabudgetary funds) | | | | | | | | |
| 2. F/c sec. issued with embedded options (puttable bonds) | | | | | | | | |
| 3. Undrawn, unconditional credit lines provided by | 80.0 | 80.0 | 150.7 | | | | | |
| – BIS (+) | 80.0 | 80.0 | | | | | | |
| – IMF (+) | | | 150.7 | | | | | |
| 4. Aggregate short and long positions of options in foreign currencies vis-a-vis the domestic currency | | | | | | | | |
| 5. Total contingent short-term net drains on f/c assets (1+2+3+4) | -789.9 | -889.3 | -809.7 | -1,698.7 | -1,304.6 | -1,392.5 | -1,424.9 | -1,455.9 |
| IV. Memo items | | | | | | | | |
| (a) short-term domestic currency debt indexed to the exchange rate | | | | | | | | |
| o/w: central government (excluding extrabudgetary funds) | | | | | | | | |
| (b) financial instruments denominated in foreign currency and settled by other means (e.g., in domestic currency) | | | | | | | | |
| (c) pledged assets | 177.0 | | | | | | | |
| (d) securities lent and on repo | | | | | | | | |
| – lent or repoed and included in Section I | -20.1 | -40.0 | -61.7 | -20.8 | -104.4 | -52.4 | -140.5 | -316.7 |
| – lent or repoed but not included in Section I | | | | | | | | |
| – borrowed or acquired and included in Section I | | | | | | | | |
| – borrowed or acquired but not included in Section I | 37.4 | 685.6 | 1,089.3 | 1,385.5 | 1,377.3 | 1,308.0 | 1,231.3 | 1,072.3 |
| (e) financial derivative assets (net, marked to market) | | | | | | | | |
| (f) currency composition of official reserves assets ^a | | | | | | | | |
| – currencies in SDR basket | 2,983.7 | 3,524.8 | 4,704.2 | 5,885.8 | 5,948.9 | 6,429.5 | 6,207.8 | 6,524.1 |
| – currencies not in SDR basket | 41.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| – by individual currencies | | | | | | | | |
| USD | 1,186.1 | 922.5 | 1,533.2 | 1,667.2 | 1,797.1 | 1,819.2 | 1,870.9 | 2,025.3 |
| EUR | 1,405.1 | 2,453.9 | 2,062.0 | 4,215.9 | 4,149.1 | 4,608.7 | 4,335.2 | 4,497.1 |
| Other | 433.8 | 148.4 | 109.0 | 2.7 | 2.7 | 1.7 | 1.7 | 1.7 |

^a Until January 2001: Currency structure of official reserve assets and other foreign currency assets. ^b In accordance with the recommendation made by the IMF, time deposits with a maturity over 3 months were also included in Official reserve assets (I.A.). These deposits were previously included in Other foreign currency assets (I.B.).

Table H7: International Reserves and Foreign Currency Liquidity

International reserves and foreign currency liquidity are shown in accordance with a Template on International Reserves and Foreign Currency Liquidity, drawn up by the IMF. A detailed explanation of the Template is given in “Data Template on International Reserves and Foreign Currency Liquidity – Operational Guidelines, October 1999” issued by the IMF.

The first part of the Template shows total assets of the Croatian National Bank in convertible foreign currency. Official reserve assets (I.A.) show those types of assets that are readily available to the CNB at any moment for bridging imbalances in international payments. Official international reserves include: short-term foreign negotiable debt securities, foreign cash, foreign currency sight deposits, foreign currency time deposits which can be withdrawn before maturity, foreign currency time deposits with a remaining maturity of up to 1 year, reserve position with the IMF, special drawing rights, gold, and reverse repos with foreign negotiable debt securities. Other foreign currency assets of the CNB (I.B.) include foreign currency time deposits with a maturity over 3 months.

The second part of the Template shows fixed predetermined foreign currency net liabilities of the Croatian National Bank and the central government (excluding extrabudgetary funds) that fall due in the next 12 months. Foreign currency loans, securities and deposits (II.1.) include future interest payments on banks’ foreign currency reserve requirements with the CNB (only interest payments for the next month are included), payments of future maturities of foreign currency CNB bills, future principal and interest payments on loans from the IMF, and future principal and interest payments on the central government’s foreign currency debts (excluding extrabudgetary funds). Aggregate short and long positions in forwards and futures in foreign currencies (II.2.)

include future collections (+) or payments (–) arising from currency swaps between the CNB and domestic DMBs (temporary sale or purchase of foreign currency). Item Other (II.3.) includes future payments arising from repo agreements with foreign negotiable debt securities.

The third part of the Template shows predetermined contingent foreign currency net liabilities of the Croatian National Bank and the central government (excluding extrabudgetary funds), which fall due in the next 12 months. Contingent liabilities in foreign currency (III.1.) include future principal and interest payments on foreign loans guaranteed by the central government, and banks’ foreign currency reserve requirements. (The inclusion of reserve requirements in foreign currency is based on the assumption that there will be no changes in ratios or in the base of foreign currency reserve requirements, which comprises households’ deposits in foreign currency with remaining maturity of up to 3 months). Undrawn credit lines show potential inflows (+) or outflows (–) which would arise from drawdowns under these credits.

The fourth part of the Template lists memo items. Short-term, domestic currency debt indexed to foreign currency (IV.a) shows obligations arising from the Law on Converting Households’ Foreign Exchange Deposits into the Public Debt of the Republic of Croatia, which fall due in the next 12 months. Pledged assets (IV.c) show time deposits in foreign currency with a maturity over 3 months listed in item I.B. which are also a pledge. Repo transactions with securities show the value of collateral that is the subject of repo agreements and reverse repo transactions with securities as well as how these transactions are registered in the Template. Until December 2000, the currency structure of international and other foreign currency reserves showed the currency structure of the total foreign currency assets of the CNB (section I.). From January 2001, the currency structure refers to official reserve assets (section I.).

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

| Year | Month | HRK/EUR | HRK/ATS | HRK/FRF | HRK/100 ITL | HRK/CHF | HRK/GBP | HRK/USD | HRK/DEM |
|------|-----------|----------|----------|----------|-------------|----------|-----------|----------|----------|
| 1992 | | 0.340174 | 0.024304 | 0.050419 | 0.020916 | 0.190597 | 0.375277 | 0.264299 | 0.171018 |
| 1993 | | 4.133563 | 0.305485 | 0.621058 | 0.224018 | 2.433869 | 5.369428 | 3.577417 | 2.155526 |
| 1994 | | 7.087400 | 0.524804 | 1.079560 | 0.371475 | 4.381763 | 9.166192 | 5.995300 | 3.692018 |
| 1995 | | 6.757758 | 0.518734 | 1.047969 | 0.321342 | 4.425311 | 8.252950 | 5.229967 | 3.649342 |
| 1996 | | 6.804708 | 0.513722 | 1.062735 | 0.352150 | 4.404976 | 8.479850 | 5.433800 | 3.614536 |
| 1997 | | 6.959708 | 0.505322 | 1.056355 | 0.361942 | 4.246962 | 10.081567 | 6.157050 | 3.555932 |
| 1998 | | 7.136608 | 0.514421 | 1.079581 | 0.366683 | 4.395149 | 10.539883 | 6.362292 | 3.619321 |
| 1999 | | 7.579622 | 0.550834 | 1.155501 | 0.391455 | 4.738375 | 11.504100 | 7.112441 | 3.875409 |
| 2000 | | 7.634973 | 0.554855 | 1.163944 | 0.394313 | 4.901679 | 12.529639 | 8.276819 | 3.903700 |
| 2001 | | 7.468966 | 0.542791 | 1.138637 | 0.385740 | 4.946376 | 12.010492 | 8.339074 | 3.818822 |
| 2002 | | 7.406773 | | | | 5.050089 | 11.788895 | 7.863712 | |
| 2002 | February | 7.500267 | | | | 5.077714 | 12.263697 | 8.626259 | |
| | March | 7.403144 | | | | 5.043763 | 12.027717 | 8.454575 | |
| | April | 7.392964 | | | | 5.043037 | 12.043841 | 8.358554 | |
| | May | 7.378303 | | | | 5.065595 | 11.779217 | 8.071944 | |
| | June | 7.344009 | | | | 4.993381 | 11.405167 | 7.697451 | |
| | July | 7.350401 | | | | 5.026632 | 11.500657 | 7.405215 | |
| | August | 7.377005 | | | | 5.045000 | 11.605190 | 7.541780 | |
| | September | 7.346884 | | | | 5.014697 | 11.644205 | 7.483577 | |
| | October | 7.426918 | | | | 5.070771 | 11.795687 | 7.570804 | |
| | November | 7.467559 | | | | 5.090816 | 11.740230 | 7.464486 | |
| | December | 7.423370 | | | | 5.059394 | 11.566062 | 7.297541 | |
| 2003 | January | 7.500084 | | | | 5.135489 | 11.424463 | 7.081599 | |
| | February | 7.583557 | | | | 5.168355 | 11.367500 | 7.032163 | |
| | March | 7.662875 | | | | 5.218167 | 11.233061 | 7.098993 | |
| | April | 7.553503 | | | | 5.052297 | 10.967309 | 6.965821 | |
| | May | 7.542339 | | | | 4.981129 | 10.611795 | 6.548923 | |

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

| Year | Month | HRK/EUR | HRK/ATS | HRK/FRF | HRK/100 ITL | HRK/CHF | HRK/GBP | HRK/USD | HRK/DEM |
|------|-----------|----------|----------|----------|-------------|----------|-----------|----------|----------|
| 1992 | | 0.964508 | 0.070357 | 0.145244 | 0.054153 | 0.546218 | 1.206464 | 0.798188 | 0.495000 |
| 1993 | | 7.262200 | 0.540504 | 1.120052 | 0.381300 | 4.471653 | 9.714800 | 6.561900 | 3.801812 |
| 1994 | | 6.902400 | 0.516285 | 1.052510 | 0.346500 | 4.288893 | 8.784200 | 5.628700 | 3.632100 |
| 1995 | | 6.812200 | 0.526742 | 1.085365 | 0.335800 | 4.618693 | 8.234500 | 5.316100 | 3.705900 |
| 1996 | | 6.863600 | 0.506253 | 1.055662 | 0.362600 | 4.098835 | 9.359000 | 5.539600 | 3.562200 |
| 1997 | | 6.947200 | 0.499445 | 1.050510 | 0.357700 | 4.332003 | 10.475600 | 6.303100 | 3.511000 |
| 1998 | | 7.329100 | 0.531546 | 1.114954 | 0.377700 | 4.567584 | 10.451000 | 6.247500 | 3.739700 |
| 1999 | | 7.679009 | 0.558055 | 1.170657 | 0.396588 | 4.784268 | 12.340257 | 7.647654 | 3.926215 |
| 2000 | | 7.598334 | 0.552192 | 1.158359 | 0.392421 | 4.989712 | 12.176817 | 8.155344 | 3.884966 |
| 2001 | | 7.370030 | 0.535601 | 1.123554 | 0.380630 | 4.977396 | 12.101856 | 8.356043 | 3.768237 |
| 2002 | | 7.442292 | | | | 5.120256 | 11.451442 | 7.145744 | |
| 2002 | February | 7.437848 | | | | 5.037827 | 12.179217 | 8.600657 | |
| | March | 7.402535 | | | | 5.052580 | 12.107516 | 8.494991 | |
| | April | 7.395818 | | | | 5.054205 | 11.969280 | 8.185742 | |
| | May | 7.377827 | | | | 5.039844 | 11.587603 | 7.928032 | |
| | June | 7.320722 | | | | 4.972641 | 11.273055 | 7.359729 | |
| | July | 7.394853 | | | | 5.071916 | 11.762133 | 7.522740 | |
| | August | 7.376568 | | | | 5.022857 | 11.620302 | 7.488902 | |
| | September | 7.341343 | | | | 5.003642 | 11.677021 | 7.504951 | |
| | October | 7.498423 | | | | 5.126075 | 11.872107 | 7.627325 | |
| | November | 7.431178 | | | | 5.035697 | 11.613030 | 7.482809 | |
| | December | 7.442292 | | | | 5.120256 | 11.451442 | 7.145744 | |
| 2003 | January | 7.555767 | | | | 5.139628 | 11.544335 | 7.035165 | |
| | February | 7.620482 | | | | 5.210230 | 11.185208 | 7.052737 | |
| | March | 7.692318 | | | | 5.210186 | 11.196969 | 7.164976 | |
| | April | 7.567308 | | | | 5.021772 | 10.965524 | 6.889392 | |
| | May | 7.546434 | | | | 4.937150 | 10.514747 | 6.368836 | |

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

Indices 1995=100

| Year | Month | Nominal effective exchange rate of the kuna | Real effective exchange rate of the kuna; deflator | |
|----------|-----------|---|--|---------------------|
| | | | Indices of producers' prices | Retail price index |
| 1997 | December | 107.96 | 104.89 | 103.27 |
| 1998 | December | 111.87 | 108.03 | 102.41 |
| 1999 | December | 122.56 | 116.27 | 109.49 |
| 2000 | December | 125.97 | 113.53 | 107.66 |
| 2001 | December | 122.99 | 111.96 | 104.32 |
| 2002 | February | 125.80 | 114.35 | 106.57 |
| | March | 123.91 | 114.53 | 105.08 |
| | April | 123.36 | 113.38 | 104.60 |
| | May | 121.86 | 111.78 | 103.25 |
| | June | 119.64 | 109.37 | 101.24 |
| | July | 118.32 | 107.66 | 100.56 |
| | August | 119.29 | 108.79 | 101.71 |
| | September | 118.68 | 108.15 | 100.95 |
| | October | 120.00 | 108.69 | 101.71 |
| | November | 119.93 | 109.08 | 101.89 |
| | December | 118.58 | 108.13 | 100.64 |
| | 2003 | January | 118.31 | 108.68 | 100.46 |
| February | | 118.95 | 109.68 | 101.38 |
| March | | 120.10 | 110.90 ^a | 102.48 ^a |
| April | | 118.17 | 108.71 ^a | 101.16 ^a |
| May | | 115.76 | | |

^a Preliminary data.

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

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

The index of the nominal effective exchange rate of the kuna is a weighted geometric average of the index of bilateral exchange rates of the kuna against the euro, US dollar, Swiss franc, British pound and Slovenian tolar. The weights are determined based on the average share of a particular foreign currency in the structure of the current account of the balance of foreign currency transactions between July 1996 and January 2000. The year 1995 is a base period for calculating the index. The index of the nominal effective exchange rate is an aggregate indicator of the average value of the domestic currency against a basket of currencies. An increase in the index of the nominal effective

exchange rate of the kuna in a certain period indicates that the kuna has depreciated against the basket of currencies. The index of the real effective exchange rate is a weighted geometric average of the index of bilateral exchange rates of the kuna corrected for the relevant relative price indices (the ratio of price indices in partner countries and domestic prices). Producer price and retail price indices are used, in particular the total harmonized retail price index for the Economic and Monetary Union member countries. Data for the last two months are preliminary. The historical data may be corrected for the subsequent changes in the data published by the statistical offices of the countries whose prices are included in the calculation of the index of the real effective exchange rate of the kuna.

Table H11: External Debt by Domestic Sectors

Million US dollars

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|-----------------------------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec.* | Jan. | Feb. | Mar. | Apr. |
| 1. Direct investment | 0.0 | 270.8 | 348.6 | 626.6 | 635.0 | 1,048.8 | 1,106.3 | 1,135.0 | 1,282.3 | 1,331.8 |
| 2. Government | 2,905.7 | 3,412.3 | 3,975.3 | 4,828.4 | 5,132.6 | 6,356.3 | 6,370.0 | 6,948.4 | 6,894.5 | 7,011.8 |
| 2.1 Portfolio investment | 1,954.5 | 2,048.3 | 2,522.9 | 3,141.2 | 3,677.1 | 4,357.1 | 4,354.9 | 4,927.9 | 4,882.3 | 4,951.5 |
| Bonds | 1,954.5 | 2,048.3 | 2,522.9 | 3,141.2 | 3,677.1 | 4,357.1 | 4,354.9 | 4,927.9 | 4,882.3 | 4,951.5 |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2 Other investment | 951.2 | 1,364.0 | 1,452.4 | 1,687.2 | 1,455.5 | 1,999.2 | 2,015.1 | 2,020.5 | 2,012.2 | 2,060.3 |
| 2.2.1 Trade credits | 18.1 | 2.7 | 3.3 | 0.1 | 1.1 | 1.3 | 1.1 | 1.1 | 1.0 | 1.0 |
| Long-term | 18.1 | 1.8 | 0.6 | 0.1 | 1.1 | 1.3 | 1.1 | 1.1 | 1.0 | 1.0 |
| Short-term | 0.0 | 0.8 | 2.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.2 Credits | 933.1 | 1,361.3 | 1,449.1 | 1,687.1 | 1,454.4 | 1,998.0 | 2,014.1 | 2,019.4 | 2,011.2 | 2,059.3 |
| Long-term | 833.1 | 1,311.3 | 1,373.8 | 1,327.1 | 1,454.4 | 1,998.0 | 2,014.1 | 2,019.4 | 2,011.2 | 2,059.3 |
| Short-term | 100.0 | 50.0 | 75.3 | 360.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3. Croatian National Bank | 231.8 | 233.3 | 196.6 | 158.7 | 122.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| o/w: IMF | 231.8 | 233.3 | 196.6 | 158.7 | 122.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4. Banks | 2,215.6 | 2,491.7 | 2,184.8 | 2,086.5 | 2,299.4 | 4,011.1 | 4,128.4 | 4,252.2 | 4,473.4 | 4,581.3 |
| 4.1. Portfolio investment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4.2 Other investment | 2,215.6 | 2,491.7 | 2,184.8 | 2,086.5 | 2,299.4 | 4,011.1 | 4,128.4 | 4,252.2 | 4,473.4 | 4,581.3 |
| 4.2.1 Currency and deposits | 789.9 | 614.6 | 537.7 | 432.8 | 633.5 | 1,975.7 | 1,986.0 | 2,089.7 | 2,130.0 | 2,191.4 |
| 4.2.2 Credits | 1,425.7 | 1,877.1 | 1,647.1 | 1,653.7 | 1,665.9 | 2,035.5 | 2,142.4 | 2,162.6 | 2,343.4 | 2,389.9 |
| Long-term | 1,382.0 | 1,856.3 | 1,627.0 | 1,640.0 | 1,657.7 | 2,026.2 | 2,132.8 | 2,153.0 | 2,334.0 | 2,380.4 |
| Short-term | 43.7 | 20.8 | 20.1 | 13.7 | 8.2 | 9.3 | 9.6 | 9.6 | 9.4 | 9.5 |
| 5. Other sectors | 2,098.5 | 3,275.1 | 3,272.6 | 3,354.6 | 3,127.5 | 3,921.0 | 4,002.3 | 4,177.1 | 4,345.3 | 4,488.2 |
| 5.1 Portfolio investment | 0.0 | 8.7 | 48.5 | 38.4 | 54.8 | 167.7 | 172.9 | 377.1 | 374.7 | 383.3 |
| Bonds | 0.0 | 0.0 | 31.1 | 28.9 | 27.3 | 167.7 | 172.9 | 377.1 | 374.7 | 383.3 |
| Money market instruments | 0.0 | 8.7 | 17.4 | 9.5 | 27.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5.2 Other investment | 2,098.5 | 3,266.5 | 3,224.1 | 3,316.3 | 3,072.8 | 3,753.3 | 3,829.3 | 3,800.1 | 3,970.7 | 4,104.8 |
| 5.2.1 Trade credits | 608.4 | 456.3 | 383.9 | 334.0 | 293.7 | 323.6 | 326.0 | 324.9 | 321.6 | 329.1 |
| Long-term | 442.8 | 353.9 | 298.5 | 269.5 | 239.9 | 272.7 | 272.7 | 272.0 | 270.0 | 271.8 |
| Short-term | 165.6 | 102.4 | 85.4 | 64.4 | 53.8 | 50.9 | 53.3 | 52.9 | 51.6 | 57.2 |
| 5.2.2 Credits | 1,490.1 | 2,810.2 | 2,840.2 | 2,982.3 | 2,779.1 | 3,429.8 | 3,503.3 | 3,475.2 | 3,649.0 | 3,775.8 |
| Long-term | 1,260.9 | 2,523.4 | 2,611.6 | 2,838.0 | 2,691.6 | 3,296.8 | 3,355.8 | 3,323.7 | 3,469.2 | 3,604.2 |
| Short-term | 229.2 | 286.7 | 228.6 | 144.3 | 87.5 | 133.0 | 147.6 | 151.5 | 179.9 | 171.6 |
| Total (1+2+3+4+5) | 7,451.6 | 9,683.3 | 9,977.9 | 11,054.8 | 11,316.6 | 15,337.2 | 15,607.0 | 16,512.8 | 16,995.5 | 17,413.0 |

Table H11: External Debt by Domestic Sectors

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

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

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

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

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

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

Table H12: External Debt by Creditors

Million US dollars

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|--|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec.* | Jan. | Feb. | Mar. | Apr. |
| 1. Portfolio investment | 1,954.8 | 2,057.0 | 2,571.4 | 3,179.6 | 3,731.8 | 4,524.8 | 4,527.8 | 5,305.0 | 5,257.0 | 5,334.8 |
| Bonds | 1,954.8 | 2,048.3 | 2,554.0 | 3,170.1 | 3,704.4 | 4,524.8 | 4,527.8 | 5,305.0 | 5,257.0 | 5,334.8 |
| o/w: London Club | 1,428.4 | 1,404.7 | 1,380.9 | 1,255.4 | 1,106.0 | 956.7 | 876.1 | 876.1 | 876.1 | 876.1 |
| Money market instruments | 0.0 | 8.7 | 17.4 | 9.5 | 27.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. Other investment | 5,496.8 | 7,626.3 | 7,406.5 | 7,875.2 | 7,584.8 | 10,812.5 | 11,079.2 | 11,207.8 | 11,738.5 | 12,078.2 |
| 2.1. Currency and deposits | 789.9 | 614.6 | 537.7 | 432.8 | 633.5 | 1,975.7 | 1,986.0 | 2,089.7 | 2,130.0 | 2,191.4 |
| 2.2. Long-term | 4,168.4 | 6,540.9 | 6,442.8 | 6,781.7 | 6,769.0 | 8,570.5 | 8,805.7 | 8,827.2 | 9,189.2 | 9,469.6 |
| 2.2.1. Public creditors | 1,867.0 | 2,305.7 | 2,157.6 | 2,269.1 | 2,230.4 | 2,568.7 | 2,601.9 | 2,645.3 | 2,648.9 | 2,707.8 |
| a) International financial organizations | 851.0 | 1,066.7 | 1,032.8 | 1,128.6 | 1,166.1 | 1,376.1 | 1,386.2 | 1,402.3 | 1,416.9 | 1,450.5 |
| – IMF | 231.8 | 233.3 | 196.6 | 158.7 | 122.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| – IBRD | 294.5 | 345.2 | 396.3 | 417.7 | 468.8 | 610.8 | 615.5 | 618.2 | 618.5 | 626.1 |
| – IFC | 0.0 | 30.8 | 28.6 | 71.9 | 85.6 | 132.3 | 113.2 | 113.6 | 131.2 | 133.0 |
| – EBRD | 171.2 | 250.8 | 219.1 | 296.8 | 318.7 | 374.3 | 394.5 | 405.6 | 405.3 | 417.6 |
| – EUROFIMA | 42.9 | 72.1 | 78.5 | 85.6 | 82.7 | 109.4 | 112.0 | 113.0 | 111.6 | 112.6 |
| – EIB | 108.3 | 133.2 | 98.2 | 74.0 | 52.2 | 84.8 | 84.7 | 85.2 | 84.1 | 93.7 |
| – CEB | 2.3 | 1.1 | 15.4 | 24.0 | 36.0 | 64.5 | 66.3 | 66.6 | 66.2 | 67.6 |
| b) Governments and government agencies | 1,016.0 | 1,239.0 | 1,124.9 | 1,140.5 | 1,064.3 | 1,192.7 | 1,215.7 | 1,243.1 | 1,232.0 | 1,257.3 |
| – Paris Club | 852.5 | 884.7 | 771.9 | 687.5 | 622.4 | 631.2 | 616.6 | 617.3 | 613.9 | 621.7 |
| – Other | 163.5 | 354.3 | 353.0 | 453.0 | 441.9 | 561.5 | 599.1 | 625.7 | 618.2 | 635.6 |
| 2.2.2. Private creditors | 2,301.4 | 4,235.2 | 4,285.1 | 4,512.6 | 4,538.6 | 6,001.8 | 6,203.8 | 6,181.8 | 6,540.3 | 6,761.8 |
| a) Banks | 1,833.3 | 3,302.0 | 3,366.8 | 3,397.6 | 3,477.9 | 4,651.5 | 4,829.7 | 4,793.3 | 5,153.6 | 5,336.5 |
| o/w: guaranteed by government agencies | 167.0 | 198.4 | 441.2 | 634.6 | 733.9 | 681.7 | 688.3 | 620.8 | 615.3 | 620.0 |
| b) Other sectors | 468.1 | 933.2 | 918.3 | 1,115.0 | 1,060.6 | 1,350.3 | 1,374.1 | 1,388.5 | 1,386.8 | 1,425.2 |
| o/w: guaranteed by government agencies | 17.6 | 28.3 | 17.8 | 13.8 | 9.8 | 6.0 | 6.1 | 6.2 | 5.5 | 5.6 |
| 2.3. Short-term | 538.5 | 470.8 | 426.1 | 660.8 | 182.3 | 266.3 | 287.5 | 291.0 | 419.3 | 417.2 |
| 2.3.1. Public creditors | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.3.2. Private creditors | 538.5 | 470.8 | 426.1 | 660.8 | 182.3 | 266.3 | 287.5 | 291.0 | 419.3 | 417.2 |
| a) Banks | 370.1 | 289.1 | 246.5 | 486.5 | 62.5 | 88.3 | 104.5 | 105.4 | 123.6 | 118.5 |
| o/w: guaranteed by government agencies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| b) Other sectors | 168.4 | 181.7 | 179.5 | 174.3 | 119.9 | 178.0 | 183.0 | 185.6 | 295.8 | 298.8 |
| o/w: guaranteed by government agencies | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total (1+2) | 7,451.6 | 9,683.3 | 9,977.9 | 11,054.8 | 11,316.6 | 15,337.2 | 15,607.0 | 16,512.8 | 16,995.5 | 17,413.0 |

Table H12: External Debt by Creditors

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

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

Million US dollars

| | Outstanding debt 30/4/2003 | Nonreported principal payments | Projected future principal payments | | | | | | | | | | | |
|---|-------------------------------|--------------------------------------|-------------------------------------|-------|-------|---------|---------|---------|---------|---------|---------|---------|-------|---------|
| | | | Q2/03 | Q3/03 | Q4/03 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | Other |
| 1. Direct investment | 1,331.8 | 125.8 | 43.1 | 115.3 | 78.4 | 236.8 | 128.8 | 123.5 | 303.9 | 202.5 | 106.6 | 15.3 | 19.0 | 69.5 |
| 2. Government | 7,011.8 | 5.4 | 58.8 | 135.0 | 40.9 | 234.7 | 865.2 | 903.2 | 895.5 | 636.3 | 518.9 | 853.3 | 787.8 | 1,311.4 |
| 2.1. Portfolio investment | 4,951.5 | 0.0 | 0.0 | 80.6 | 0.0 | 80.6 | 576.4 | 710.4 | 698.9 | 411.1 | 308.1 | 649.1 | 649.1 | 867.7 |
| Bonds | 4,951.5 | 0.0 | 0.0 | 80.6 | 0.0 | 80.6 | 576.4 | 710.4 | 698.9 | 411.1 | 308.1 | 649.1 | 649.1 | 867.7 |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2. Other investment | 2,060.3 | 5.4 | 58.8 | 54.4 | 40.9 | 154.1 | 288.9 | 192.8 | 196.6 | 225.2 | 210.8 | 204.1 | 138.7 | 443.7 |
| 2.2.1. Trade credits | 1.0 | 0.0 | 0.1 | 0.2 | 0.1 | 0.4 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 1.0 | 0.0 | 0.1 | 0.2 | 0.1 | 0.4 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Short-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.2. Credits | 2,059.3 | 5.4 | 58.8 | 54.2 | 40.8 | 153.8 | 288.2 | 192.8 | 196.6 | 225.2 | 210.8 | 204.1 | 138.7 | 443.7 |
| Long-term | 2,059.3 | 5.4 | 58.8 | 54.2 | 40.8 | 153.8 | 288.2 | 192.8 | 196.6 | 225.2 | 210.8 | 204.1 | 138.7 | 443.7 |
| Short-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3. Croatian National Bank | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| o/w: IMF | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4. Banks | 4,581.3 | 78.9 | 23.2 | 140.8 | 27.3 | 191.2 | 388.5 | 700.1 | 295.7 | 208.2 | 156.3 | 101.7 | 36.9 | 2,423.6 |
| 4.1. Portfolio investment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4.2. Other investment | 4,581.3 | 78.9 | 23.2 | 140.8 | 27.3 | 191.2 | 388.5 | 700.1 | 295.7 | 208.2 | 156.3 | 101.7 | 36.9 | 2,423.6 |
| 4.2.1. Currency and deposits | 2,191.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2,191.4 |
| 4.2.2. Credits | 2,389.9 | 78.9 | 23.2 | 140.8 | 27.3 | 191.2 | 388.5 | 700.1 | 295.7 | 208.2 | 156.3 | 101.7 | 36.9 | 232.3 |
| Long-term | 2,380.4 | 70.2 | 22.4 | 140.8 | 27.3 | 190.4 | 388.5 | 700.1 | 295.7 | 208.2 | 156.3 | 101.7 | 36.9 | 232.3 |
| Short-term | 9.5 | 8.7 | 0.8 | 0.0 | 0.0 | 0.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5. Other sectors | 4,488.2 | 493.1 | 187.5 | 211.7 | 227.1 | 626.2 | 865.8 | 526.0 | 485.0 | 483.9 | 224.5 | 158.9 | 111.1 | 513.6 |
| 5.1. Portfolio investment | 383.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 34.1 | 0.0 | 0.0 | 142.8 | 7.2 | 7.2 | 8.3 | 183.8 |
| Bonds | 383.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 34.1 | 0.0 | 0.0 | 142.8 | 7.2 | 7.2 | 8.3 | 183.8 |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5.2. Other investment | 4,104.8 | 493.1 | 187.5 | 211.7 | 227.1 | 626.2 | 831.7 | 526.0 | 485.0 | 341.2 | 217.3 | 151.7 | 102.9 | 329.8 |
| 5.2.1. Trade credits | 329.1 | 111.3 | 30.0 | 33.5 | 39.4 | 102.9 | 68.2 | 26.0 | 11.8 | 4.8 | 1.8 | 1.3 | 0.8 | 0.3 |
| Long-term | 271.8 | 84.5 | 24.4 | 23.1 | 29.6 | 77.0 | 63.6 | 26.0 | 11.8 | 4.8 | 1.8 | 1.3 | 0.8 | 0.3 |
| Short-term | 57.2 | 26.9 | 5.7 | 10.4 | 9.8 | 25.9 | 4.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5.2.2. Credits | 3,775.8 | 381.8 | 157.5 | 178.2 | 187.7 | 523.4 | 763.6 | 500.0 | 473.2 | 336.4 | 215.5 | 150.4 | 102.0 | 329.5 |
| Long-term | 3,604.2 | 319.5 | 116.4 | 137.7 | 166.5 | 420.6 | 757.0 | 500.0 | 473.2 | 336.4 | 215.5 | 150.4 | 102.0 | 329.5 |
| Short-term | 171.6 | 62.3 | 41.1 | 40.5 | 21.2 | 102.7 | 6.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total (1+2+3+4+5) | 17,413.0 | 703.2 | 312.7 | 602.7 | 373.7 | 1,289.1 | 2,248.3 | 2,252.8 | 1,980.1 | 1,530.9 | 1,006.4 | 1,129.1 | 954.9 | 4,318.1 |
| Supplement: Projected interest payments | | 74.4 | 78.2 | 149.0 | 128.1 | 355.4 | 673.4 | 559.3 | 439.1 | 341.5 | 264.0 | 224.5 | 166.6 | 312.9 |
| Note: | | | | | | | | | | | | | | |
| Publicly guaranteed debt | 2,097.6 | | | | | | | | | | | | | |
| o/w: Banks and other sectors | 1,132.6 | | | | | | | | | | | | | |

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

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

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

able interest rates.

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

Table H14: International Investment Position – Summary

Million US dollars

| | 1998 | 1999 | 2000 | 2001 | 2002 ^a | 2002 | | | |
|--|----------|----------|----------|----------|-------------------|----------|----------|----------|-----------------|
| | | | | | | Q1 | Q2 | Q3 | Q4 ^a |
| 1. International investment position (net) | -5,169.8 | -6,438.3 | -6,886.5 | -5,554.8 | -10,368.4 | -7,417.6 | -8,052.8 | -8,513.5 | -10,368.4 |
| 2. Assets | 6,162.8 | 5,900.9 | 7,210.9 | 9,981.4 | 10,504.1 | 9,149.8 | 9,845.4 | 9,910.4 | 10,504.1 |
| 2.1. Direct investment abroad | 1,002.4 | 881.7 | 875.1 | 967.1 | 1,262.0 | 922.1 | 1,026.6 | 865.5 | 1,262.0 |
| 2.2. Portfolio investment | 29.7 | 26.0 | 14.3 | 22.5 | 44.6 | 61.6 | 58.1 | 30.7 | 44.6 |
| 2.2.1. Equity securities | 29.7 | 26.0 | 14.3 | 22.5 | 44.6 | 61.6 | 58.1 | 30.7 | 44.6 |
| 2.2.2. Debt securities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.3. Financial derivatives | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.4. Other investment | 2,314.9 | 1,968.2 | 2,799.3 | 4,287.6 | 3,311.7 | 3,280.7 | 3,158.9 | 3,309.0 | 3,311.7 |
| 2.4.1. Trade credits | 200.1 | 194.4 | 186.3 | 181.8 | 188.6 | 183.5 | 179.3 | 188.6 | 188.6 |
| 2.4.2. Loans | 165.3 | 164.9 | 154.7 | 107.3 | 134.1 | 111.6 | 130.6 | 134.1 | 134.1 |
| 2.4.3. Currency and deposits | 1,949.4 | 1,608.9 | 2,458.2 | 3,998.5 | 2,989.1 | 2,985.6 | 2,849.0 | 2,986.4 | 2,989.1 |
| 2.4.4. Other assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.5. Reserve assets (CNB) | 2,815.8 | 3,025.0 | 3,522.2 | 4,704.2 | 5,885.8 | 4,885.4 | 5,601.7 | 5,705.2 | 5,885.8 |
| 3. Liabilities | 11,332.6 | 12,339.2 | 14,097.4 | 15,536.3 | 20,872.5 | 16,567.4 | 17,898.2 | 18,423.9 | 20,872.5 |
| 3.1. Direct investment in Croatia | 1,902.6 | 2,578.1 | 3,560.3 | 4,706.4 | 6,398.6 | 5,469.9 | 5,203.0 | 5,450.0 | 6,398.6 |
| 3.2. Portfolio investment | 2,145.3 | 2,700.0 | 3,288.4 | 3,880.0 | 4,765.7 | 3,916.6 | 4,547.0 | 4,461.6 | 4,765.7 |
| 3.2.1. Equity securities | 87.3 | 128.3 | 108.8 | 148.2 | 241.0 | 172.6 | 151.9 | 209.8 | 241.0 |
| 3.2.2. Debt securities | 2,058.0 | 2,571.8 | 3,179.6 | 3,731.8 | 4,524.8 | 3,744.0 | 4,395.1 | 4,251.8 | 4,524.8 |
| Bonds | 2,049.3 | 2,554.4 | 3,170.1 | 3,704.4 | 4,524.8 | 3,739.1 | 4,390.2 | 4,246.9 | 4,524.8 |
| Money market instruments | 8.7 | 17.4 | 9.5 | 27.4 | 0.0 | 4.9 | 4.9 | 4.9 | 0.0 |
| 3.3. Financial derivatives | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3.4. Other investment | 7,284.7 | 7,061.0 | 7,248.6 | 6,949.8 | 9,708.2 | 7,180.9 | 8,148.1 | 8,512.2 | 9,708.2 |
| 3.4.1. Trade credits | 443.8 | 390.9 | 334.0 | 294.8 | 312.9 | 288.8 | 332.1 | 319.5 | 312.9 |
| 3.4.2. Loans | 6,226.3 | 6,132.4 | 6,481.8 | 6,021.5 | 7,419.6 | 6,093.5 | 6,629.3 | 6,826.7 | 7,419.6 |
| 3.4.3. Currency and deposits | 614.6 | 537.7 | 432.8 | 633.5 | 1,975.7 | 798.6 | 1,186.7 | 1,366.0 | 1,975.7 |
| 3.4.4. Other assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

^a Preliminary data.

Table H14: International Investment Position

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

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

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

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

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

Item Portfolio debt investment – Assets and liabilities comprises data on investments of residents into debt securities issued by nonresi-

dents (assets) and investments of nonresidents into debt securities issued by residents (liabilities). The source of data is the register of foreign credit relations kept by the Croatian National Bank, which also comprises claims and liabilities arising from bonds and money market instruments.

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

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

Item Other investment – Currency and deposits – Assets shows the total liquid foreign exchange of banks authorized to do business abroad reduced by the amount of foreign exchange deposited by DMBs with the CNB in fulfillment of a part of their reserve requirements. In addition to DMBs' foreign claims, foreign claims of the government sector are also shown. The sources of data are reports from the government and banks.

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

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

Table H15: International Investment Position – Direct Investment

Million US dollars

| | 1998 | 1999 | 2000 | 2001 | 2002 ^a | 2002 | | | |
|---|---------|----------|----------|----------|-------------------|----------|----------|----------|-----------------|
| | | | | | | Q1 | Q2 | Q3 | Q4 ^a |
| Direct investment (net) | -900.2 | -1,696.4 | -2,685.2 | -3,739.3 | -5,136.6 | -4,547.8 | -4,176.4 | -4,584.6 | -5,136.6 |
| 1. Abroad | 1,002.4 | 881.7 | 875.1 | 967.1 | 1,262.0 | 922.1 | 1,026.6 | 865.5 | 1,262.0 |
| 1.1. Equity capital and reinvested earnings | 960.2 | 839.7 | 824.1 | 926.8 | 1,219.9 | 881.1 | 984.8 | 823.4 | 1,219.9 |
| Claims | 960.2 | 839.7 | 824.1 | 926.8 | 1,219.9 | 881.1 | 984.8 | 823.4 | 1,219.9 |
| Liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.2. Other capital | 42.2 | 42.0 | 51.0 | 40.3 | 42.1 | 41.0 | 41.8 | 42.1 | 42.1 |
| Claims | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| Liabilities | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| 1.3. Financial derivatives (net) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. In Croatia | 1,902.6 | 2,578.1 | 3,560.3 | 4,706.4 | 6,398.6 | 5,469.9 | 5,203.0 | 5,450.0 | 6,398.6 |
| 2.1. Equity capital and reinvested earnings | 1,659.1 | 2,205.5 | 2,904.1 | 3,760.6 | 4,992.3 | 4,469.4 | 3,985.2 | 4,185.7 | 4,992.3 |
| Claims | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liabilities | 1,659.1 | 2,205.5 | 2,904.1 | 3,760.6 | 4,992.3 | 4,469.4 | 3,985.2 | 4,185.7 | 4,992.3 |
| 2.2. Other capital | 243.5 | 372.6 | 656.2 | 945.9 | 1,406.3 | 1,000.5 | 1,217.8 | 1,264.3 | 1,406.3 |
| Claims | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| Liabilities | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| 2.3. Financial derivatives (net) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

^a Preliminary data.

Table H16: International Investment Position – Portfolio Investment

Million US dollars

| | 1998 | 1999 | 2000 | 2001 | 2002 ^a | 2002 | | | |
|---|----------|----------|----------|----------|-------------------|----------|----------|----------|-----------------|
| | | | | | | Q1 | Q2 | Q3 | Q4 ^a |
| Portfolio investment (net) | -2,115.6 | -2,674.0 | -3,274.1 | -3,857.5 | -4,721.2 | -3,855.0 | -4,488.9 | -4,430.9 | -4,721.2 |
| 1. Assets | 29.7 | 26.0 | 14.3 | 22.5 | 44.6 | 61.6 | 58.1 | 30.7 | 44.6 |
| 1.1. Equity capital and reinvested earnings | 29.7 | 26.0 | 14.3 | 22.5 | 44.6 | 61.6 | 58.1 | 30.7 | 44.6 |
| Banks | 2.3 | 0.7 | 7.2 | 7.1 | 9.7 | 6.5 | 8.1 | 6.5 | 9.7 |
| Other sectors | 27.4 | 25.3 | 7.1 | 15.4 | 32.8 | 52.5 | 47.4 | 22.2 | 32.8 |
| 1.2. Debt securities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. Liabilities | 2,145.3 | 2,700.0 | 3,288.4 | 3,880.0 | 4,765.7 | 3,916.6 | 4,547.0 | 4,461.6 | 4,765.7 |
| 2.1. Equity capital and reinvested earnings | 87.3 | 128.3 | 108.8 | 148.2 | 241.0 | 172.6 | 151.9 | 209.8 | 241.0 |
| Banks | 36.5 | 61.5 | 36.5 | 36.5 | 111.0 | 42.5 | 36.8 | 96.9 | 111.0 |
| Other sectors | 50.8 | 66.8 | 72.3 | 111.7 | 130.0 | 130.1 | 115.2 | 112.9 | 130.0 |
| 2.2. Debt securities | 2,058.0 | 2,571.8 | 3,179.6 | 3,731.8 | 4,524.8 | 3,744.0 | 4,395.1 | 4,251.8 | 4,524.8 |
| Bonds | 2,049.3 | 2,554.4 | 3,170.1 | 3,704.4 | 4,524.8 | 3,739.1 | 4,390.2 | 4,246.9 | 4,524.8 |
| General government | 2,049.3 | 2,523.2 | 3,141.2 | 3,677.1 | 4,357.1 | 3,712.1 | 4,230.0 | 4,089.4 | 4,357.1 |
| Other sectors | 0.0 | 31.2 | 28.9 | 27.3 | 167.7 | 27.0 | 160.1 | 157.5 | 167.7 |
| Money market instruments | 8.7 | 17.4 | 9.5 | 27.4 | 0.0 | 4.9 | 4.9 | 4.9 | 0.0 |
| Other sectors | 8.7 | 17.4 | 9.5 | 27.4 | 0.0 | 4.9 | 4.9 | 4.9 | 0.0 |

^a Preliminary data.

Table H17: International Investment Position – Other Investment

Million US dollars

| | 1998 | 1999 | 2000 | 2001 | 2002 ^a | 2002 | | | |
|-------------------------------|----------|----------|----------|----------|-------------------|----------|----------|----------|-----------------|
| | | | | | | Q1 | Q2 | Q3 | Q4 ^a |
| Other investment (net) | -4,969.8 | -5,092.8 | -4,449.3 | -2,662.2 | -6,396.5 | -3,900.3 | -4,989.2 | -5,203.2 | -6,396.5 |
| 1. Assets | 2,314.9 | 1,968.2 | 2,799.3 | 4,287.6 | 3,311.7 | 3,280.7 | 3,158.9 | 3,309.0 | 3,311.7 |
| 1.1. Trade credits | 200.1 | 194.4 | 186.3 | 181.8 | 188.6 | 183.5 | 179.3 | 188.6 | 188.6 |
| 1.1.1. General government | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.1.2. Other sectors | 200.1 | 194.4 | 186.3 | 181.8 | 188.5 | 183.5 | 179.2 | 188.5 | 188.5 |
| Long-term | 181.3 | 182.4 | 154.4 | 158.9 | 176.6 | 165.5 | 166.6 | 176.6 | 176.6 |
| Short-term | 18.9 | 12.0 | 31.9 | 22.9 | 11.9 | 18.0 | 12.7 | 11.9 | 11.9 |
| 1.2. Loans | 165.3 | 164.9 | 154.7 | 107.3 | 134.1 | 111.6 | 130.6 | 134.1 | 134.1 |
| 1.2.1. General government | 5.8 | 3.7 | 3.5 | 5.4 | 5.8 | 5.3 | 5.6 | 5.8 | 5.8 |
| Long-term | 5.8 | 3.7 | 3.5 | 5.4 | 5.8 | 5.3 | 5.6 | 5.8 | 5.8 |
| 1.2.2. Banks | 93.4 | 94.8 | 121.7 | 73.0 | 97.5 | 76.7 | 95.2 | 97.5 | 97.5 |
| Long-term | 55.0 | 60.0 | 83.6 | 41.4 | 62.7 | 42.5 | 60.2 | 62.7 | 62.7 |
| Short-term | 38.4 | 34.8 | 38.1 | 31.6 | 34.8 | 34.2 | 35.1 | 34.8 | 34.8 |
| 1.2.3. Other sectors | 66.1 | 66.4 | 29.6 | 28.9 | 30.7 | 29.5 | 29.8 | 30.7 | 30.7 |
| Long-term | 66.1 | 66.4 | 29.6 | 28.9 | 30.6 | 29.5 | 29.8 | 30.6 | 30.6 |
| Short-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 |
| 1.3. Currency and deposits | 1,949.4 | 1,608.9 | 2,458.2 | 3,998.5 | 2,989.1 | 2,985.6 | 2,849.0 | 2,986.4 | 2,989.1 |
| 1.3.2. General government | 64.2 | 46.0 | 69.0 | 83.5 | 120.5 | 79.3 | 11.4 | 55.4 | 120.5 |
| 1.3.3. Banks | 1,885.2 | 1,562.9 | 2,389.2 | 3,915.0 | 2,868.6 | 2,906.3 | 2,837.6 | 2,931.0 | 2,868.6 |
| 1.3.4. Other sectors | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| 1.4. Other assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. Liabilities | 7,284.7 | 7,061.0 | 7,248.6 | 6,949.8 | 9,708.2 | 7,180.9 | 8,148.1 | 8,512.2 | 9,708.2 |
| 2.1. Trade credits | 443.8 | 390.9 | 334.0 | 294.8 | 312.9 | 288.8 | 332.1 | 319.5 | 312.9 |
| 2.1.1. General government | 2.7 | 3.3 | 0.1 | 1.1 | 1.3 | 1.5 | 1.5 | 1.3 | 1.3 |
| Long-term | 1.8 | 0.6 | 0.1 | 1.1 | 1.3 | 1.5 | 1.5 | 1.3 | 1.3 |
| Short-term | 0.8 | 2.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.1.2. Other sectors | 441.1 | 387.6 | 334.0 | 293.7 | 311.6 | 287.3 | 330.6 | 318.2 | 311.6 |
| Long-term | 323.4 | 302.1 | 269.5 | 239.9 | 262.1 | 237.9 | 269.9 | 262.2 | 262.1 |
| Short-term | 117.7 | 85.4 | 64.4 | 53.8 | 49.6 | 49.4 | 60.7 | 56.0 | 49.6 |
| 2.2. Loans | 6,226.3 | 6,132.4 | 6,481.8 | 6,021.5 | 7,419.6 | 6,093.5 | 6,629.3 | 6,826.7 | 7,419.6 |
| 2.2.1. Croatian National Bank | 233.9 | 196.7 | 158.7 | 122.1 | 0.0 | 118.4 | 111.7 | 107.8 | 0.0 |
| o/w: IMF | 233.9 | 196.7 | 158.7 | 122.1 | 0.0 | 118.4 | 111.7 | 107.8 | 0.0 |
| 2.2.2. General government | 1,343.3 | 1,450.8 | 1,687.1 | 1,454.4 | 1,988.0 | 1,553.8 | 1,680.6 | 1,805.5 | 1,988.0 |
| Long-term | 1,293.3 | 1,375.4 | 1,327.1 | 1,454.4 | 1,988.0 | 1,553.8 | 1,680.6 | 1,805.5 | 1,988.0 |
| Short-term | 50.0 | 75.5 | 360.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.3. Banks | 1,884.0 | 1,650.2 | 1,653.7 | 1,665.9 | 2,004.3 | 1,636.9 | 1,827.2 | 1,713.4 | 2,004.3 |
| Long-term | 1,835.7 | 1,630.1 | 1,640.0 | 1,657.7 | 1,995.0 | 1,629.0 | 1,818.3 | 1,705.0 | 1,995.0 |
| Short-term | 48.3 | 20.1 | 13.7 | 8.2 | 9.3 | 7.9 | 8.9 | 8.5 | 9.3 |
| 2.2.4. Other sectors | 2,765.1 | 2,834.7 | 2,982.3 | 2,779.1 | 3,427.4 | 2,784.4 | 3,009.9 | 3,199.9 | 3,427.4 |
| Long-term | 2,373.1 | 2,606.5 | 2,838.0 | 2,691.6 | 3,258.3 | 2,677.8 | 2,880.7 | 3,024.2 | 3,258.3 |
| Short-term | 392.0 | 228.2 | 144.3 | 87.5 | 169.1 | 106.6 | 129.1 | 175.7 | 169.1 |
| 2.3. Currency and deposits | 614.6 | 537.7 | 432.8 | 633.5 | 1,975.7 | 798.6 | 1,186.7 | 1,366.0 | 1,975.7 |
| 2.3.1. Banks | 614.6 | 537.7 | 432.8 | 633.5 | 1,975.7 | 798.6 | 1,186.7 | 1,366.0 | 1,975.7 |
| 2.4. Other liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

^a Preliminary data.

Table 11: Consolidated Central Government

Million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 ^a | 2003 | | | |
|--|----------|-----------|-----------|-----------|-------------------|---------|---------|----------|---------|
| | | | | | | Jan. | Feb. | Mar. | Apr. |
| REVENUE AND GRANTS | | | | | | | | | |
| 1. Budgetary central government | 43,808.6 | 46,355.5 | 44,635.7 | 52,747.4 | 66,930.6 | 4,933.0 | 5,083.2 | 5,739.7 | 5,795.6 |
| 2. Extrabudgetary funds | 21,302.1 | 21,185.5 | 22,099.3 | 18,098.2 | 3,998.3 | 399.4 | 492.4 | 380.1 | 399.8 |
| 2.1. Pension Fund | 10,713.4 | 10,799.8 | 11,254.2 | 5,806.8 | 128.8 | 5.8 | 6.3 | 7.9 | 10.6 |
| 2.2. Health Insurance Fund | 8,269.0 | 8,686.4 | 8,967.4 | 10,314.5 | 451.5 | 43.0 | 114.1 | 47.9 | 44.9 |
| 2.3. Employment Fund | 718.2 | 760.6 | 822.4 | 910.9 | 25.4 | 2.5 | 1.6 | 2.2 | 1.7 |
| 2.4. Child Benefit Fund | 542.8 | 9.1 | 7.1 | 5.1 | – | – | – | – | – |
| 2.5. Croatian Waters | 1,058.6 | 929.6 | 1,048.2 | 1,060.9 | 1,094.0 | 113.9 | 64.7 | 63.9 | 59.0 |
| 2.6. Development and Employment Fund | – | – | – | – | 1,797.8 | – | – | – | – |
| 2.7. Regional Development Fund | – | – | – | – | 500.9 | – | – | – | – |
| 2.8. Croatian Highways | – | – | – | – | – | 128.3 | 134.6 | 136.1 | 140.2 |
| 2.9. Croatian Roads | – | – | – | – | – | 91.1 | 70.5 | 94.2 | 99.8 |
| 2.10. State Agency for Deposit Insurance and Bank Rehabilitation | – | – | – | – | – | 8.5 | 92.7 | 15.3 | 27.0 |
| 2.11. Croatian Privatization Fund | – | – | – | – | – | 6.3 | 7.9 | 12.6 | 16.7 |
| A. Total (1+2) | 65,110.7 | 67,541.0 | 66,735.0 | 70,845.6 | 70,929.0 | 5,332.4 | 5,575.6 | 6,119.8 | 6,195.4 |
| EXPENDITURE AND LENDING (minus repayments) | | | | | | | | | |
| 3. Budgetary central government | 34,125.4 | 35,979.1 | 36,730.8 | 44,844.5 | 67,882.2 | 5,419.7 | 5,898.0 | 6,666.0 | 5,684.1 |
| 4. Extrabudgetary funds | 30,103.1 | 34,363.9 | 37,701.4 | 30,044.6 | 7,057.3 | 602.2 | 426.4 | 655.3 | 849.4 |
| 4.1. Pension Fund | 16,170.4 | 18,998.5 | 20,180.8 | 12,125.3 | 1,557.8 | 129.4 | 143.2 | 139.8 | 143.4 |
| 4.2. Health Insurance Fund | 10,776.0 | 11,919.6 | 13,918.1 | 13,192.7 | 1,281.5 | 22.5 | 83.2 | 33.6 | 46.3 |
| 4.3. Employment Fund | 571.2 | 824.9 | 995.5 | 983.4 | 236.7 | 13.2 | 11.1 | 11.8 | 11.3 |
| 4.4. Child Benefit Fund | 1,032.1 | 1,136.2 | 1,250.6 | 2,467.0 | – | – | – | – | – |
| 4.5. Croatian Waters | 1,553.3 | 1,484.8 | 1,356.4 | 1,276.1 | 1,416.6 | 225.1 | 26.2 | 49.8 | 75.3 |
| 4.6. Development and Employment Fund | – | – | – | – | 2,288.0 | – | – | – | – |
| 4.7. Regional Development Fund | – | – | – | – | 276.6 | – | – | – | – |
| 4.8. Croatian Highways | – | – | – | – | – | 84.3 | 109.0 | 291.8 | 448.4 |
| 4.9. Croatian Roads | – | – | – | – | – | 122.0 | 49.0 | 102.7 | 108.7 |
| 4.10. State Agency for Deposit Insurance and Bank Rehabilitation | – | – | – | – | – | 1.6 | 0.8 | 22.5 | 11.2 |
| 4.11. Croatian Privatization Fund | – | – | – | – | – | 4.0 | 3.9 | 3.2 | 5.0 |
| B. Total (3+4) | 64,228.6 | 70,343.0 | 74,432.3 | 74,889.1 | 74,939.5 | 6,021.9 | 6,324.4 | 7,321.3 | 6,533.5 |
| C. Overall surplus/deficit (A-B) | 882.1 | –2,802.1 | –7,697.3 | –4,043.5 | –4,010.5 | –689.5 | –748.8 | –1,201.5 | –338.1 |
| 5. Budgetary central government (1-3) | 9,683.1 | 10,376.4 | 7,904.8 | 7,902.9 | –951.6 | –486.7 | –814.8 | –926.3 | 111.5 |
| 6. Extrabudgetary funds (2-4) | –8,801.1 | –13,178.4 | –15,602.1 | –11,946.4 | –3,059.0 | –202.7 | 66.0 | –275.2 | –449.6 |

^a Preliminary data. Source: Ministry of Finance.

Table I2: Budgetary Central Government Operations

Million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 ^c | 2003 | | | |
|---|----------|----------|----------|----------|-------------------|---------|---------|----------|---------|
| | | | | | | Jan. | Feb. | Mar. | Apr. |
| 1. Total revenue | 43,808.6 | 46,355.5 | 44,635.7 | 53,503.6 | 69,870.2 | 5,221.1 | 5,348.9 | 6,012.1 | 6,113.2 |
| 1.1. Current revenue | 42,019.4 | 40,044.6 | 41,535.0 | 48,906.3 | 69,651.1 | 5,204.8 | 5,332.8 | 5,989.9 | 6,094.5 |
| 1.1.1. Tax revenue | 39,899.7 | 38,317.6 | 39,939.0 | 47,274.0 | 67,965.5 | 5,070.6 | 5,219.9 | 5,850.0 | 6,001.9 |
| 1.1.2. Nontax revenue | 2,119.7 | 1,727.0 | 1,595.9 | 1,632.3 | 1,685.6 | 134.2 | 112.9 | 139.8 | 92.6 |
| 1.2. Capital revenue | 1,789.2 | 6,310.9 | 3,100.7 | 4,597.3 | 219.1 | 16.2 | 16.1 | 22.2 | 18.7 |
| 2. Grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.1. Current | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2. Capital | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| A. Total revenue and grants (1+2) | 43,808.6 | 46,355.5 | 44,635.7 | 53,503.6 | 69,870.2 | 5,221.1 | 5,348.9 | 6,012.1 | 6,113.2 |
| 3. Total expenditure | 41,390.4 | 47,379.6 | 49,567.5 | 56,723.3 | 72,186.1 | 5,833.2 | 6,305.5 | 6,716.0 | 6,172.6 |
| 3.1. Current expenditure | 34,883.0 | 38,476.1 | 44,237.4 | 52,819.2 | 68,805.5 | 5,739.1 | 6,166.7 | 6,540.0 | 6,007.2 |
| 3.2. Capital expenditure | 6,507.3 | 8,903.5 | 5,330.1 | 3,904.1 | 3,380.6 | 94.2 | 138.8 | 176.1 | 165.5 |
| 4. Lending minus repayments | 1,161.5 | 1,499.2 | 1,176.1 | 1,089.5 | 1,556.0 | 37.3 | 19.9 | 388.8 | 59.2 |
| B. Total expenditure and lending minus repayment | 42,551.9 | 48,878.8 | 50,743.5 | 57,812.8 | 73,742.1 | 5,870.5 | 6,325.4 | 7,104.8 | 6,231.8 |
| 5. Current account surplus without grants (1.1.-3.1.) | 7,136.4 | 1,568.5 | -2,702.4 | -3,912.9 | 845.5 | -534.2 | -833.9 | -550.1 | 87.3 |
| 6. Current account surplus with current grants (5+2.1.) | 7,136.4 | 1,568.5 | -2,702.4 | -3,912.9 | 845.5 | -534.2 | -833.9 | -550.1 | 87.3 |
| 7. Gross fixed capital formation ^a | 976.1 | -2,216.9 | -395.4 | -3,101.4 | 1,167.0 | 39.6 | 45.2 | 45.0 | 76.6 |
| 8. Gross capital formation ^b | 976.1 | -2,216.9 | -395.4 | -3,101.4 | 1,167.0 | 39.6 | 45.2 | 45.0 | 76.6 |
| C. Overall surplus/deficit (A-B) | 1,256.7 | -2,523.3 | -6,107.9 | -4,309.1 | -3,871.9 | -649.4 | -976.4 | -1,092.8 | -118.6 |
| 9. Foreign financing | -9.1 | 4,615.1 | 6,921.5 | 2,299.6 | 2,274.3 | -573.1 | 654.4 | 3,014.4 | -580.8 |
| 10. Domestic financing | -1,247.6 | -2,091.8 | -813.6 | 2,009.6 | 1,597.7 | 1,222.5 | 322.0 | -1,921.6 | 699.4 |
| 10.1. From other general government | 190.0 | -87.0 | -92.0 | -11.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 10.2. From monetary authorities | 112.4 | 2.0 | -12.5 | -389.1 | 241.7 | -177.1 | 304.2 | -2,027.6 | 749.4 |
| 10.3. From deposit money banks | -1,638.6 | -1,859.4 | -288.8 | 2,559.1 | 1,365.2 | 1,356.6 | -16.5 | 83.4 | -33.9 |
| 10.4. Other domestic financing | 88.7 | -147.4 | -420.3 | -149.4 | -9.3 | 43.1 | 34.3 | 22.6 | -16.1 |
| D. Total financing (9+10) | -1,256.7 | 2,523.3 | 6,107.9 | 4,309.1 | 3,871.9 | 649.4 | 976.4 | 1,092.8 | 118.6 |

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

Table I3: Central Government Debt

End of period, million kuna

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec.* | Jan. | Feb. | Mar. | Apr. |
| 1. Domestic debt of central government | 15,047.8 | 16,754.6 | 21,324.2 | 24,907.3 | 28,746.7 | 30,353.0 | 30,344.1 | 30,814.2 | 30,519.1 |
| 1.1. Domestic debt of the Republic of Croatia | 14,582.9 | 16,012.1 | 18,509.7 | 21,467.9 | 24,735.0 | 26,323.1 | 26,309.4 | 27,000.1 | 26,715.7 |
| Treasury bills | 565.8 | 776.7 | 2,564.6 | 4,892.3 | 5,632.7 | 5,773.6 | 5,764.0 | 5,696.1 | 5,690.2 |
| Money market instruments | 96.8 | 153.3 | 14.2 | 7.4 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |
| Bonds | 13,035.8 | 13,720.7 | 14,082.5 | 15,415.8 | 16,021.7 | 17,252.7 | 17,318.8 | 17,472.6 | 17,216.7 |
| Credits from the CNB | – | 24.1 | 0.0 | – | 0.5 | 0.5 | 2.0 | 2.0 | 3.2 |
| Credits from DMBs | 884.4 | 1,337.3 | 1,848.4 | 1,152.4 | 3,080.0 | 3,296.2 | 3,224.5 | 3,829.3 | 3,805.5 |
| 1.2. Domestic debt of central government funds | 465.0 | 742.5 | 2,814.4 | 3,439.4 | 4,011.8 | 4,029.8 | 4,034.7 | 3,814.1 | 3,803.4 |
| Money market instruments | – | – | – | – | – | – | – | – | – |
| Bonds | – | – | 1,686.8 | 1,636.1 | 1,652.2 | 1,677.4 | 1,691.7 | 1,707.7 | 1,679.9 |
| Credits from DMBs | 465.0 | 742.5 | 1,127.6 | 1,803.3 | 2,359.6 | 2,352.5 | 2,343.0 | 2,106.4 | 2,123.5 |
| 2. External debt of central government | 21,155.8 | 29,981.4 | 38,927.2 | 42,413.4 | 45,023.1 | 44,437.6 | 48,627.7 | 49,025.3 | 47,941.9 |
| 2.1. External debt of the Republic of Croatia | 20,031.0 | 28,617.0 | 36,845.7 | 39,656.8 | 41,263.8 | 40,735.7 | 44,886.9 | 45,243.0 | 44,216.4 |
| Money market instruments | – | – | – | – | – | – | – | – | – |
| Bonds | 12,425.8 | 18,903.3 | 25,231.2 | 30,029.0 | 30,115.3 | 29,611.0 | 33,721.7 | 33,936.6 | 33,090.6 |
| Credits | 7,605.2 | 9,713.7 | 11,614.5 | 9,627.8 | 11,148.5 | 11,124.7 | 11,165.3 | 11,306.4 | 11,125.8 |
| 2.2. External debt of central government funds | 1,124.7 | 1,364.3 | 2,081.5 | 2,756.7 | 3,759.3 | 3,701.9 | 3,740.8 | 3,782.2 | 3,725.5 |
| Money market instruments | – | – | – | – | – | – | – | – | – |
| Bonds | 371.0 | 390.6 | 386.5 | 696.6 | 1,019.3 | 1,026.4 | 1,033.2 | 1,045.1 | 1,022.0 |
| Credits | 753.8 | 973.7 | 1,695.0 | 2,060.0 | 2,739.9 | 2,675.5 | 2,707.6 | 2,737.2 | 2,703.5 |
| 3. Total (1+2) | 36,203.6 | 46,735.9 | 60,251.4 | 67,320.8 | 73,769.8 | 74,790.6 | 78,971.8 | 79,839.4 | 78,460.9 |
| Supplement: Central government guaranteed debt | | | | | | | | | |
| – guarantees for domestic debt | .... | .... | 3,412.3 | 6,025.6 | 7,528.1 | 7,668.9 | 7,615.5 | 7,683.7 | 7,287.1 |
| – guarantees for external debt | 7,508.3 | 8,844.0 | 9,636.0 | 8,548.9 | 7,781.5 | 8,087.0 | 8,183.4 | 8,231.6 | 7,906.3 |

Table I3: Central Government Debt

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

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

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

| Year | Month | Chain indices | | | Monthly year-on-year indices | | | Cumulative year-on-year indices | | |
|----------|-----------|---------------|----------------|-----------------|------------------------------|----------------|-----------------|---------------------------------|----------------|-----------------|
| | | Retail prices | Cost of living | Producer prices | Retail prices | Cost of living | Producer prices | Retail prices | Cost of living | Producer prices |
| 1992 | December | 122.4 | 125.3 | 129.1 | 1,053.4 | 1,026.3 | 1,120.9 | 745.4 | 694.7 | 846.6 |
| 1993 | December | 99.5 | 100.6 | 98.5 | 1,249.7 | 1,225.1 | 1,175.6 | 1,616.6 | 1,591.3 | 1,610.4 |
| 1994 | December | 100.2 | 100.9 | 100.2 | 97.0 | 102.5 | 94.5 | 197.5 | 207.2 | 177.7 |
| 1995 | December | 100.2 | 100.7 | 100.5 | 103.7 | 104.6 | 101.6 | 102.0 | 104.0 | 100.8 |
| 1996 | December | 100.0 | 100.4 | 100.3 | 103.4 | 103.7 | 101.5 | 103.5 | 104.3 | 101.4 |
| 1997 | December | 100.7 | 101.2 | 99.9 | 103.8 | 104.9 | 101.6 | 103.6 | 104.1 | 102.3 |
| 1998 | December | 100.2 | 100.7 | 100.0 | 105.4 | 105.3 | 97.9 | 105.7 | 106.4 | 98.8 |
| 1999 | December | 100.3 | 101.0 | 100.3 | 104.4 | 103.6 | 105.9 | 104.2 | 103.5 | 102.6 |
| 2000 | December | 100.0 | 100.5 | 100.2 | 107.4 | 106.8 | 111.2 | 106.2 | 105.3 | 109.7 |
| 2001 | December | 99.8 | 100.6 | 99.0 | 102.6 | 102.5 | 96.9 | 104.9 | 104.8 | 103.6 |
| 2002 | February | 100.1 | 100.0 | 100.6 | 102.8 | 102.9 | 97.2 | 103.0 | 103.0 | 97.3 |
| | March | 100.4 | 100.1 | 98.9 | 103.2 | 102.9 | 97.7 | 103.2 | 103.0 | 97.4 |
| | April | 100.4 | 100.5 | 100.9 | 102.2 | 102.0 | 98.6 | 102.9 | 102.8 | 97.7 |
| | May | 100.2 | 100.7 | 100.2 | 101.8 | 101.5 | 98.8 | 102.6 | 102.5 | 97.9 |
| | June | 100.1 | 99.2 | 100.3 | 102.2 | 101.0 | 99.0 | 119.7 | 102.2 | 98.1 |
| | July | 99.6 | 99.1 | 100.5 | 102.3 | 101.3 | 100.2 | 102.6 | 102.1 | 98.4 |
| | August | 99.9 | 99.8 | 99.9 | 101.2 | 101.1 | 100.7 | 102.4 | 102.0 | 98.7 |
| | September | 100.5 | 100.3 | 100.4 | 101.5 | 101.1 | 100.4 | 102.2 | 101.9 | 98.9 |
| | October | 100.5 | 100.3 | 101.0 | 102.1 | 101.8 | 100.6 | 102.2 | 101.9 | 99.2 |
| | November | 99.7 | 100.3 | 99.4 | 102.0 | 102.0 | 101.5 | 102.3 | 101.9 | 99.4 |
| | December | 100.1 | 100.4 | 99.9 | 102.3 | 101.8 | 102.3 | 102.2 | 101.9 | 99.6 |
| | 2003 | January | 100.4 | 100.4 | 100.5 | 101.6 | 100.8 | 102.9 | 101.6 | 100.8 | 102.9 |
| February | | 100.2 | 100.2 | 100.4 | 101.7 | 101.0 | 102.7 | 101.6 | 100.9 | 102.8 |
| March | | 100.4 | 100.5 | 100.8 | 101.7 | 101.4 | 104.7 | 101.7 | 101.1 | 103.4 |
| April | | 99.6 | 100.2 | 99.1 | 100.9 | 101.1 | 102.8 | 101.5 | 101.1 | 103.3 |
| May | | 100.2 | 101.0 | 99.2 | 100.9 | 101.3 | 101.8 | 101.4 | 101.1 | 103.0 |

Source: Central Bureau of Statistics.

Table J2: Core Retail Prices Indices

| Year | Month | Chain indices | | | Monthly year-on-year indices | | |
|----------|-----------|---------------|-------|----------|------------------------------|-------|----------|
| | | Total | Goods | Services | Total | Goods | Services |
| 1994 | December | 100.1 | 99.9 | 101.2 | 96.3 | 94.8 | 109.1 |
| 1995 | December | 100.1 | 100.0 | 100.5 | 103.1 | 102.6 | 107.1 |
| 1996 | December | 100.0 | 100.0 | 100.0 | 102.8 | 101.9 | 109.5 |
| 1997 | December | 100.2 | 100.2 | 100.5 | 102.5 | 102.3 | 104.5 |
| 1998 | December | 100.1 | 100.0 | 100.2 | 105.7 | 105.3 | 107.8 |
| 1999 | December | 100.1 | 100.2 | 100.0 | 104.2 | 104.2 | 104.1 |
| 2000 | December | 100.1 | 100.1 | 100.2 | 104.6 | 104.8 | 103.5 |
| 2001 | December | 99.8 | 99.7 | 100.8 | 101.7 | 101.1 | 105.6 |
| 2002 | February | 100.1 | 100.2 | 100.1 | 101.8 | 101.0 | 106.7 |
| | March | 100.3 | 100.3 | 100.1 | 101.8 | 101.2 | 105.8 |
| | April | 100.1 | 100.1 | 100.0 | 101.4 | 100.8 | 105.2 |
| | May | 100.0 | 100.0 | 100.1 | 101.0 | 100.5 | 104.1 |
| | June | 100.1 | 100.1 | 100.0 | 101.0 | 100.4 | 104.1 |
| | July | 99.7 | 99.7 | 100.0 | 100.4 | 100.0 | 103.3 |
| | August | 100.0 | 100.0 | 99.9 | 100.3 | 99.9 | 102.9 |
| | September | 100.3 | 100.3 | 100.1 | 100.6 | 100.3 | 102.7 |
| | October | 100.5 | 100.5 | 100.5 | 101.1 | 100.8 | 103.0 |
| | November | 99.9 | 100.2 | 98.4 | 101.0 | 101.0 | 101.2 |
| | December | 100.0 | 100.0 | 100.0 | 101.2 | 101.4 | 100.2 |
| | 2003 | January | 99.7 | 99.6 | 100.1 | 100.6 | 100.7 | 99.2 |
| February | | 99.9 | 99.9 | 99.9 | 100.3 | 100.5 | 98.9 |
| March | | 100.1 | 100.1 | 100.2 | 100.2 | 100.4 | 99.1 |
| April | | 100.0 | 99.9 | 100.5 | 100.1 | 100.1 | 99.5 |
| May | | 100.3 | 100.2 | 100.7 | 100.3 | 100.3 | 100.1 |

Source: Central Bureau of Statistics.

Table J3: Average Monthly Net Wages

In current prices, in kuna

| Year | Month | Nominal amount in kuna | Chain indices | Monthly year-on-year indices | Cumulative year-on-year indices |
|----------|-----------|---------------------------|---------------|---------------------------------|------------------------------------|
| 1992 | December | 74.4 | 120.2 | 681.7 | 409.4 |
| 1993 | December | 1,073.2 | 105.2 | 1,442.1 | 1,605.3 |
| 1994 | December | 1,646.0 | 119.0 | 153.4 | 233.2 |
| 1995 | December | 1,883.0 | 99.4 | 114.4 | 145.7 |
| 1996 | December | 2,217.0 | 104.4 | 117.7 | 111.8 |
| 1997 | December | 2,544.0 | 100.8 | 114.8 | 116.9 |
| 1998 | December | 2,935.0 | 104.6 | 115.4 | 112.8 |
| 1999 | December | 3,262.0 | 100.9 | 111.2 | 114.0 |
| 2000 | December | 3,499.0 | 99.9 | 107.3 | 108.9 |
| 2001 | December | 3,582.0 | 96.6 | 102.4 | 106.5 |
| 2002 | February | 3,500.0 | 97.3 | 103.1 | 102.3 |
| | March | 3,622.0 | 103.5 | 102.5 | 102.3 |
| | April | 3,696.0 | 102.0 | 105.2 | 103.1 |
| | May | 3,800.0 | 102.8 | 104.9 | 103.4 |
| | June | 3,722.0 | 97.9 | 106.2 | 103.9 |
| | July | 3,757.0 | 101.0 | 105.8 | 104.2 |
| | August | 3,738.0 | 99.5 | 104.8 | 104.3 |
| | September | 3,673.0 | 98.3 | 107.1 | 104.6 |
| | October | 3,766.0 | 102.5 | 106.4 | 104.8 |
| | November | 3,916.0 | 104.0 | 105.7 | 104.8 |
| | December | 3,839.0 | 98.0 | 107.2 | 105.0 |
| | 2003 | January | 3,891.0 | 101.4 | 108.2 |
| February | | 3,786.0 | 97.3 | 108.2 | 108.2 |
| March | | 3,846.0 | 101.6 | 106.2 | 107.5 |

Source: Central Bureau of Statistics.

Table J2: Core Retail Prices Indices

The Central Bureau of Statistics calculates the core retail price index in the manner that agricultural products prices and administrative prices (which among others include the prices of electricity and refined petroleum products) are excluded from the basket of goods and ser-

vices used in the calculation of the retail price index. A total of 92 goods and services are excluded and their share in the retail price basket stands at 25.14% in 2003 (of which: agricultural products account for 2.18 percentage points, and administrative prices for 22.96 percentage points). The zero weighting method is used to exclude prices and goods.

List of Deposit Money Banks & Savings Banks

1 June 2003

Licensed Banks

1. Banka Brod d.d., Slavonski Brod¹
2. Banka Kovanica d.d., Varaždin¹
3. Banka Sonic d.d., Zagreb
4. Brodsko-posavska banka d. d., Slavonski Brod
5. Centar banka d.d., Zagreb
6. Convest banka d.d. , Zagreb
7. Credo banka d.d., Split
8. Croatia banka d.d., Zagreb
9. Dresdner Bank Croatia d.d. , Zagreb
10. Dubrovačka banka d.d., Dubrovnik
11. Erste & Steiermärkische Bank d.d., Zagreb
12. Gospodarsko kreditna banka d.d., Zagreb
13. Hrvatska poštanska banka d. d., Zagreb
14. HVB Bank Croatia d.d., Zagreb
15. HYPO Alpe-Adria-Bank d.d., Zagreb
16. Imex banka d.d., Split
17. Istarska kreditna banka Umag d.d., Umag
18. Jadranska banka d.d., Šibenik
19. Karlovačka banka d.d., Karlovac
20. Kreditna banka Zagreb d.d., Zagreb
21. Križevačka banka d.d. Križevci¹
22. Kvarner banka d.d., Rijeka
23. Međimurska banka d.d., Čakovec
24. Nava banka d.d., Zagreb
25. Nova banka d.d., Zagreb
26. Partner banka d.d., Zagreb
27. Podravska banka d.d., Koprivnica
28. Požeška banka d.d., Požega
29. Primorska banka d.d. Rijeka
30. Primus banka d.d., Zagreb
31. Privredna banka – Laguna banka d.d., Poreč
32. Privredna banka Zagreb d.d., Zagreb
33. Raiffeisenbank Austria d.d., Zagreb
34. Riadria banka d.d., Rijeka
35. Riječka banka d.d., Rijeka
36. Samoborska banka d.d., Samobor
37. Slatinska banka d.d., Slatina
38. Slavonska banka d.d., Osijek
39. Splitska banka d.d., Split
40. Splitsko-dalmatinska banka d.d., Split¹
41. Štedbanka d.d., Zagreb
42. Varaždinska banka d.d., Varaždin
43. Volksbank d.d., Zagreb
44. Zagorska banka d.d., Krapina¹
45. Zagrebačka banka d.d., Zagreb

Licensed Savings Banks

1. Međimurska štedionica d.d., Čakovec²

Licensed Housing Savings Banks

1. PBZ Stambena štedionica d.d., Zagreb
2. Prva stambena štedionica d.d., Zagreb
3. Raiffeisen stambena štedionica d.d., Zagreb
4. Wüstenrot stambena štedionica d.d., Zagreb

Other Licensed Institutions with Full Authorization

1. Hrvatska banka za obnovu i razvitak, Zagreb

Representative Offices of Foreign Banks

1. Bank für Kärnten und Steiermark AG, Zagreb
2. Commerzbank Aktiengesellschaft, Zagreb
3. Deutsche Bank AG, Zagreb
4. LHB Internationale Handelsbank AG, Zagreb
5. Sanpaolo IMI S.p.A., Zagreb

Banks and Savings Banks under Bankruptcy Proceedings

| Name of bank/savings bank | Date of bankruptcy proceedings initiation |
|---|---|
| 1. Adria štedionica d.o.o., Zagreb | 12/10/2000 |
| 2. Agroobrtnička banka d.d., Zagreb | 14/06/2000 |
| 3. Alpe Jadran banka d.d., Split | 15/06/2002 |
| 4. Cibalae banka d.d., Vinkovci | 20/10/2000 |
| 5. Glumina banka d.d., Zagreb | 30/04/1999 |
| 6. Gold štedionica d.o.o., Split | 05/10/2001 |
| 7. Gospodarska štedionica d.d., Vrbovec | 03/04/2003 |
| 8. Gradska banka d.d., Osijek | 03/05/1999 |
| 9. Građanska štedionica d.o.o., Karlovac | 03/11/1998 |
| 10. Hrvatska gospodarska banka d.d., Zagreb | 19/04/2000 |
| 11. Ilirija banka d.d., Zagreb | 06/04/1999 |
| 12. Invest štedionica d.o.o., Zagreb | 30/06/1999 |
| 13. Kaptol banka d.d., Zagreb | 25/11/2002 |
| 14. Komercijalna banka d.d., Zagreb | 30/04/1999 |
| 15. Neretvansko gospodarska banka d.d., Ploče | 10/05/1999 |
| 16. Promdei banka d.d., Zagreb | 22/12/1999 |
| 17. Razvojna banka "Dalmacija" d.o.o., Split | 24/09/2001 |
| 18. Slavonska štedionica d.d., Zagreb | 04/12/2002 |
| 19. Štedionica Dugi pogled d.o.o., Zagreb | 19/01/2001 |
| 20. Štedionica Groš banak d.o.o., Zagreb | 23/04/2001 |
| 21. Štedionica Mediteran d.o.o., Split | 5/12/2001 |
| 22. Štedionica za razvoj i obnovu d.o.o, Zagreb | 02/07/2001 |

¹ In accordance with Article 190 of the Banking Law and the pace prescribed therein, the bank is required to adjust its share capital to the provisions of this Law by 31 December 2006.

² Operating license includes collection of households' foreign exchange savings and exchange operations.

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| 23. Trgovačko-turistička banka d.d., Split | 08/09/2000 | 3. Štedionica SA-GA d.d., Zagreb | 31/12/2001 |
| 24. Vukovarska banka d.d., Vukovar | 25/02/1998 | 4. Štedionica Zlatni vrutak d.d., Zagreb | 28/12/2001 |
| 25. Županjska banka d.d., Županja | 03/05/1999 | 5. Trgovačka štedionica d.o.o., Zagreb | 01/01/2002 |

Banks and Savings Banks under Liquidation Proceedings

| Name of bank/savings bank | Date of liquidation proceedings initiation |
|---|--|
| 1. Investicijsko-komercijalna štedionica d.d., Zagreb | 31/05/2000 |
| 2. Štedionica Dora d.d., Zagreb | 01/01/2002 |

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

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

Management of the Croatian National Bank

1 June 2003

Members of the Council of the Croatian National Bank

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

Management of the CNB

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

Executive Directors

| | |
|---|-------------------------|
| Research and Statistics Area | Ljubinko Jankov |
| Central Banking Operation Area | Irena Kovačec |
| International Affairs and External Relations Area | Jadranka Granić |
| Banker Supervision Area | Marija Mijatović-Jakšić |
| Planning, Analysis and Accounting Area | |
| Payment Operations Area | Neven Barbaroša |
| Information Technology Area | Mario Žgela |
| Legal, Human Resources, General Support and Administrative Services Area | |

List of Abbreviations & Symbols

| | |
|-----------|--|
| bn | – billion |
| b.p. | – basis points |
| CBS | – Central Bureau of Statistics |
| CEFTA | – Central European Free Trade Agreement |
| CEI | – Croatian Employment Institute |
| CH | – Croatian Highways |
| CNB | – Croatian National Bank |
| consumpt. | – consumption |
| CPF | – Croatian Privatization Fund |
| CPII | – Croatian Pension Insurance Institute |
| CR | – Croatian Roads |
| DAB | – State Agency for Deposit Insurance and Bank Rehabilitation |
| dep. | – deposit |
| DMB | – deposit money bank |
| ECB | – European Central Bank |
| EFTA | – European Free Trade Association |
| EMU | – European Monetary Union |
| EU | – European Union |
| f/c | – foreign currency |
| FDI | – foreign direct investment |
| FINA | – Financial Agency |
| FISIM | – Financial Intermediation Services Indirectly Measured |
| GDP | – gross domestic product |
| GVA | – gross value added |
| IMF | – International Monetary Fund |
| IPT | – Institute for Payment Transactions |
| MEFP | – Memorandum of Economic and Financial Policies |
| MoF | – Ministry of Finance |
| NUR | – net usable reserves |
| o.w. | – of which |
| PPI | – producer price index |

| | |
|-------|---------------------------------|
| Q | – quarterly |
| RPI | – retail price index |
| RR | – reserve requirement |
| SDR | – special drawing rights |
| VSE | – Varaždin Stock Exchange |
| ZIBOR | – Zagreb Interbank Offered Rate |
| ZMM | – Zagreb Money Market |
| ZSE | – Zagreb Stock Exchange |
| WTO | – World Trade Organization |

Abbreviations for Currency

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

Symbols

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

