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BULLETIN

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General Information on Croatia

Economic Indicators

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Area (square km)	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538
Population (million)	4.554	4.426*	4.440	4.440	4.440	4.439	4.442	4.440	4.436	4.435
GDP (million HRK, current prices) ^a	164,054	176,690	190,796	208,223	227,012	245,550	264,367	286,341	314,223	342,159
GDP (million EUR, current prices)	21,638	23,146	25,538	28,112	30,011	32,759	35,725	39,102	42,833	47,370
GDP per capita (in EUR)	4,751	5,229	5,752	6,331	6,759	7,380	8,043	8,807	9,656	10,682
GDP – year-on-year rate of growth (in %, constant prices)	-1.5	3.0	3.8	5.4	5.0	4.2	4.2	4.7	5.5	2.4
Average year-on-year inflation rate ^b	4.0	4.6	3.8	1.7	1.8	2.1	3.3	3.2	2.9	6.1
Current account balance (million EUR)	-1,429	-568	-821	-2,099	-1,889	-1,434	-1,976	-2,715	-3,239	-4,385
Current account balance (as % of GDP)	-6.6	-2.5	-3.2	-7.5	-6.3	-4.4	-5.5	-6.9	-7.6	-9.3
Exports of goods and services (as % of GDP)	35.3	40.7	42.3	39.6	43.8	43.5	42.8	43.5	42.8	42.0
Imports of goods and services (as % of GDP)	42.5	45.1	47.4	49.1	50.6	49.4	48.9	50.2	50.2	50.1
External debt (million EUR, end of year) ^c	10,175	12,264	13,609	15,143	19,884	22,933	25,748	29,274	32,929	39,125
External debt (as % of GDP)	47.0	53.0	53.3	53.9	66.3	70.0	72.1	74.9	76.9	82.6
External debt (as % of exports of goods and services)	133.0	130.2	125.9	136.1	151.3	161.0	168.6	172.3	179.8	197.2
External debt service (as % of exports of goods and services) ^{c,d}	24.6	26.2	28.2	29.8	21.3	22.5	25.0	35.8	33.3	28.3
Gross international reserves (million EUR, end of year)	3,013	3,783	5,334	5,651	6,554	6,436	7,438	8,725	9,307	9,121
Gross international reserves (in terms of months of imports of goods and services, end of year)	3.9	4.3	5.3	4.9	5.2	4.8	5.1	5.3	5.2	4.6
National currency: Croatian kuna (HRK)										
Exchange rate on 31 December (HRK : 1 EUR)	7.6790	7.5983	7.3700	7.4423	7.6469	7.6712	7.3756	7.3451	7.3251	7.3244
Exchange rate on 31 December (HRK : 1 USD)	7.6477	8.1553	8.3560	7.1457	6.1185	5.6369	6.2336	5.5784	4.9855	5.1555
Average exchange rate (HRK : 1 EUR)	7.5818	7.6339	7.4710	7.4070	7.5642	7.4957	7.4000	7.3228	7.3360	7.2232
Average exchange rate (HRK : 1 USD)	7.1220	8.2874	8.3392	7.8725	6.7044	6.0312	5.9500	5.8392	5.3660	4.9344
Consolidated general government balance (as % of GDP) ^e	-6.2	-6.5	-5.9	-4.3	-5.4	-4.2	-3.5	-2.6	-2.0	-1.8
Public debt (as % of GDP) ^f	28.8	34.5	35.4	34.8	35.7	37.9	38.4	35.9	33.3	29.1
Unemployment rate (ILO, persons above 15 years of age)	13.6	16.1	15.8	14.8	14.3	13.8	12.7	11.2	9.6	8.4
Employment rate (ILO, persons above 15 years of age)	44.8	42.6	41.8	43.3	43.1	43.5	43.3	43.6	44.2	44.5

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

^b CPI inflation rate.

^c In accordance with the obligations assumed during the pre-accession negotiations with the European Commission, the new legislative provisions governing the monitoring of foreign borrowing entered into force early in 2008. As a result, the external debt balance at end-2007 is reported in accordance with the old system. In order to provide for the comparability of annual data, the external debt is also calculated in accordance with the new system which shows an upward adjustment in the end-2007 balance, increasing it by EUR 325m or to EUR 33,254m.

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

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

^f Public debt is the debt of the general government. From 2008 on, it excludes the debt of CM.

Sources: CBS, MoF and CNB.

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Quarterly Report

Introduction

Global developments at mid-2009 were marked by the first positive news regarding the effects of incentive measures implemented by central banks and governments of the largest countries to rehabilitate financial systems and facilitate economic recovery. However, no signs of recovery were seen in Croatia in that period, and the economic activity remained at a low level. In response to the impact of these negative trends on budget revenues, the Government passed an additional (the third) budget revision in order to be able to meet government liabilities towards budget users.

Domestic aggregate demand contracted sharply on an annual basis and real GDP fell by 6.5% in the first half of 2009, due to personal consumption and investments plummeting against the background of a drop in optimism caused by the global crisis and rising economic insecurity. Adding to this were an increase in government consumption and a drop in demand for foreign goods, acting in the opposite direction. GDP by the expenditure approach shows that GVA decreased in all sectors of the economy, excluding agriculture, financial intermediation and the public sector. However, it should be noted that the economic activity accelerated slightly in the second quarter compared with the beginning of the year, according to seasonally adjusted data.

The sharp contraction in goods and services imports in the second quarter that, as in the first quarter, outstripped the export contraction in the same period, had a positive impact on GDP formation, primarily due to movements in the deficit of foreign trade in goods, down by one third (in euro terms) from the second quarter of 2008. In addition to a drop in the volume of trade in ships and in oil and refined petroleum products (mainly due to price factors), these movements also include the halving of road vehicle imports from the previous year. However, according to seasonally adjusted data, the goods deficit decreased at a slightly weaker rate than in the first quarter of this year, when the volume of trade reduced substantially. The service trade surplus decreased significantly on an annual basis, to the largest extent due to an unexpectedly large drop in tourism revenues (18.3% in euro terms related to the second quarter of 2008), mainly resulting from a fall in foreign tourists' consumption.

Due to these developments, and especially the developments in foreign trade in goods, the current account deficit contracted. Also contributing to the contraction were a drop in the factor income account deficit and a slight increase in the positive balance in the current transfers account. As a result, the overall current account deficit halved in the second quarter from the same quarter in 2008.

The available real economic indicators for the beginning of the third quarter warn that an economic slowdown might be occurring again. The negative annual rate of change in real retail trade turnover in July, coupled with a decline in current output and consumer goods imports in the first two months of the third quarter, gives no signs of a speedy recovery of household consumption. Furthermore, drops in construction activity, production and capital goods imports also suggest a continuation of negative investment trends.

The sharp decrease in the volume of trade in goods remains a dominant factor in international trade. Nevertheless, further deficit contraction was apparently prevented, primarily due to a slight monthly increase in the value of imported oil and refined petroleum products (caused by the oil price growth in the world market). In contrast, the deficit in the trade in goods that excludes oil and ships continues to contract. In addition, while volume indicators of demand for tourist services suggest that peak season trends were slightly better than those in the off-season, judging by the performance at the beginning of the year the tourist season's financial results are likely to decline by more than 10%.

Unfavourable developments in the real sector of the economy have an increasingly strong effect on labour market indicators. The decrease in unemployment and increase in employment in the second quarter were thus entirely due to seasonal employment. Seasonally adjusted data point to growing negative trends in labour market volume indicators. In addition, most private sector activities recorded a slowdown in nominal wage growth, and so did the public sector, following an agreement between the Government and trade unions on the rollback of the basis for wage calculation to the last year's level.

The economic slowdown and a decline in consumer optimism, generated by concerns about the future of the economy and labour market developments, strongly contributed to the lessening of inflationary pressures. Imported inflationary pressures were also alleviated by numerous external factors, including a decrease in the world prices of crude oil and other raw materials from the previous year, the appreciation of the kuna against the US dollar, a drop in eurozone industrial producer prices and a stable kuna/euro exchange rate. In contrast, cost pressures on inflation remain strong, as suggested by a sharp acceleration in the growth of unit labour cost for the total economy, caused by a drop in labour productivity (coupled with a slowdown in the growth of nominal compensation per employee since the end of the previous year).

The annual inflation rate stood at 1.5% in August 2009 (down from 3.8% in March), with the largest contribution to the inflation slowdown coming from a decrease in food product prices. Core inflation remained higher than overall consumer price inflation, but its annual rate of change also reduced, from 4.2% in March to 2.3% in August, due predominantly to a slowdown in the annual growth rate of food products, especially meat.

The monetary environment was much more stable in the third quarter of 2009 than in the first half of the year. Seasonal appreciation pressures were lower than in the previous years and no central bank foreign exchange interventions were required. The kuna/euro exchange rate was stable in the third quarter, moving within a narrow range around a mean of HRK 7.32/EUR. The CNB therefore continued to maintain kuna liquidity in the system almost exclusively by regular open market operations. The repo auction rate remained fixed at 6.0% and about 35.0% of bank bids were accepted. Another sign of tight liquidity management was that the central bank did not hold two repo auctions (one in early and one in late September), in an effort to ensure the stability of the money and foreign exchange markets that might have

been jeopardised by excess liquidity creation.

The foreign exchange liquidity of the monetary system improved markedly in the third quarter. Banks allocated a part of the foreign exchange surplus, generated by a seasonal increase in foreign currency deposits, to foreign assets, in contrast with the previous years, when, due to marginal reserve requirement costs, they used these funds primarily to reduce external liabilities. At the same time, the CNB continued to accumulate its foreign currency reserves, partly on account of the purchase of an approximate EUR 0.5bn from the MoF in June, and partly due to the allocation of IMF special drawing rights in August and September. As a result, gross international reserves reached EUR 9.3bn at the end of September.

Most monetary and credit aggregates recorded negative trends in the third quarter, reflecting the developments in the real sector of the economy. Bank lending to the private sector continued to drop because of the slowdown in loan demand on the one hand, and restricted bank loan supply on the other. Also continuing was the growth trend in lending interest rates, due to more expensive financing sources and increased risks of collection of bank claims in the recession conditions on the domestic and foreign markets. A breakdown of placements by sectors shows that household placements continued to record the sharpest rate of contraction, 2.5% in the first eight months of the year. Corporate lending slowed down at a similar, but slightly lower rate. In contrast with the private sector, placements to the central government continued to rise, although at a much slower rate than in the first half of the year. The government's increased deficit financing needs were in the second quarter and early in the third quarter successfully met due to strong investor interest in euro T-bills, started to be regularly issued by the MoF.

Foreign currency deposits were banks' only domestic sources of funds to record growth in the third quarter. In addition to foreign exchange receipts from tourism, this growth was also spurred by the substitution of a part of household foreign currency savings for kuna savings. This trend started with the spillover of the global financial crisis to the domestic market in autumn 2008 and continued during 2009. As a result, kuna deposits continued to drop in the summer months and money stagnated.

In contrast with the trends recorded late last year and early this year, foreign liabilities of domestic sectors again increased in the second quarter of 2009. Croatia's gross external debt, after having reduced in the first quarter, went up by EUR 1.6bn in the second quarter, driven largely by corporate borrowings from foreign banks and affiliated enterprises abroad and also by increases in central government debt and bank debt. As a result of a seasonal decline in bank debt, gross external debt again reduced slightly in July, to EUR 40.6bn (87.1% of GDP in the first half of 2009 and the second half of 2008).

Reduced current account deficit financing requirements were reflected in a drop in foreign capital inflows compared with the previous years. Net inflows to the capital and financial account (exclusive of the change in international reserves) halved in the second quarter compared with the same period in 2008, mainly because of an increase in bank foreign assets, but also due to the half lower inflow of direct invest-

ments into Croatia. As concerns portfolio investments, June saw a net inflow of funds from a government eurobond issue, which was partly utilised for the repayments of maturing Samurai bonds.

In line with positive world financial market trends, required yields on Croatian eurobonds started to narrow at the beginning of the third quarter. The spreads between required yields on Croatian eurobonds and those on benchmark German bonds were considerably lower at the end of the second quarter than at the end of March, when they exceeded 500 basis points. Although at a slower pace, required yields on Croatian eurobonds continued to drop in July and August, with the result that the spreads between required yields on Croatian eurobonds maturing in 2011, 2014 and 2015 and those on benchmark German bonds reduced to 292, 227 and 370 basis points respectively at the end of August.

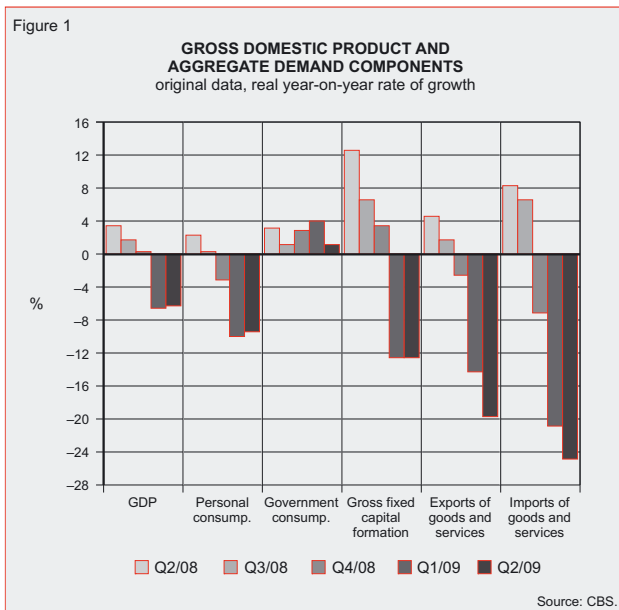
Due to a strong impact of the economic contraction on government financing in the first seven months of this year, budget revenues were significantly reduced. The bulk of the reduction was caused by a shortfall in tax revenues, and especially in VAT and excise revenues. This was coupled by the growth of budget expenditures, with increases recorded in almost all expenditure items. Especially marked in the first quarter of 2009, the expenditure growth decelerated over the rest of the year, after expenditure cuts under a budget revision in April. However, with the revenue decrease exceeding that in the first three months of 2009, the consolidated central government deficit (GFS 2001) was not reduced. The described trends in current revenues and expenditures, and positive net investment results in the first seven months of the current year, resulted in a consolidated central government deficit of HRK 7.4bn. As there were no revenues from the disposal of financial assets in the observed period, due to the requirements for the financing of the deficit and maturing liabilities the government debt rose to HRK 107.1bn.

Demand

In the first half of 2009, the national economy was marked by strong annual contraction of aggregate demand, which led to a real GDP¹ fall of 6.5%. Looking at seasonally adjusted data, it is evident that real economic activity slowed down considerably in the first quarter compared to the end of the previous year and accelerated somewhat in the April to June period. The considerable annual fall in real GDP in the first half of the year was mainly the result of a decline in household consumption and gross fixed capital formation, i.e. a contraction of the major part of domestic demand. By contrast, net foreign demand made a positive contribution to the annual rate of change in real economic activity, given the greater contraction in goods and services imports than in exports.

Real and financial indicators of economic developments available for the beginning of the third quarter point to a sig-

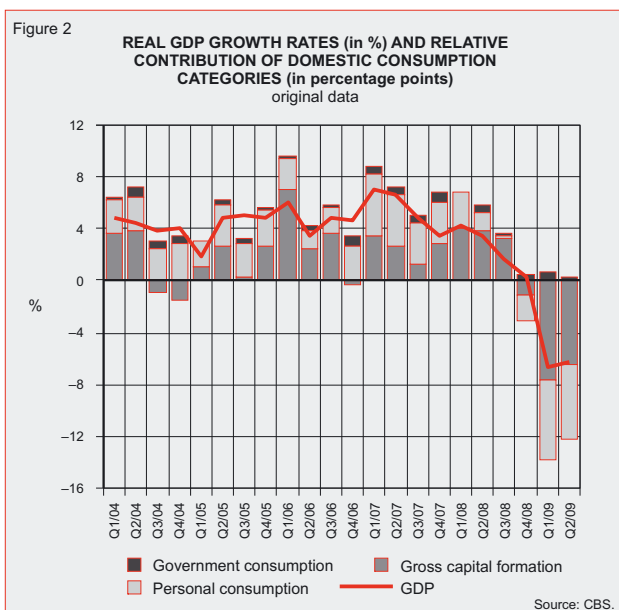
¹ The data for the period from the first quarter of 2006 to the second quarter of 2009 are preliminary and are based on the CBS's quarterly GDP estimate.



nificant annual GDP fall in this period as well. The sharp annual drop in real retail trade turnover in July, accompanied by a fall in current output and imports of consumer goods in the first two months of the third quarter, suggests that the level of personal consumption continues to be low. Construction activity slowdown early in the third quarter of 2009, and contraction in manufacturing and imports of capital goods point to further negative developments in investment activities. International trade is still characterised by a significant fall in the volume of trade in goods, and if the average consumption per traveller remains at the low level of the second half of the year and in July, the third quarter could see an annual fall in tourism revenues of over 10%.

Domestic Demand

The negative contribution of domestic demand to real GDP change was somewhat smaller in the second quarter compared to the beginning of the year, mainly owing to a

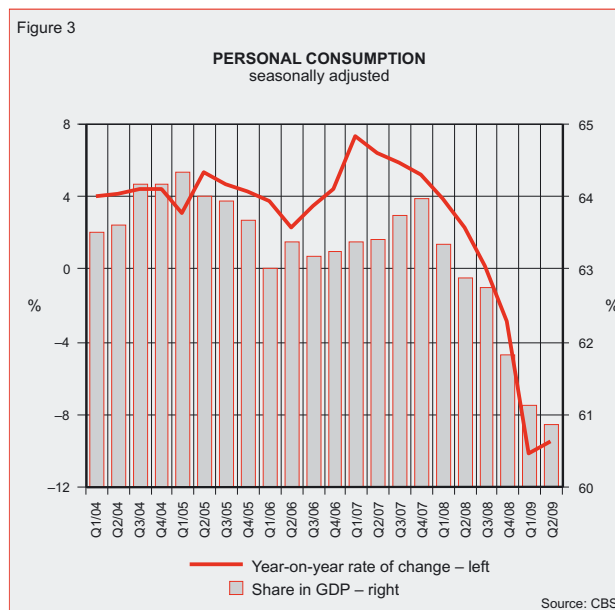


fall in the negative contribution of change in inventories and personal consumption. At the same time, the negative contribution of gross fixed capital formation rose slightly from the previous quarter. The only component of domestic demand with a positive annual rate of change and thus a positive contribution to total GDP change in the first half of the year was government consumption.

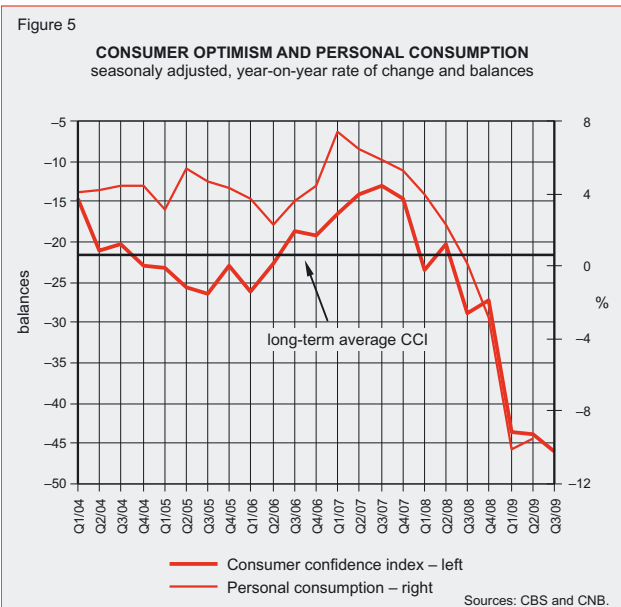
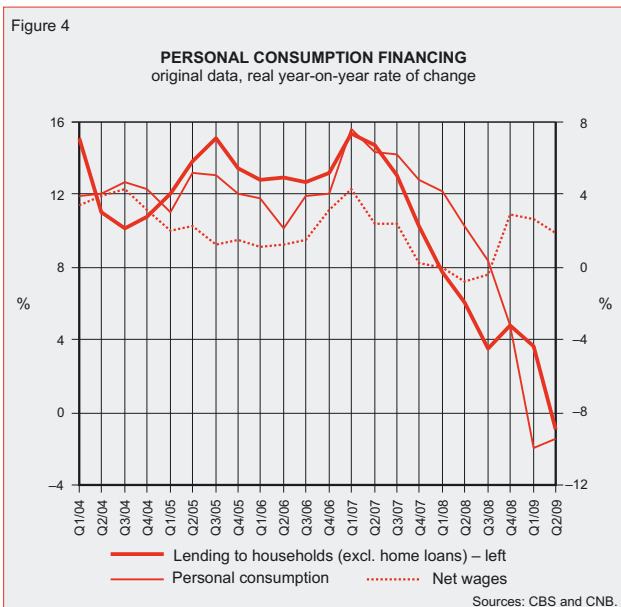
Personal Consumption

The large contraction in household consumption of 9.7% in the first half of the year was the main reason for the fall in total economic activity in this period. The drop in personal consumption was slightly greater in the first quarter, which witnessed a high negative annual rate of change of 9.9%. The fall seen in the first quarter slowed down to an extent in the second quarter, although the realised negative annual rate of change remained high (-9.4%). Personal consumption dynamics throughout the first half of the year was largely determined by great consumer pessimism, which, disposable income growth notwithstanding, led to restraint in consumption. However, the effects of the economic crisis on disposable income and on the possibility of financing consumption by bank borrowing became more evident in the third quarter.

Following favourable developments in the total number of employees in the first quarter of 2009, the rest of the year saw an annual fall in the number of employees, according to CPIA data.² However, given a positive change in the average real net wage in the economy in the second quarter, the real net wage bill, otherwise the main source of personal consumption financing, rose slightly compared to the same period of the previous year. Developments in income from transfers, involving mainly pensions, child allowances, unemployment benefits and social assistance benefits also had a positive effect on total disposable income in the first half of the year.



2 The number of persons insured with the CPIA is a more reliable short-term indicator of employment because recent CBS employment data by activities are preliminary data only (final data will be released in April 2010).



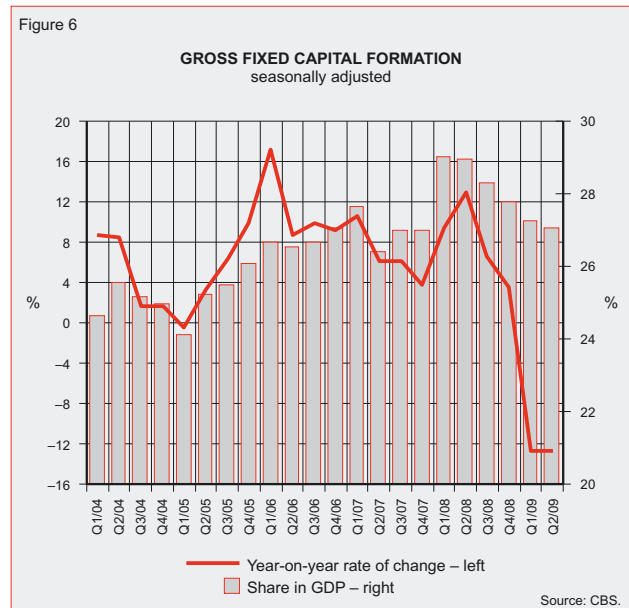
Given that personal consumption fell despite growing disposable income, it can be concluded that households somewhat reduced their average propensity to consume, influenced by rising insecurity as regards the future economic situation (consumer pessimism). Developments in personal consumption were also determined by the smaller availability of new and the increased burden of repayment of existing loans and the negative effects of the fall in the value of the financial assets and property of households. All these factors combined led to a more prudent and rational approach to consumption, particularly as regards major purchases financed by new borrowing, as shown by data on real retail trade turnover, where a particularly large fall was recorded in car sales. Developments in real retail trade turnover at the beginning of the second half of the year, a further worsening of the trends in the labour market, the negative effects of the increase in the rate of VAT, and introduction of a special tax on wages, pensions and other income do not augur significant recovery in household consumption any time soon.

The consumer confidence index supports the view that negative developments in consumption are largely determined by the lowest ever levels of consumer optimism. It should be noted that the level of consumer optimism declined additionally at the beginning of the third quarter from that of the first half of the year, and thus held steady much below its long-term average. This was mainly due to pessimistic expectations of households as regards changes in the financial situation and growing unemployment in the following year.

Gross Fixed Capital Formation

Following exceptionally strong investment activity last year, this category of aggregate demand recorded a two digit fall on an annual level (-12.6%), with a somewhat bigger contraction taking place in the second quarter. Negative developments were seen in all components of investment consumption. The economic crisis and growing insecurities resulted in a significant decline in corporate investment in machinery and equipment, as shown by data on imports and manufacture of capital goods. At the same time, the fall in investments in construction, which account for around one half of total gross fixed capital formation, was more prominent in the area of construction of residential and non-residential buildings than in civil engineering works. Therefore, it can be concluded that the fall in capital investments was particularly pronounced in the private sector, while government investments appeared to have been holding steady.

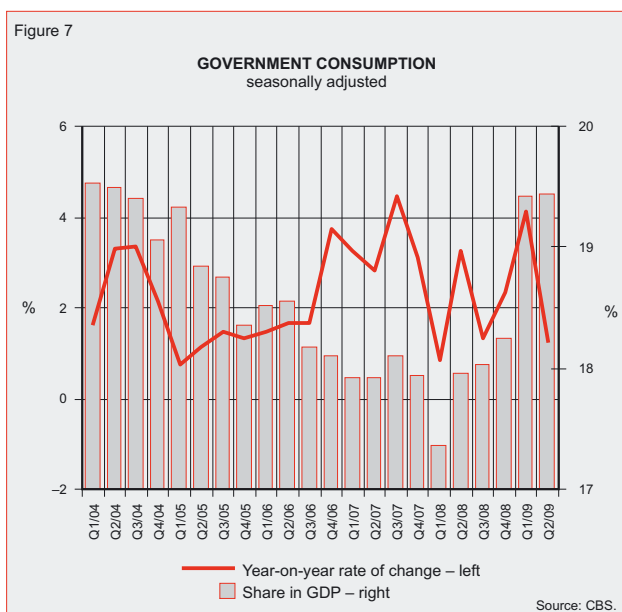
Available investment activity indicators for the beginning of the second half of this year continue to point to unfavourable developments in this component of aggregate demand. The revised budget and new financial plans of extrabudgetary users envisage savings on government capital investments, while consumer confidence survey data do not suggest a recovery in residential household investments any time soon. As regards other private investments, fallen domestic demand, insecurity as regards foreign demand recovery and growing illiquidity associated with aggravated financing conditions on the domestic market indicate that corporations will continue to refrain from investments with a longer-term



return. Such a view can be corroborated by data on negative developments in output and nominal imports of capital goods in July and August.

Government Consumption

As the only component of aggregate demand with a positive annual rate of change (2.5%) from January to June 2009, government consumption at least partly mitigated total economic activity fall. The first quarter saw the biggest annual growth of government consumption in the past two years as a result of increased expenditures for the use of goods and services and growing employment in public and government administrations and the base effect of government consumption in the same period last year created by temporary financing restrictions. In the April to June period, the revised state budget and amendments to financial plans of extrabudgetary users notwithstanding, government sector consumption held steady at its beginning of year level, but the annual rate of change fell significantly.



Under July's revised state budget and amendments to financial plans of extrabudgetary users, cuts were made to the planned annual expenditures for the use of goods and services and health care expenditures which are included in government consumption in accordance with the national accounting legislation. In view of the results recorded in the first half of the year, this category of expenditures can be expected to fall in real terms in the third and the fourth quarters. By contrast, expenditure for employee compensation, which also makes up part of government consumption in the national accounts, can be expected to grow slightly throughout 2009 due to an increase in the number of civil servants.

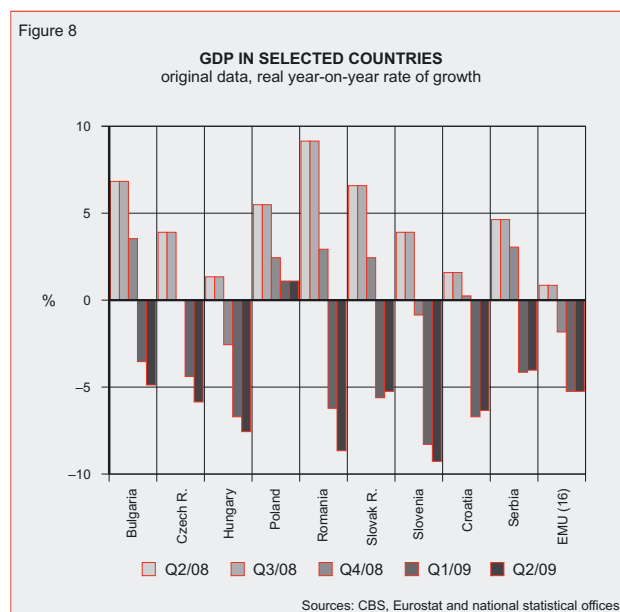
Net Foreign Demand

International trade in the first half of 2009 was marked by developments different from those in the previous years, i.e. by a noticeable decrease in goods and services exports (-17.4%) and an even stronger contraction in total imports

(-22.9%), which resulted in a very positive contribution of net foreign demand to GDP change in the observed period. The first signs of these trends were already seen in the last quarter of 2008, and after a considerable annual fall in goods and services imports and exports in the first quarter of 2009, negative developments strengthened additionally in the second quarter.

According to available Eurostat data, the real annual GDP contraction in the eurozone on average amounted to almost 5% in the first two quarters of 2009. A sharp decrease in the economic activity in the eurozone and in Croatia's major trading partner countries such as Bosnia and Herzegovina and Serbia led to a fall in foreign demand for Croatian products, as confirmed by CBS data on goods exports, which in the second quarter fell even more steeply than in the first quarter.

Following their fall in the first quarter of 2009, registered foreign tourist arrivals and nights continued to trend downwards in the second quarter. It should be noted that poorer results in the first three months and somewhat better results

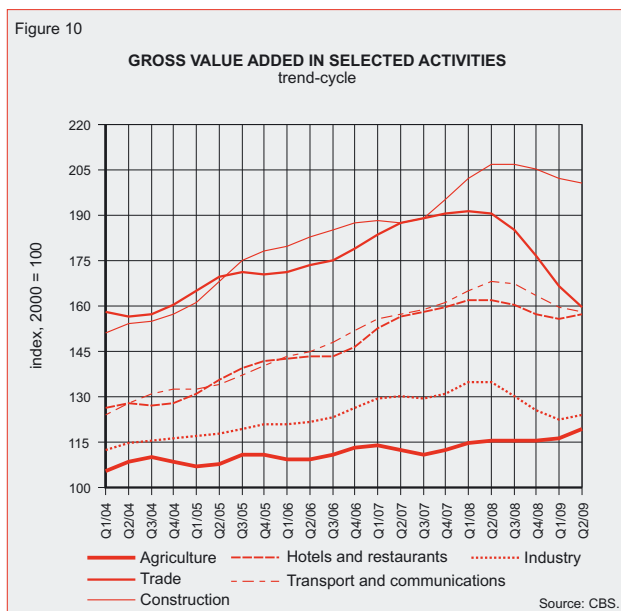


in the second quarter were partly due to the base effect of the Easter holidays which last year took place in March and this year in April. Balance of payments data on tourism revenues in the first half of the year point to a considerably lower consumption of foreign tourists due to the economic recession, which could have a negative effect on services exports.

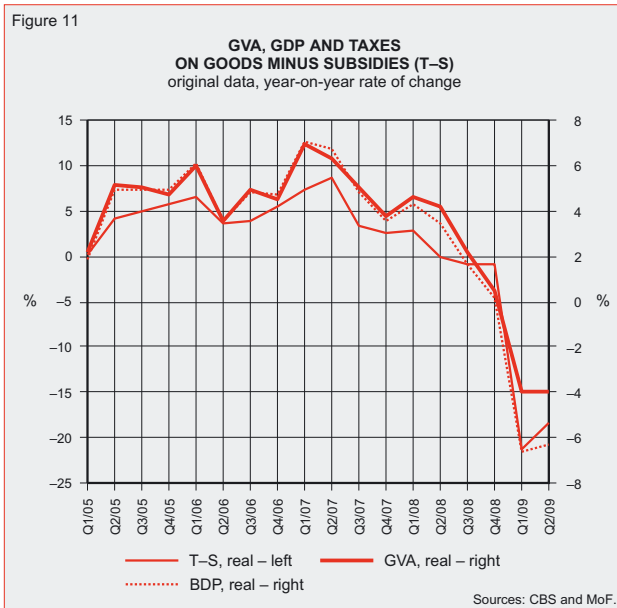
Negative developments in international trade were exacerbated early in the second half of the year. As shown by CBS data on trade in goods, the fall in goods exports in July and August exceeded the fall in imports. Despite a mild growth in volume indicators of foreign demand for services in tourism, the sharp fall in the average consumption per traveller in the second quarter and in July does not give promise of positive developments in services exports. As a result, the statistically positive contribution of net foreign demand recorded in the first half of the year could drop significantly in the remaining part of the year.

Output

GDP by the production approach showed that GVA³ decreased 4.0% in the first quarter of 2009. A slowdown in GVA formation, a consequence of the sizeable weakening of domestic and external demand, spread broadly across economic sectors. The rate of change in GVA was negative in all activities except financial intermediation and public sector services, with an especially strong fall in GVA observed in trade. The reduction in the GVA of the total economy in the first half of the year was lower than the reduction in GDP because the category of net indirect tax saw a strong contraction during the period.



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



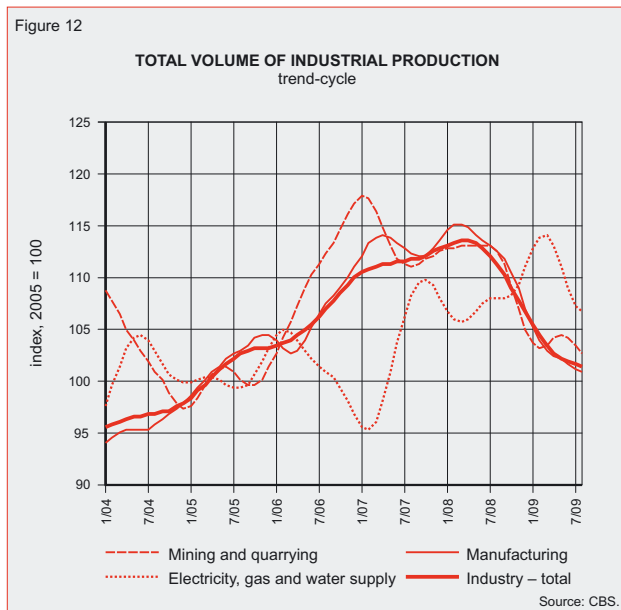
At the beginning of the second half of 2009, economic activity was declining in most major non-financial activities. According to the data on industrial production for July and August further contraction may be observed in almost all product categories, with the fall of the index of total volume of construction works picking up speed in July. In trade, negative annual rates of change in real retail trade turnover decreased to a degree, while tourist overnight stays in commercial accommodation facilities stagnated at last year's levels. However, due to the decline in the average passenger consumption financial indicators could come in substantially worse.

Industry

Gross value added in industry went down by 9.4% in the first half of 2009 from same period the previous year, with the negative annual rate of change in the second quarter of the year being more favourable than at the beginning of the year. Industry's negative contribution to the economy's gross added value in the first six months of this year totalled 2.0 percentage points. Given that GVA in industry accounts for one fifth of total GVA, these developments, paired with the contracting GVA in trade, were the main cause of the slowdown in total value added in the first half of the year.

Data on the total volume of industrial output in the first two months of the third quarter indicate that there can be no talk of a recovery in industrial output. Seasonal and calendar-adjusted data indicate continued decline in industrial output relative to the previous quarter. A decline in current output was observed in all categories of goods except durable consumer goods, which, due to their small share in total output, do not have a sizeable impact on the overall index movements. On the one hand, this should be attributed to a further decline in foreign demand and on the other to the fall in domestic demand following a short lived stabilisation in the previous period. It might be that demand was partially satisfied from inventories as indicated by data on inventories movements in July and August. Despite unfavourable developments reflected in the business survey carried out

Figure 12



CBS data on employment by activity are preliminary and that they normally underestimate the actual number of employed persons. Consequently, after their revision, labour productivity is likely to be adjusted downwards.

Trade

Gross value added in trade had a negative rate of change of 15.8% in the first half of 2009, under the influence of low household consumption. Broken down by quarters, there is a visible decline in GVA in the second quarter relative to the first quarter. Accordingly, trade made an excessively negative contribution to total real GVA formation in the period from January to June 2009 (-2.0 percentage points).

According to seasonally adjusted data, real retail trade turnover held steady at the beginning of the third quarter at levels realised in the previous quarter. This should primarily be attributed to low consumer optimism caused by the worsening economic situation and more intensive negative devel-

Figure 13



Figure 14



by *Privredni vjesnik* in June, optimism in this segment of the economy is returning, especially relative to its all-time lows recorded in the previous survey.

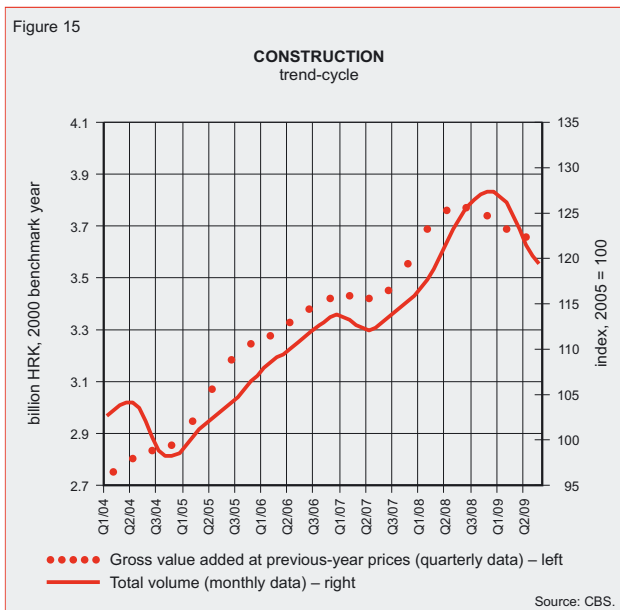
The decline in total industrial output from July to August 2009 was mainly attributable to changes in manufacturing. Production in this industrial activity dropped by 10.7% relative to the same period last year, mostly as a result of a decrease in the manufacture of food products and finished metal products. At the same time, mining and quarrying observed a sizeable annual contraction, primarily due to negative movements in 'other mining and quarrying'. By contrast, the category electricity, gas and water supply narrowed only slightly on an annual basis in the period under observation.

Labour productivity in industry dropped sharply during the second quarter of 2009 relative to the same period in 2008 (by -2.4%, seasonally adjusted). This was entirely due to a plunge in industrial output, given the decrease in the number of employed persons in this economic branch recorded in this period. It should be borne in mind that the

opments in the labour market. In addition, the reduced availability of new loans and the increased existing-loans servicing burden have additionally limited household spending. Under such circumstances, the annual rate of change in real retail trade in July this year remained negative, totalling as much as -14.5%. A large contribution came from the drop in the purchases of motor vehicles, especially cars. According to the data of the Ministry of the Interior, the number of newly registered vehicles was 44% lower in July than in the same period a year ago.

Construction

GVA formation in construction during the first two quarters of 2009 was weaker than in the same period last year (-2.5%), primarily due to the decline in private sector investments in residential and non-residential buildings. It seems that the reduction in investment demand by households, and probably by enterprises, contributed to the declining number



of construction starts and a slowdown in the intensity of construction works already started, which resulted in the lower annual growth rate in the second quarter than at the beginning of the year. However, since the share of GVA in this activity accounts for less than a tenth of the total GVA, the negative contribution of construction to the decline in total value added in the first half of 2009 was relatively low, totalling 0.2 percentage points.

According to original data, the total number of hours worked at building sites decreased by 6.3% in July 2009 relative to the same period last year, confirming negative developments that have marked this activity since the beginning of the year. Seasonal and calendar-adjusted data also suggest a further slowdown in construction activity in the reference period. Nevertheless, building permits issued in some construction categories have continued to reflect the rise in the floor area (non-residential buildings) and even the value of the property (buildings). However, it is difficult to estimate how this will be reflected on overall activity in this segment of the economy, since the beginning and the intensity of these construction works will largely depend on financing opportunities and aggregate demand. It should be emphasized that the latest business survey conducted by *Privredni vjesnik* in June 2009 reveals a mood swing among construction companies. After three consecutive months of decline their optimism rose, despite the still unfavourable situation in the real estate market.

Hotels and Restaurants

In the first half of 2009, GVA in hotels and restaurants decreased by 3.0% in real terms relative to the same period of 2008. However, the annual rate of decline in the second quarter was lower than in the first quarter. Such developments may be explained by the decline in the number of registered overnight stays and tourist arrivals as well as by lower real consumption of foreign guests against the backdrop of the economic crisis. Due to its small share in total GVA the contribution of this activity to total GVA formation was only

slightly negative (–0.1 percentage points). However, it is still noteworthy that this, to a certain extent, underestimates the total, direct and indirect, effects of tourist consumption on economic activity.

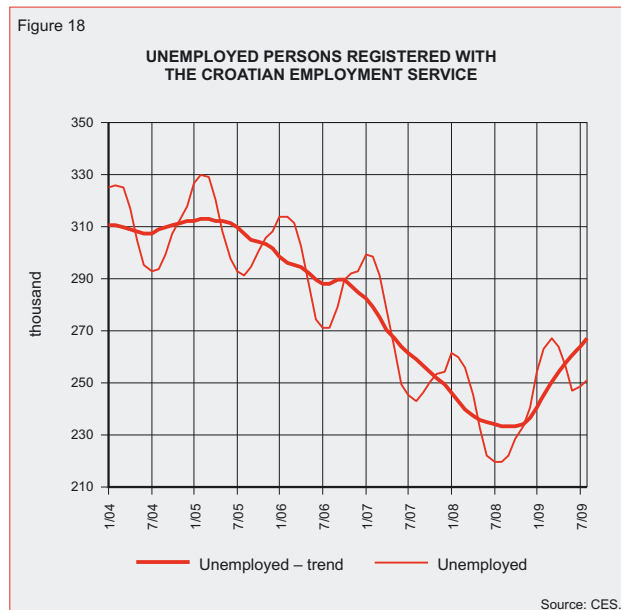
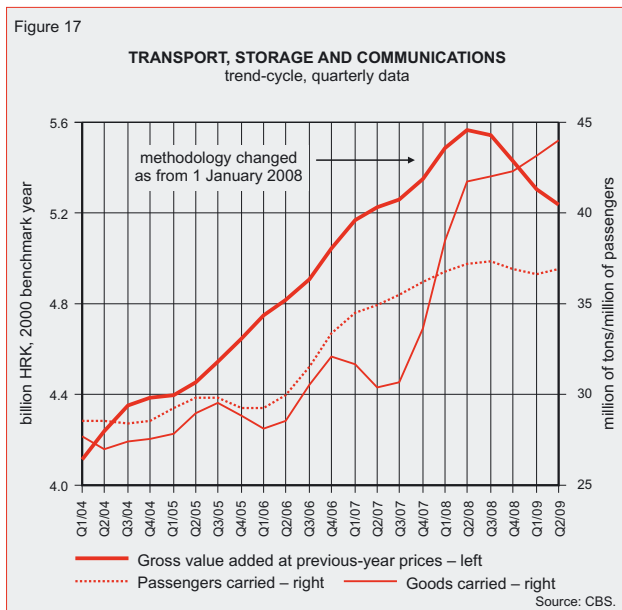
According to CBS data, i.e. volume indicators of tourist activity, the number of tourist arrivals and overnight stays at the end of the second half of the year stagnated at last year's level because August made up for the fall seen in July. It is noteworthy that in this period overnight stays and tourist arrivals of foreign tourists went up, while the same indicators for domestic tourists sizeably reduced. However, financial indicators of tourism revenues available for the first half of 2009 confirmed that volume indicators underestimate the negative impact of the decline in tourist demand under the circumstances of an economic crisis.

Transport and Communications

Total GVA formation in transport, storage and communications slowed down (–5.7%) during the first half of the year relative to the same period last year under the influence of the declining number of passengers carried and the volume of transported goods. This activity made a negative contribution to the formation of total GVA in the period from January to June, totalling 0.5 percentage points.

The annual rate of decrease in GVA in this activity may, among other things, be attributed to the decline in passenger transport, measured by the number of passenger kilometres relative to the same period last year. This was probably due to a decline in foreign tourist arrivals, but also to reduced domestic demand for transportation services. Viewed by type of transport, the sharpest annual falls in the number of passengers carried were recorded in air and road transport, while railway transport strengthened slightly compared to the same period last year. Goods transport also realised a negative annual rate of change that may be attributed to low industrial output levels and reduced domestic and foreign trade volumes.

In telecommunication services, minutes spent in the mo-



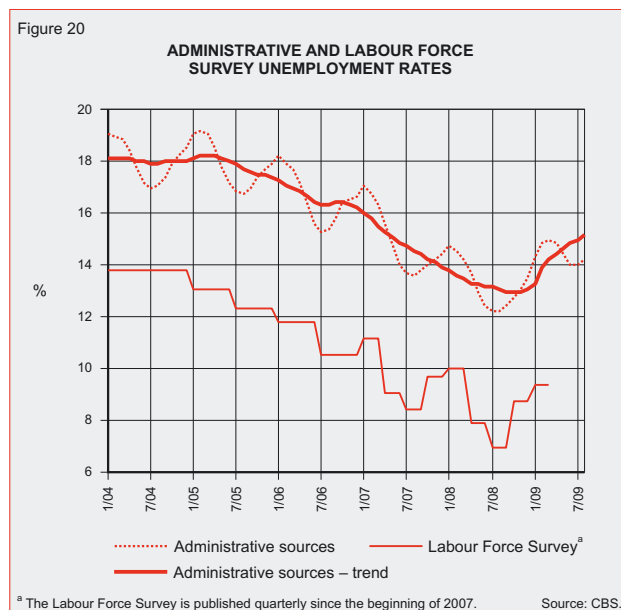
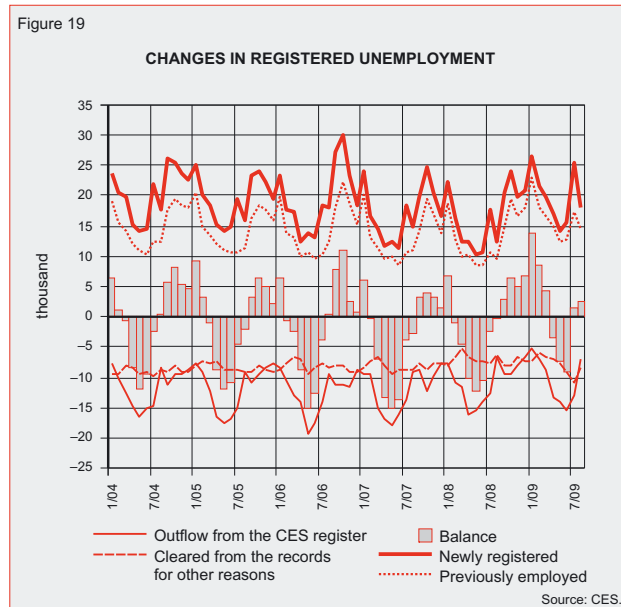
mobile network continued to grow annually, which can partly be explained by attempts of mobile operators to increase their market shares, providing different special deals in an effort to reduce the price of mobile network services. Concurrently, the number of minutes spent in the landline telephone network continued decreasing on an annual basis for the third quarter in a row.

Labour Market

Labour market developments in 2008 followed unfavourable trends in the real sector but with a certain time lag. Moreover, towards the middle of this year, these spillover effects became stronger. Although the second quarter of 2009 witnessed a decrease in the number of unemployed and the increase in the number of employed, unemployment continued to trend upward (seasonal effects excluded) and employment decelerated. The annual growth in wages paid in the reference period slowed down relative to the beginning of the year due to the deceleration in wages in the majority of private sector activities and the public sector. With the slow-down in nominal wages being much stronger than that in inflation, real wages also decelerated.

Unemployment and Employment

The number of unemployed persons registered with the CES went down in the second quarter from the beginning of the year, which was the expected outcome of increased demand for seasonal workers in that period. Seasonally adjusted data, showing the continuation of the upward trend in unemployment in the April-June period, confirm that the observed decrease was of seasonal nature. The beginning of the third quarter saw an increase in unemployment, and this year's August was the first one after 2002 to show a monthly increase in unemployment, which may be ascribed to negative recession effects being stronger than positive seasonal effects.



The registered unemployment in the second quarter of 2009 was influenced by both a decrease in inflows and an increase in outflows, especially those related to the employment from the CES register. The number of employed was two times higher in the April-June period than in the first three months of 2009 thanks to the mediation of the CES and the above-mentioned increase in demand for seasonal workers (seasonal employment accounted for 39% of total employment from the CES register), which is also corroborated by the data on job vacancies. Accommodation providers, the food preparation industry and food services, trade, manufacturing and construction showed the largest increase in the number of employed in the reference period. In addition to those employed from the records, outflows also included persons cleared from the records for reasons other than employment, the number of whom rose mildly over the second quarter.

The registered unemployment rate moved in line with unemployment dynamics, reaching 14.4% after the decrease in the second quarter relative to the beginning of the year. However, in comparison to the same period last year, it rose by 1.4 percentage points. The Labour Force Survey results for the second quarter of 2009 will be published in October.

Employment

In line with stronger employment from the CES register, the administrative data of the CBS and the data on the number of persons insured with the CPIA point to the number of employed being higher in the second than in the first quarter of 2009. As shown by seasonally adjusted data, the decline in the number of employed, present since the end of the previous year, continued. Hence, the second quarter saw employment drop by 1.9% from the beginning of the year. It should be noted, however, that the CBS employment data for the period after January 2009 are preliminary and as such are subject to revision. The most significant negative contribution to the change in total employment came from the employment in legal persons, whose dynamics, owing to

the size of its share, determines the dynamics of total employment. Crafts and trades and freelance occupations, as well as individual farmers actively insured with the CPIA also made a negative contribution to the growth of total employment. The conclusion that negative trends prevail is corroborated by the data on persons insured with the CPIA, which also displayed negative monthly rates of change.

If we analyse the structure of total employment by activity, we see that almost all activities had negative annual rates of change. The contraction of industrial production, especially manufacturing, affected the decline in the number of job vacancies. According to the annual data, industry was the activity with the highest decrease in the number of employed and thus made the strongest negative contribution to total employment. With reference to this, the activities of trade and construction should also be noticed. The strong fall in household consumption and government and private sector capital investments contributed to the reduction of demand for labour and consequently to the decline in employment in these activities. In contrast, the number of employed rose in two private sector activities: financial intermediation and real estate transactions, and in two out of three public sector activities (education, health care and social welfare).

Wages and Labour Costs

The adjustment of financial labour market indicators to negative trends in the real sector was somewhat slower at the beginning of the year, as confirmed by high annual growth in wages. The development in wages paid in the second and at the beginning of the third quarter warns of stronger negative spillover effects, with no negative rates of change being observed so far. As a result, in the April-June period gross wages were on average 3.8% higher in nominal terms, while net wages rose by 4.8% over the same period last year. These data lead to the conclusion that the growth in wages relative to the first quarter is noticeably decelerating and at the same time suggest that third quarter is to be marked by a further slowdown in the rise of or even a fall in wages, both due to

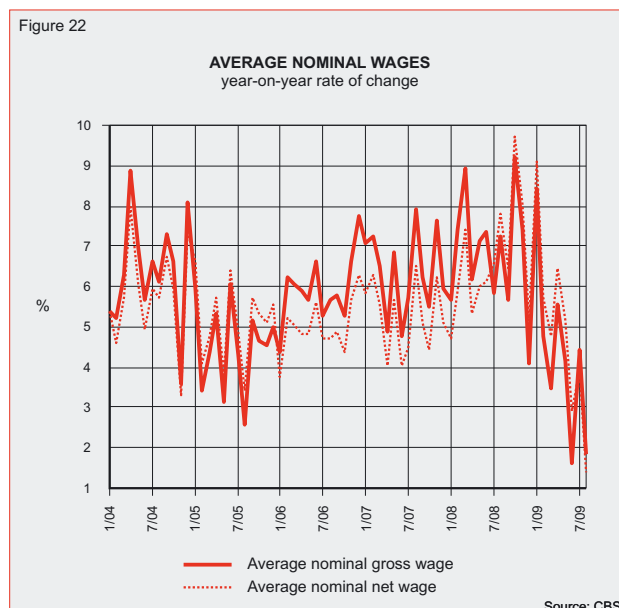
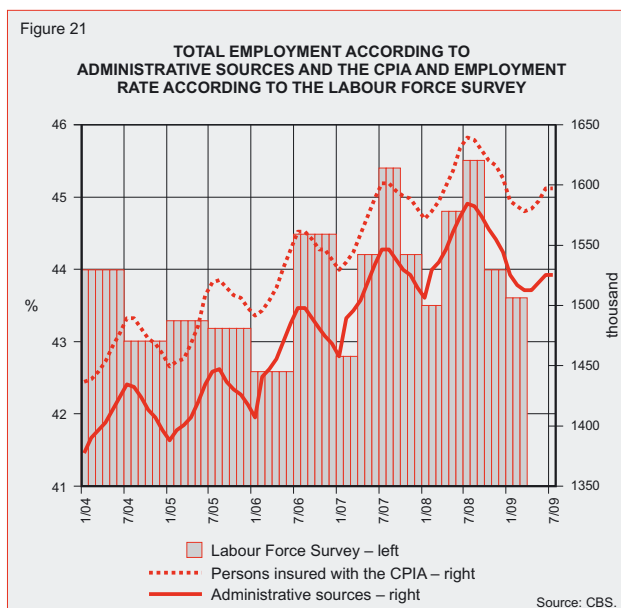
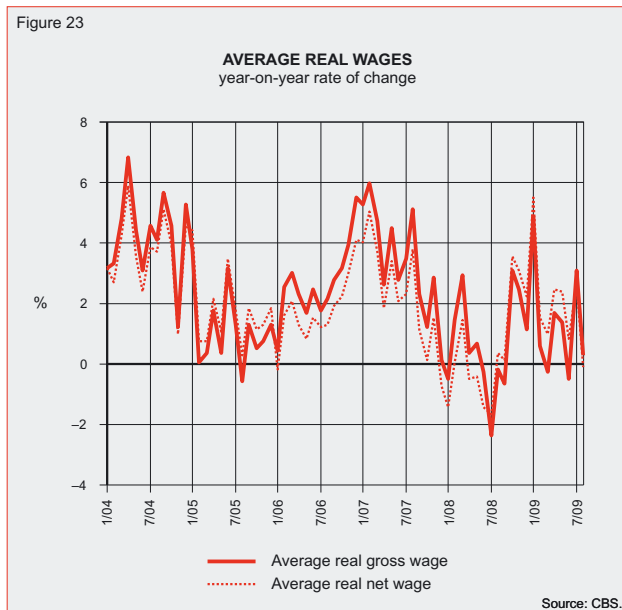


Figure 23



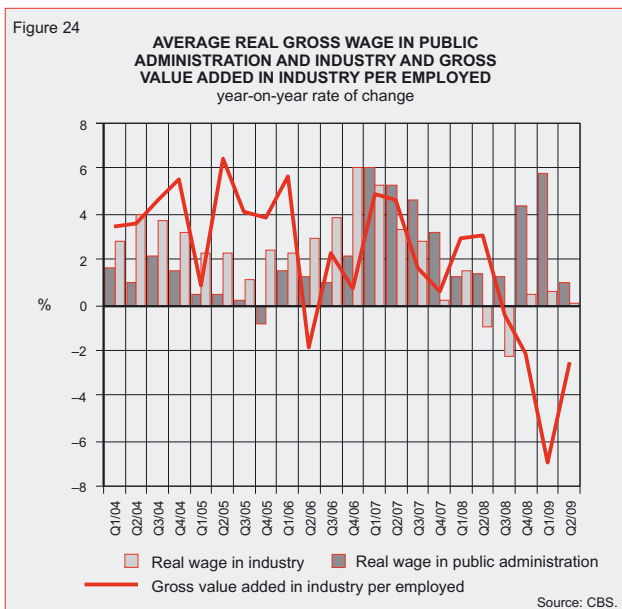
other government employees was lowered by 6%, with the 2008 base being applied since 1 April, while the wage calculation base for government officials was reduced by 10%.

Given the decline in production measured by real GVA that was sharper than that in employment, labour productivity in industry fell strongly in early 2009. Similar trends continued in the second quarter as indicated by the recent available data on the quarterly GDP calculation. Although continued, the fall in labour productivity was somewhat weaker in intensity than that observed at the beginning of the year. With reference to this, it should be noted that the CBS data on the number of employed are preliminary. The significant fall in labour productivity in industry notwithstanding, wages paid in this activity continued to grow but at much slower pace than at the beginning of the year.

Prices

The slowdown in consumer price inflation in Croatia continued in the second and at the beginning of the third quarter of 2009. Inflationary pressures weakened against the backdrop of declining personal consumption, which was largely under the influence of the noticeable fall in consumer optimism inspired by unfavourable outlook for the future economic situation and developments in the labour market. Although crude oil prices and other raw materials in the world's market had been rising since the end of the first quarter, they remained below those seen at the same time last year and the appreciation of the kuna against the US dollar softened the upward pressures from this source. Such exchange rate developments produce a positive effect on domestic inflation as they stabilise both inflationary expectations and the prices of goods imported from the eurozone. In contrast, last year we saw a slowdown in the growth of nominal compensation per employee and a parallel substantial drop in labour productivity. This resulted in the acceleration of the annual growth rate of unit labour cost in the economy as a whole during the first quarter 2009, when it reached 12.4%, while in the second

Figure 24

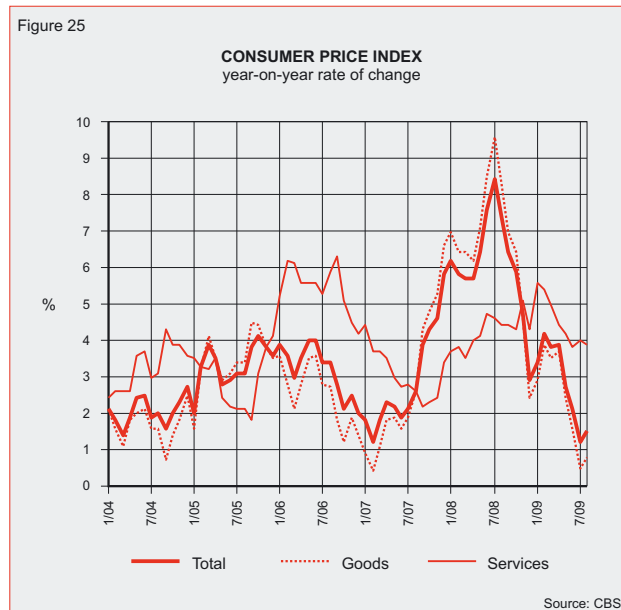


the easing in economic activity and the introduction of the special tax on salaries, pensions and other income.

With the slowdown in nominal wages being accompanied by an annual and less pronounced decline in consumer price inflation, the growth of real wages also showed a slowdown in the April-June period. Owing to the slowdown in real wages and the decline in employment, the real wage bill paid in the second quarter shrank and significantly affected the developments in personal consumption, since wages are its main source of financing.

Viewed by activity, the annual slowdown in wages was the result of the decelerated wage growth in the majority of activities. As for private sector activities, the most significant negative contributions came from wholesale and retail trades and construction, which displayed negative annual rates of change in the reference period. In contrast, positive contributions came from information and communication, due primarily to the high growth in wages paid in April. As for the public sector, the wage calculation base for civil servants and

Figure 25



quarter it reduced to 8.0%, indicating the presence of cost pressures on inflation.

Consumer Prices

According to the latest CBS data, the annual inflation rate slowed down to 1.5% in August 2009 from 3.8% in March. Viewing the CPI structure broken down by its five main components, it may be noticed that a decrease in the annual rate of change in the price of all components occurred during the period in question. The fall in the prices of food products contributed the most to the slowdown in the overall annual inflation rate. This was a result of the sizeable drop in domestic demand but also of the favourable effect of the basis period, i.e. of the strong growth of prices of most components in the same period last year, when their movements were under the influence of sizeable rise in the prices of crude oil and other raw materials in the world's market.

Core inflation remained higher than the overall consumer price inflation but its annual rate of change reduced, from 4.2% in March to 2.3% in August. The greatest contribution to the slowdown in core inflation came from the slowdown in the annual growth rate of food prices, especially meat, whose impact on core inflation is sizable due to the large weight, 11.8%, it holds in the basket for the calculation of this indicator. Thus, the contribution of food prices to core inflation went down by 1.0 percentage point during the period in question. This was a consequence of the stabilisation of meat prices in the domestic market but also of the favourable effect of the basis period, i.e. a sizeable rise in the prices of this group of products in the same period last year.

Broken down by components of the food prices index, there has been a noticeable fall in the annual rate of change in the price of unprocessed food products, from a high 9.5% in March to -1.1% in August. The key contributor to this was the above-mentioned fall in the prices of vegetables and meat. Although somewhat weaker, reduced inflationary pressures were also observed in the group of processed food products. The annual rate of change in processed food products slowed

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

	Weight 2009	12/08	3/09	6/09	7/09	8/09
Total	100.0	2.9	3.8	2.1	1.2	1.5
Energy	13.0	-1.7	-1.3	-4.1	-7.7	-2.7
Unprocessed food	14.7	3.7	9.5	1.4	-0.1	-1.1
Processed food (incl. alcoholic drinks and tobacco)	23.2	4.7	4.2	4.5	4.0	3.7
Industrial non-food without energy	28.3	2.2	2.2	2.2	2.2	1.2
Services	20.7	4.2	5.0	3.8	4.0	3.9

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

down from 4.2% in March to 3.7% in August. This was to the greatest extent a consequence of the fall in the annual rate of change in the prices of bread and other bakery products, milk and dairy products and the in the prices of oil and fat.⁴ The increase in the price of tobacco products, belonging to this group according to the ECB classification, had the opposite effect. These movements in the prices of food products indicate a sizeable reduction in inflationary pressures on those products which were under the strong influence of the prices of raw materials in the world's markets during the last year. The most important domestic factor contributing to the decrease in domestic food prices was a prominent decline in demand, which spurred competition in the domestic market and pushed down trade margins. These movements probably resulted in the absence of a more prominent influence of the increase in the VAT rate from 22% to 23% on consumer prices in August (see Box 1).

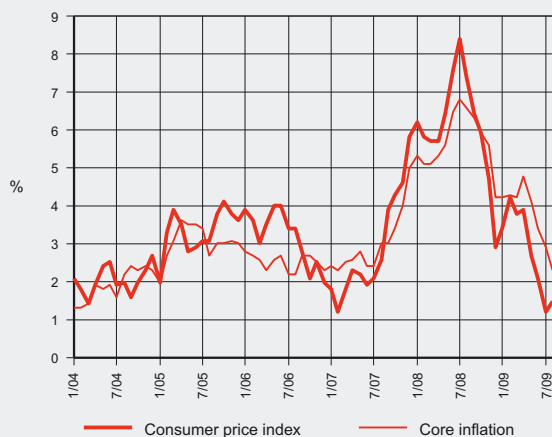
The annual rate of change in energy prices continued to be negative, totalling -2.7% in August relative to -1.3% in March. The fall in the annual rate of change in the price of energy during the period under observation was mainly caused by the reduction in the annual rate of change in the price of electricity resulting from the favourable base effect, i.e. electricity price increase in mid-2008. In contrast, domestic prices of refined petroleum products went up as a result of the increase in the price of crude oil in the world's market, with the decline in the annual rate of change in their price slowing down from -22.8% in March to -14.1% in August.

The prices of industrial non-food products (excluding energy) were also under the influence of the strong fall in aggregate consumption and the reduction of cost pressures on price growth. The annual rate of price growth for these products slowed down from 2.2% in March to 1.2% in August, well below the 2008-average of 3.0%. The greatest contribution came from the fall in the annual rate of change in the prices of clothing and footwear, primarily because the usual seasonal decline in the prices of clothing and footwear during the summer months was more prominent than over the past years.

4 However, while the prices of milk and dairy products and the prices of oil and fat were lower in August 2009 than in the same month in 2008, the prices of bread and other bakery products maintained somewhat higher levels.

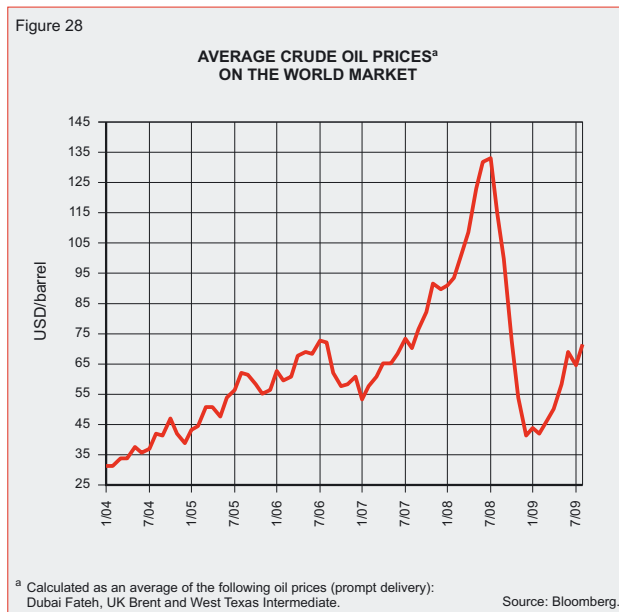
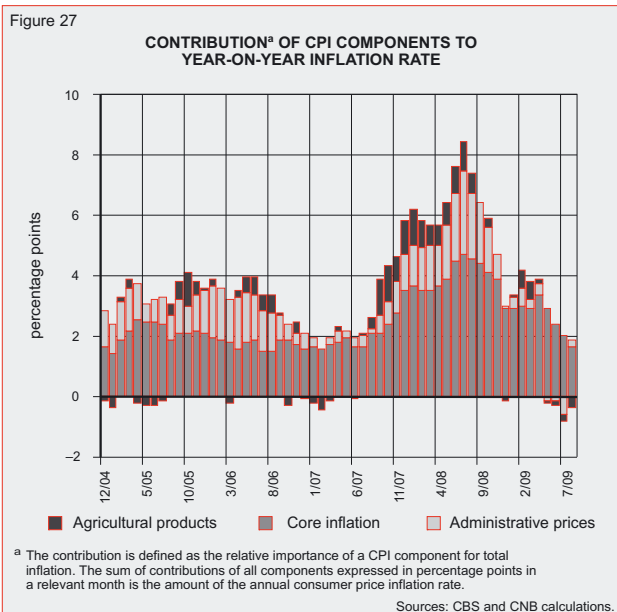
Figure 26

CONSUMER PRICE INDEX AND CORE INFLATION^a
year-on-year rate of change



^a Core inflation is calculated by excluding agricultural product prices and administrative prices (which include electricity and refined petroleum product prices) from the CPI basket of goods and services.

Source: CBS.

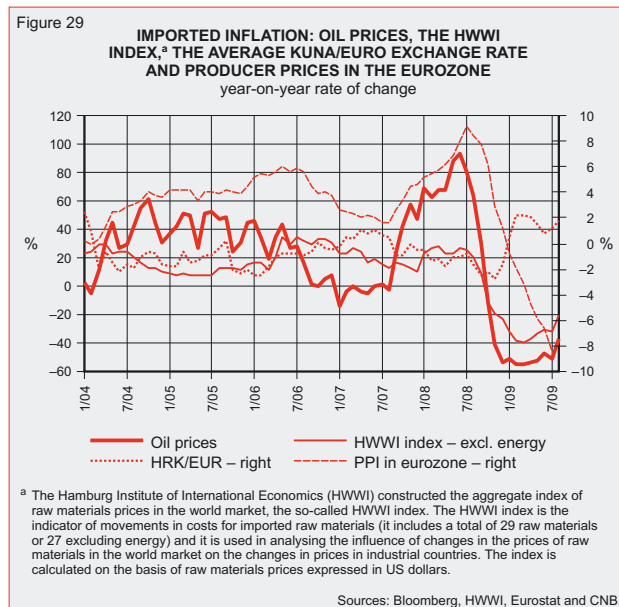


The annual rate of change in the prices of services slowed down to 3.9% in August, from 5.0% in March. This decline was a consequence of the stabilisation in the price of services in the domestic market, primarily services in road passenger traffic and catering services, but also of the favourable effect of the basis period, which means the indirect influence of the strong growth in the prices of raw materials on the world's markets on the rise in the prices of the aforementioned services in 2008. This in turn reflects the stabilising effect of the reduction of inflationary pressures relating to food product prices on the prices of hotel and restaurant services, above all of restaurant food and beverages. Overall, the annual rise in the prices of services is still higher than the rise in the prices of goods, which is primarily a result of the increase in the prices of services that are administratively regulated (health care and hospital care services) in the beginning of the year.

Import Prices

The increase in world crude oil prices that was seen in the first quarter 2009, continued through the following two quarters. The average crude oil price increased 54.7% from March to August 2009, totalling USD 71.6 per barrel. If the crude oil price were expressed in kuna, this rise would be smaller, totalling 39.3% due to the kuna appreciating against the US dollar. The growth in the crude oil price over the period in question is attributed mostly to signs of a global economic recovery, growth of investor optimism and the fall in the value of the US dollar. Under such circumstances, in its latest report from September 2009 the International Energy Agency (IEA) revised its forecasts of global demand for oil in 2009 and 2010. Although expectations of rising demand for crude oil normally push up its prices, they have been limited by the still large crude oil inventories and weak demand.

The prices of other raw materials also went up over the past months. The HWWI index, which tracks commodity price trends in the world market (excluding energy, in US dollar terms), grew by 24.4% in August relative to March. The rise in the prices of metal was exceptionally high, spurred



by expectations of a global economic recovery. Different trends were observed in the movements of prices of food raw materials. In the period in question, prices of oilseeds and sugar went up, while prices of cereals went down. Nevertheless, it is noteworthy that the prices of most raw materials are much lower than at the same time last year when they reached record highs. Further, eurozone producer prices are important components of imported inflation due to the large share the eurozone countries have in the geographical structure of Croatian imports. According to the latest available data, the annual rate of change in industrial producer prices in the eurozone went down from -3.2% in March to -8.5% in July, primarily due to the fall in the annual rate of change in the prices of energy and intermediary goods. In the eurozone the producer prices of final consumption goods were also lower on an annual basis (by 2.4%), which indicates a reduction in pressures from the import side on domestic inflation.

Industrial Producer Prices

The latest available data on the movement of industrial producer prices show that inflationary pressures have continued subsiding as a consequence of the annual decline in the prices of raw materials in the global market and a decrease in domestic and external demand. The annual growth in industrial producer prices started slowing down in August 2008, recording negative rates of change since March this year. The annual rate of change in producer prices totalled -1.8% in August relative to -0.1% in March. On an annual basis, there was a fall in prices of intermediary goods (especially metal) in August (-5.8%), partly as a result of the favourable base effect, i.e. of the strong growth in the prices of these goods in the first eight months of 2008. Under the influence of the increase in crude oil prices in the world market, producer prices of refined petroleum products have been growing uninterruptedly on a monthly basis since the second quarter of the year. However, this growth was much greater in the same

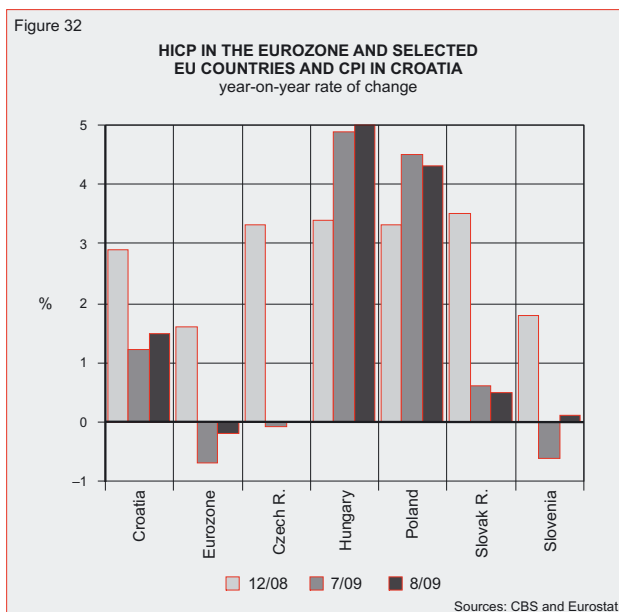
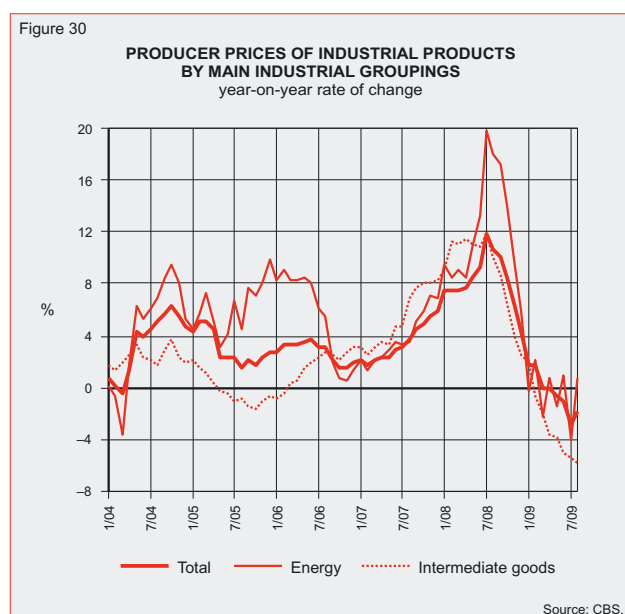
period last year so the annual rate of change remains negative. Despite this, overall energy prices on a group basis went up slightly on an annual basis in August (0.8%), while the extraction of crude oil and natural gas saw an upsurge in prices.

The most sizeable price growth on an annual basis in August was recorded by durable consumer goods (3.9%), a significant contribution coming from a strong increase in the price of the manufacture of furniture. The prices of non-durable consumer goods drifted up on an annual basis in August by 0.3% , indicating weak inflationary pressures on consumer prices for these products. It is noteworthy, however, that the decline in producer prices of food products was offset by the growth in prices of tobacco products. The annual growth rate of the prices of capital goods in August was low, totalling only 1.0% .

International Comparison of Consumer Prices

Although inflationary pressures in Croatia grew less strongly this year, the difference from inflation in the eurozone widened. In December 2008, the annual rate of change in consumer prices in Croatia totalled 2.9% , and in the eurozone 1.6% , while in August this year they totalled 1.5% and -0.2% respectively. The annual rate of change in eurozone consumer prices, which went negative in June this year, was mostly affected by the sizeable fall in the prices of energy and unprocessed food products. The increase in the difference of inflation was largely a consequence of the difference between the contribution of prices of food and energy to total annual inflation in Croatia and in the eurozone. On one hand, the prices of energy have been declining at a slower rate than in the eurozone, which can partially be explained by the increase in the prices of gas to households in Croatia in January 2009. On the other hand, the prices of food (or processed food products, to be more exact) have been growing faster in Croatia than in the eurozone, under the influence of the increase in the prices of tobacco products that was spurred by the change in the system of excise duties.

In contrast to the eurozone, the majority of the new EU



Box 1 The Impact of the VAT Rate Rise on CPI Movements

Early August 2009 witnessed a 1 percentage point increase in the basic VAT rate in Croatia, from 22% to 23%, while the VAT rates of 0% and 10%⁵ applied to certain products have not been changed. The decision to increase the VAT rate, aimed at increasing budget revenues, was passed within this year's third revision of the government budget (see Box 4). The possible impact of the increased VAT rate on CPI movements was estimated in the first step on the assumption that it would entirely spill over onto consumers, i.e. on the assumption that prices of all goods and services subject to the basic VAT rate would increase in August 2009 by the full amount of tax. The estimated impact of the increased VAT rate on the monthly growth of the CPI in August, derived from the stated assumptions, could have reached 0.7 percentage points.⁶

The experiences of countries which have also increased their VAT rates show only a partial spillover of tax increases onto prices, a small number of enterprises increasing their prices the day such decisions come into effect; the rise in prices mostly occurs in the following several months. In addition, they also show that some enterprises do not increase their prices at all. The costs of price list changes⁷ and the cyclical position of the economy, the spillover of increased tax rates onto prices being lower in economies experiencing recession, i.e. weaker domestic demand, have been cited as the possible reasons for the incomplete spillover of increased taxes onto prices.

As the August increase in Croatia's VAT rate was of a relatively small intensity (1 percentage point), it was assumed that a number of enterprises would not increase prices due to the high costs of price changes and that in conditions of reduced personal consumption, largely impacted by the decline in consumer optimism, and in the conditions of increasing competition in the domestic market, the producers' and traders' margins might decrease, resulting in a smaller spillover of the increased VAT rate onto prices. Therefore, the impact of the increased VAT rate was estimated in the second step on the assumption that prices of 75% (i.e. 50%) of products from the basket subject to the basic VAT rate

would rise by the full amount of tax and on the assumption that prices of 25% (50%) of products would remain unchanged due to the cut in producers' and traders' margins in August. The estimated impact of the increased VAT rate on the monthly growth of the CPI in August would amount to 0.52 percentage points (i.e. 0.35 percentage points in the latter case). If price increases were to be present in the next several months, it was estimated that the impact might be even weaker in August.

However, although it is still early to draw final conclusions on the impact of the increased VAT rate on inflation movements in Croatia, the latest available data on CPI movements show that the impact of the said increase was to a large extent offset by the business environment in which economic agents operate. Specifically, the noticeable weakening of economic activity in Croatia, accompanied by the fall in personal consumption in the conditions of a strong fall in consumer optimism, exerted a downward pressure on consumer prices. Moreover, the representatives of the management boards of public enterprises⁸ undertook, in agreement with the Government, to keep their prices unchanged regardless of the increase in the VAT rate so as to preserve the standard of living of Croatian citizens. As a result, the aggregate level of consumer prices rose by a slight 0.1% (according to seasonally adjusted data⁹) in August relative to July.

The analysis of CPI components subject to the VAT rate of 23% shows that many administratively regulated prices (electricity, railway and waterway transport, road tolls, postal services, etc.) failed to rise in August. In addition, a slight price fall¹⁰ was seen in a significant portion of food products, non-alcoholic beverages, furniture, household appliances, electric appliances, accommodation services and etc., with cigarette prices being kept at the same level as before. In contrast, the average monthly growth rate of products with increased prices (due to the VAT and other factors) was relatively low and stood at about 0.6%.¹¹ Therefore it may be estimated that the movement in consumer prices was significantly affected by the drop in personal consumption and that in such circumstances the rise in VAT was accompanied by a decrease in both producers' and traders' margins.

member states from the Central and Eastern Europe have continued experiencing mild inflationary pressures. As compared to Croatia, where the annual inflation rate totalled 1.5% in August, higher inflation rates were seen in Hungary (5.0%), Romania (4.9%) and Poland (4.3%). Concurrently, lower growth in consumer prices was registered in Bulgaria

(1.3%), Slovakia (0.5%) and Slovenia (0.1%), while prices in the Czech Republic were the same as in August last year.

Real Estate Prices

The annual growth in real estate prices slowed down sub-

5 The VAT exempted products and services (i.e. those subject to the rates of 0% or 10%) have an estimated weight of 14.57% in the CPI structure. They include: bread, milk, books, newspapers and magazines, health care, social welfare, financial services, education and culture, accommodation services and rents. However, as a large number of input components, used in the production of such products, are not VAT exempted, the indirect impact of the rise in the VAT rate on their prices might materialise in the following months.

6 Calculated by applying the following formula:
 $0.8543 \cdot (100 \cdot ((1 + 0.23)/(1 + 0.22)) - 100)$.

7 Also referred to as *menu costs* in the professional literature.

8 Hrvatska elektroprivreda d.d., Hrvatske vode (public institution), Hrvatska pošta d.d., Hrvatske željeznice d.o.o., Jadrolinija d.d., Plinacro d.o.o., Narodne novine d.d., Hrvatske autoceste d.o.o., Hrvatske ceste d.o.o., and Zagrebački holding d.o.o.

9 According to original data, the CPI went down by 0.1% in August relative to the previous month.

10 Excluding the seasonal fall in prices of clothing and footwear and fruit.

11 Excluding the prices of refined petroleum product (whose monthly growth was more pronounced due to the rise in crude oil prices in the world market) and the usual seasonal growth in prices of package holidays.

Table 2: Croatian Residential Real Estate Price Index, year-on-year rate of change

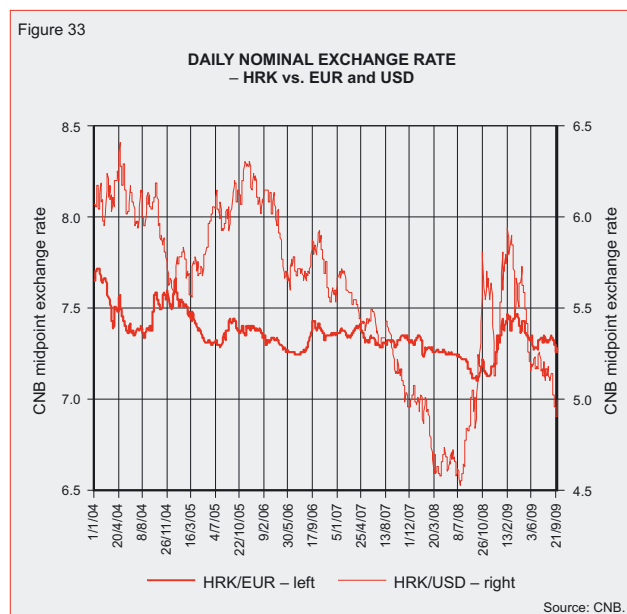
	Weight	2002	2003	2004	2005	2006	2007	2008	2007		2008		2009
									1st half	2nd half	1st half	2nd half	1st half
Croatia	100.0	1.8	0.6	13.0	8.8	16.5	13.0	5.8	17.5	8.7	5.8	5.8	-5.3
Zagreb	65.3	6.5	0.6	11.5	10.0	17.0	11.7	2.2	14.4	9.2	1.8	2.6	-3.1
Adriatic Coast	22.0	5.5	8.7	9.2	17.1	15.8	16.2	10.7	23.0	10.1	13.7	7.7	-9.6

Note: The methodology used for compiling the hedonic real estate price index in Croatia is such that each calculation of the new value of the index (at the end of a semi-annual period) involves a reassessment of all the parameters of real estate prices achieved by the given equations, which, in turn, results in a revision of the real estate price index for the previous semi-annual and annual periods. Therefore, the indices from the previous years are altered with each update, but are also more precisely measured, being calculated by a larger number of data. Sources: *Burza nekretnina* and CNB calculations.

stantially in 2008 under the influence of a narrowing demand for residential property that was spurred by the stagnation in the real growth of available household income, the increase in (nominal) interest rates on housing loans, tighter lending conditions and a fall in consumer optimism. Expecting a further slowdown in the growth of prices in the domestic real estate market, potential buyers have been postponing their final decisions. As a result, the downward trend in the demand for residential property continued in the first half of 2009, which, paired with ample supply, contributed to the 5.3% decline in real estate prices relative to the same period last year. The prices of residential property in Zagreb went down by 3.1% annually, while on the Adriatic coast this fall was even higher, totalling 9.6%.

Exchange Rate

The kuna/euro exchange rate was stable in the third quarter of 2009, moving within a narrow range of -0.9% to 0.5% around its average value of HRK 7.32/EUR. The average absolute change in the daily kuna/euro exchange rate (often used as one of the exchange rate volatility measures) was low in the third quarter, and standing at 0.11% (the value considerably lower than that at the end of 2008 and in the first half of 2009) corroborated the stability of the nominal kuna/euro exchange rate. Uncertainties surrounding the success of this year's tourist season and increased demand for foreign exchange required for the payment of foreign liabilities due caused the kuna to weaken slightly in the first half of July.

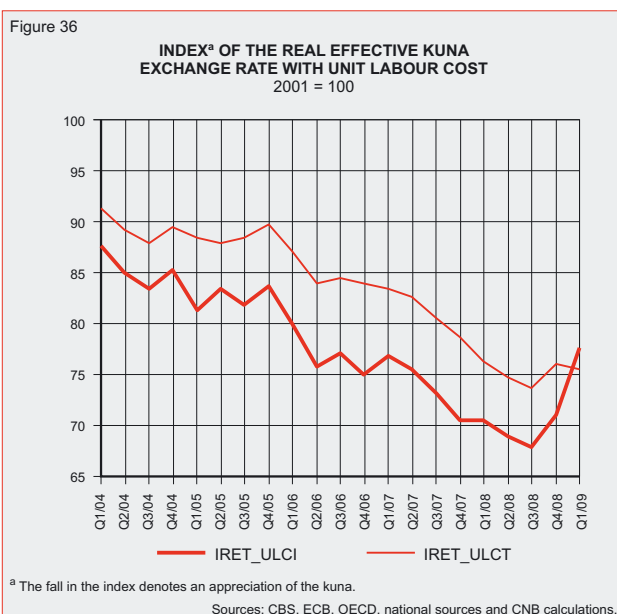
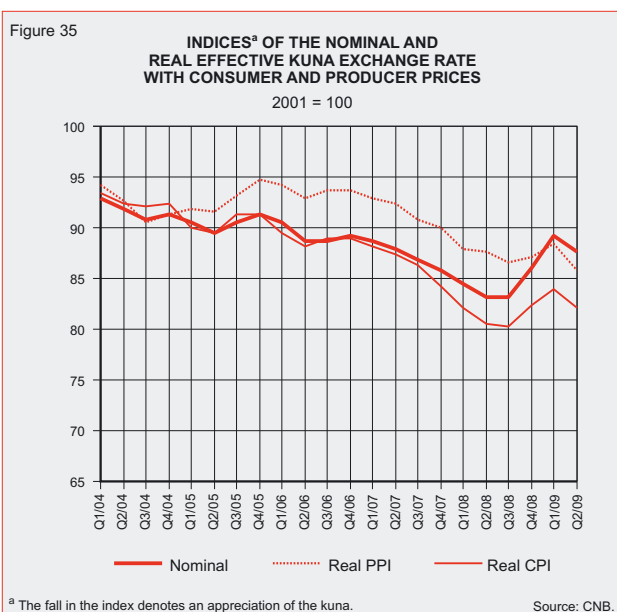


As the tourist season and foreign exchange inflows strengthened, the depreciation pressures eased; on the other hand, the usual seasonal appreciation pressures failed to occur due inter alia to lower foreign currency tourism receipts relative to the previous year. Relatively stable in August, the kuna/euro exchange rate ended the month at HRK 7.33/EUR or the same level as at end-July. It slightly depreciated early in September and then stabilised and mildly strengthened thanks to somewhat reduced liquidity caused by the absence of regular reverse repo auction, while it appreciated in the second half of September due to foreign exchange inflows generated by foreign borrowings of the CBRD and public enterprises (i.e. Croatian Motorways and the Rijeka-Zagreb Motorway). Against the backdrop of strengthening appreciation pressures, the CNB intervened in the foreign exchange market, purchasing EUR 1.3m from banks at the auction held on 24 September. The exchange rate dropped to HRK 7.29/EUR at end-September, the level observed at the end of the second quarter. Finally, the volume of foreign exchange transactions between the central bank and the Ministry of Finance was relatively small in the third quarter, with the CNB purchasing a total of EUR 2.2m from the government.

The US dollar/euro exchange rate continued to weaken in the third quarter, a trend present in the world's foreign exchange market from the beginning of March when the first signs of recovery in the world financial market were observed. Coupled by the rise in equity indices, this contributed to investor readiness to accept more risk and decreased demand for the US dollar. The release of better than expected indicators for the eurozone economy was another factor contributing to the weakening of the US dollar. Hence, the US dollar depreciated against the euro by a total of 4.1% in the third quarter, ending the September at USD 1.46/EUR (at end-June it stood at USD 1.40/EUR).

With the US dollar weakening noticeably against the euro and the kuna being stable against the euro, the kuna appreciated 3.9% against the US dollar in the third quarter and the exchange rate fell from HRK 5.20/ USD at end-June to HRK 5.00/ USD at end-September. Moreover, the kuna also strengthened against the pound sterling (7.8%), while it depreciated 1.0% against the Swiss franc. As a result, the index of the daily nominal kuna exchange rate appreciated 1.2% against the basket of currencies.

After improving in the previous two quarters, the indicators of price competitiveness of domestic exports deteriorated in the second quarter of 2009 as suggested by the real strengthening of the kuna against the basket of currencies. The index of the real effective kuna exchange rate deflated by consumer prices and producer prices appreciated 2.1% and 2.9% respectively relative to the average for the previ-



ous quarter. This was due to the nominal appreciation of the kuna against the basket of currencies (notably the US dollar), the faster growth in consumer prices in Croatia than in foreign countries and the rise in producer prices in Croatia and their fall in foreign countries. In July, relative to the previous month, the real effective kuna exchange rate deflated by producer prices appreciated by an additional 1.3% owing to the growth in domestic prices and the fall in foreign prices. In contrast, the real effective kuna exchange rate deflated by consumer prices depreciated by a slight 0.2% due to the nominal effective depreciation of the kuna and the stronger fall in domestic than in foreign prices.

In line with the latest data on the index of the real effective exchange rate deflated by unit labour costs, the appreciation in the economy as a whole stood at 0.7% in the first quarter relative to the previous quarter, indicating the deterioration in price competitiveness of Croatian exports. This was a consequence of the faster rise in unit labour costs in Croatia than abroad, with the growth in unit labour costs in Croatia being attributed to the fall in labour productivity (especially to the fall in GDP being higher than that in employment) and to the modest growth in compensation of employees.¹² If examined only in industry, unit labour costs show a moderate fall, attributable to a decrease in the compensation of employees in that sector stronger than that in labour productivity. Concurrently, foreign unit labour costs in industry grew, which, together with the nominal depreciation of the effective kuna exchange rate, resulted in a fairly significant depreciation of the index of the real effective kuna exchange rate deflated by unit labour costs (9.5%).

Monetary Policy and Instruments

Monetary Environment

The monetary environment was much more stable in the third quarter of 2009 than in the first half of the year, while the CNB continued to support system stability and liquidity through its regular open market operations. Since appreciation pressures during the tourist season were less prominent than in the previous years there was no need for central bank intervention in the foreign exchange market. The foreign currency liquidity of the monetary system improved considerably in the third quarter: the banks directed a part of surplus foreign exchange funds arising from the seasonal increase in foreign currency deposits to foreign assets, while the CNB continued to accumulate its foreign currency reserves. The rise in international reserves was also due to the IMF's allocation of special drawing rights. At the same time, bank lending to the private sector continued to contract due to lower demand as well as limited supply, while placements to the central government continued to grow.

¹² According to seasonally adjusted data.

Uses of Instruments of Monetary Policy

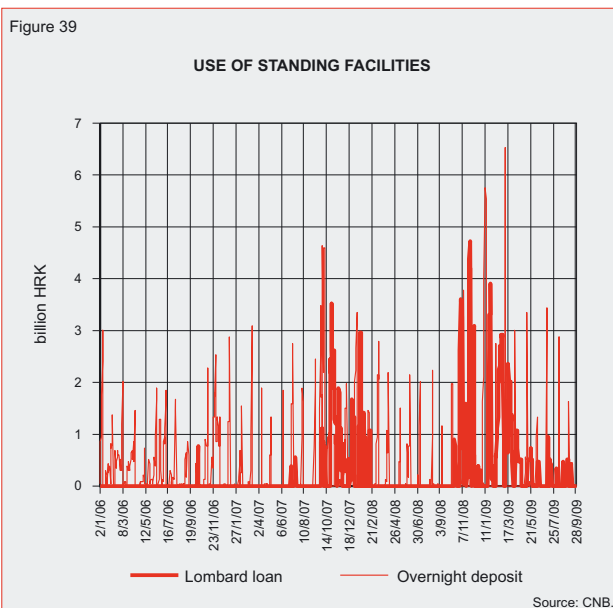
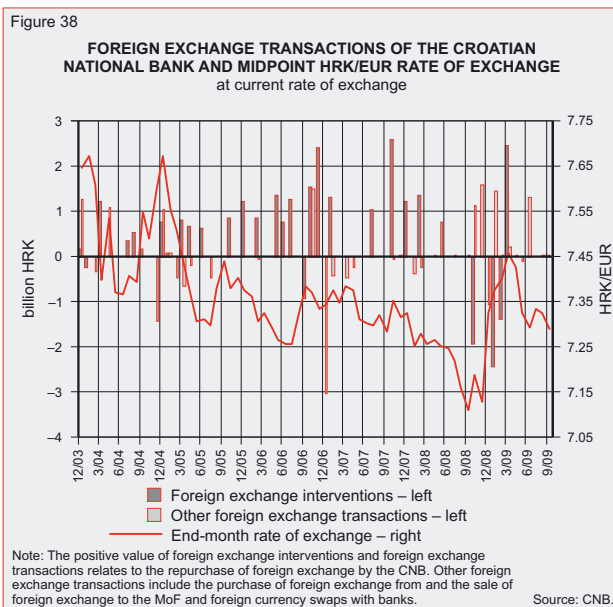
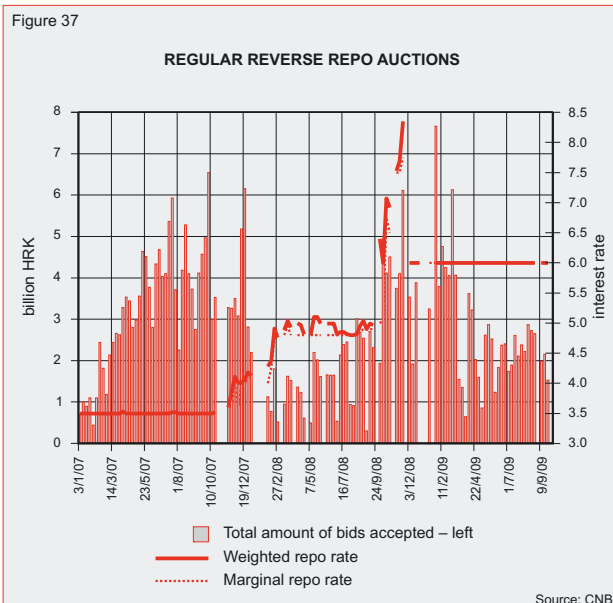
In the third quarter, the CNB created kuna liquidity almost exclusively through regular reverse repo auctions, granting Lombard loans to banks on only several occasions. The CNB continued to hold repo auctions solely through the allotment and at a fixed interest rate of 6.00%, accepting on average 35.0% of the bids received from banks. The central bank thus continued to manage kuna liquidity restrictively and did not allow the accumulation of excess surpluses in the system that could fuel depreciation pressures. The funds created were sufficient for reserve maintenance purposes and the stronger demand for kuna due to the tourist season, which prevented the emergence of appreciation pressures on the domestic currency.

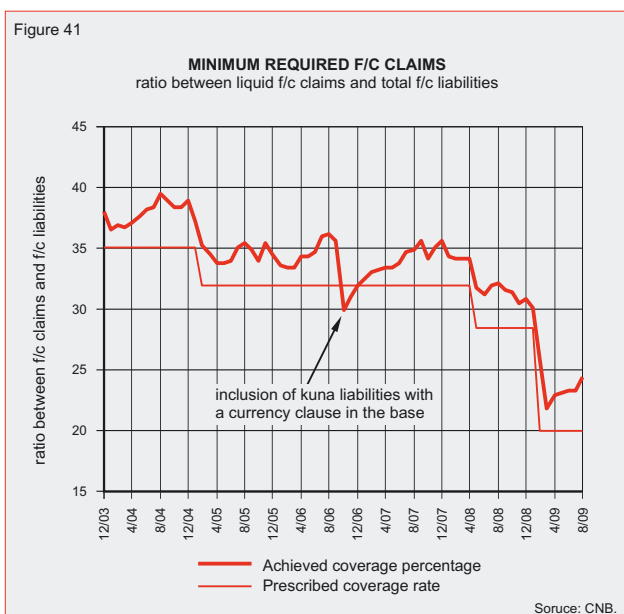
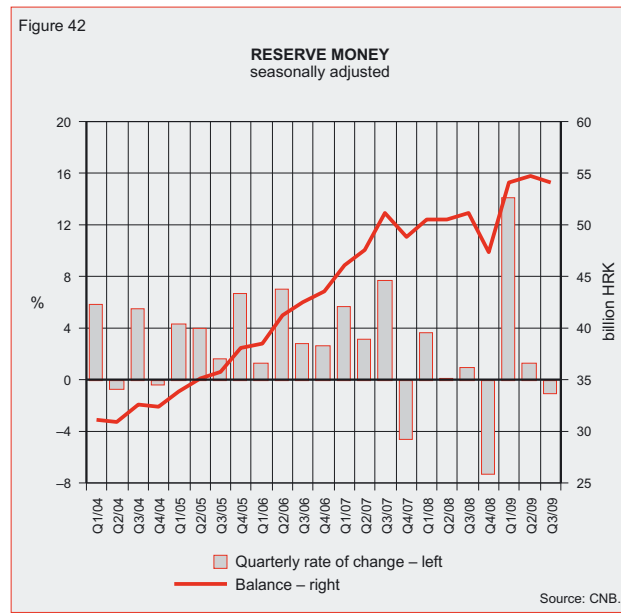
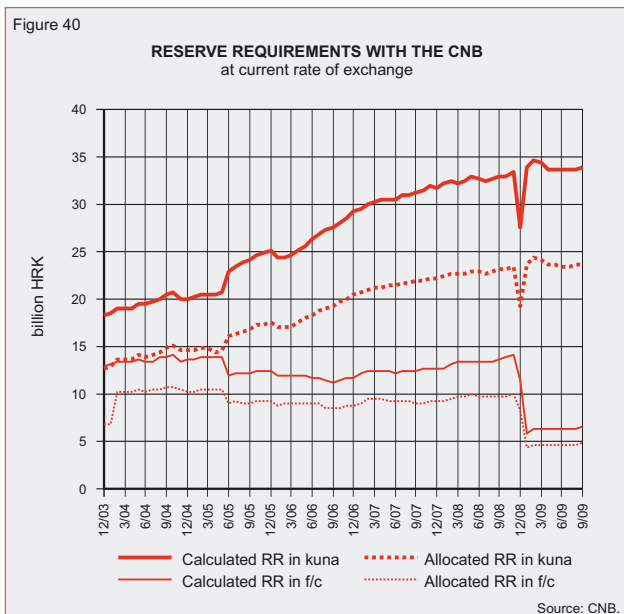
The average daily amount of funds placed through reverse repo auctions stood at HRK 2.0bn in the third quarter, some HRK 0.7bn less than in the first half of the year. In early September, when the system's kuna liquidity position was quite comfortable and the reserve maintenance period was coming to an end, the central bank decided to skip one repo auction. Banks then relied on Lombard loans as well; looking at the entire third quarter, these loans were used for 14 business days and their average amount was HRK 0.5bn.

In contrast to the first half of 2009, when foreign exchange transactions with commercial banks (auctions and swaps) and direct foreign exchange purchase and sale transactions with the MoF had a large monetary effect, the stable exchange rate through to the end of the third quarter did not call for central bank interventions in the foreign exchange market. However, the central bank held a foreign exchange auction in late September due to foreign exchange inflows coming from corporate foreign borrowing and related appreciation pressures. As the exchange rate that banks offered at the auction was too high, out of the total EUR 235.1m offered, a negligible amount of EUR 1.3m was purchased. The volume of transactions with the MoF was also small in the entire third quarter and only EUR 2.2m net was purchased.

With regard to liquidity withdrawals, which the CNB mostly conducts through the reserve requirement instrument, the third quarter saw only a mild increase in the funds thus sterilised. Kuna reserve requirements grew slightly relative to the end of the first half of 2009 (0.7%) and stood at HRK 33.8bn in the September calculation, while foreign currency reserve requirements grew somewhat more (2.3%) and stood at HRK 6.6bn. The latter growth was due to the increase in the foreign currency calculation base as banks recorded a seasonal increase in foreign currency deposits over the summer months. Still, observing the developments in the first nine months of 2009, the kuna component of reserve requirements grew strongly (23.2%), while the foreign currency component almost halved (-41.9%). This was exclusively due to changes in the instrument itself – the percentage of the foreign currency reserve requirement that is set aside in kuna was raised from 50% to 75% early in the year, while the kuna calculation base abruptly decreased and its rate of change was -11.7% in the observed period.

Banks continued to improve their foreign currency liquidity in the third quarter; their foreign currency liquidity ratio





stood at 24.5% at end-August, 4.5 percentage points above the prescribed minimum rate, which was set at 20.0% in February 2009. This implies behavioural change on the part of the banks as they used to maintain the foreign currency liquidity ratio at some 2-3 percentage points above the prescribed minimum. The increase in foreign currency liquidity was due to the seasonal rise in foreign currency deposits, which banks used to decrease their foreign liabilities in recent years, while this year they placed the bulk of funds abroad (increasing liquid foreign currency claims). Surplus foreign currency liquidity of banks, which stood at EUR 1.2bn in absolute terms, provides an additional stabiliser for potential depreciation pressures in the forthcoming period, which could above all emerge from substantial external debt service payments of domestic sectors.

Reserve Money and International Reserves

In line with more restrictive management of kuna liquidity

and slower growth in all monetary aggregates, reserve money (M0) fell in the third quarter. Within its structure, surplus liquidity in banks' transaction accounts and overnight deposits with the CNB averaged only HRK 0.4bn in the third quarter, which is nearly half as much as in the first half of the year. In addition, as demand for kuna over the summer months was lower due to weaker domestic and foreign (tourist) spending, currency growth was smaller than in previous years. At the same time, kuna reserve requirements set aside, which account for the largest share in reserve money, grew only slightly.

However, reserve money grew steadily on an annual basis due to the impact of the said change in monetary policy instruments early in the year, which increased the portion of the foreign currency reserve requirements set aside in kuna, with the result that a considerable amount of kuna liquidity was withdrawn from the system.

Gross international reserves stood at EUR 9.3bn at the end of the third quarter and their year-on-year decrease slowed

from -8.6% at the end of the first half of 2009 to -5.0%. It should be noted that gross reserves were boosted by the June conversion of EUR 473m purchased from the MoF on the basis of the central government's eurobond issue. In the third quarter, there were no large foreign exchange transactions or changes in instruments that would affect gross reserves, while the foreign currency component of reserve requirements set aside almost levelled off. However, under a general allocation of special drawing rights (SDR), Croatia received SDR 270.7m (EUR 295m) from the IMF in August. Furthermore, another SDR 32.5m (EUR 35m) was received under the special allocation of 9 September 2009. The SDR allocation increased the level of gross international reserves. These funds could be used in case the need arises to preserve the country's foreign currency liquidity position.

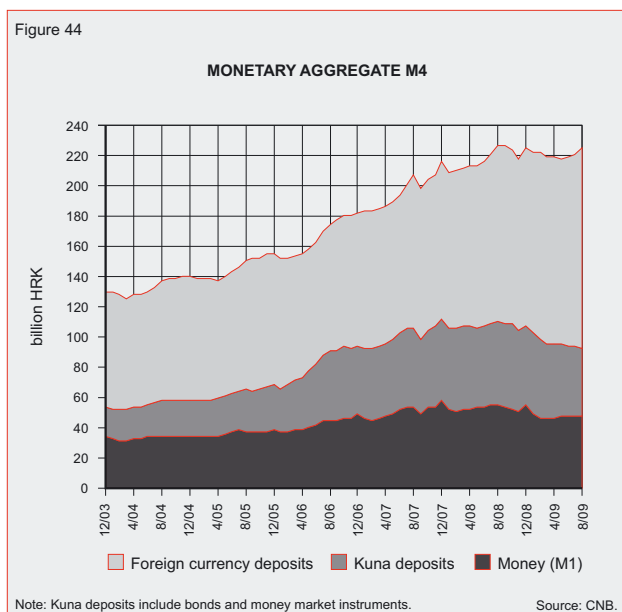
The mentioned purchase of foreign exchange from the government and two SDR allocations also boosted net usable international reserves. Net reserves stood at EUR 8.7bn at end-September, while their annual growth rate remained at 9.1%.

Monetary Developments

Monetary developments in the second quarter and the first two months of the third quarter 2009 were mostly marked by a fall in net domestic assets and a rise in net foreign assets of commercial banks, which led to a moderate increase in total liquid assets (M4). The fall in net domestic assets was due to a further contraction of bank lending to the private sector, while loans to the government continued to grow, albeit at a slower pace than in the first quarter. Within the structure of total liquid assets, foreign currency deposits grew steadily, particularly in July and August, while unfavourable trends in other domestic sources, observed since early 2009, continued.

Total Liquid Assets

Total liquid assets, which held steady in the second quarter, grew noticeably in the first two months of the third quarter,

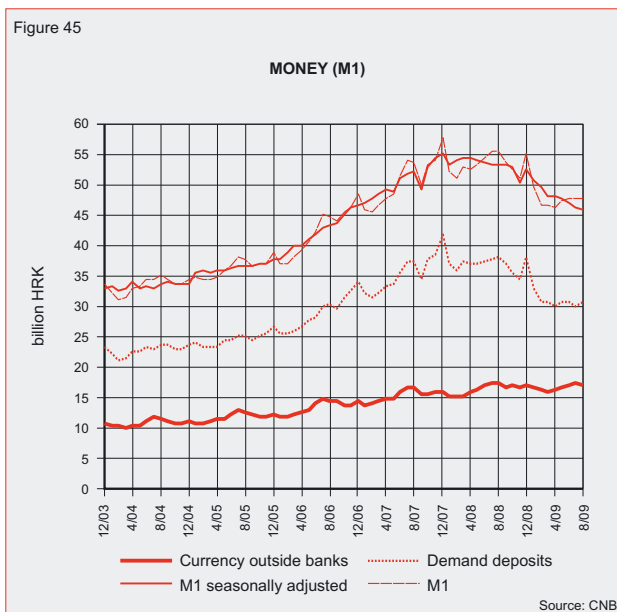


ter, so that M4 at end-August almost returned to its end-2008 level. Still, as these developments were largely due to seasonal factors, M4 continued to fall on an annual basis. The annual rate of change in M4 steadily decreased from the beginning of the year; it was 4.3% at end-2008 and fell to -0.8% in August 2009.

Money

Following a sharp decline in the first quarter, money (M1) began to recover in the second quarter and exhibited similar trends over the summer months. Nevertheless, the annual decline in M1 picked up speed and stood at 14.1% at end-August, while the adverse economic environment was reflected in the steady downward trend in the seasonally adjusted value of this monetary aggregate.

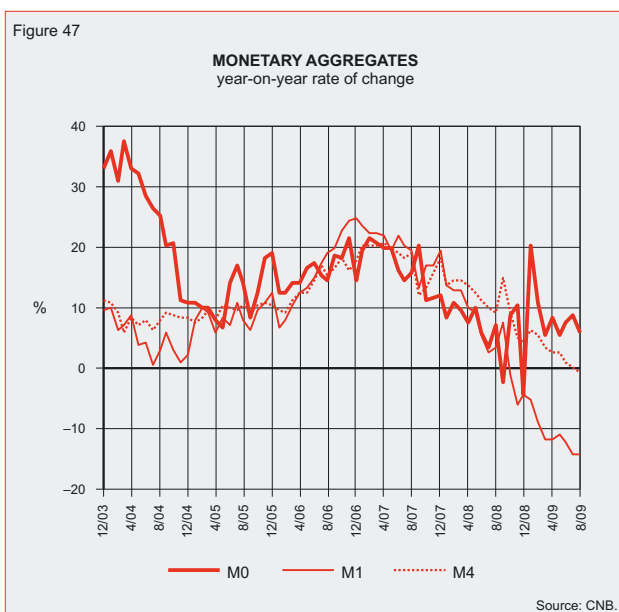
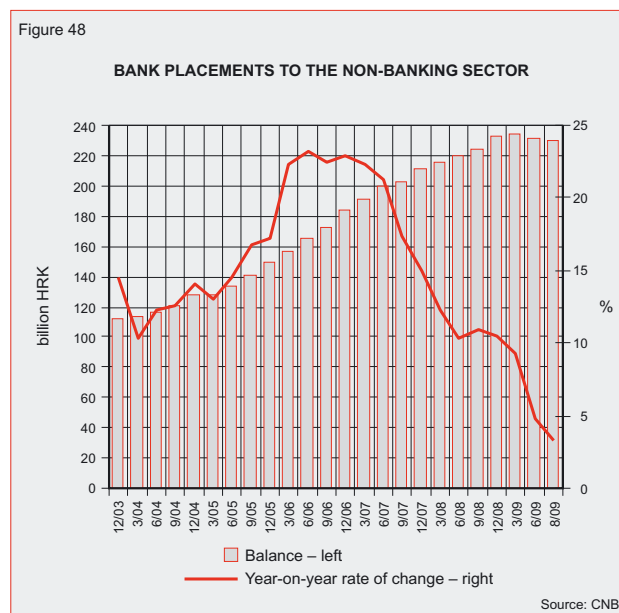
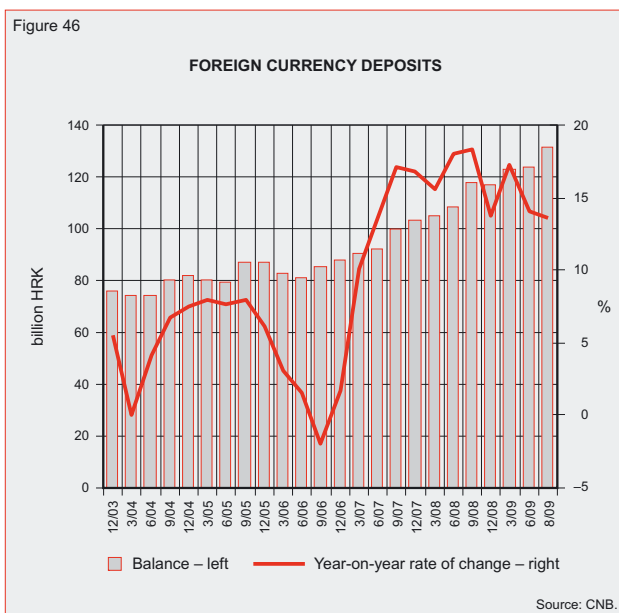
M1 developments in the observed period were largely due to the seasonal rise in currency outside banks. Still, as the summer increase in currency outside banks was this year more moderate than in the previous years, its annual rate



of change stood at -3.4% at end-August, probably due to unfavourable trends in retail trade and lower tourist spending. The other component of money, demand deposits, held steady from the beginning of the second quarter at a level almost one-fifth lower than at end-2008. Within its structure, corporate demand deposits recovered mildly, particularly in August, while the decline in household demand deposits gained momentum, among others, due to the introduction of the special tax on salaries, pensions and other income.

Non-Monetary Deposits

The only monetary aggregate that recorded robust growth were foreign currency deposits. They grew by HRK 6.7bn in the first half of the year and by additional HRK 7.4bn in the first two months of the third quarter. Hence, their annual rate of growth remained relatively high and stood at 13.6% at end-August. In addition to usual inflows over the summer months, the increase in foreign currency deposits was spurred by the partial substitution of foreign currency savings



for kuna savings. This trend, which began with the spillover of the world's financial crisis to the domestic market in the second half of 2008, continued in 2009 under the influence of still negative expectations about domestic economic trends.

In contrast with foreign currency deposits, kuna deposits continued to decline in the second quarter and the first two months of the third quarter and their annual rate of change dropped to -20.1% at end-August. Apart from the aforementioned substitution, this was also attributable to a fall in corporate deposits, which was probably due to depletion of their financial assets in the situation of hindered access to other sources of financing.

Placements

The contraction in bank lending to the private sector continued in the second quarter and the first two months of the third quarter. Bank placements to the non-banking sector went down by 1.2% in the first eight months of 2009. This

was reflected in the steady decrease in their annual rate of change, which stood at 3.3% at the end of August (0.4%, excluding the exchange rate effects). The loan contraction is related to negative trends on both the supply side (the rise in lending rates due to increased risk perception, banks focusing more on government financing) and the demand side (the fall in economic activity and personal consumption, low consumer and business optimism).

Broken down by sector, the contraction in bank lending was again particularly evident in the household sector. The amount of household loans fell by 2.5% from the beginning of the year to end-August. Within individual types of household loans, the sharpest decline was recorded in car loans and any-purpose loans due to the weakening of personal consumption and purchasing power. Home loans alone increased modestly on an annual basis, but even their growth rate was several times lower than in 2008.

Bank lending to the corporate sector, which was somewhat stronger than lending to the household sector early in

the year, also fell in recent months. Excluding the exchange rate effects, corporate loans levelled off between the end of 2008 and the end of August 2009.

Bank Placements to the Central Government

After growing strongly in the first quarter, banks' net claims on the central government declined by HRK 1.4bn in the second quarter. In early June, the government used a part of the proceeds from the eurobond issue to reduce credit liabilities to domestic banks and increase its deposits with commercial banks and the CNB. However, the fall in government net liabilities was only temporary and government domestic borrowing grew again in July and August while its deposits decreased. Banks' net placements to the government stood at HRK 30.3bn at end-August, twice as high as at end-August 2008.

Foreign Assets and Liabilities

In contrast to the first quarter of 2009 when banks, thanks to the cut in the minimum rate of foreign currency liquidity, used their foreign assets increasingly to lend to the central government, their net foreign position improved in the second quarter (by HRK 3.4bn). The rise in net foreign assets of banks gained momentum in July and August (total growth of HRK 5.9bn) mostly due to inflows of foreign currency deposits in the peak tourist season. In contrast to previous years, when banks used seasonal inflows of domestic funding sources largely to reduce their foreign liabilities, this year's growth in foreign currency funds was mostly used to increase foreign assets.

As the growth in the second quarter and the first two months of the third quarter did not fully compensate for the sharp decline in late 2008 and early 2009, banks' net foreign assets nearly halved between end-August 2008 and end-August 2009.

Notwithstanding the weakening of inflationary pressures, developments in real values of main monetary aggregates also suggest a continued slowdown in lending and economic activity. The real value of total liquid assets recorded a year-on-

year fall in the second quarter and the first two months of the third quarter. Similar trends were observed in the real annual growth in bank placements to the private sector, which steadily slowed down in the reference period.

Money Market

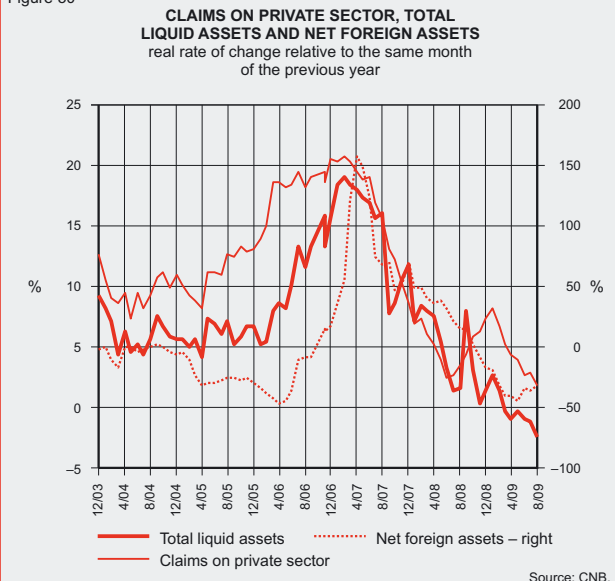
Considerable easing of the pressures on the money market in the second quarter of this year reduced the weighted interest rate on overnight loans in direct interbank trade. This interest rate fell to 6.30% in June, after reaching two-digit values towards the end of the previous and at the beginning of this year. Recent available interbank market data indicate a slight increase in interest rates, with the interest rate on overnight loans standing at 6.47% in August.

Strong investor interest in the euro T-bills that the MoF started issuing regularly in March after giving up on its bond issuing activities on the domestic market this year helped the

Figure 51



Figure 50



government in meeting its budget deficit financing needs in the second and early in the third quarter of this year. As a result, at the end of August, the stock of issued kuna T-bills fell by HRK 3.7bn compared to their end-December 2008 stock (a fall from HRK 15.2bn to HRK 11.5bn) while the stock of euro T-bills rose by over HRK 5.0bn during the same period (from HRK 2.2bn to HRK 7.3bn).

During the second and early in the third quarter of 2009 bank interest rates continued to trend upwards as a result of more expensive sources of finance and the increased risk involved in the collection of claims during the recession that hit domestic and foreign markets. With a growth of lending interest rates that is faster than that of deposit interest rates, the net interest income of banks can be expected to rise in the conditions of slower credit growth.

Money Market Interest Rates

The beginning of the year was marked by an increase in

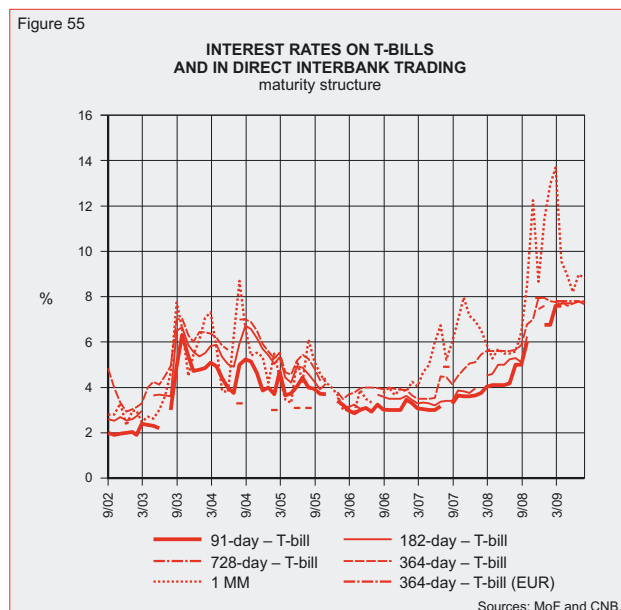
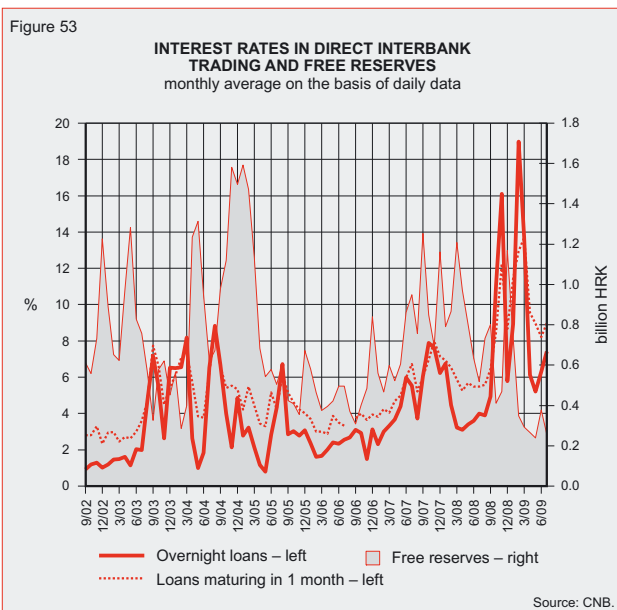
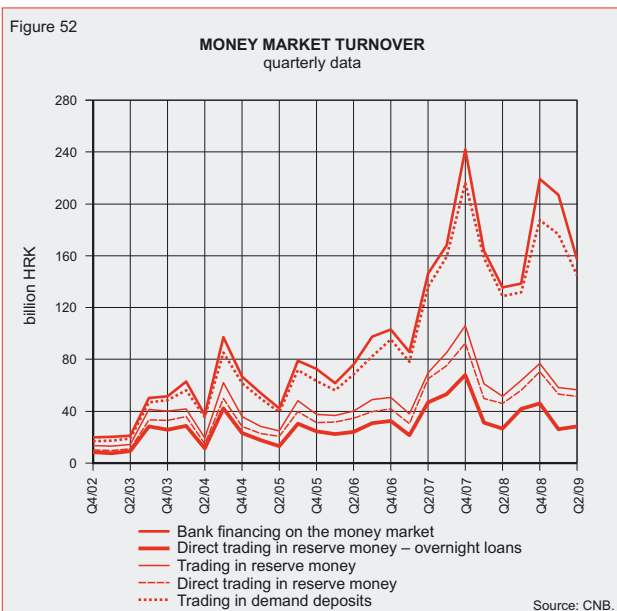
the level of money market interest rates and their marked volatility and by a restriction in the primary kuna liquidity of banks, particularly towards the end of the first quarter. Satisfactory kuna liquidity in the second quarter led to a fall in money market turnover. Banks met their primary liquidity needs on this market in the average daily amount of HRK 2.6bn (a total of HRK 157.0bn in the entire quarter), which is only around HRK 700m less than the average daily turnover in the first quarter.

As usual, the dominant lending channel comprised loans in demand deposit trading. The share of interbank trading in the structure of bank demand deposit trading rose in the second compared to the first quarter (39.0% compared to 33.1%) to the detriment of trading between banks and non-banking financial institutions. A relatively stable source of finance by demand deposits, although accounting for the smallest share in relative terms, again involved bank trading with other legal entities.

Bank trading in reserve money continued to fall steadily

in the second quarter (HRK 2.0bn approximately) following a large fall of almost HRK 19.0bn in the first quarter 2009. The most liquid instrument in direct interbank trading in reserve money in the first half of the year was again overnight loans which rose by a little over HRK 2.0bn compared to their sharp decline in the first quarter.

As a result of a noticeable easing of the pressures on the money market in the second quarter, the weighted interest rate on overnight loans in direct interbank trading fell to 6.33%, after reaching two-digit values towards the end of the previous and at the beginning of this year. Recent available interbank market data indicate a mild increase in interest rates in July and August, which may be associated with increased demand for kuna liquid assets due to seasonal foreign currency inflows during the peak tourist season. The turnover on this market was moderate because the central bank raised the average amount of funds placed at reverse repo auctions and because of the Lombard loans granted to banks, which led to interest rate stabilisation.



By contrast, ZMM-intermediated overnight lending intensified in July this year, accompanied by an increase in interest rates on overnight loans, commonly a more expensive source of liquidity than direct trading. However, until end-August, interest rates fell on this market too.

In the second and early in the third quarters, the government intensified considerably its short-term borrowing by issuing T-bills. At nine auctions of T-bills in the first quarter it raised a total of HRK 2.8bn, and at eight auctions in the second quarter and seven more in July and August, it raised a total of HRK 4.83bn and HRK 1.93bn, respectively. Kuna T-bill auctions were dominant at the beginning of the year, in contrast with the remaining part of the year in which euro 364 day T-bill auctions raised more funds. Regular issue of euro T-bills generated investor interest for this type of placement as seen in a relatively large demand for T-bills compared to planned issue amounts. The growth of T-bills can also be attributed to the fact that the Ministry of Finance decided not to issue bonds on the domestic market this year.

Interest rates at auctions of shorter maturity T-bills continued to grow, reaching their highest levels since 2001. After rising sharply from 6.75% in January to 7.60% in March, the weighted interest rate on 91 day kuna T-bills held steady at the March level in April and June, no further issues of these bills being made in the rest of the year. The weighted interest rate on 182 day kuna T-bills rose steadily throughout the first two quarters, although more slowly than that on the shortest maturity bills (from 7.60% in January to 7.70% in June) while no further issues of these bills were made in the rest of the year. In the same period, interest rates on one year kuna T-bills fell slightly, but rose again to 7.80% in July and August. As a result, these interest rates exceeded interest rates on euro T-bills (7.67%).

The government compensated this year's fall in the stock of total subscribed kuna T-bills, somewhat more pronounced during the second quarter and in July and August this year, by issues of euro T-bills. The stock of issued kuna T-bills fell by HRK 3.7bn compared to their end-December 2008 stock (a fall from HRK 15.2bn to HRK 11.5bn) while the stock of euro T-bills rose by over HRK 5.0bn during the same period (from HRK 2.2bn to HRK 7.3bn). The total stock of subscribed T-bills stood at approximately HRK 19.0bn at the end of August, an increase of almost HRK 1.5bn compared to end-2008. The beginning of the regular issue of euro T-bills soon increased their share in the total stock of issued T-bills, which resulted in almost equal shares of around 40.0% of one year kuna and euro T-bills in August. Longest maturity T-bills (728 days) accounted for a stable 15%, while the shortest maturity T-bills accounted for less than 5.0% of total T-bills.

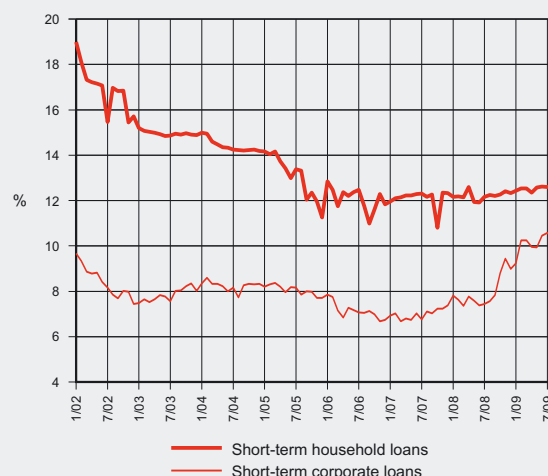
Bank Interest Rates

Increased country risk premium and the accompanying worsening of bank loan portfolio quality continued to boost bank interest rate growth. However, this growth was to an extent mitigated by a fall in interest rates on the European money market and central bank measures which reduced banks' regulatory costs.

Following their fall in April and May this year, interest

Figure 56

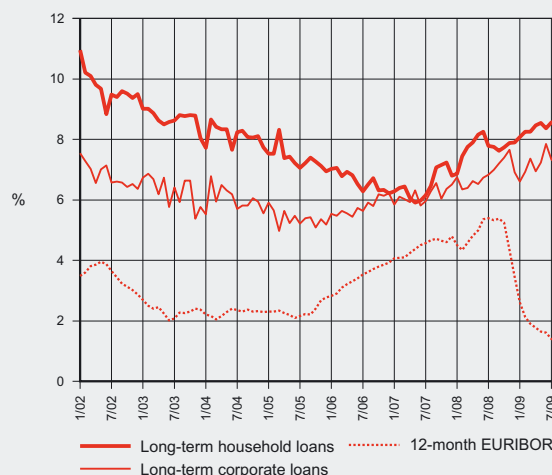
AVERAGE BANK INTEREST RATES^a ON SHORT-TERM LOANS WITHOUT A CURRENCY CLAUSE



^a The average weighted interest rate on newly granted loans in the reporting month. Source: CNB.

Figure 57

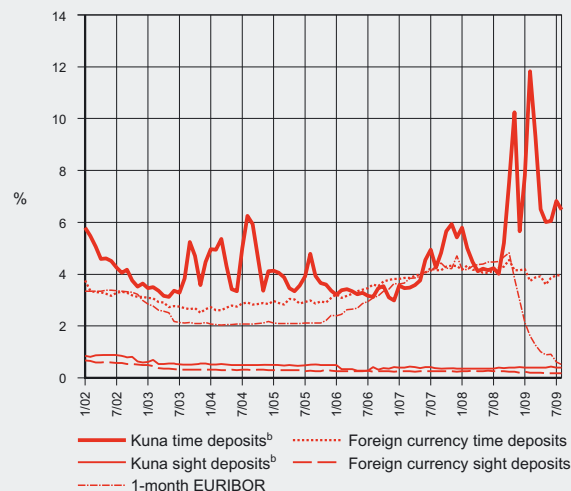
AVERAGE BANK INTEREST RATES^a ON LONG-TERM LOANS WITH A CURRENCY CLAUSE



^a The average weighted interest rate on newly granted loans in the reporting month. Source: CNB.

Figure 58

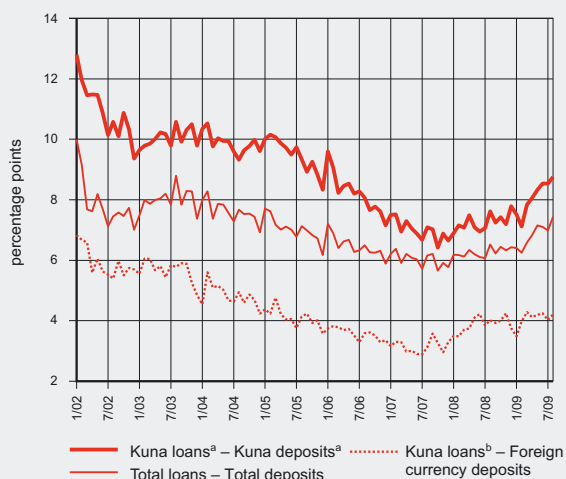
AVERAGE BANK DEPOSIT INTEREST RATES^a



^a The average weighted interest rate on newly received deposits in the reporting month. ^b Without a currency clause. Source: CNB.

Figure 59

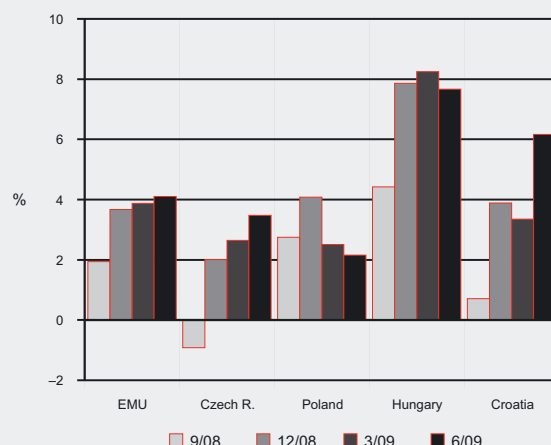
SPREAD BETWEEN AVERAGE BANK INTEREST RATES ON LOANS AND DEPOSITS



^a Without a currency clause. ^b With a currency clause. Source: CNB.

Figure 60

REAL INTEREST RATES ON LONG-TERM CORPORATE LOANS IN SELECTED COUNTRIES



Note: Due to the differences in statistical coverage from country to country, interest rates cannot be directly compared, but their development can be analysed. Sources: Central banks' bulletins and CNB.

rates on short-term corporate kuna loans without a currency clause again reached two-digit values in June and July. They declined slightly in August compared to their July values. The weighted interest rate on short-term household loans (tradesmen included) without a currency clause remained almost unchanged in July and August compared to June (around 12.6%) and was only slightly higher compared to its average in the first half of the year.

Interest rates on long-term corporate loans with a currency clause moved parallel with interest rates on short-term corporate loans. In the second quarter, these interest rates followed the general trend of growth in lending interest rates,

reaching their several-year peak (7.85%) during that period. Their decline in July and August was in line with the usual volatility of these interest rates, and is therefore not indicative of a change in their growth trend. By contrast, the weighted interest rate on long-term household loans continued to grow moderately and stood at 8.56% and 8.61% in July and August, respectively.

After having reached high levels and having fluctuated noticeably at the end of last and the beginning of this year, the weighted interest rates on kuna time deposits without a currency clause entered a calmer period in the second quarter of the year. The July increase was moderate (the observed

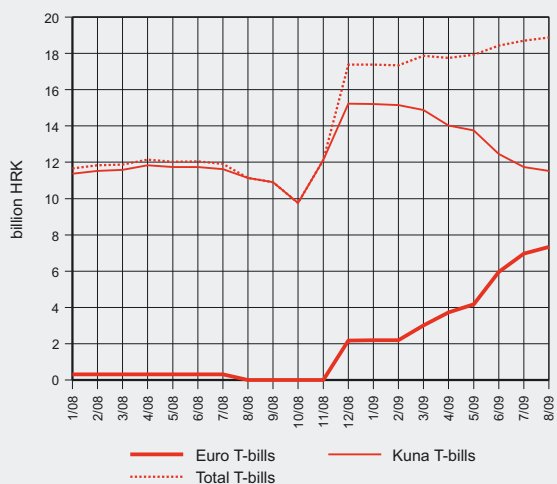
Box 2 Treasury Bills

In early 2009, in the conditions of more difficult foreign financing, the government managed to settle its due liabilities by securing the necessary funding on the domestic

financial market in the form of increased bank loans and short-term borrowing through the issue of T-bills. As a result, following a jump towards the end of 2008, the total stock of subscribed T-bills rose by an additional HRK 1.5bn or 8.3% until end-August 2009. To generate interest and

Figure 61

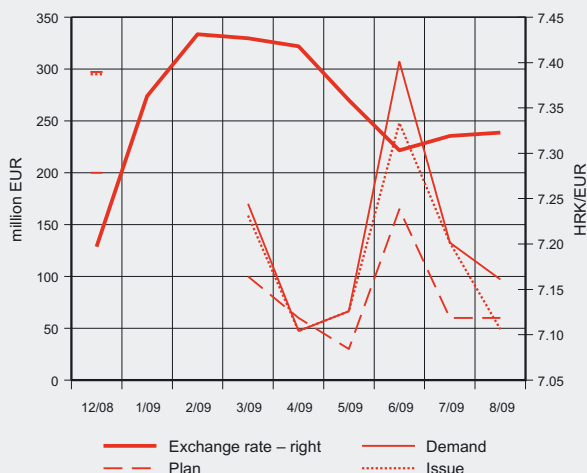
TOTAL STOCK OF SUBSCRIBED T-BILLS



Source: MoF.

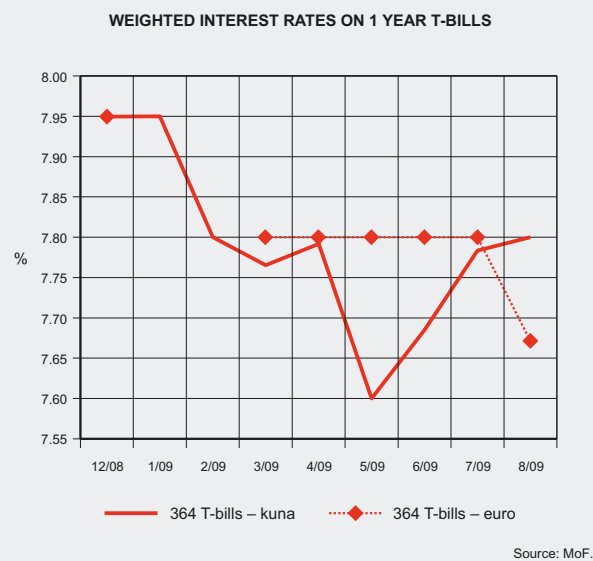
Figure 62

PLANNED, DEMANDED AND REALISED AMOUNT OF EURO T-BILLS ISSUE



Source: MoF.

Figure 63



attract further domestic investors, the Ministry of Finance started issuing euro T-bills (which are in effect kuna T-bills with a euro currency clause) regularly from March 2009; until that time they had been issued only occasionally. Increased investor interest in T-bill subscription coincided with the beginning of these bills being regularly issued. From end-2008 until end-August 2009, their stock rose by HRK 5.2bn, or by as much as 238.2%, while the stock of subscribed kuna T-bills fell by HRK 3.7bn or 24.3%.

Euro T-bills are one year bills and demand for them exceeded demand for one year kuna bills throughout the observed period. Investor demand for these T-bills also exceeded the planned issue amounts by 34.5% on average in all the observed months except April, resulting in a 23.4% increase in the realised amount of issue compared to that originally planned.

There are several reasons for the strong growth in the stock of subscribed euro T-bills and a fall in investor interest in kuna T-bills. The first reason lies in the fact that the MoF offered relatively attractive yields on euro T-bills so their weighted interest rate was for the most part higher than the weighted interest rate on same-maturity kuna T-bills, although there was a reversal in this ratio in August 2009. The second reason lies in the fact that the government decided not to issue bonds on the domestic market this year.

In addition, a relatively stronger demand for euro T-bills was generated by pressures on the foreign exchange market towards the end of last and at the beginning of this year which encouraged substitution of kuna forms of assets by currency indexed assets. The effect of the beginning of the regular issue of euro T-bills on investor interest was particularly noticeable in the segment of non-banking financial institutions whose interest used to be focused mainly on government bond subscriptions. As a result, the share of banking institution subscriptions trended downwards, in contrast with the share of non-banking institution subscriptions, which rose throughout the observed period. In July and August 2009, non-banking institutions, mainly pension and investment funds and insurance undertakings, subscribed the largest

Figure 64

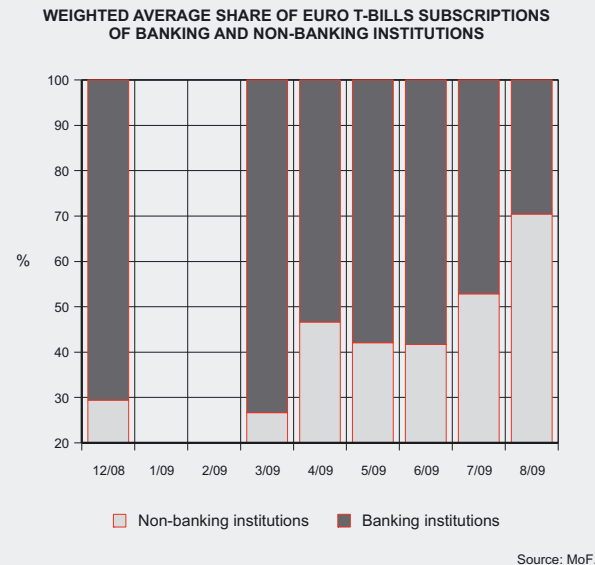
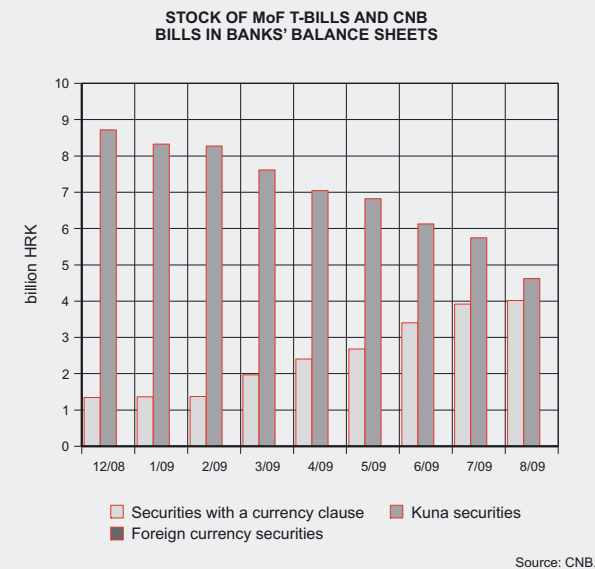


Figure 65



share (61.7% on average) of the amounts placed.

And lastly, banks' demand for euro-denominated financial instruments was also boosted by a change in the CNB's monetary instruments. An increased demand for euro T-bills was also generated by the possibility of their use as a pledge at reverse repo auctions of the CNB since the end of the previous year and as a collateral for short-term illiquidity-bridging loans since March 2009.

Total subscribed euro T-bills continued to trend upwards in September 2009 despite the waning of some of the factors which encouraged substitution of short-term kuna securities by foreign currency-indexed securities. Strong investor demand for these instruments decreased their yield in September compared to same-maturity kuna bills. The government is expected to continue to refinance its due short-term kuna liabilities by relatively cheaper increased issue of euro T-bills, which, despite lower interest rates compared to the preceding months, are still an attractive investment instrument on the domestic market.

interest rate rose from 6.05% in June to 6.83% in July) while August again saw its decline to 6.48%. The described movements in these interest rates are mainly associated with movements in interest rates on kuna corporate time deposits of up to one month that closely follow movements in money market interest rates. Interest rates on foreign currency time deposits also rose slightly in the middle of the year: from 3.60% in May to 3.85% and to 3.95% in June and July, respectively and held steady at the July level in August.

The widening gap between interest rate spreads on comparable loans and deposits in the first seven months of this year reflects the mentioned changes in the foreign exchange and money markets. The interest rate spread on “pure” kuna loans and deposits (without a currency clause) grew strongly from April 2009, in August reaching its peak value since February 2006 (8.76 percentage points). By contrast, after growing in the first quarter of the year, interest rate spread on indexed loans and foreign currency deposits remained relatively stable in the second and third quarters. The total interest rate spread thus continued to rise steadily, reaching its several-year maximum in August, and indicating a further increase in net interest income of banks in the conditions of slower credit growth.

Inflation slowdown boosted real interest rate growth in the eurozone and individual comparable economies in the past year. The trend of increase in real interest rates on loans in the first half of the year compared to the end of the previous year was most pronounced in Croatia but was also visible in the Czech Republic, Hungary and eurozone countries. The situation was somewhat different in Poland where a fall in nominal interest rates on loans was accompanied by accelerating inflation. In addition, volatility of real interest rates on loans was a little more evident in Croatia than in these countries.

Real interest rates on time deposits also rose during the observed period in Croatia and a similar situation was observed in the Czech Republic, where real interest rates were negative during the base period (December 2008). The same situation was observed in Poland, where real interest rates

on deposits had been negative since the beginning of 2007. For the EMU, the June increase in real interest rates can be attributed exclusively to the deflation that this single currency market is being faced with for the first time.

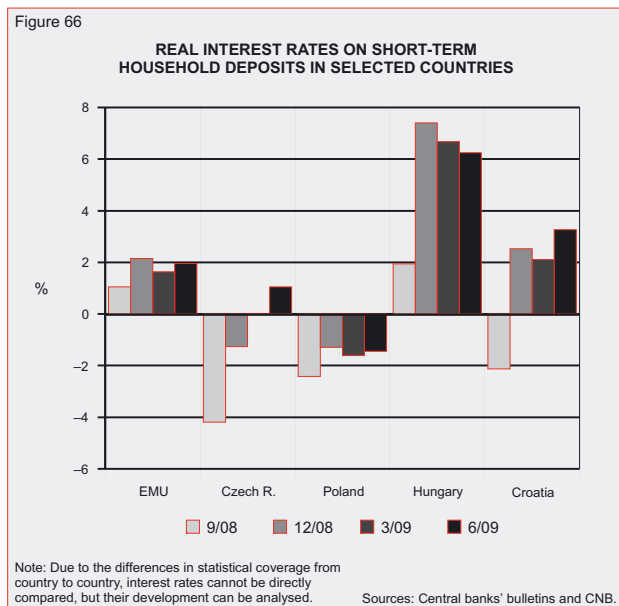
Capital Market

Positive trends in the world’s main financial markets at the beginning of the second quarter of 2009 were spurred by plans and incentive packages of the world’s largest governments and central banks aimed at financial system rehabilitation. In addition, better-than-expected operating results of US companies and favourable results of the US financial sector stress testing showed signs of stabilisation of the US economy. Growth of optimism on the world’s stock exchanges and increasing investor appetite for riskier financial instruments contributed to a rise in equity indices all over the world. Concurrently, the rising supply of government debt securities induced by fiscal incentives paired with increasing investor appetite for risk resulted in the narrowing of yield spreads on government bonds of emerging and advanced markets. Positive influences spilled over from the world’s stock exchanges onto developments in the domestic capital market. Consequently, the domestic equity index grew for the better part of the period under review. The recovery of the CROBEX was aided by positive news from some domestic companies that, despite the effects of the crisis, had maintained positive operating results in the first three months of 2009. However, low liquidity in the domestic capital market in June and figures on a substantial fall of the domestic economy in the first three months of the year resulted in a mild correction of domestic equity prices at the end of the second quarter. Nevertheless, the second quarter of 2009 saw an increase in share turnover in the domestic capital market accompanied by the continued growth of the ZSE equity index, the CROBEX. At the end of June, it went up by 30.7% from the previous quarter.

The period of low turnover in the domestic capital market continued in the following two months while the CROBEX, after having fallen in July, started moving up again in August.

Activity was weak in the domestic debt securities market in the second quarter of 2009, so bond turnover continued declining, as it had in July and August. The prices of kuna bonds on the CROBIS continued decreasing, which weakened the index relative to the end of March (by 0.5%).

Late in July 2009, new ZSE rules were introduced in the capital market, changing the structure of the securities market. The rules are in line with the new Capital Market Act, which governs trading in financial instruments in the regulated market and via an alternative, less demanding market, the so-called multilateral trading platform (MTP).¹³ The new rules provide for market makers¹⁴ who are expected to contribute to better liquidity and higher transparency in



13 It is a multilateral trading system that matches supply of and demand for financial instruments by multiple interested parties according to prearranged rules and is run by an investment firm or a market operator.

14 Market makers or specialists are market participants that are prepared to quote the bid or sell price for particular shares and execute transactions at quoted prices.

Table 3: Comparison of Capital Market Indicators

June 2009	Bratislava	Budapest	Ljubljana	Prague	Warsaw	Zagreb
Average daily turnover, shares (million EUR)	0.0	77.4	2.1	64.8	394.4	5.8
Average daily turnover, bonds (million EUR)	30.1	3.1	0.5	74.4	4.3	1.7
Turnover ^a /GDP ^c , annual level (%)	0.0	20.1	1.5	11.5	30.0	0.4
Turnover ^b /GDP ^c , annual level (%)	11.7	0.8	0.4	13.2	0.3	0.9
Turnover velocity ^d	0.2	126.9	5.8	39.8	....	7.5
Market capitalisation ^a (million EUR), end month	3,729.5	15,364.5	9,215.8	41,058.3	172,449.5	19,580.5
Market capitalisation ^b (million EUR), end month	17,617.9	33,596.3	9,236.8	....	....	4,529.7
Market capitalisation ^a /GDP ^c , end month (%)	5.7	15.8	25.6	28.9	52.1	42.1
Market capitalisation ^b /GDP ^c , end month (%)	27.1	34.6	25.6	....	....	9.7
Share index movement from the beginning of the year (%)	-7.4	25.1	15.4	4.7	11.7	10.1
Share index movement from the beginning of the month (%)	-3.8	2.6	5.0	3.9	3.7	-11.6

^a Shares, ^b Bonds, ^c The sum of the GDP realised in the last four quarters. ^d Annualised monthly share turnover × 100/market capitalisation of shares. Sources: Bloomberg, BSSE, BSE, PSE, LJSE, WSE and ZSE.

the domestic capital market. In addition, at the end of August the ZSE decided to introduce a new equity index, the CROBEX10,¹⁵ aiming at improving public notification, transparency and data comparability. Its publication was envisaged for the beginning of September.

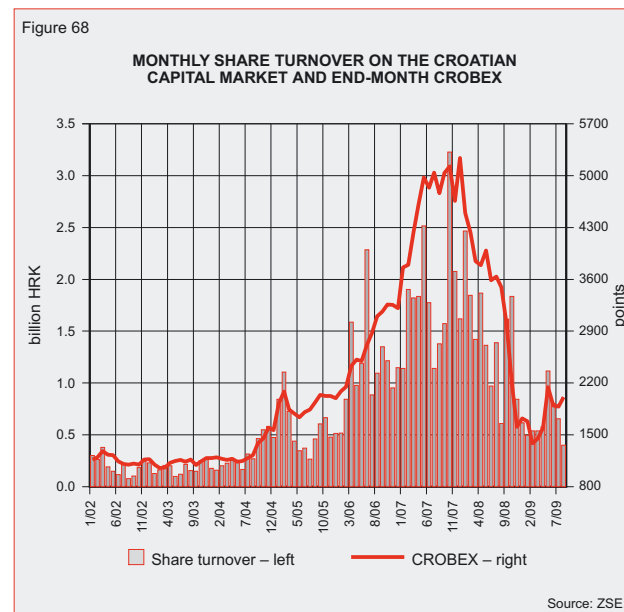
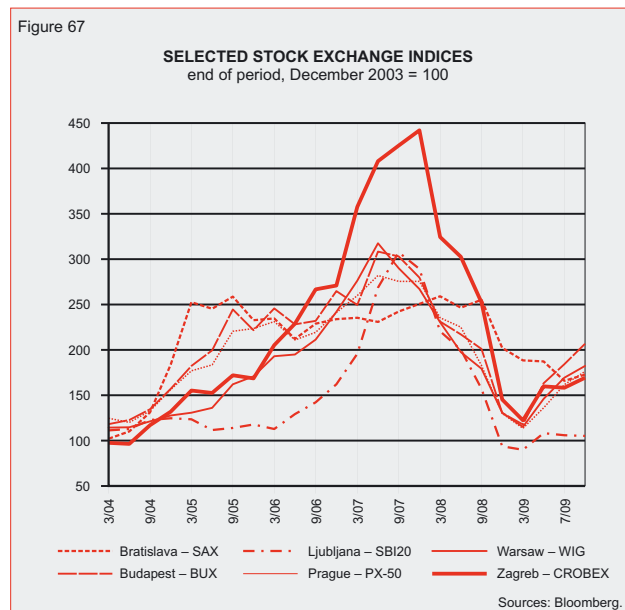
The downward trend observed by major CEE stock exchange indices that had started late in 2007 was halted at the beginning of the second quarter of 2009 so these markets as well as the world's major stock exchanges started recovering. The Budapest Stock Exchange index went up the most in the observed period, by 38.4% relative to March, followed by the Zagreb (30.7%), Warsaw (26.6%), Ljubljana (20.2%) and Prague (19.8%) stock exchange indices. Only the Bratislava stock exchange index went down slightly (-0.6%) relative to the end of the previous quarter. The positive trend on CEE equity markets continued in July and August, so most of the selected indices went on growing.

All reference CEE stock exchanges saw an increase in the average daily share turnover relative to March 2009 except

for the Bratislava Stock Exchange. The rise in the value of all reference stock exchange indices meant that these reference stock exchanges saw an increase in the market capitalisation of shares at the end of the second quarter relative to the end of March 2009. Bond market capitalisation decreased in that period on the Bratislava and Budapest Stock Exchanges, and increased slightly on the Zagreb and Ljubljana Stock Exchanges. Although the ZSE's share market capitalisation to GDP ratio had outperformed all other stock exchanges in the region in the past three years, in the second quarter of 2009 the share market capitalisation to GDP ratio of the Warsaw Stock Exchange took the lead. The ZSE's bond market capitalisation to GDP ratio remained the lowest.

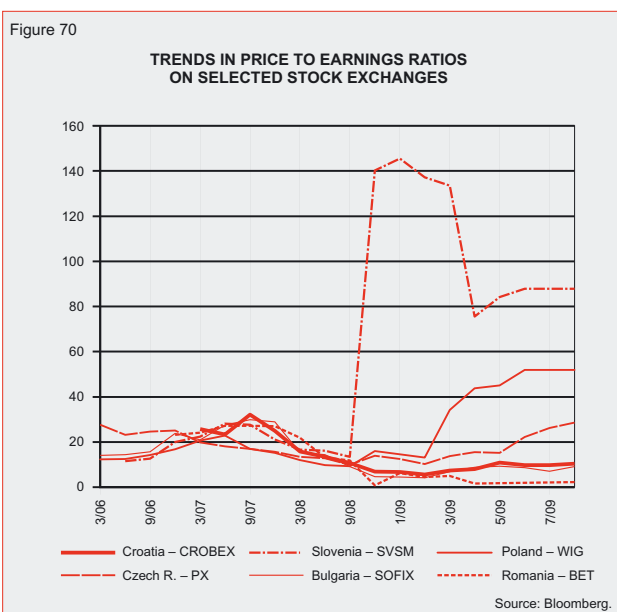
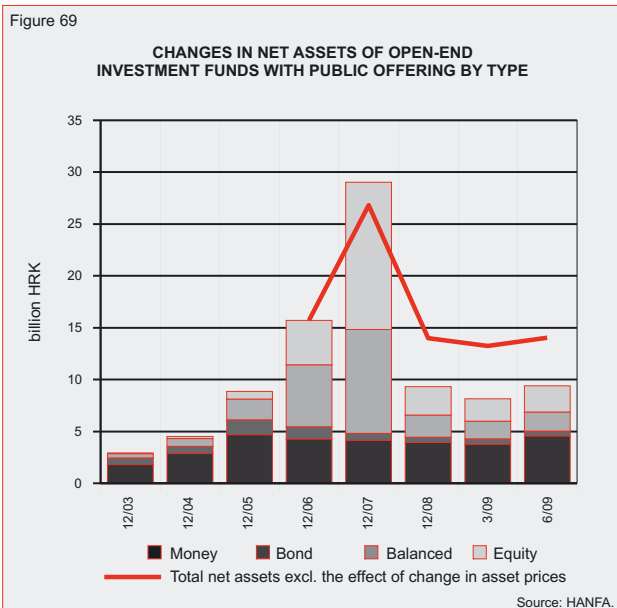
Equity Securities Market

The continued decline of the quarterly share turnover¹⁶ that had started late in 2007 was stopped in the second quar-



15 The CROBEX10 includes ten CROBEX constituents with the largest free-float capitalisation and turnover.

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



ter of 2009. Share turnover went up by HRK 0.9bn in the second quarter of 2009 relative to the previous quarter, totalling HRK 2.5bn. Accounting for 19.6% of the share turnover, T-HT shares were the most traded in the observed quarter, followed by Atlantska plovidba d.d. (16.3%) and Institut građevinarstva Hrvatske d.d. (9.1%). In July and August 2009, these shares again accounted for the lion's share in the total share turnover, or 49.6% of the total share turnover in the period.

At the end of the first quarter of 2009, share prices in the domestic capital market started to recover so the ZSE equity index, the CROBEX, went up by 30.7% in June 2009 from the end of March, totalling 1896.4 points. After a mild fall in July, in August the CROBEX¹⁷ continued the positive trend

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

started in the second quarter and ended the month at 2009.0 points, having risen by 6.9%.

The positive developments in the domestic capital market during the second quarter of 2009 resulted in the rise of total assets of open-end investment funds with a public offering that increased by HRK 1.3bn relative to the end of the previous quarter, standing at HRK 9.4bn at the end of June. By far the largest increase in net assets under management was seen by money funds, while bond funds were the only ones registering a mild reduction. The increase in the net assets of investment funds was a consequence of the rise in prices of financial instruments but also of the continued inflow of financial assets of some investors, especially into the least risky money funds.

Due to the rise in prices of most shares listed on the ZSE, market capitalisation¹⁸ of shares went up by 12.6% at the end of June 2009 compared with the end of the previous quarter when it totalled HRK 142.4bn. The rise in share prices continued for the better part of the following two months. However, share market capitalisation went down to HRK 138.4bn until end-August, as a consequence of the narrowing trading volume and low share turnover during the period.

The price/earnings ratio for the CROBEX was 9.8 at the end of June 2009, up 33.9% on the end of March 2009. The P/E ratio also went up in the observed period in most other CEE countries, except for Romania and Slovenia, as a consequence of the rise in almost all monitored equity indices in the region but also of the fall in earnings of companies whose shares make up these indices.

Debt Securities Market

There were no new bond issues in the domestic debt securities market in the second quarter of 2009. With the entry into force of new rules on the ZSE at the end of July 2009, the bond of Linijska nacionalna plovidba d.d. was excluded from trading, while the bond of Metronet telekomunikacije d.d., nominally worth HRK 120.0m, matured at the end of the same month. On the last day of August 2009, 32 bonds were listed on the ZSE, eight of which were government bonds, with one municipal bond, one CBRD bond and fifteen corporate bonds. In addition, there were six commercial bills at the ZSE, issued by six issuers, or nine commercial bills and eight issuers fewer than at the end of the previous quarter. The total nominal value of issued commercial bills contracted by HRK 669.1m at the end of August relative to March, totalling HRK 244.5m.

In the second quarter of 2009, bond turnover went down by HRK 1.2bn relative to the previous quarter, totalling HRK 0.4bn, which was the lowest recorded quarterly turnover since the first quarter of 2002. Bond turnover was especially low in April (a mere HRK 48.6m) when it dropped to the level last registered in mid-2001. The largest share in bond turnover in the observed period was realised by a foreign

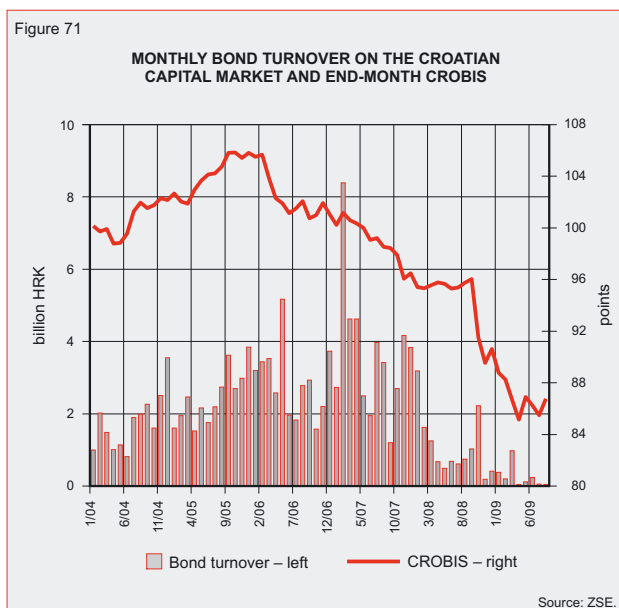
18 The ZSE market capitalisation is calculated so as to include the total market capitalisation of shares traded regularly in the previous three months, half of the market capitalisation of shares not traded in the previous month and a quarter of the market capitalisation of shares not traded in the previous three months.

Table 4: Bond Issues in the Domestic Market, stock as at 31 August 2009

Series	Issuer	Issue date	Maturity	Currency	Issue nominal value	Nominal interest rate	Last price ^a	Current yield 31/8/2009
RHMF-O-125A	Republic of Croatia	23/5/2002	23/5/2012	EUR	500,000,000	6.875%	100.00	6.875%
RHMF-O-142A	Republic of Croatia	10/2/2004	10/2/2014	EUR	650,000,000	5.500%	92.85	5.924%
RHMF-O-19BA	Republic of Croatia	29/11/2004	29/11/2019	EUR	500,000,000	5.375%	89.10	6.033%
RHMF-O-103A	Republic of Croatia	8/3/2005	8/3/2010	HRK	3,000,000,000	6.750%	98.18	6.875%
RHMF-O-157A	Republic of Croatia	14/7/2005	14/7/2015	EUR	350,000,000	4.250%	88.25	4.816%
RHMF-O-15CA	Republic of Croatia	15/12/2005	15/12/2015	HRK	5,500,000,000	5.250%	88.50	5.932%
RHMF-O-137A	Republic of Croatia	11/7/2006	11/7/2013	HRK	4,000,000,000	4.500%	86.50	5.202%
RHMF-O-172A	Republic of Croatia	8/2/2007	8/2/2017	HRK	5,500,000,000	4.750%	88.00	5.398%
GDKC-O-116A	City of Koprivnica	29/6/2004	29/6/2011	HRK	60,000,000	6.500%	101.30	6.417%
GDZD-O-119A	City of Zadar	1/9/2004	1/9/2011	EUR	18,500,000	5.500%	98.10	5.607%
GDRI-O-167A	City of Rijeka	18/7/2006	18/7/2016	EUR	24,574,513	4.125%	–	–
GDST-O-137A	City of Split	24/7/2006	24/7/2013	EUR	8,000,000	4.563%	100.30	4.549%
GRVI-O-17AA	City of Vinkovci	23/10/2007	23/10/2017	HRK	42,000,000	5.500%	–	–
GROS-O-17AA	City of Osijek	30/10/2007	30/10/2017	HRK	25,000,000	5.500%	–	–
GDST-O-15BA	City of Split	27/11/2007	27/11/2015	EUR	8,100,000	4.750%	–	–
GDST-O-177A	City of Split	8/7/2008	8/7/2017	EUR	8,200,000	6.000%	–	–
HBOR-O-112A	CBRD	11/2/2004	11/2/2011	EUR	300,000,000	4.875%	–	–
RBA-O-112A	Raiffeisenbank Austria d.d.	10/2/2006	10/2/2011	HRK	600,000,000	4.125%	97.50	4.231%
PODR-O-115A	Podravka d.d.	17/5/2006	17/5/2011	HRK	375,000,000	5.125%	89.00	5.758%
NEXE-O-116A	Nexe grupa d.d.	14/6/2006	14/6/2011	HRK	750,000,000	5.500%	90.60	6.071%
HEP-O-13BA	Hrvatska elektroprivreda d.d.	29/11/2006	29/11/2013	HRK	500,000,000	5.000%	91.70	5.453%
ATGR-O-11CA	Atlantic grupa d.d.	6/12/2006	6/12/2011	HRK	115,000,000	5.750%	88.00	6.534%
INGR-O-11CA	Ingra d.d.	6/12/2006	6/12/2011	HRK	200,000,000	6.125%	88.50	6.921%
OPTE-O-142A	Optima telekom d.o.o.	1/2/2007	1/2/2014	HRK	250,000,000	9.125%	67.00	13.619%
JDGL-O-126A	Jadran Galenski laboratorij d.d.	11/6/2007	11/6/2012	HRK	125,000,000	5.650%	–	–
JDRA-O-129A	Jadranka d.d.	13/9/2007	13/9/2012	HRK	75,000,000	6.475%	–	–
JRLN-O-12AA	Jadrolinija d.d.	25/10/2007	25/10/2012	HRK	70,000,000	6.500%	99.50	6.533%
OIV-O-14BA	Odašiljači i veze d.o.o.	20/11/2007	20/11/2014	HRK	100,000,000	7.250%	84.00	–
HEP-O-17CA	Hrvatska elektroprivreda d.d.	7/12/2007	7/12/2017	HRK	700,000,000	6.500%	–	–
RPRO-O-181A	Rijeka promet d.d.	25/1/2008	25/1/2018	HRK	192,000,000	6.813%	–	–
PLOR-O-133A	Plodine d.d.	4/3/2008	4/3/2013	HRK	100,000,000	9.000%	–	–
HOTR-O-941A	Hospitalija trgovina d.o.o.	5/10/2006	5/10/2009	HRK	75,000,000	8.250%	100.00	8.250%

^a Regularly traded shares.
Source: ZSE.

currency indexed kuna bond of the RC due in 2012 (33.5%), followed by foreign currency indexed kuna government bonds maturing in 2019 (20.6%) and 2014 (15.3%). The



decline in government bond turnover in the second quarter of 2009 was milder than the decline in turnover of corporate and municipal bonds so their share in total debt securities turnover went up relative to the previous quarter, totalling 91.1%. In July and August, weaker investor interest for debt securities extended the period of low bond turnover. The ZSE bond index, the CROBIS, went down slightly at the end of the second quarter of 2009 relative to end-March, totalling 86.3 points. After declining in July, the value of the domestic bond index slightly increased, totalling 86.8 points at the end of August.

The continued decrease in bond prices in the second quarter of 2009 reduced the market capitalisation of government bonds, municipal bonds and the CBRD bond by 4.4% relative to end-March 2009, so at the end of June it totalled EUR 4.0bn or some 8.6% of GDP.¹⁹ The market capitalisation of corporate bonds also reduced by 4.7% compared with the end of the previous quarter, totalling EUR 524m or some 1.1% of the realised GDP. A similar trend continued through July, while in August bond capitalisation on the domestic

¹⁹ Gross domestic product is calculated as the sum of the GDP realised in the last two quarters of 2008 and the first two quarters of 2009.

Table 5: Republic of Croatia International Bond Issues, stock as at 30 June 2009

Bonds	Issue date	Currency	Amount	Nominal interest rate	Yield on issue date	Spread on issue date	Spread ^a 30/9/2008	Spread ^a 31/12/2008	Spread ^a 31/3/2009	Spread ^a 30/6/2009
London Club A, 2010	31/7/1996	USD	857,796,000	6-month LIBOR + 81.25 b.p.			286	827	712	283
Eurobonds, 2011	14/3/2001	EUR	750,000,000	6.75%	6.90%	215	195	576	571	363
Eurobonds, 2010	14/2/2003	EUR	500,000,000	4.625%	4.65%	102	173	606	546	306
Eurobonds, 2014	15/4/2004	EUR	500,000,000	5.000%	5.11%	101	186	445	513	371
Euroobveznice, 2015.	27/5/2009	EUR	750,000,000	6.500%	6.57%					470

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

capital market increased slightly.

For the first time in five years, at the end of May the Republic of Croatia issued a new euro-denominated bond in foreign markets, nominally valued at EUR 750m and at a fixed interest rate of 6.5% a year. This was the largest RC international bond issue thus far. A share of the raised funds was used for the repayment of the Samurai bond, nominally valued at JPY 25bn, that fell due at the end of June 2009. Thus, five RC bonds were listed on foreign markets at the end

of August 2009, four of which were denominated in euros and one was denominated in US dollars. Their total nominal value at the end of August 2009 was EUR 3.1bn.

The stabilisation in the dynamics of required yields on Croatian eurobonds in the first quarter of 2009 was followed by their fall over the next three months. By the end of the second quarter of 2009, the spreads between required yields on the Croatian eurobonds maturing in 2011 and 2014 and yields on the benchmark German bonds stood at 363 and 371 basis points respectively, which was much less than at the end of March, when these spreads stood at high 571 and 513 basis points respectively. Required yields on the new Croatian eurobond maturing in 2015 were higher during the period concerned than the required yields on the other two Croatian eurobonds so the yield spread between this international bond and the benchmark German eurobond totalled 470 basis points at the end of June. The fall in required yields on Croatian eurobonds continued in July and August although at a weaker intensity. As a result, the spreads between required yields on the Croatian eurobonds due in 2011, 2014 and 2015 and the benchmark German bonds narrowed to 292, 227 and 370 basis points by the end of August 2009.

In the second quarter of 2009, required yields on Croatian eurobonds continued mimicking the movements of yields on most eurobonds of new EU member states. In the period under observation, required yields on eurobonds of new EU member states continued narrowing, although at a slower rate than in the first three months of 2009. Required yields on the Hungarian, Croatian and Romanian eurobonds fell down the most by 2.7, 2.1 and 1.5 percentage points respectively. The required yield on the benchmark German government bond also fell during the period, however, less than required yields on bonds of new EU member states, so the spread between their yields also narrowed. The positive trend continued in the following two months of 2009 so the yield spreads of all observed countries additionally decreased at the end of August to their this year's lows. This narrowing of the spread was a result of the continued intensive fall in the required yields on eurobonds of observed countries relative to the decrease in the required yield on the benchmark German bond. The narrowing of the yields in all observed countries moved around some 80 basis points, with only the Hungarian bond falling at a stronger rate (1.1 percentage point).

Figure 72

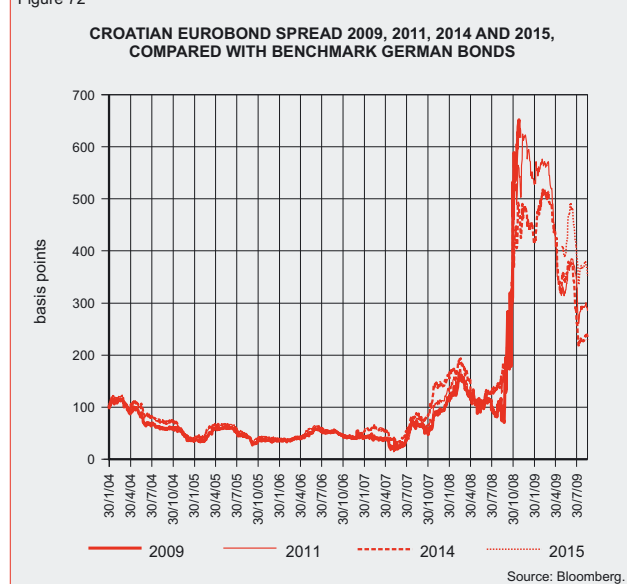
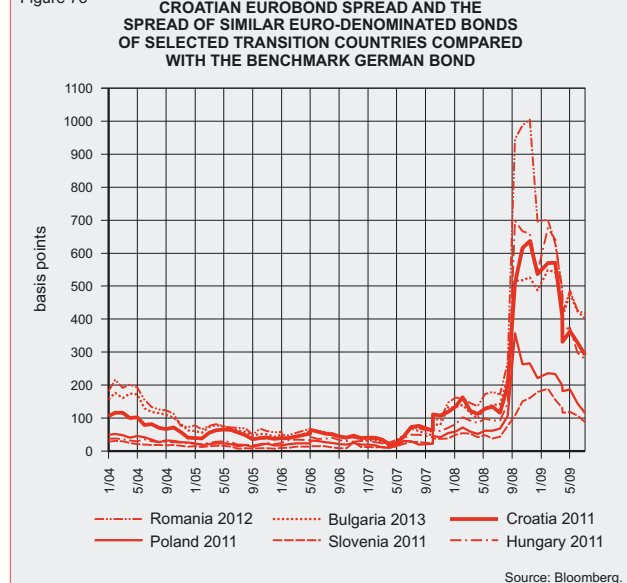


Figure 73



International Transactions

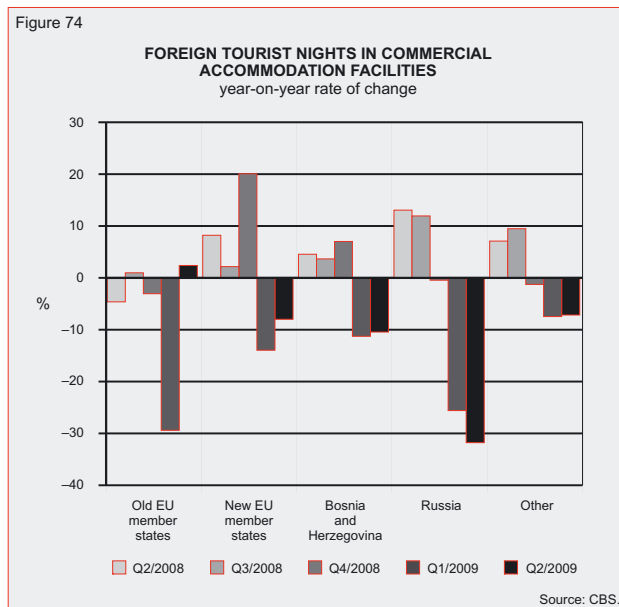
International transactions in the second quarter of 2009 continued to move in line with trends present in the first three months of 2009. The current account deficit further decelerated, being half as much as in the same period last year, and was the result of the developments in the account of goods whose negative trade balance decreased by one third on account of a stronger fall in imports than in exports. The deficit in the factor income account also contracted, while net service revenues decelerated due above all to lower tourism receipts.

Half the volume of the same period last year, net inflows to the financial and capital account are attributed to both a substantial increase in bank foreign assets and weaker direct investment in Croatia. The rise in international reserves in the reference quarter was for the most part the result of the purchase of foreign exchange generated through the issue of central government eurobonds in June.

Current Account

According to the preliminary data, the current account deficit halved in the second quarter relative to the same period in 2008, and stood at EUR 0.9bn. This was due to the contraction of the extremely large deficit in foreign trade of goods, which in previous years was the main generator of the continued rise in the negative current account balance. The goods trade deficit declined by more than one third (EUR 1.1bn) in the observed three months on account of a stronger fall in imports than in exports. This resulted in the continuation of the first quarter trends, with the majority of deficit contraction being the consequence of the improvement in the trade balance in other transport equipment and oil and refined petroleum products. These two divisions excluded, the goods trade balance contracted by EUR 0.8bn relative to the second quarter of 2008.

Owing to unfavourable revenue developments, net service revenues went down by one fourth in the second quarter of 2009 relative to the same quarter in 2008. Above all, this is attributed to the fall in revenues from tourism and transportation services, especially sea cargo transport services and air passenger transport service. Expenditures slightly decelerated,



ated, mostly as a result of the fall in transportation expenditures, with the largest expenditure decrease being observed in road goods transport. This fall was stronger than the rise in resident tourist consumption expenditures abroad in the reference period.

Tourism revenues were 18.3% smaller in the second quarter than in the same period in 2008, which was predominantly the consequence of reduced consumption, especially by tourists in commercial accommodation facilities. The fall in the number of their arrivals and nights stayed, by 4.2% and 2.6% respectively relative to the second quarter in 2008 (CBS data), also negatively contributed to total revenues. Similar developments were also observed with respect to foreign tourists staying in non-paid accommodation. The structure of foreign tourists by country of residence shows that the number of nights stayed in commercial accommodation facilities by tourists from the Czech Republic, Russia, France and Hungary has fallen the most in the reference period. In contrast, the number of nights stayed by tourists from the majority of old EU member states, notably Germany and Austria, increased, which in part may be explained by this year's Easter holidays falling in the second quarter. The volume indicators were more favourable in July and August than in the second quarter. As a result, the number of foreign

Table 6: Current Account, in million EUR

	2007	2008	Q2/2008	Q2/2009 ^a	Indices	
					2008 / 2007	Q2/2009 ^a / Q2/2008
CURRENT ACCOUNT	-3,239	-4,385	-1,841	-902	135.4	49.0
1. Goods	-9,434	-10,794	-3,106	-1,989	114.4	64.1
1.1. Credit (f.o.b.)	9,193	9,814	2,492	1,896	106.8	76.1
1.2. Debit (f.o.b.)	-18,626	-20,608	-5,598	-3,886	110.6	69.4
2. Services	6,266	6,958	1,795	1,354	111.0	75.5
2.1. Credit	9,125	10,091	2,540	2,073	110.6	81.6
2.2. Debit	-2,859	-3,133	-745	-718	109.6	96.3
3. Income	-1,114	-1,584	-805	-562	142.2	69.7
3.1. Credit	1,293	1,352	364	203	104.5	55.7
3.2. Debit	-2,407	-2,936	-1,169	-764	122.0	65.4
4. Current transfers	1,043	1,035	275	295	99.2	107.1
4.1. Credit	1,576	1,684	413	431	106.8	104.5
4.2. Debit	-533	-649	-137	-136	121.7	99.3

^a Preliminary and incomplete data. Source: CNB.

tourist arrivals and nights was 2.3% and 0.9% respectively higher in these two months than in the same period in 2008, the improvement being for the most part ascribed to good August results.

The deficit in the factor income account decelerated by almost one third in the second quarter relative to the same period in 2008 due to the decrease in expenditures being more pronounced and stronger than the concurrent fall in revenues. This movement in expenditures was almost entirely determined by smaller expenditures from direct equity investment in Croatia including reinvested earnings and paid out dividends. It should be noted that the movement in reinvested earnings was to some extent affected by the change in their statistical monitoring.²⁰ In addition, after the prolonged period of growth, interest expenses on foreign borrowing stagnated at the level achieved in the same quarter last year. The decrease in revenues was also to a large extent determined by the movement in reinvested earnings, i.e. in revenues from direct resident investment abroad. Other investment revenues also decelerated, which is mainly attributable to lower central bank and commercial bank revenues from investment of their foreign assets.

Revenue developments, accompanied by no significant changes in expenditures, resulted in a slight increase in the positive balance in the account of current transfers. The growth in revenues was above all caused by intergovernmental subsidies-based inflows that exceeded reduced inflows from worker remittances from abroad.

Trade in Goods

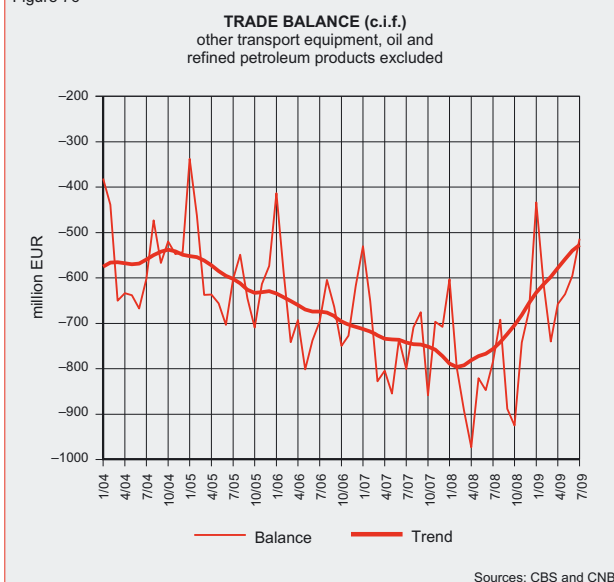
The negative developments in exports and imports of goods, which have marked the first three months of 2009, a period of strong contraction in trade flows, continued into the second quarter. The stronger fall in imports than in exports in the reference period caused the foreign trade deficit to contract by little more than one third on an annual basis. This deficit contraction was to a large extent the result of the improvement in the trade balance in other transport equipment, oil and refined petroleum products and road vehicles. However, the fall in trade deficit (seasonally adjusted data) slightly decelerated relative to the previous quarter. This trend came to a halt in July and August, due mostly to the monthly growth in the value of imports of oil and refined petroleum products (on the back of the growth in world market prices), while the trade deficit in goods excluding oil and ships continued to trend downward.

The contraction of total exports of goods (expressed in euros) observed in the first quarter of the year continued at a stronger pace in the second quarter, with the annual fall in exports reaching 23.7%. Above all, this was due to halved exports of other transport equipment (mostly ships) and the significant fall in the value of exports of oil and refined petroleum products (largely determined by crude oil prices in the world market reaching half of the value observed in the same period last year). These divisions excluded, the fall in total exports was somewhat weaker and stood at 17.3%, indicating

Figure 75



Figure 76



negative developments in a large number of other divisions. A noticeable fall was thus seen in exports of plastics in primary forms, artificial fertilisers, manufactures of minerals (n.e.c.), machinery specialised for particular industries and metalliferous ores and metal scrap.

In contrast, in the second quarter of 2009 the largest increase in exports was registered in cereals and cereal preparations. They doubled relative the same period last year thanks primarily to a multi-fold increase in exports of corn and wheat. The significant growth in exports of these agricultural crops was the consequence of low base-period effects, i.e. the fact that the government decision on the introduction of export taxes on corn and wheat was in force in the first seven months of 2008. In addition, an increase was also seen in exports of power generating machinery and equipment, medical and pharmaceutical products (notably medicines), electricity and sugars, sugar preparations and honey.

Exports contracted strongly in July and August (34.3% relative to the same two months in 2008). In part, this was

²⁰ See Box 1 in Bulletin No. 149.

Table 7: Exports and Imports by Economic Classification of Countries, in %

	Exports				Imports			
	2007	2008	Jan.–Aug. 2008	Jan.–Aug. 2009 ^a	2007	2008	Jan.–Aug. 2008	Jan.–Aug. 2009 ^a
Developed countries	67.7	66.8	65.9	66.7	73.2	72.6	72.3	72.5
EU-27	60.3	60.9	60.1	61.4	64.8	64.1	63.8	63.1
Slovenia	8.3	7.8	8.0	7.3	5.9	5.6	5.5	5.8
Hungary	2.2	2.4	2.3	1.7	2.9	3.2	3.2	3.2
EU-15	43.7	44.2	43.2	45.0	48.8	48.5	48.4	47.5
Austria	6.1	5.8	5.7	5.3	5.3	4.9	4.8	5.1
Italy	19.2	19.2	18.2	19.7	16.1	17.1	17.0	14.8
Germany	10.0	10.7	11.0	11.4	14.4	13.4	13.3	13.9
EFTA	1.2	1.2	1.2	1.7	1.9	1.7	1.6	2.7
Developing countries	32.3	33.2	34.1	33.3	26.8	27.4	27.7	27.5
Bosnia and Herzegovina	14.4	15.3	16.1	13.1	2.8	2.7	2.6	2.6
Serbia, Montenegro	6.6	6.8	6.8	6.0	1.3	1.4	1.4	1.3
Russia	1.3	1.3	1.3	1.4	10.1	10.3	11.2	10.3
China	0.2	0.3	0.2	0.4	6.2	6.2	5.8	6.7

^a Preliminary data.
Sources: CBS and CNB.

due to the base period effect, i.e. in July 2008, under the influence of high world market prices, the value of exported refined petroleum products hit its record high. Moreover, ship exports significantly deteriorated, with a continued fall in exports being observed in the majority of other divisions. In contrast, exports of electrical machinery, apparatus and appliances grew at the strongest rate. Total exports of goods went down by 23.0% in the first eight months of 2009 relative to the same period of the previous year, while the fall in narrowly defined exports (i.e. those excluding other transport equipment, oil and refined petroleum products) was weaker (16.8%).

A contraction that was stronger in the second quarter than in the first three months was also observed in total imports of goods, which, expressed in euros, declined by 30.2% relative to the second quarter in 2008. More than one half of the fall in total imports was accounted for by the developments in SITC divisions of oil and refined petroleum products, road vehicles and other transport equipment. In the first two stated divisions, imports halved relative to the same quarter in 2008, while the fall in imports of other transport equipment was even stronger. As for oil and refined petroleum products, it should be noted that their fall in imports was largely affected by the above-mentioned price factors. The majority of other SITC divisions also showed the fall in imports. Specifically, as in the first quarter, this fall was most pronounced in imports of raw materials (such as iron and steel) and in manufactures of minerals (n.e.c.), which may be ascribed to the weakening of industrial production and production of machinery specialised for particular industries and electrical machinery, apparatus and appliances.

In contrast, the strongest rise in imports in the second quarter of 2009 was seen in natural and manufactured gas. However, it should be noted that, relative to the second quarter of 2008, this growth was largely determined by the increase in the import prices of gas. In the few divisions marked by the growth of imports were medical and pharmaceutical products, power generating machinery and equipment and electricity.

July and August saw the continuation of developments from the second quarter, with the fall in total imports being

mostly caused by the decline in imports of oil and refined petroleum products, other transport equipment and road vehicles. In contrast, imports of electricity surged relative to July and August 2008. Total imports declined by 28.4% in the January-August period over the same period of the previous year or by 22.6% if other transport equipment and oil and refined petroleum products are excluded. However, the gradual fall in imports of oil, caused by the renewed growth of world market prices, should be noted because it was the main cause of the break in the trade deficit contraction in July and August (according to seasonally adjusted data, the deficit in July and August slightly exceeded the average from the second quarter). Oil and other transport equipment excluded, the negative balance continued to decline in the observed two months relative to the previous quarter, although at somewhat slower pace.

The geographic structure of the trade in goods in the January-August period of 2009, relative to the same period of 2008, shows the increase in the share of developed countries, with the changes being more pronounced in exports and imports increasing by a negligible amount. Exports were largely determined by exports of oil and refined petroleum products whose fall was caused by a substantial reduction of exports to Hungary, Bosnia and Herzegovina, Serbia and Montenegro. Exports to Slovenia also shrank, due mainly to the fall in exports of metalliferous ores and metal scrap, fertilisers and power generating machinery and equipment. In contrast, the largest increase in the share was seen in exports to Italy and was accounted for by its fall being slower than that of total exports, which may be attributed to the positive results in exports of oil and refined petroleum products, natural and manufactured gas, and electrical machinery, apparatus and appliances.

The share of imports from EU countries decelerated, which was due to the strong fall in imports from Italy, one of Croatia's main trading partners, caused by the deceleration in imports of ships and oil and refined petroleum products. In contrast, the share of imports from other developed countries, especially EFTA countries, increased in the reference period relative to the same period in 2008. The trade in oil and refined petroleum products and its impact on the

structure of the trade in goods also spilled over onto imports, especially imports from Russia, whose share in total imports shrank due exclusively to the developments in this SITC division.

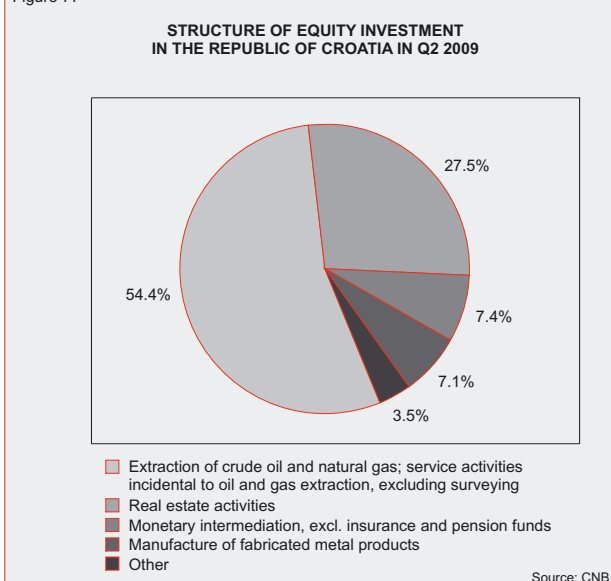
Capital and Financial Account

In the second quarter of 2009, the capital and financial account (exclusive of the change in international reserves) saw a net inflow of EUR 0.9bn, which is half as much as in the same period in 2008. This may be attributed to the developments in the account of other investment, which showed a substantial increase in foreign assets, and in the account of direct investment, which showed twice as small inflows to Croatia relative to the second quarter in 2008. On the other hand, showing a net outflow in the second quarter of 2008, the account of portfolio investment showed an inflow in the reference period. In addition, international reserves rose, mainly on the account of the purchase of foreign exchange from the government in June.

Net foreign direct investment stood at EUR 0.4bn in the second quarter of 2009, which is half as much as in the same period in 2008. This was due to a substantial reduction of FDI inflows to Croatia, with the investment of Croatian residents abroad also decelerating. If we analyse the structure of inward FDIs, we see that weaker capital inflows were above all the consequence of equity investment and reinvested earnings falling to almost one third of the value registered in the second quarter of 2008.²¹ The largest share of total equity investment was accounted for by the investment in extraction of crude oil and natural gas and service activities incidental to oil and gas extraction, excluding surveying (ENI Croatia, Tifon d.o.o. and Inagip d.o.o.) and the investment in real estate activities. In contrast, inflows of direct debt investment to Croatia were only somewhat smaller than in the same period of 2008.

The account of the portfolio investment showed a net inflow of EUR 0.4bn in the second quarter of 2009, whereas in

Figure 77



the same period last year it showed an outflow. This is attributable to the substantial increase in liabilities that was almost entirely the result of the issuance of government eurobonds worth EUR 750m. This inflow was several-fold higher than the increase in foreign portfolio investment, including above all the investment of domestic investment funds into debt and equity securities of foreign countries which started to show signs of recovery after the intensive weakening in 2008.

Net inflow to the account of other investment (loans, trade credits, and currency and deposits) stood at only EUR 77m in the reference period, whereas in the second quarter of 2008 it totalled almost EUR 1.0bn. The key factors behind this were the developments in assets, showing a substantial increase in foreign currency and deposits of banks. These developments actually represent the creation of additional foreign liquidity reserves and differ from those observed in the first quarter of 2009 when the cut in the minimum rate of foreign currency liquidity caused a substantial reduction

Table 8: Capital and Financial Account, in million EUR

	2007	2008	Q2/2008	Q2/2009 ^a	Indices	
					2008 / 2007	Q2/2009 ^a / Q2/2008
CAPITAL AND FINANCIAL ACCOUNT	4,147	5,962	1,690	585	143.8	34.6
1. Capital account	35	29	11	8	84.6	74.8
2. Financial account, excl. reserves	4,834	5,603	1,775	910	115.9	51.2
2.1. Direct investment	3,490	3,219	847	439	92.2	51.8
2.1.1. Abroad	-180	-134	-150	-38	74.4	25.2
2.1.2. In Croatia	3,670	3,353	996	476	91.4	47.8
2.2. Portfolio investment	-3	-627	-55	394	-	-
2.2.1. Assets	-414	-273	45	-121	66.1	-
2.2.2. Liabilities	411	-354	-100	515	-	-
2.3. Financial derivatives	0	0	0	0	-	-
2.4. Other investment	1,347	3,011	983	77	223.6	7.8
2.4.1. Assets	-1,653	-1,618	125	-861	97.9	-
2.4.2. Liabilities	3,000	4,629	858	938	154.3	109.3
3. Reserve assets (CNB)	-722	330	-96	-332	-	347.1

^a Preliminary data.
Source: CNB.

²¹ The developments in reinvested earnings were also partly affected by the application of the new system of statistical monitoring, described in more detail in Box 1 in Bulletin No. 149.

Table 9: Composition of CNB Reserve Assets, end of period, in million EUR

	2006	2007	2008	Jul. 2009
Official reserve assets	8,725	9,307	9,121	9,031
1. Foreign currency reserves	8,163	8,911	8,625	8,765
1.1. Securities	4,198	4,773	7,118	7,131
1.2. Total currency and deposits with:	3,965	4,138	1,507	1,635
1.2.1. Other national central banks, BIS and IMF	199	191	1,397	1,263
1.2.2. Banks headquartered outside Croatia	3,767	3,948	109	372
2. IMF reserve position	0	0	0	0
3. SDRs	1	1	1	1
4. Gold	–	–	–	–
5. Reverse repo	562	395	495	265

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

in bank foreign assets. The rise in other investment liabilities was stronger in the second quarter than in the same period of 2008, which was due to the increase in received currency and deposits in commercial banks, while the growth in the debt of other sectors was slower.

International reserves, according to the balance of payments data, went up by EUR 0.3bn in the second quarter, which was for the most part the result of the purchase of foreign exchange generated through the issue of central government eurobonds in June. International reserves continued to trend upward in July and August, thanks mostly to the inflow of the special drawing rights allocated by the IMF in August, worth a total of EUR 295m.

External Debt

After decreasing by EUR 0.1bn in the first quarter, the gross external debt grew again in the second quarter of 2009, by as much as EUR 1.6bn. This increase is to the largest part (EUR 0.7bn) attributable to the corporate foreign borrowing from foreign banks and affiliated enterprises abroad. In addition, in contrast to the first quarter of 2009, the central government debt rose by EUR 0.4bn and the bank debt by EUR 0.4bn (hybrid and subordinated instruments included). In July, total gross external debt again decelerated, due mainly to the usual seasonal fall in bank debt. Total external debt grew by EUR 1.2bn in the first seven months of 2009, which is half as much as in the same period in 2008.

After decreasing by EUR 0.5bn in the first quarter of 2009, the external debt of the government sector (including the central government, central government funds and local government) rose in the second quarter, but by a somewhat smaller amount. Specifically, the central government repaid EUR 500m worth of eurobonds issued in 2002 in February, and then issued new eurobonds worth EUR 750m in June; these were mainly purchased by foreign investors. A share of the raised funds was used for the repayment of the Samurai bond, valued at JPY 25bn (EUR 185m). The increase in the external debt of the public sector, which, in addition to the government sector, includes the CBRD and enterprises in public and mixed ownership, was somewhat stronger due to the rise in the external debt balance of the CBRD, accompanied by a slight fall in the external debt of enterprises in public and mixed ownership. The contingent debt of the public sector (i.e. the publicly guaranteed private sector debt) stagnated in the second quarter at about EUR 38m and then decreased to only EUR 10m in July. Similarly, July also saw the decline in the external debt of the public sector, thanks mostly to regular repayments of central government liabilities to the London Club.

Banks intensified their foreign borrowing in the second quarter of 2009, increasing their external debt balance by EUR 0.3bn, mostly on account of short-term loans and currency and deposits of non-residents. Following these changes in the maturity structure, the share of short-term debt in total external debt of banks, after a slight decrease in March, again started to trend upward. In addition on the basis of short-term instruments, banks increased their debt by as much as EUR 0.1bn in the second quarter also on the basis of hybrid and subordinated instruments, which are included in the direct investment-related debt balance. At the end of the second quarter, the usual seasonal decrease in bank debt started to materialise, aided by foreign currency tourism receipts, and continued into July with banks decreasing their foreign liabilities by EUR 0.2bn. Specifically, the largest decrease was observed in the bond-related debt arising from the repayment of EUR 450m worth of bonds that were issued by Zagrebačka banka in 2004 and fell due in July. Finally, the external debt of banks stood at EUR 10.2bn at the end of July 2009 (or EUR 10.6bn if hybrid and subordinated instruments are added), while its share in total external debt reached 25.1% (26.0%).

Other sectors (mostly enterprises) slightly increased the

Table 10: Gross External Debt by Domestic Sectors, end of period, in million EUR and %

	End-period stock			Structure		Absolute growth ^a		
	2007	2008	Jul. 2009	2008	Jul. 2009	2007	2008 ^b	Jul. 2009 ^c
1. Government ^d	5,372	4,197	4,043	10.7	10.0	-298	-1,241	-114
2. Croatian National Bank	2	2	1	0.0	0.0	0	0	-1
3. Banks	8,879	10,079	10,207	25.8	25.1	-1,344	1,161	142
4. Other sectors	14,743	19,836	20,676	50.7	50.9	4,243	4,899	645
5. Direct investment	3,933	5,010	5,659	12.8	13.9	1,054	1,052	558
o/w: Hybrid and subordinated instruments	56	217	365	0.6	0.9	-113	161	148
Total (1 + 2 + 3 + 4 + 5)	32,929	39,125	40,585	100.0	100.0	3,655	5,871	1,230

^a The increase in debt is calculated in relation to the debt balance reported at the end of the previous year.

^b Comparable data have been used to calculate the debt growth (the application of the new system of reporting would increase the external debt balance as at end-2007 by EUR 325m or to EUR 33.3bn).

^c Comparable data have been used to calculate the debt growth (the switch to the advanced system of data processing would increase the external debt balance as at end-2008 by EUR 230m or to EUR 39.4bn).

^d Government does not include the CBRD. From early 2008 on, it also excludes CM whose debt at that point stood at EUR 1.2bn. Both CBRD and CM have been reclassified to other sectors.

Source: CNB.

Box 3 Concentration of Croatian Exports and the Level of Intra-Industry Trade

The analysis of the sectoral distribution of imports and exports, their concentration in individual industries and the degree in which intra-industry trade participates in total trade is interesting due inter alia to the assessment of the effects global economic developments may have on economic conditions in a country. This proves to be especially important in the case of significant shocks that affect the stability of trade flows and export revenues.

The concentration of trade in individual industries may affect the intensity with which global developments, especially in individual branches of industry, spill over into the domestic economy. It may be measured by the Herfindahl-Hirschman index,²² the value of which ranges between 0 and 1 and increases in proportion to the level of concentration. Specifically, at values lower than 0.1 trade is considered diversified whereas at values lower than 0.01 it is considered well-diversified. Croatian exports may be considered diversified because the value of the Herfindahl-Hirschman index, calculated from SITC level 3 data, averaged 0.026 in the 2005-2008 period. Although higher than in eurozone countries,²³ this level of concentration is similar to the average for new EU member states. Among these, Lithuania is marked by the highest concentration of exports, with over one fifth of total exports being accounted for by petroleum oils and oils obtained from bituminous minerals, while Poland's concentration is only somewhat higher than that in the eurozone. What differentiates Croatia from these countries is the specific structure of its exports in which the largest share is accounted for by ships (11%–12% of total exports²⁴), followed by the share of petroleum oils. In terms of goods (at SITC level 3) that are most represented in the structure of their exports, new EU member states may be divided into those which generated the majority of revenues from exports of petroleum oils (Lithuania, Bulgaria, Romania, Estonia) and those which generated the majority of revenues from exports of motor cars and other motor vehicles (Slovak R., Slovenia, Czech R., Poland). In addition, in Hungary (and in Estonia in 2005 and 2006) the product group with the highest share in the total was telecommunications equipment, while in the case of Latvia it was simply-worked wood.

In addition, the structure of exports and imports and the differences between them are also interesting to examine. Specifically, exports and imports of goods belonging to the same industries are referred to as intra-industry trade, as opposed to inter-industry trade which involves the trade in goods produced by different industries. Intra-industry

22 The Herfindahl-Hirschman index is calculated as: $H = \sum_i \left(\frac{f_i}{F}\right)^2$, where f_i represents the exports of an individual industry, and F refers to total exports. The index is then normalised in order for its value to range between 0 and 1.

23 The eurozone includes countries which had become EU members by the end of 2007: Austria, Belgium, Finland, France, Greece, Ireland, Italy, Luxembourg, the Netherlands, Germany, Portugal, Slovenia and Spain.

24 The share of ship exports in total exports is partly overestimated due to the reporting of trade in ships on a gross basis.

Figure 78

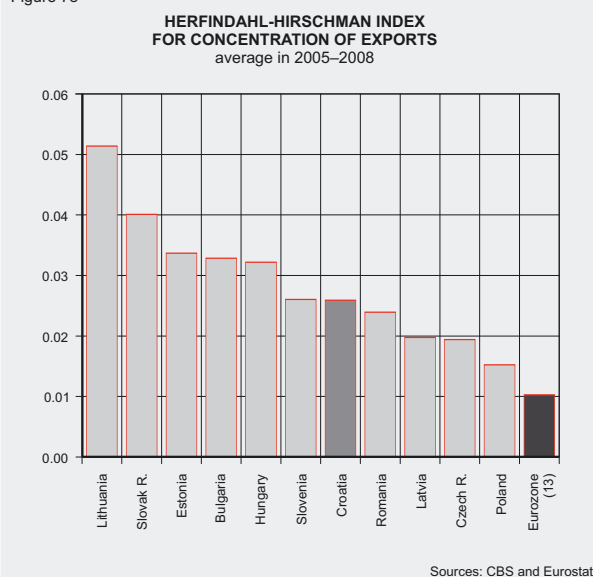
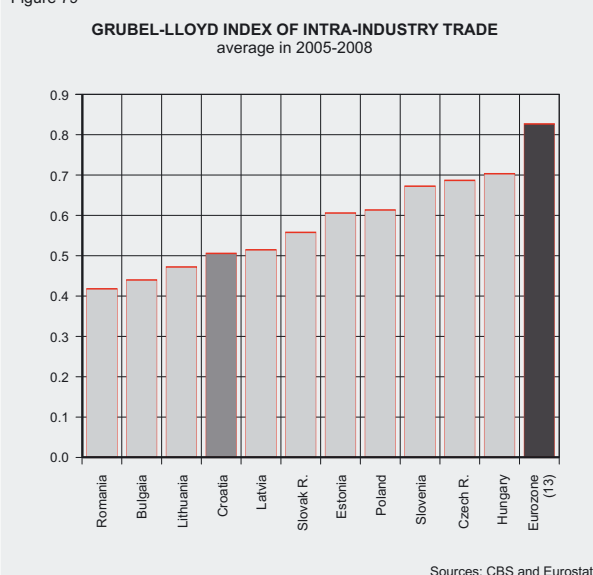


Figure 79



trade is to a large extent the result of product differentiation which, as a rule, is more significant in manufacturing, especially of highly-sophisticated products (electric appliances, chemical products, and the like), than in primary products and raw materials. One should also differentiate between vertical intra-industry trade, i.e. the trade in goods from the same industry but at different stages of processing (e.g. imports of ships for the purpose of finishing and exports of finished products) and horizontal intra-industry trade, i.e. the trade in the same but different quality products (city cars and delivery vehicles).

The Grubel-Lloyd index,²⁵ the value of which ranges between 0 (exclusively inter-industry trade) and 1 (exclusively

25 The Grubel-Lloyd index in industry i is calculated as:

$GL = \sum_i \left(1 - \frac{|E_i - I_m|}{E_i + I_m}\right) \times \frac{f_i}{F}$, where f_i is the volume of trade in goods (exports + imports) in an individual industry, and F is the volume (exports + imports) of total trade in goods.

intra-industry trade) is the most frequently used measure of intra-industry trade. It should be emphasised that the level of data disaggregation has a strong influence on the final index value because the disaggregation to smaller groups leads to smaller shares of trade being classified as intra-industry. Figure 79 shows the Grubel-Lloyd index values of total trade in Croatia and EU countries, with indices being calculated for individual groups of products at SITC level 3 and then weighted by the share of these groups of products in total trade.

A higher level of economic development generally correlates with a higher share of trade in manufactured products in total trade. In contrast, countries at lower stages of economic development often have higher shares of raw materials and products at lower stages of processing (one-way foreign trade) in total trade. As a result, intra-industry trade is less significant in the latter group of countries. The Grubel-Lloyd index values in Figure 79, which suggest that intra-industry trade is of greater importance in euro-zone countries than in new EU member states, confirm the above-mentioned theoretical expectations.

The Grubel-Lloyd index for Croatia, which averaged 0.51 in the 2005-2008 period, is lower than the average for new EU member states (0.57), while, in comparison to Croatia, Lithuania, Bulgaria and Romania display even lower levels of intra-industry trade. If we analyse Croatia's trade in goods by its partner countries and the degree of their development, we see that intra-industry trade is more strongly represented in its relations with developed countries and that the share of trade with developing countries is noticeably lower. This is attributable to the structure of Croatian trade in which manufacturing accounts for a considerable share and predominates in trade with developed countries.

Table 11 shows the Grubel-Lloyd index for SITC level 1 data as well as the share of these sections in total foreign

Table 11: Grubel-Lloyd Index at SITC Level 1

SITC level 1	Grubel-Lloyd index ^a	Share in total trade of goods, %
0 Food and live animals	0.55	7.5
1 Beverages and tobacco	0.66	1.1
2 Crude materials, except fuels	0.37	3.2
3 Mineral fuels and lubricants	0.48	15.2
4 Animal and vegetable oils and fats	0.51	0.3
5 Chemical products	0.43	10.5
6 Manufactured goods classified chiefly by material	0.49	17.9
7 Machinery and transport equipment	0.47	31.9
8 Miscellaneous manufactured articles	0.71	12.5
9 Commodities and transactions, n.e.c.	0.30	0.0

^a The index has been calculated for each SITC level 1 section as the sum of the Grubel-Lloyd indices at SITC level 3 weighted by the share of trade in these groups of products in the corresponding SITC level 1 section.
Sources: CBS and CNB calculations.

trade in goods of the Republic of Croatia. However, the index value at this level of disaggregation should be taken as a baseline indicator because individual product groups at SITC level 3 of disaggregation sometimes differ significantly from each other or on the other hand significantly differ from the average for the section as a whole. Hence, for example, almost all trade is intra-industry in the following product groups: jewellery (section 8), edible products and preparations (section 0), thermionic, cold cathode or photo-cathode valves and tubes (section 7), articles of apparel and clothing accessories (section 8), parts and accessories of motor vehicles (section 7), veneers and plywood (section 6) and petroleum oils (section 3). In contrast, while some divisions within section 7, as mentioned earlier, are marked by exceptionally high levels of intra-industry trade, other sub-divisions, such as motor vehicles, office machines or television reception apparatus, show very low levels of intra-industry trade which is indicative of one-way foreign trade (imports are much higher than exports).

intensity of their foreign borrowing in the second quarter relative to the first quarter of 2009 (their debt grew by EUR 0.5bn in the April-June period, while in the first three months it stood at EUR 0.2bn). However, the dynamics of this growth is much weaker than in previous years, which is the indication of very weak economic activity and unfavourable financing conditions in the foreign market in the first half of the year. The majority of debt increase in the second quarter of 2009 was realised by enterprises in majority private ownership which managed to refinance or reschedule their due liabilities and to raise an additional EUR 0.4bn.

Non-banking financial institutions increased their external debt balance by EUR 0.1bn, as a result of further borrowings by the CBRD, while enterprises in public and mixed ownership slightly decreased their foreign liabilities. The direct investment-related debt (which is mainly generated by enterprises) went up by EUR 0.3bn in the second quarter, doubling its value over the first quarter of 2009, due mainly to the growth in bank debt related to hybrid and subordinated instruments that are included in this debt category. In July, domestic enterprises, primarily those in majority private ownership, continued to borrow, but exclusively from

Table 12: Current and Contingent External Debt of the Public Sector and Private Sector Debt, end of period, in million EUR and %

	End-period stock			Structure		Absolute growth ^a		
	2007	2008	Jul. 2009	2008	Jul. 2009	2007	2008 ^b	Jul. 2009 ^c
1. Public sector debt	9,259	10,248	10,586	26.2	26.1	1,003	848	197
2. Publicly guaranteed private sector debt	140	80	10	0.2	0.0	-64	-58	-54
3. Non-publicly guaranteed private sector debt	23,530	28,797	29,989	73.6	73.9	2,717	5,081	1,087
Total (1 + 2 + 3)	32,929	39,125	40,585	100.0	100.0	3,655	5,871	1,230

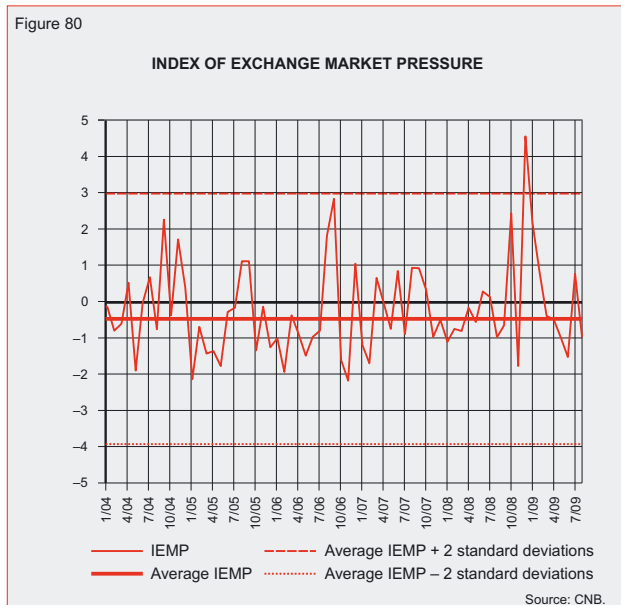
^a The increase in debt is calculated in relation to the debt balance reported at the end of the previous year.

^b Comparable data have been used to calculate the debt growth (the application of the new system of reporting would increase the external debt balance as at end-2007 by EUR 325m or to EUR 33.3bn).

^c Comparable data have been used to calculate the debt growth (the switch to the advanced system of data processing would increase the external debt balance as at end-2008 by EUR 230m or to EUR 39.4bn).

Source: CNB.

Figure 80



affiliated enterprises abroad, while their external debt to foreign banks decelerated.

International Liquidity

Following strong oscillations late in 2008 and in the first quarter of 2009, caused by the depreciation of the kuna exchange rate and the changes in monetary policy instruments, the index of exchange market pressure (IEMP²⁶) stabilised in the second quarter of 2009. Its favourable movements in the period are attributed to the 2.5% growth in international reserves relative to the end of the first quarter and the 2.2% appreciation of the kuna exchange rate. The rise in international reserves in the second quarter of the year was mainly the consequence of the purchase of foreign exchange from the central government generated through the issue of eurobonds. This more than offset the decline in reserves caused by the termination of a foreign currency swap contract with banks. With the kuna exchange rate depreciating slightly in July and August over the end of June and international reserves increasing on account of the allocation of SDRs, the index continued to move around its long-term average value, indicating no potential difficulties in the settlement of international payments by domestic sectors.

Government Finance

Fiscal Policy Features in the First Seven Months of 2009

Government finance developments in the first seven months of 2009 were characterised by a sharp fall in rev-

²⁶ IEMP is calculated as a weighted average of the monthly growth rate of the kuna/euro exchange rate (at end-period) and the monthly growth rate of gross international reserves (in euro terms), using standard deviations as weights. The value of the index above the critical level (plus two standard deviations) indicates potential difficulties in the settlement of international payments.

enues as adverse economic trends, which marked the second half of 2008, continued and became even stronger in 2009. The fall was almost entirely the result of a shortfall in tax revenues, particularly revenues from value added tax (VAT) and excises. At the same time, both total budget expenditures and almost all expenditure items increased. The April revised budget²⁷ reduced revenue projections but also provided for savings on the expenditure side, so that the pace of growth in expenditures, which rose noticeably in the first quarter of 2009, decelerated.

The trends in current revenues and expenditures and favourable developments in net investments in the first seven months of 2009 led to a large consolidated central government deficit (GFS 2001). As there were no proceeds from the disposal of financial assets in the observed period, the need to cover the deficit and mature liabilities caused a substantial debt increase. Access to foreign funding was impeded in early 2009, so the government obtained most of the funds needed in the domestic market, while the bulk of the funds raised in the second half of the observed period came from the successful placement of foreign bonds.

Several legislative changes in the public finance area also marked the very beginning of the year. As part of the health care reform, the Act on Amendments to the Contributions Act²⁸ came into force in January 2009 together with other measures implemented. The Act introduced additional health care contributions to be calculated on gross pensions in 2009, while the government was to service the liabilities on this basis for the unemployed. State budget funds needed for health insurance contributions in 2009 are projected at HRK 0.7bn, while HRK 0.1bn is to be paid to the state budget.

Consolidated Central Government Revenues

Preliminary MoF data on budget execution show that consolidated central government revenues stood at HRK 64.4bn in the January-July period of 2009, down 9.4% on 2008. A sharp downturn in tax revenues to some extent changed the structure of total revenues relative to the same period last year, i.e. the share of revenues from social contributions and other revenues increased.

Tax revenues stood at HRK 34.6bn in the first seven months of 2009, down 18.2% on the same period last year. This decrease mostly reflected the fall in VAT and excise revenues due to a sharp decline in personal consumption and foreign trade. It should be noted that the substantial fall in excise revenues was due to unfavourable trends in almost all items of this revenue type. A major drop in imports of road vehicles led to a decline in revenues from excises on cars. Particularly noteworthy is that revenues from excises on tobacco products also decreased despite the increase in the special tax on tobacco products, which was made in line with EU practice (in effect as of January 2009). As these products have a low price elasticity of demand, the drop in excise revenues was in part due to the fact that some demand was met from stocks generated in late 2008, while it is also likely that the grey market

²⁷ See Box 2 in Bulletin No. 149.

²⁸ OG 152/2008.

Table 13: Operating Balance and Transactions in Non-Financial Assets and Financial Assets and Liabilities, GFS 2001, in million HRK and %

	Consolidated central government		
	Jan.–Jul. 2008	Jan.–Jul. 2009	Jan.–Jul. 2009 / Jan.–Jul. 2008
1. Change in net worth (net operating balance)	5,292	-5,835	-
1.1. Revenue	71,072	64,358	91
1.2. Expense	65,780	70,193	107
2. Change in net non-financial assets	1,520	1,556	102
2.1. Acquisition of non-financial assets	1,854	1,738	94
2.2. Disposal of non-financial assets	334	182	55
3. Net lending (+) / borrowing (-) (1 – 2)	3,772	-7,391	-
3. Financing (5 – 4) Transactions in financial assets and liabilities	-3,772	7,391	-
4. Change in financial assets	4,107	2,280	56
4.1. Domestic	4,099	2,279	56
4.2. Foreign	7	1	13
5. Change in liabilities	334	9,670	2,892
5.1. Domestic	1,754	9,661	551
5.2. Foreign	-1,420	9	-

Note: On a cash basis.

Sources: MoF and CNB calculations.

trade in these products increased. Furthermore, although the real retail trade turnover in motor fuels and lubricants almost held steady at the previous year's level, revenues from these special taxes also made a significant negative contribution to growth due to arrears on excise duties on refined petroleum products and road fees. Reduced consumption of alcoholic and non-alcoholic beverages and beer lowered revenues from the related excises. It should be said that, in addition to weaker domestic demand, these trends were affected by a sharp decrease in foreign tourist spending relative to the comparable period last year.

Profit tax revenues also decreased noticeably in the first seven months of 2009. As advance tax on current year profit is paid based on the tax return for the previous tax period (previous year), weaker business performance of profit tax payers in 2008 compared with 2007 led to a decrease in these revenues. Still, it should be added that this was also the result of the steadily mounting illiquidity in the economy, which creates difficulties for some enterprises in the payment of outstanding liabilities. Notwithstanding the increase in the nominal gross wage bill, income tax revenues also decreased sharply year-on-year, largely due to the base effect. Under the Act on Amendments to the Income Tax Act,²⁹ applied as of July 2008, the basic personal tax exemption was raised from HRK 1,600 to HRK 1,800 a month, which also changed income tax brackets. The Act on Amendments to the Act on the Financing of Local and Regional Self-Government Units,³⁰ which also came into force in July 2008, increased the share of income tax revenues allocated to these units, which in turn affected the decrease in income tax revenues at the consolidated central government level.

The growth in the nominal gross wage bill and introduction of additional health care contributions led to a slight annual increase in revenues from social contributions. In addition, noticeable growth was recorded by other revenues, accounting for slightly more than one-tenth of total revenues. This was primarily due to the good previous year's business performance of the CNB, which paid into the state budget a share of its profit for 2008 (HRK 1.3bn) in March 2009.

Administrative fees made the largest negative contribution to the growth in other revenues.

Consolidated Central Government Expenditures

Consolidated central government expenditures stood at HRK 70.2bn in the first seven months of 2009, up 6.7% on the same period last year. Economic classification of expenditures shows that the largest increase was recorded by expenditures on social benefits, employee compensations and expenditures for the use of goods and services.

Social benefits, which account for more than two-fifths of total expenditures, went up 8.7% and contributed most to total expenditure growth. Expenditures on social security benefits grew sharply, due in part to the rise in pension expenditures triggered by the increase in the actual value of pensions and the number of pension beneficiaries, and the apparent rise in health care expenditures. The original 2009 budget envisaged a noticeable increase in health care expenditures, while the first budget revision adjusted these expenditures downward to some extent. At the same time, the growth of social assistance benefits, comprising, among other things, child allowances, disability pensions, Croatian war veterans' permanent rights and pension supplements was almost twice as slow as the growth in total social benefits in the observed period.

Employee compensations stood at HRK 18.7bn in the January-July period, up 7.7% over the first seven months of 2008. This increase was the result of an agreement between the government and the trade unions of civil servants and employees on raising the wage calculation basis in the 2007-2009 period. However, as government budget revenues fell short of the target due to the intensified contraction of economic activity, the first 2009 budget revision rolled back the wage calculation basis for civil servants and employees to its December 2008 level, which slowed down wage growth.

Notwithstanding a sharp downturn in revenues, expenditures for the use of goods and services stood at HRK 6.0bn in the period under review, increasing by 8.7% year-on-year. The growth was primarily due to developments in the first quarter of 2009. This is interesting since spending on the use of goods and services was considerably reduced in late 2008

29 OG 73/2008.

30 OG 73/2008.

relative to the original 2008 budget due to revenue underperformance. It is likely that a part of last year's liabilities was paid this year.

In the same period, interest expense stood at HRK 3.3bn. Its growth went up from 1.9% in 2008 to 6.6% due to stronger borrowing by the consolidated central government and to unfavourable global economic trends that raised funding costs. As a reflection of structural changes in consolidated central government debt, interest payments to residents continued to grow, while interest payments to non-residents continued to decrease. On the other hand, subsidies grew at a much slower pace than in the previous year. Expenditures on subsidies thus stood at HRK 4.2bn in the observed period, an increase of 1.9% over the same period last year.

It should be noted that the only expenditure category that registered a decrease was "other expenditures". This was largely a result of smaller transfers to Croatian Motorways (CM) of road fees used to finance road infrastructure construction and maintenance.

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

A negative net operating balance of HRK 5.8bn was generated in the first seven months of 2009 owing to a substantial shortfall in revenues and expenditure growth. As the net acquisition of non-financial assets was larger in the same period, net borrowing (GFS 2001) of the consolidated central government stood at HRK 7.4bn. Broken down by levels of the consolidated central government, the deficit was almost entirely generated at the state budget level. A part of the deficit that was generated by extrabudgetary funds was almost entirely the result of the operations of Croatian Roads (CR), the deficit of which increased relative to the same period in 2008. However, it should be noted that the higher CR deficit was not due to larger expenditures but to a sharp fall in revenues from the road fees incorporated in fuel prices.

Investments for the acquisition of non-financial assets, which primarily indicate developments in capital investments, stood at HRK 1.7bn in the observed period, somewhat less than in the same period a year before. Fewer funds were spent by CR on the acquisition of long-term assets, which can be attributed to reduced investment in road infrastructure construction and maintenance. At the same time, gain on disposal of non-financial assets decreased mostly due to a drop in land sales.

Financial assets of the consolidated central government rose by a high HRK 2.3bn in the first seven months of 2009 owing to the increase in domestic financial assets, which was almost equally accounted for by government funds held with commercial banks and the CNB, and loans granted. In view of the revenue shortfall, the increase in currency and deposits was due to borrowing. The funds raised will be used to finance liabilities and deficit in the last months of 2009, while a large increase in net loans granted can be attributed to the increase in due liabilities arising from government financial guarantees.

As the deficit and due liabilities were not financed by the

disposal of financial assets in the observed period, the government had to obtain the funds needed by new borrowing. This increased its financial liabilities by HRK 9.7bn in the first seven months of 2009. Most of the funds were raised in the domestic market through new loans and T-bill issuance. A large amount was also raised through bond issuance in the foreign market. However, as almost the same amount was needed for external debt service payments, foreign liabilities recorded a slight net increase.

Government Debt

According to CNB data, consolidated central government debt stood at HRK 107.1bn at end-July 2009, up HRK 9.5bn over the end of 2008. The growth was entirely due to government borrowing in the domestic financial market, while the share of the foreign component in the total central government debt continued to trend down. These developments were largely determined by considerably limited access to global financial markets due to unfavourable trends in the global economy. The debt increase in the observed period was also caused by the depreciation of the exchange rate of the kuna against the euro and American dollar, the currencies in which the bulk of the central government debt is denominated.

Domestic debt of the consolidated central government stood at HRK 77.7bn at the end of the observed period, increasing by HRK 10.3bn over end-2008 mostly on account of loans received. A loan of EUR 750m, which a domestic bank syndicate granted to the government in February 2009 and which falls due on 30 September 2010, was largely used for the repayment of EUR 500m worth of foreign bonds that had fallen due. The rest of the increase in loan-related debt was largely accounted for by short-term loans used to bridge the short-term illiquidity. Liabilities arising from T-bills also increased substantially, particularly those denominated in the euro, while the debt arising from bonds slightly decreased.

In efforts to help meet growing government funding needs without crowding out the private sector, the CNB lowered

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

	Stock		Change
	Dec. 2008	Jul. 2009	Jan.-Jul. 2009
A. Central government debt (1 + 2)	97,578	107,114	9,535.4
1. Domestic central government debt	67,400	77,711	10,311.8
1.1. Domestic debt of the Republic of Croatia	64,395	74,221	9,825.6
1.2. Domestic debt of central government funds	3,004	3,491	486.2
2. External central government debt	30,179	29,402	-776.4
2.1. External debt of the Republic of Croatia	28,378	27,659	-718.8
2.2. External debt of central government funds	1,800	1,743	-57.6
Supplement:			
B. Total guarantees issued by the Republic of Croatia	44,634	46,340	1,706.8
1. Domestic	13,241	13,741	500.0
2. Foreign	31,393	32,600	1,206.8

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

Box 4 Effects of the Second and Third Budget Revisions

The government budget and the financial plans of budgetary users for 2009 that the Croatian parliament approved in December 2008 were based on over-optimistic expectations about domestic and international economic developments and it soon became obvious that the budget was untenable. In April 2009, the Croatian parliament approved the revised state budget and changes in the financial plans of extrabudgetary users, which assumed a 2.0% economic contraction in 2009.³¹ However, the exacerbation of negative developments in the real sector and the resultant further shortfall in budget revenues, particularly those from indirect taxes, led to another revision of economic activity projections for the year and to the urgent need to readjust budget targets.

The two revisions of the government budget and financial plans of extrabudgetary users approved in July assumed a real GDP decline of 4.5% in 2009. The main purpose of the second revision (the first July revision) was somewhat to reduce projected expenditures and reallocate funds among individual budget users under conditions of sharply reduced revenue projections. In contrast, the third revision, which was accompanied by tax law amendments, was primarily aimed at increasing budget revenues. The reasons for two revisions in such a short time span lie in the fact that savings on the expenditure side had to be introduced as soon as possible, while the preparation and adoption of legal amendments required some time.

Under the second revision, revenues were projected to decline by HRK 6.7bn compared with the first revision. The sharpest reduction was made in projected VAT revenues (of HRK 4.1bn), while a sizeable reduction was also made to projected excise and profit tax revenues, as well as administrative fee revenues and revenues based on special regulations. On the other hand, the revision projected some

Table 16: Effects of Legislative Changes Concerning the Third Government Budget Revision, in million HRK

	2009	2010
Revenue side		
Increase in VAT rate	502	1,500
Special tax	755	2,120
Excises on luxury goods	30	150
Mobile phone fees	141	430
Expenditure side		
Removal of pension indexation (savings)	–	630
Decrease in unemployment benefits (savings)	15	30
Job preservation incentives (increase in expenditures)	200	....

Source: MoF.

savings on the expenditure side. Government budget expenditures were cut by HRK 0.4bn, while outlays for the acquisition of non-financial assets, i.e. government investments, were reduced by the same amount. Within expenditures, the largest savings were made in material expenses (HRK 0.3bn), while some savings were also planned in respect of subsidies and capital grants.

The third budget revision introduced some changes in the tax system to stabilise public finances and thus assure regular payment of the government's current liabilities in fiscal years 2009 and 2010, and provided for certain reallocations in expenditures. The two most important tax changes are the increase in the VAT rate from 22% to 23% and the introduction of the special tax on salaries, pensions and other income, under which a 2% tax rate is applied to all net receipts between HRK 3,000 and HRK 6,000, while a 4% tax rate is applied to receipts exceeding HRK 6,000. The two changes were applied as of August (in respect of July receipts), while the first VAT payments calculated at the higher rate poured into the budget in September.

By these changes in tax legislation, the MoF plans to raise an additional HRK 1.4bn in 2009 and much more in 2010. However, one should not forget potential risks to these projections. The introduction of the special tax may

Table 15: Government Budget Revenues, Expenditures and Deficit in 2009, in million HRK

	1st budget revision	2nd budget revision	Change	3rd budget revision	Change
	1	2	3 = 2 - 1	4	5 = 4 - 2
1. Government budget revenues	116,222	109,485	-6,737	110,872	1,387
Tax revenues	67,688	61,915	-5,773	63,203	1,288
VAT	40,442	36,317	-4,125	36,819	502
Excises	11,372	10,634	-738	10,665	31
Profit tax	10,240	9,550	-689	9,550	0
Other tax revenues	5,634	5,414	-220	6,169	755
Social contributions	40,771	40,771	0	40,771	0
Other	7,763	6,798	-964	6,898	99
2. Government budget expenditures	118,599	118,211	-388	118,041	-170
Compensation of employees	30,977	31,033	56	30,977	-56
Use of goods and services	8,378	8,091	-287	7,963	-128
Subsidies	6,577	6,467	-110	6,985	518
Social benefits	55,976	56,154	179	55,912	-243
Other	16,691	16,465	-226	16,205	-260
Supplement:					
Acquisition of non-financial assets	2,979	2,587	-392	2,496	-91
Deficit/surplus (GFS 2001)	-4,975	-10,975	-5,999	-9,327	1,647
Deficit/surplus (GFS 1986)	-5,902	-12,231	-6,329	-10,574	1,657

Source: MoF.

³¹ See Box 2 in Bulletin No. 149.

increase tax evasion by the private sector, which could reduce related revenues to some extent. As it is also likely that the annual fall in economic activity and employment will exceed the assumptions underpinning MoF projections, and negative changes in revenues from taxes and contributions could somewhat offset the positive impact of tax law chang-

es on budget revenues. On the other hand, the proposal of the Act on Special Tax on Income from Self-Employment and Other Income, which entered the parliamentary procedure in late September, making freelancers and tradesmen also liable to the special tax, will favourably affect budget revenues raised through that tax.

the rate of minimum required foreign currency liquidity from 28.5% to 20%. It also enabled government borrowing from domestic banks by concluding a foreign currency swap contract with banks – the HRK 1.9bn of kuna liquidity that was created based on foreign currency deposits was used by the banks to grant a short-term loan to the government in January 2009. As the swap contract was terminated in the observed period it did not affect the debt increase.

Domestic debt of central government funds stood at HRK 3.5bn at end-July 2009, up HRK 0.5bn over the end of 2008. The entire debt increase was due to additional CR borrowing

in the form of loans.

Refinancing of the bulk of maturing foreign liabilities in the domestic market, as well as the meeting of most new funding needs in that market, reduced the external debt of the consolidated central government by HRK 0.8bn. The government issued EUR 750m worth of bonds in the foreign market in May. The funds thus raised were used for the repayment of the short-term loan raised in January, JPY 25bn worth of Samurai bonds that fell due in June, obligations to the London and Paris Clubs and for budget deficit financing.

Statistical Survey

Classification and Presentation of Data on Claims and Liabilities

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

The financial institutions sector includes the following subsectors: monetary authorities (the central bank), banks, other banking institutions and non-banking financial institutions. The central bank is the Croatian National Bank (CNB). Banks are institutions to which the Croatian National Bank has issued a license to perform banking business services in accordance with the Banking Act, including savings banks during a transition period. Data on banks do not include claims and liabilities of banks undergoing bankruptcy proceedings, nor former branches of banks headquartered outside the Republic of Croatia. Other banking institutions comprise housing savings banks, savings and loan cooperatives and investment funds. Non-banking financial institutions are financial institutions not classified as banks or other banking institutions (e.g. insurance companies, pension funds).

The central government and funds consists of two subsectors, the Republic of Croatia and central government funds. Until December 2005, the subsector Republic of Croatia included government authorities, comprising the Croatian Roads, the Croatian Motorways

and the State Agency for Deposit Insurance and Bank Rehabilitation. The subsector central government funds includes the Croatian Institute for Health Insurance, the Croatian Pension Insurance Administration, the Croatian Employment Service, the Croatian Privatisation Fund, the Croatian Waters and the Croatian Bank for Reconstruction and Development.

Since January 2004, the Croatian Roads, the Croatian Motorways, and the State Agency for Deposit Insurance and Bank Rehabilitation have been reclassified, from the subsector Republic of Croatia to the subsector central government funds.

Other domestic sectors include local government authorities, public and other enterprises and households, including craftsmen and non-profit institutions providing services to households. The subsector other enterprises also comprises banks undergoing bankruptcy proceedings. In some tables other domestic sectors are divided into the following subsectors: local government (which comprises units of local and regional self-government), public and other enterprises, and households (including craftsmen and non-profit institutions).

Foreign sector includes foreign legal and natural persons.

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

Table A1: Monetary and Credit Aggregates

end of period, million kuna and %

Year	Month	Reserve money	Money M1	Money M1a	Broadest money M4	Net domestic assets	Domestic credit	Monthly rates of growth					
								Reserve money	Money M1	Money M1a	Broadest money M4	Net domestic assets	Domestic credit
1995	December	6,744.1	8,234.9	8,503.2	24,623.0	21,576.3	32,819.5	2.97	0.89	1.54	3.41	1.00	1.88
1996	December	8,770.4	11,368.9	11,494.9	36,701.1	24,960.4	33,831.2	11.35	7.83	7.67	4.88	-5.41	-11.61
1997	December	10,346.1	13,731.4	13,848.8	50,742.0	33,829.0	48,863.4	7.86	3.93	3.85	2.16	4.98	4.96
1998	December	9,954.2	13,531.4	13,615.2	57,340.3	44,626.8	59,792.0	7.24	6.92	6.59	2.51	3.73	0.25
1999	December ^a	10,310.0	13,858.9	13,965.7	56,659.3	40,003.8	55,875.8	4.53	5.46	5.48	2.28	0.35	-4.58
2000	December	11,717.3	18,030.3	18,256.4	73,061.1	44,043.9	60,883.8	7.32	10.04	9.89	3.66	10.46	2.66
2001	December	17,803.2	23,703.5	23,936.5	106,071.4	57,410.0	74,964.5	8.01	13.00	11.96	11.65	3.40	1.16
2002	December	23,027.9	30,869.8	31,876.7	116,141.8	83,324.4	97,463.7	10.72	6.11	6.79	1.65	7.92	2.15
2003	December	30,586.2	33,888.7	34,630.9	128,893.1	96,121.7	111,661.4	8.90	1.78	1.93	0.14	3.11	0.66
2004	December	33,924.4	34,562.1	35,186.5	139,947.7	108,205.1	127,308.6	8.69	2.86	2.68	0.23	2.15	1.99
2005	December	40,390.8	38,817.1	39,855.4	154,647.0	131,343.2	149,168.3	9.38	4.34	3.87	-0.02	1.84	1.94
2006	December	46,331.2	48,521.0	49,141.7	182,458.6	154,844.1	183,379.5	3.17	4.75	4.07	1.57	3.38	2.99
2007	December	51,923.9	57,878.3	58,663.4	215,822.1	166,375.5	210,828.4	3.73	6.71	6.62	3.95	3.54	2.65
2008	September	49,771.0	53,677.3	54,458.2	226,852.5	172,079.4	224,512.8	-4.70	-3.55	-3.55	0.18	0.26	0.70
	October	52,549.8	52,693.8	53,325.5	223,451.1	174,031.6	228,871.1	5.58	-1.83	-2.08	-1.50	1.13	1.94
	November	55,204.1	51,053.7	51,658.3	218,114.2	173,421.1	228,500.3	5.05	-3.11	-3.13	-2.39	-0.35	-0.16
	December	49,743.0	55,222.3	56,044.6	225,018.5	183,279.1	232,982.1	-9.89	8.17	8.49	3.17	5.68	1.96
2009	January	56,966.4	49,573.0	50,271.0	221,452.2	183,953.4	234,476.2	14.52	-10.23	-10.30	-1.58	0.37	0.64
	February	54,449.0	46,762.1	47,344.2	221,445.7	190,333.8	235,352.0	-4.42	-5.67	-5.82	0.00	3.47	0.37
	March	52,693.8	46,636.5	47,203.8	218,626.7	192,083.0	234,856.8	-3.22	-0.27	-0.30	-1.27	0.92	-0.21
	April	53,075.1	46,419.2	46,877.0	218,797.6	192,003.3	234,342.1	0.68	-0.47	-0.69	0.08	-0.04	-0.22
	May	53,900.4	47,447.0	47,941.0	218,112.8	193,128.0	232,234.6	1.55	2.21	2.27	-0.31	0.59	-0.90
	June	55,100.6	47,698.9	48,149.7	218,416.2	188,300.5	230,767.0	2.23	0.53	0.44	0.14	-2.50	-0.63
	July	55,147.1	47,664.7	48,169.2	221,354.8	189,639.5	231,193.3	0.08	-0.07	0.04	1.35	0.71	0.18
	August	55,346.9	47,815.0	48,297.2	224,444.3	186,660.7	230,228.9	0.36	0.32	0.27	1.40	-1.57	-0.42

^a Domestic credit decreased by a one-off HRK 2,759.4m.**Table A1: Monetary and Credit Aggregates**

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

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

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

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

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

Domestic credit comprises banks' claims on other domestic sectors, other banking institutions and non-banking financial institutions.

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

Table B1: Monetary Survey

end of period, million kuna

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
ASSETS											
1. Foreign assets (net)	31,742.6	23,303.8	27,614.5	49,446.5	41,739.4	26,543.7	26,794.3	24,984.8	30,115.8	31,715.3	37,783.6
2. Domestic credit	141,278.1	168,427.7	200,328.9	226,076.1	254,569.8	264,320.2	263,730.3	262,974.0	258,820.4	261,106.7	260,570.1
2.1. Claims on central government and funds (net)	13,969.6	19,259.4	16,949.4	15,247.7	21,587.7	29,463.4	29,388.3	30,739.4	28,053.5	29,913.3	30,341.2
2.2. Claims on other domestic sectors	125,790.7	147,414.3	181,031.9	207,398.7	231,472.7	233,363.2	232,839.0	230,622.7	228,967.9	229,473.3	228,593.2
2.3. Claims on other banking institutions	624.0	592.2	1,029.5	1,640.0	441.9	417.3	431.5	552.5	565.6	601.9	541.7
2.4. Claims on non-banking financial institutions	893.9	1,161.8	1,318.1	1,789.7	1,067.4	1,076.3	1,071.5	1,059.5	1,233.5	1,118.1	1,094.0
Total (1+2)	173,020.7	191,731.5	227,943.3	275,522.6	296,309.2	290,863.9	290,524.7	287,958.8	288,936.2	292,821.9	298,353.8
LIABILITIES											
1. Money	34,562.1	38,817.1	48,521.0	57,878.3	55,222.3	46,636.5	46,419.2	47,447.0	47,698.9	47,664.7	47,815.0
2. Savings and time deposits	22,479.2	27,992.1	44,836.8	53,644.9	50,070.3	47,233.4	46,622.8	45,683.3	45,005.5	44,444.1	43,254.5
3. Foreign currency deposits	81,742.9	86,760.8	88,256.7	103,090.1	117,194.8	122,865.0	123,882.8	123,072.1	123,889.1	127,325.1	131,314.7
4. Bonds and money market instruments	1,163.5	1,077.0	844.1	1,208.8	2,531.1	1,891.8	1,872.8	1,910.3	1,822.7	1,920.9	2,060.0
5. Restricted and blocked deposits	2,067.0	2,092.3	2,504.5	2,280.9	3,094.2	2,913.1	2,599.4	2,563.9	3,113.2	2,871.3	2,930.6
6. Other items (net)	31,006.1	34,992.2	42,980.2	57,419.6	68,196.5	69,324.1	69,127.6	67,282.1	67,406.7	68,595.9	70,978.8
Total (1+2+3+4+5+6)	173,020.7	191,731.5	227,943.3	275,522.6	296,309.2	290,863.9	290,524.7	287,958.8	288,936.2	292,821.9	298,353.8

Table B1: Monetary Survey

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

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

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

Money is the sum of currency outside banks, deposits by other

banking institutions with the CNB, deposits by other domestic sectors with the CNB and banks' demand deposits (item Demand deposits in Banks' Accounts, Table D1).

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

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

Year	Month	Total number of reporting banks	Reporting banks classified according to their total assets						Total number of reporting savings banks	Savings banks classified according to their total assets		
			Less than 100 million kuna	100 million kuna to less than 500 million kuna	500 million kuna to less than 1 billion kuna	1 billion kuna to less than 2 billion kuna	2 billion kuna to less than 10 billion kuna	10 billion kuna and over		Less than 10 million kuna	10 million kuna to less than 100 million kuna	100 million kuna and over
1	2	3	4	5	6	7	8	9	10	11	12	13
1995	December	53	15	20	7	7	2	2	21	7	13	1
1996	December	57	10	26	6	9	4	2	22	10	11	1
1997	December	60	4	28	9	8	9	2	33	12	18	3
1998	December	60	3	26	8	11	10	2	33	4	25	4
1999	December	53	4	23	7	7	10	2	30	5	21	4
2000	December	45	3	15	9	6	10	2	29	5	19	5
2001	December	44	3	13	7	7	10	4	21	4	12	5
2002	December	46	4	13	7	9	8	5	10	3	5	2
2003	December	42	2	13	8	5	8	6	7	3	2	2
2004	December	39	1	12	9	6	5	6	6	3	3	–
2005	December	36	1	10	6	8	5	6	3	2	1	–
2006	December	35	2	6	5	10	4	8	3	2	1	–
2007	December	35	2	5	2	12	5	9	2	1	1	–
2008	September	36	2	7	2	10	6	9	2	1	1	–
	October	36	2	7	2	10	6	9	2	1	1	–
	November	36	2	7	1	11	6	9	2	1	1	–
	December	36	2	7	1	11	6	9	2	1	1	–
2009	January	36	2	7	1	10	7	9	2	1	1	–
	February	36	2	7	1	11	6	9	2	1	1	–
	March	35	2	7	1	10	7	8	2	1	1	–
	April	36	3	7	1	10	7	8	2	1	1	–
	May	36	3	6	2	10	7	8	2	1	1	–
	June	36	3	6	2	10	7	8	2	1	1	–
	July	36	3	6	2	10	7	8	2	1	1	–
	August	36	3	6	2	10	7	8	2	1	1	–

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

The table shows the total number of banks and savings banks during the transition period which report monthly to the CNB. Their operations are shown in the Banks' Accounts. Monetary statistics includes reporting institutions under winding-up and, until February 2005, institutions whose operating licences have been revoked, but

which have not initiated winding-up proceedings.

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

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

Table C1: Monetary Authorities Accounts

end of period, million kuna

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.*	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
ASSETS											
1. Foreign assets	49,373.4	54,862.5	64,088.2	68,177.8	66,805.5	66,142.5	65,972.7	64,389.1	66,285.1	66,224.7	68,081.9
1.1. Gold	–	–	–	–	–	–	–	–	–	–	–
1.2. Holdings of SDRs	4.8	6.3	5.3	5.6	5.3	4.7	5.1	4.5	4.5	4.8	2,169.4
1.3. Reserve position in the IMF	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
1.4. Currency and demand deposits with foreign banks	5.7	7.7	7.2	7.2	1,472.7	1,499.7	1,577.7	1,473.3	1,465.9	1,473.7	1,766.7
1.5. Time deposits with foreign banks	24,337.7	28,274.1	33,243.0	33,204.4	13,189.3	14,013.6	15,381.8	15,370.7	14,427.3	12,456.0	12,268.6
1.6. Securities in f/c	25,023.7	26,573.0	30,831.2	34,959.3	52,136.9	50,623.0	49,006.7	47,539.1	50,386.1	52,289.0	51,876.0
1.7. Non-convertible foreign exchange	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Claims on central government and funds	3.3	1.4	0.9	1.0	2.2	0.8	1.4	1.6	1.2	1.0	2.1
2.1. Claims in kuna	3.3	1.4	0.9	1.0	2.2	0.8	1.4	1.6	1.2	1.0	2.1
2.2. Claims in f/c	–	–	–	–	–	–	–	–	–	–	–
3. Claims on other domestic sectors	82.9	73.4	64.0	67.9	64.2	64.2	4.4	4.3	4.3	4.3	4.3
4. Claims on banks	408.9	4,215.6	3,911.5	4,178.3	13.9	1,396.7	1,614.7	2,542.4	2,425.5	2,394.5	2,668.0
4.1. Credits to banks	408.9	4,215.6	3,911.5	4,178.3	13.9	1,372.8	1,614.7	2,542.4	2,425.5	2,394.5	2,668.0
Lombard credits	–	–	–	1,349.1	–	–	–	–	–	–	–
Short-term liquidity credits	–	–	–	–	–	–	–	–	–	–	–
Other credits	15.0	14.5	14.5	14.7	13.9	14.0	13.9	13.7	13.6	13.7	13.6
Reverse repo transactions	394.0	4,201.1	3,897.0	2,814.5	–	1,358.8	1,600.8	2,528.8	2,412.0	2,380.8	2,654.3
4.2. Overdue claims	–	–	–	–	–	23.9	–	–	–	–	–
5. Claims on other banking institutions	–	–	–	–	–	–	–	–	–	–	–
Total (1+2+3+4+5)	49,868.5	59,153.0	68,064.6	72,425.1	66,885.8	67,604.1	67,593.1	66,937.4	68,716.2	68,624.6	70,756.2
LIABILITIES											
1. Reserve money	33,924.4	40,390.8	46,331.2	51,923.9	49,743.0	52,717.7	53,075.1	53,900.4	55,100.6	55,147.1	55,346.9
1.1. Currency outside banks	10,955.6	12,163.8	14,609.3	16,007.5	17,051.0	15,826.2	16,302.6	16,702.9	16,914.7	17,579.6	16,967.7
1.2. Banks' cash in vaults	1,871.0	2,210.7	2,698.0	3,305.8	3,428.3	2,934.4	3,113.9	2,897.5	3,454.5	3,492.9	3,579.5
1.3. Banks' deposits	21,082.6	26,016.3	29,023.9	32,610.6	29,263.7	33,957.1	33,658.6	34,299.9	34,731.5	34,074.3	34,799.8
Settlement accounts	6,408.2	8,411.1	8,535.7	7,553.9	9,520.3	9,307.6	9,864.1	10,573.1	11,097.6	10,399.8	11,130.5
Statutory reserves	14,674.4	17,605.2	20,478.2	22,275.6	19,222.7	24,079.9	23,601.4	23,564.1	23,493.4	23,534.3	23,537.7
CNB bills on obligatory basis	–	–	–	1,991.1	460.6	569.6	193.1	145.7	140.4	140.1	131.6
Overnight deposits	–	–	10.0	790.0	60.0	–	–	17.0	–	–	–
1.4. Deposits of other banking institutions	–	–	–	–	–	–	–	–	–	–	–
1.5. Deposits of other domestic sectors ^b	15.1	–	–	–	–	–	–	–	–	0.4	0.0
2. Restricted and blocked deposits	10,777.1	13,551.8	16,633.5	14,286.0	8,064.1	4,634.8	4,723.1	4,662.1	4,722.0	4,741.5	4,768.9
2.1. Statutory reserve in f/c	10,764.7	13,495.9	16,576.7	14,257.5	8,008.3	4,581.7	4,666.9	4,603.7	4,668.9	4,683.3	4,715.2
2.2. Restricted deposits	12.4	55.9	56.9	28.6	55.8	53.1	56.2	58.4	53.1	58.2	53.7
2.3. Escrow deposits	–	–	–	–	–	–	–	–	–	–	–
3. Foreign liabilities	18.1	18.9	18.9	17.2	16.6	14.9	14.8	14.2	8.3	8.3	8.1
3.1. Use of IMF credit	–	–	–	–	–	–	–	–	–	–	–
3.2. Liabilities to international organisations	18.1	18.9	18.9	17.2	16.6	14.9	14.8	14.2	8.3	8.3	8.1
3.3. Liabilities to foreign banks ^a	–	–	–	–	–	0.0	0.0	0.0	–	–	0.0
4. Central government and funds' deposits	263.2	332.2	188.0	199.1	206.9	383.4	260.3	278.7	962.3	430.5	395.6
4.1. Demand deposits	228.0	319.0	174.5	125.8	171.1	376.2	192.0	210.4	255.7	200.8	327.6
Central government demand deposits	123.0	246.3	138.6	100.3	43.0	338.4	116.3	177.2	118.7	96.8	279.9
Central government funds' demand deposits	105.0	72.7	35.9	25.4	128.2	37.7	75.7	33.2	137.0	104.0	47.7
4.2. Central government f/c deposits	35.2	13.2	13.5	73.3	35.8	7.2	68.3	68.3	706.7	229.7	67.9
4.3. CNB bills	–	–	–	–	–	–	–	–	–	–	–
5. CNB bills	–	–	–	–	–	–	–	–	–	–	–
5.1. CNB bills in kuna	–	–	–	–	–	–	–	–	–	–	–
5.2. CNB bills in f/c	–	–	–	–	–	–	–	–	–	–	–
6. Capital accounts	5,096.5	5,357.4	5,408.8	6,664.5	9,562.4	10,579.2	10,229.7	8,786.8	8,639.5	9,029.9	10,970.6
7. Other items (net)	–210.8	–498.2	–515.8	–665.6	–707.1	–725.9	–709.9	–704.8	–716.5	–732.7	–733.9
Total (1+2+3+4+5+6+7)	49,868.5	59,153.0	68,064.6	72,425.1	66,885.8	67,604.1	67,593.1	66,937.4	68,716.2	68,624.6	70,756.2

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

Table C1: Monetary Authorities Accounts

The table reports data on claims and liabilities by monetary authorities.

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

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

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

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

Since May 1999, Claims on other domestic sectors include overdue claims on banks against which bankruptcy proceedings have been initiated. Due to the reclassification of savings banks from the

subsector other banking institutions to the subsector banks, data for Claims on banks and Claims on other banking institutions have been revised.

Reserve money consists of currency outside banks, cash in banks' vaults, banks' deposits with the CNB, other banking institutions' deposits and other domestic sectors' deposits with the CNB. Banks' deposits are: settlement account balances, statutory reserves deposited on a special account with the CNB (including, from March 2006, special reserve requirement on liabilities arising from issued securities), CNB bills on an obligatory basis and overnight deposits. Deposits by other banking institutions included, until September 2003, settlement account balances of housing savings banks. Deposits by other domestic sectors are other domestic sectors' giro account balances which are deposited with the Croatian National Bank in accordance with law or other regulation.

Restricted and blocked deposits include required foreign currency reserves and accrued interest, restricted deposits and blocked foreign currency deposits. Banks are required to set aside the reserve requirements against certain foreign currency sources of funds and the marginal reserve requirements (from August 2004 on) in special accounts at the Croatian National Bank. Restricted deposits are kuna funds set aside on the basis of a court order or regulations, kuna funds set aside in the period between May 1999 and April 2002 and deposits of banks against which bankruptcy proceedings have been initiated. Blocked foreign currency deposits are funds that were set aside in special accounts at the Croatian National Bank for repaying unpaid amounts due to foreign creditors.

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

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

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

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

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

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

Table D1: Banks' Accounts

end of period, million kuna

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
ASSETS											
1. Reserves with the CNB	33,718.2	41,775.2	48,384.7	50,178.9	40,705.6	41,454.4	41,444.7	41,806.2	42,860.4	42,254.0	43,100.3
1.1. In kuna	22,962.9	28,283.1	31,814.1	35,929.1	32,700.5	36,873.4	36,778.4	37,202.9	38,192.0	37,571.4	38,385.6
1.2. In f/c	10,755.3	13,492.1	16,570.6	14,249.8	8,005.1	4,581.0	4,666.3	4,603.2	4,668.5	4,682.6	4,714.7
2. Foreign assets	43,551.0	35,572.5	39,621.2	46,438.5	50,246.6	36,959.4	39,077.0	39,046.7	41,619.5	42,593.8	45,983.4
3. Claims on central government and funds	21,051.3	28,877.2	27,936.8	28,971.5	37,801.1	46,657.2	47,999.8	47,512.9	46,391.7	46,884.4	47,239.6
4. Claims on other domestic sectors	125,707.9	147,340.9	180,967.8	207,330.7	231,408.6	233,299.0	232,834.7	230,618.4	228,963.5	229,469.1	228,588.9
4.1. Claims on local government	1,787.9	1,767.2	1,892.0	2,140.8	2,077.4	1,994.4	1,903.6	1,888.0	1,843.0	1,848.3	1,837.2
4.2. Claims on enterprises	58,643.3	67,017.9	83,386.5	92,265.1	102,779.8	104,546.1	104,683.7	103,947.7	103,335.9	103,861.8	103,335.4
4.3. Claims on households	65,276.7	78,555.7	95,689.3	112,924.9	126,551.4	126,758.5	126,247.4	124,782.6	123,784.6	123,758.9	123,416.3
5. Claims on other banking institutions	624.0	592.2	1,029.5	1,640.0	441.9	417.3	431.5	552.5	565.6	601.9	541.7
6. Claims on non-banking financial institutions	893.9	1,161.8	1,318.1	1,789.7	1,067.4	1,076.3	1,071.5	1,059.5	1,233.5	1,118.1	1,094.0
Total (1+2+3+4+5+6)	225,546.2	255,319.8	299,258.1	336,349.4	361,671.2	359,863.6	362,859.1	360,596.0	361,634.2	362,921.2	366,547.9
LIABILITIES											
1. Demand deposits	23,591.3	26,653.3	33,911.7	41,870.8	38,171.2	30,810.3	30,116.6	30,744.1	30,784.2	30,084.7	30,847.3
2. Savings and time deposits	22,479.2	27,992.1	44,836.8	53,644.9	50,070.3	47,233.4	46,622.8	45,683.3	45,005.5	44,444.1	43,254.5
3. Foreign currency deposits	81,742.9	86,760.8	88,256.7	103,090.1	117,194.8	122,865.0	123,882.8	123,072.1	123,889.1	127,325.1	131,314.7
4. Bonds and money market instruments	1,163.5	1,077.0	844.1	1,208.8	2,531.1	1,891.8	1,872.8	1,910.3	1,822.7	1,920.9	2,060.0
5. Foreign liabilities	61,163.7	67,112.3	76,076.0	65,152.6	75,296.1	76,543.2	78,240.5	78,436.7	77,780.5	77,095.0	76,273.5
6. Central government and funds' deposits	6,821.8	9,287.0	10,800.4	13,525.8	16,007.5	16,811.2	18,352.6	16,496.4	17,377.1	16,541.6	16,504.9
7. Credit from central bank	408.9	4,215.6	3,911.4	4,178.3	14.0	1,372.8	1,614.6	2,542.4	2,425.5	2,394.5	2,667.9
8. Restricted and blocked deposits	2,054.6	2,036.4	2,447.6	2,252.3	3,038.4	2,860.0	2,543.2	2,505.6	3,060.1	2,813.1	2,877.0
9. Capital accounts	28,666.4	32,665.7	40,805.1	53,178.9	60,317.4	61,848.5	62,207.0	62,373.1	62,875.9	63,571.7	64,059.8
10. Other items (net)	-2,546.3	-2,480.4	-2,631.7	-1,753.2	-969.7	-2,372.6	-2,593.9	-3,168.0	-3,386.5	-3,269.4	-3,311.8
Total (1+2+3+4+5+6+7+8+9+10)	225,546.2	255,319.8	299,258.1	336,349.4	361,671.2	359,863.6	362,859.1	360,596.0	361,634.2	362,921.2	366,547.9

Table D1: Banks' Accounts

Banks' Accounts include data on banks' claims and liabilities. Banks' mutual claims and liabilities are consolidated.

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

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

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

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

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

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

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

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

Foreign currency deposits are foreign currency sight deposits as

well as foreign currency time and notice deposits.

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

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

Central government and funds' deposits are all forms of banks' kuna and foreign currency liabilities (except restricted and blocked deposits) to the central government and funds.

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

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

Capital accounts are share capital, profit or loss for the previous and current year, retained earnings (loss), legal reserves, reserves provided for by the articles of association and other capital reserves, hedging reserves, unrealised gains (losses) from financial assets classified as available-for-sale assets, value adjustments and collectively assessed impairment provisions.

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

Tables: D2 – D12

This group of tables (with the exception of Table D5) provides a detailed analysis of the relevant asset and liability items from Table D1 (Banks' Accounts).

Table D2: Banks' Foreign Assets

end of period, million kuna

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1. Foreign assets in f/c	43,428.1	35,457.9	39,454.5	45,837.2	49,705.1	36,418.8	38,538.3	38,410.4	40,873.9	41,753.7	44,970.5
1.1. Claims on foreign financial institutions	35,911.0	27,228.5	30,404.1	37,824.9	38,038.3	25,953.3	28,424.6	28,539.3	31,059.3	31,960.8	34,458.2
Foreign currencies	1,190.0	1,136.1	1,232.1	1,245.5	1,973.2	1,432.4	1,630.8	1,651.4	1,992.5	1,790.7	1,941.9
Demand deposits	906.2	860.2	870.1	1,305.2	2,109.8	1,122.9	1,005.4	887.0	1,224.5	1,229.6	1,310.2
Time and notice deposits	30,943.7	20,874.6	23,509.4	31,726.1	31,444.5	20,865.3	23,334.7	23,604.6	25,559.9	26,852.5	29,117.9
Securities	2,674.1	4,197.0	4,441.5	3,210.4	2,307.1	2,302.2	2,228.3	2,178.9	2,000.0	1,879.4	1,882.9
Loans and advances	189.0	152.9	339.2	195.9	166.3	192.6	182.3	168.1	234.6	158.7	147.0
Shares and participations	8.1	7.8	11.8	141.9	37.4	37.9	43.1	49.4	47.8	50.0	58.2
1.2. Claims on foreign non-banks	7,517.1	8,229.4	9,050.4	8,012.3	11,666.8	10,465.5	10,113.7	9,871.0	9,814.6	9,792.9	10,512.3
Claims on foreign governments	7,066.6	7,735.7	8,217.0	6,696.1	9,976.8	8,801.9	8,472.2	8,279.4	8,441.8	8,337.0	9,014.7
Claims on other non-residents	450.2	493.1	798.1	1,295.2	1,613.5	1,575.1	1,546.8	1,534.3	1,340.7	1,416.5	1,462.6
Securities	77.4	68.0	141.5	180.9	235.1	227.9	220.4	226.1	222.3	227.1	217.3
Loans and advances	372.8	425.2	656.6	1,114.3	1,378.4	1,347.3	1,326.4	1,308.3	1,118.4	1,189.4	1,245.3
Shares and participations	0.3	0.5	35.3	20.9	76.5	88.4	94.8	57.3	32.2	39.4	34.9
2. Foreign assets in kuna	122.9	114.6	166.7	601.3	541.5	540.6	538.6	636.3	745.5	840.1	1,012.9
2.1. Claims on foreign financial institutions	77.8	71.3	96.9	408.1	144.1	133.3	153.3	257.3	379.4	489.8	662.8
2.2. Claims on foreign non-banks	45.1	43.4	69.8	193.3	397.4	407.3	385.3	379.0	366.2	350.3	350.1
o/w: Loans and advances	44.3	42.6	69.2	192.7	396.8	406.7	384.7	378.6	365.8	350.0	349.8
Total (1+2)	43,551.0	35,572.5	39,621.2	46,438.5	50,246.6	36,959.4	39,077.0	39,046.7	41,619.5	42,593.8	45,983.4

Table D2: Banks' Foreign Assets

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

Foreign assets of banks' comprise foreign assets in kuna and for-

eign currency.

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

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

end of period, million kuna

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1. In kuna	16,270.2	20,532.7	22,703.0	24,081.8	24,901.6	27,318.0	28,624.5	28,471.7	27,133.0	27,621.1	27,705.7
1.1. Claims on central government	14,465.6	17,352.6	18,361.2	19,057.3	19,899.5	21,952.4	23,645.5	23,553.4	21,892.3	22,411.4	22,484.8
Securities	11,779.1	16,037.7	14,546.7	16,099.8	16,969.0	16,923.2	16,817.9	16,808.6	16,824.1	16,949.4	16,642.3
o/w: Bonds (c/part to f/c savings deposits)	532.0	20.6	8.3	6.4	6.1	5.6	6.1	5.8	5.5	5.2	5.1
Loans and advances	2,686.5	1,314.9	3,814.5	2,957.5	2,930.4	5,029.2	6,827.6	6,744.8	5,068.2	5,462.0	5,842.5
1.2. Claims on central government funds	1,804.6	3,180.1	4,341.9	5,024.5	5,002.1	5,365.6	4,979.0	4,918.3	5,240.8	5,209.7	5,220.9
Securities	621.1	–	–	–	6.1	0.0	–	–	–	–	–
Loans and advances	1,183.5	3,180.1	4,341.9	5,024.5	4,996.1	5,365.6	4,979.0	4,918.3	5,240.8	5,209.7	5,220.9
2. In f/c	4,781.1	8,344.5	5,233.8	4,889.7	12,899.5	19,339.2	19,375.2	19,041.1	19,258.6	19,263.2	19,533.9
2.1. Claims on central government	3,548.4	7,241.0	4,624.4	4,388.6	9,843.6	15,170.3	15,075.6	14,872.3	15,123.0	15,123.7	14,897.0
Securities	1,117.0	1,248.1	429.0	268.4	300.7	197.3	200.8	197.6	517.1	470.2	267.1
Loans and advances	2,431.3	5,992.8	4,195.4	4,120.1	9,542.9	14,973.1	14,874.8	14,674.7	14,605.9	14,653.5	14,629.9
2.2. Claims on central government funds	1,232.8	1,103.5	609.4	501.2	3,055.9	4,168.8	4,299.6	4,168.9	4,135.6	4,139.6	4,636.9
Securities	163.1	144.2	109.2	82.1	50.9	51.5	51.8	51.3	51.1	51.5	51.6
Loans and advances	1,069.7	959.3	500.2	419.1	3,005.1	4,117.4	4,247.9	4,117.6	4,084.5	4,088.1	4,585.3
Total (1+2)	21,051.3	28,877.2	27,936.8	28,971.5	37,801.1	46,657.2	47,999.8	47,512.9	46,391.7	46,884.4	47,239.6

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

The table shows banks' kuna and foreign currency claims on the central government and funds. The item Securities, shown under

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

Table D4: Banks' Claims on Other Domestic Sectors

end of period, million kuna

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1. Claims in kuna	114,635.7	133,603.5	166,755.1	194,476.7	216,530.8	216,871.5	216,279.6	214,211.0	212,352.8	212,725.3	211,783.2
1.1. Money market instruments	2,510.0	2,329.9	1,980.7	2,147.4	2,674.5	2,488.9	2,427.1	2,432.6	2,369.5	2,189.7	2,137.1
1.2. Bonds	559.8	361.6	1,088.8	1,366.0	1,341.4	1,457.9	1,621.6	1,635.6	1,634.4	1,677.2	1,671.7
1.3. Loans and advances	109,523.9	128,882.3	161,694.2	188,462.5	210,424.0	210,733.2	210,047.3	207,896.2	206,151.3	206,636.9	205,726.4
1.4. Shares and participations	2,042.0	2,029.6	1,991.4	2,500.8	2,090.8	2,191.5	2,183.5	2,246.6	2,197.5	2,221.6	2,248.0
2. Claims in f/c	11,072.2	13,737.4	14,212.8	12,854.0	14,877.8	16,427.6	16,555.1	16,407.4	16,610.8	16,743.8	16,805.7
2.1. Securities	213.5	307.6	221.1	249.2	109.3	97.3	104.4	117.2	122.1	117.2	113.2
2.2. Loans and advances	10,858.6	13,429.8	13,991.6	12,604.9	14,768.5	16,330.3	16,450.7	16,290.2	16,488.6	16,626.6	16,692.6
Total (1+2)	125,707.9	147,340.9	180,967.8	207,330.7	231,408.6	233,299.0	232,834.7	230,618.4	228,963.5	229,469.1	228,588.9

Table D4: Banks' Claims on Other Domestic Sectors

The table shows banks' kuna and foreign currency claims on other domestic sectors, classified according to financial instruments:

money market instruments (including factoring and forfaiting since January 2004), loans and advances (including acceptances and purchased claims), and equities.

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

end of period, million kuna

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
LOANS IN KUNA											
1. Loans to central government and funds	3,870.0	4,495.0	8,156.4	7,982.0	7,926.5	10,394.8	11,806.6	11,663.1	10,309.0	10,671.8	11,063.4
1.1. Loans to central government	2,686.5	1,314.9	3,814.5	2,957.5	2,930.4	5,029.2	6,827.6	6,744.8	5,068.2	5,462.0	5,842.5
1.2. Loans to central government funds	1,183.5	3,180.1	4,341.9	5,024.5	4,996.1	5,365.6	4,979.0	4,918.3	5,240.8	5,209.7	5,220.9
2. Loans to local government	1,701.9	1,613.9	1,720.3	1,867.5	1,786.9	1,699.7	1,625.2	1,612.4	1,565.7	1,567.9	1,556.3
3. Loans to enterprises	42,844.7	49,105.9	64,666.3	74,001.7	82,431.7	82,614.9	82,512.6	81,831.6	81,123.7	81,636.2	81,079.0
4. Loans to households	64,977.2	78,162.4	95,307.6	112,593.3	126,205.3	126,418.6	125,909.5	124,452.1	123,461.8	123,432.7	123,091.1
o/w: Housing loans	21,397.9	27,571.1	36,927.3	45,218.6	52,305.5	52,988.7	53,018.0	52,371.3	52,028.6	52,366.5	52,523.6
5. Loans to other banking institutions	154.5	46.5	304.4	213.6	36.1	34.2	68.1	149.4	141.1	178.5	130.4
6. Loans to non-banking financial institutions	558.0	591.8	854.4	947.6	741.4	692.8	676.1	685.7	772.4	704.9	681.7
A. Total (1+2+3+4+5+6)	114,106.4	134,015.6	171,009.4	197,605.7	219,128.0	221,855.1	222,598.1	220,394.4	217,373.8	218,192.0	217,601.9
LOANS IN F/C											
1. Loans to central government and funds	3,501.0	6,952.1	4,695.6	4,539.2	12,548.0	19,090.4	19,122.6	18,792.3	18,690.4	18,741.6	19,215.2
1.1. Loans to central government	2,431.3	5,992.8	4,195.4	4,120.1	9,542.9	14,973.1	14,874.8	14,674.7	14,605.9	14,653.5	14,629.9
1.2. Loans to central government funds	1,069.7	959.3	500.2	419.1	3,005.1	4,117.4	4,247.9	4,117.6	4,084.5	4,088.1	4,585.3
2. Loans to local government	31.9	63.0	11.3	8.7	5.5	5.6	5.5	5.5	4.3	3.0	3.0
3. Loans to enterprises	10,527.3	12,973.5	13,598.5	12,264.5	14,416.8	15,984.8	16,107.3	15,954.3	16,161.5	16,297.3	16,364.3
4. Loans to households	299.5	393.3	381.8	331.6	346.1	339.9	337.8	330.5	322.8	326.2	325.2
5. Loans to other banking institutions	52.9	19.9	68.1	74.0	1.2	22.4	–	–	30.3	30.6	18.5
6. Loans to non-banking financial institutions	255.3	512.3	360.5	668.0	143.5	211.6	223.6	194.5	283.1	255.6	255.1
B. Total (1+2+3+4+5+6)	14,667.8	20,914.1	19,115.9	17,886.0	27,461.1	35,654.7	35,797.0	35,277.0	35,492.4	35,654.4	36,181.4
TOTAL (A+B)	128,774.2	154,929.7	190,125.3	215,491.7	246,589.1	257,509.8	258,395.1	255,671.5	252,866.1	253,846.5	253,783.3

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

The table shows data on kuna and foreign currency loans granted

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

Table D6: Demand Deposits with Banks

end of period, million kuna

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1. Local government	2,020.7	1,688.7	1,803.8	2,689.4	2,441.1	1,599.9	1,447.4	1,245.8	1,192.9	1,160.8	1,263.1
2. Enterprises	12,036.9	13,344.2	16,668.6	19,599.3	16,896.1	13,061.2	12,384.3	12,942.2	13,122.8	12,698.7	13,723.2
3. Households	8,773.0	10,728.3	14,257.8	17,896.7	17,620.1	15,318.0	15,390.8	15,592.0	15,565.9	15,544.0	15,016.2
4. Other banking institutions	245.4	322.1	485.1	481.1	293.6	152.9	208.4	165.0	151.0	135.4	217.5
5. Non-banking financial institutions	517.5	571.3	697.6	1,205.2	921.1	678.7	686.1	799.5	752.1	546.2	627.6
6. Less: Checks of other banks and checks in collection	-2.2	-1.3	-1.2	-0.9	-0.7	-0.4	-0.4	-0.4	-0.5	-0.4	-0.3
Total (1+2+3+4+5+6)	23,591.3	26,653.3	33,911.7	41,870.8	38,171.2	30,810.3	30,116.6	30,744.1	30,784.2	30,084.7	30,847.3

Table D6: Demand Deposits with Banks

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

Demand deposits are the sum of other domestic sectors', other

banking institutions' and non-banking financial institutions' giro and current accounts balances, minus currency in the payment system (i.e. checks in banks' vaults and checks in collection). Banks' obligations arising from kuna payment instruments issued are included in the household sector.

Table D7: Time and Savings Deposits with Banks

end of period, million kuna

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1. Savings deposits	2,233.9	2,493.6	2,905.6	3,086.1	2,770.3	2,558.4	2,599.3	2,620.5	2,623.7	2,525.6	2,498.4
1.1. Local government	4.6	2.7	2.8	2.5	0.0	0.1	0.2	0.2	0.2	0.2	0.2
1.2. Enterprises	38.8	101.6	110.3	154.7	108.8	110.4	121.1	158.4	169.5	136.8	150.0
1.3. Households	2,190.5	2,388.3	2,792.4	2,929.0	2,657.7	2,447.0	2,476.1	2,461.2	2,443.7	2,371.0	2,340.8
1.4. Other banking institutions	–	–	–	–	–	–	–	–	–	5.0	5.0
1.5. Non-banking financial institutions	0.0	1.0	0.0	–	3.7	0.9	1.9	0.8	10.4	12.5	2.5
2. Time and notice deposits	20,245.4	25,498.4	41,931.3	50,558.8	47,300.1	44,675.0	44,023.5	43,062.8	42,381.8	41,918.6	40,756.1
2.1. Local government	550.8	508.7	491.8	549.5	726.0	1,340.8	1,276.9	1,173.7	1,101.6	1,150.0	1,167.3
2.2. Enterprises	8,698.5	8,222.5	14,715.4	18,414.8	16,268.0	13,849.9	13,664.6	12,746.9	12,278.4	13,393.3	13,486.3
2.3. Households	9,321.4	13,254.9	20,755.0	20,479.1	22,721.6	20,976.3	20,420.1	20,132.2	19,849.5	18,678.0	17,581.5
2.4. Other banking institutions	215.9	931.9	2,697.9	6,386.5	2,563.4	2,774.3	3,304.3	3,547.2	3,776.8	3,332.1	3,041.7
2.5. Non-banking financial institutions	1,458.8	2,580.4	3,271.3	4,728.9	5,021.1	5,733.8	5,357.6	5,462.9	5,375.5	5,365.2	5,479.3
Total (1+2)	22,479.2	27,992.1	44,836.8	53,644.9	50,070.3	47,233.4	46,622.8	45,683.3	45,005.5	44,444.1	43,254.5

Table D7: Time and Savings Deposits with Banks

The table shows kuna savings and time deposits by other domestic sectors, other banking institutions and non-banking financial institutions with banks.

Table D8: Foreign Currency Deposits with Banks

end of period, million kuna

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1. Savings deposits	22,144.6	22,641.0	22,698.6	22,845.0	21,262.2	20,815.2	20,441.3	20,245.2	20,791.9	20,883.4	22,072.0
1.1. Local government	15.6	11.9	30.8	27.5	22.1	9.9	9.5	9.3	21.5	9.4	9.5
1.2. Enterprises	4,273.2	4,408.3	4,589.7	5,543.6	5,132.0	4,497.2	4,592.7	4,368.3	5,135.4	4,823.6	5,146.3
1.3. Households	17,708.9	17,933.6	17,609.9	16,720.8	15,682.8	15,584.0	15,416.7	15,183.9	15,260.8	15,596.6	16,278.3
1.4. Other banking institutions	15.4	116.0	276.7	251.7	121.4	77.6	118.2	225.3	86.9	141.3	172.0
1.5. Non-banking financial institutions	131.6	171.3	191.4	301.5	303.9	646.5	304.2	458.4	287.2	312.4	466.0
2. Time deposits	59,598.3	64,119.7	65,558.1	80,245.1	95,932.6	102,049.7	103,441.6	102,826.9	103,097.2	106,441.8	109,242.7
2.1. Local government	0.3	3.2	1.9	2.1	2.3	2.6	2.7	2.5	2.5	2.5	2.4
2.2. Enterprises	8,518.6	8,154.2	7,086.2	10,391.9	11,215.5	10,815.2	11,267.5	11,035.2	10,910.4	11,207.6	11,736.1
2.3. Households	50,636.0	55,036.1	57,210.8	66,465.7	80,419.6	86,495.8	86,874.7	85,962.4	86,353.9	88,677.9	90,637.6
2.4. Other banking institutions	20.7	242.0	366.2	1,038.6	808.2	590.7	517.1	613.0	628.4	743.3	708.5
2.5. Non-banking financial institutions	422.7	684.2	892.9	2,346.8	3,487.0	4,145.4	4,779.6	5,213.8	5,202.1	5,810.5	6,157.9
Total (1+2)	81,742.9	86,760.8	88,256.7	103,090.1	117,194.8	122,865.0	123,882.8	123,072.1	123,889.1	127,325.1	131,314.7

Table D8: Foreign Currency Deposits with Banks

The table shows foreign currency savings and time deposits by other domestic sectors, other banking institutions and non-banking

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

Table D9: Bonds and Money Market Instruments

end of period, million kuna

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1. Money market instruments (net)	–	–	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
2. Bonds (net)	170.5	164.9	340.9	632.0	609.5	601.8	602.5	592.8	606.4	607.5	608.4
3. Other domestic borrowing	993.0	912.1	502.5	576.0	1,920.8	1,289.3	1,269.5	1,316.7	1,215.5	1,312.6	1,450.9
3.1. Local government	–	–	–	–	–	–	–	–	–	–	–
3.2. Enterprises	40.3	40.8	0.0	152.9	3.5	3.8	4.5	4.2	4.1	4.3	4.1
3.3. Other banking institutions	842.8	828.1	492.8	266.4	1,719.2	1,285.5	1,265.0	1,312.5	1,206.4	1,308.3	1,446.7
3.4. Non-banking financial institutions	109.9	43.2	9.6	156.6	198.0	–	–	–	5.0	–	–
Total (1+2+3)	1,163.5	1,077.0	844.1	1,208.8	2,531.1	1,891.8	1,872.8	1,910.3	1,822.7	1,920.9	2,060.0

Table D9: Bonds and Money Market Instruments

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

Money market instruments (net) comprise banks' net liabilities for CNB bills, bills of exchange (issued and accepted) and other se-

curities issued.

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

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

Table D10: Banks' Foreign Liabilities

end of period, million kuna

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1. Foreign liabilities in f/c	54,536.7	52,073.3	55,114.3	48,461.3	54,726.8	56,979.1	57,872.7	56,225.1	56,174.0	56,076.0	56,395.6
1.1. Liabilities to foreign financial institutions	48,967.5	45,747.7	48,561.3	41,483.1	47,878.5	49,858.0	50,517.9	48,970.3	48,661.7	48,081.2	48,475.1
Demand deposits	127.6	156.3	195.0	258.8	176.6	171.0	177.1	187.2	196.2	231.5	248.3
Time and notice deposits	16,056.8	12,523.1	12,174.1	10,562.9	14,016.4	17,744.1	18,595.2	18,684.4	18,245.9	21,556.8	22,004.0
Loans and advances	29,369.5	29,775.6	32,903.9	27,373.0	30,408.3	28,603.7	28,576.5	26,971.4	27,106.3	26,292.9	26,222.8
o/w: Subordinated and hybrid instruments	2,399.4	1,167.4	820.7	405.9	1,585.1	1,958.3	1,952.2	1,934.6	1,922.4	1,932.6	1,933.7
Bonds	3,413.6	3,292.6	3,288.3	3,288.4	3,277.1	3,339.2	3,169.2	3,127.4	3,113.2	–	–
1.2. Liabilities to foreign non-banks	5,569.2	6,325.6	6,553.0	6,978.2	6,848.4	7,121.1	7,354.8	7,254.8	7,512.4	7,994.7	7,920.4
Savings and time deposits	5,002.2	5,846.3	6,192.4	6,729.9	6,719.0	7,047.4	7,281.4	7,182.6	7,440.4	7,985.5	7,911.2
Sight deposits	1,052.5	1,172.9	1,635.8	1,537.2	1,374.5	1,420.1	1,373.2	1,323.3	1,494.8	1,394.9	1,265.5
Time and notice deposits	3,949.6	4,673.4	4,556.7	5,192.7	5,344.6	5,627.4	5,908.2	5,859.3	5,945.6	6,590.6	6,645.7
Loans and advances	567.1	479.3	360.5	248.3	129.3	73.7	73.4	72.2	72.0	9.2	9.2
o/w: Subordinated and hybrid instruments	0.2	–	–	–	–	–	–	–	–	–	–
2. Foreign liabilities in kuna	6,627.0	15,039.1	20,961.8	16,691.3	20,569.2	19,564.2	20,367.8	22,211.6	21,606.5	21,019.0	19,877.9
2.1. Liabilities to foreign financial institutions	6,103.9	14,099.6	20,087.0	16,093.8	20,061.0	19,087.8	19,894.9	21,750.8	21,175.9	20,584.9	19,487.0
Demand deposits	145.1	179.6	1,438.1	519.0	898.1	426.2	266.3	267.2	315.7	339.9	308.5
Time and notice deposits	2,846.9	6,979.5	11,198.8	11,423.7	15,014.2	14,512.8	15,448.1	16,569.4	15,956.1	15,338.2	14,266.3
Loans and advances	3,111.9	6,940.5	7,450.2	4,151.2	4,148.8	4,148.8	4,180.4	4,914.3	4,904.1	4,906.8	4,912.2
o/w: Subordinated and hybrid instruments	–	405.7	404.0	0.4	–	–	–	733.9	723.7	726.4	731.8
2.2. Liabilities to foreign non-banks	523.1	939.5	874.8	597.5	508.2	476.4	472.9	460.8	430.6	434.1	390.9
Demand deposits	95.9	180.3	170.1	253.2	257.0	237.6	228.8	238.0	217.7	232.9	205.2
Time and notice deposits	419.2	755.2	703.3	340.6	245.7	233.2	238.6	217.2	204.4	192.7	177.2
Loans and advances	8.0	4.0	1.4	3.7	5.5	5.5	5.5	5.5	8.5	8.5	8.5
o/w: Subordinated and hybrid instruments	8.0	4.0	1.4	3.7	5.5	5.5	5.5	5.5	8.5	8.5	8.5
Total (1+2)	61,163.7	67,112.3	76,076.0	65,152.6	75,296.1	76,543.2	78,240.5	78,436.7	77,780.5	77,095.0	76,273.5

Table D10: Banks' Foreign Liabilities

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

Banks' foreign liabilities comprise foreign currency liabilities and

foreign kuna liabilities.

Within foreign kuna and foreign currency liabilities, liabilities to foreign banks are reported separately from liabilities to foreign non-banks (total and by financial instruments). Loans and advances also include issued subordinated and hybrid instruments purchased by foreign investors.

Table D11: Central Government and Funds' Deposits with Banks

end of period, million kuna

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1. In kuna	5,627.2	7,596.1	9,030.0	11,535.0	14,185.1	14,752.1	16,010.6	14,352.5	15,003.4	15,080.1	15,100.7
1.1. Central government deposits	445.1	605.0	497.5	666.4	429.5	378.2	1,975.1	418.6	1,021.7	971.9	958.5
Demand deposits	373.3	458.1	366.2	454.9	176.7	154.4	159.7	171.2	174.2	238.2	174.3
Savings deposits	4.2	1.8	2.1	1.2	1.1	0.7	0.7	0.6	0.8	0.7	0.7
Time and notice deposits	66.5	144.0	128.1	209.3	251.6	223.1	1,814.7	246.8	846.7	732.9	783.4
Loans and advances	1.1	1.0	1.0	1.0	–	–	–	–	–	–	–
1.2. Central government funds' deposits	5,182.2	6,991.1	8,532.6	10,868.6	13,755.5	14,373.9	14,035.5	13,933.8	13,981.7	14,108.2	14,142.3
Demand deposits	266.3	580.2	254.6	330.1	645.6	412.9	298.1	322.7	276.6	266.6	307.9
Savings deposits	3.5	1.9	14.6	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Time and notice deposits	262.3	251.7	496.7	413.6	385.8	584.7	686.5	582.3	719.0	466.9	549.5
Loans and advances	4,650.0	6,157.3	7,766.7	10,122.4	12,724.1	13,376.4	13,050.9	13,028.8	12,986.2	13,374.6	13,284.8
2. In f/c	1,194.6	1,690.9	1,770.4	1,990.8	1,822.5	2,059.1	2,342.0	2,143.9	2,373.7	1,461.5	1,404.2
2.1. Central government deposits	891.0	906.2	811.7	759.4	1,122.5	1,286.6	997.5	970.3	1,144.3	1,063.3	1,025.6
Savings deposits	189.7	340.6	264.8	527.4	666.8	754.6	385.8	306.0	522.2	307.4	331.8
Time and notice deposits	23.2	38.7	275.0	49.7	330.0	428.5	509.0	569.1	526.9	692.3	631.4
Refinanced loans and advances	678.1	527.0	271.9	182.3	125.7	103.6	102.7	95.2	95.3	63.6	62.4
2.2. Central government funds' deposits	303.6	784.7	958.6	1,231.4	699.9	772.4	1,344.6	1,173.6	1,229.4	398.1	378.6
Savings deposits	156.5	139.4	93.4	85.7	107.1	59.5	47.6	70.6	86.3	63.9	113.1
Time and notice deposits	147.1	25.8	356.2	153.8	519.6	563.8	325.8	439.2	482.4	238.9	265.5
Loans and advances	–	619.6	509.0	991.8	73.2	149.1	971.2	663.8	660.7	95.3	–
Total (1+2)	6,821.8	9,287.0	10,800.4	13,525.8	16,007.5	16,811.2	18,352.6	16,496.4	17,377.1	16,541.6	16,504.9

Table D11: Central Government and Funds' Deposits with Banks

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

Kuna and foreign currency deposits by the Republic of Croatia and central government funds are shown separately. Kuna deposits comprise demand deposits, savings deposits, time and notice deposits, and loans received from the central government and funds. Foreign currency deposits comprise savings deposits, time and notice deposits, and refinanced loans and advances.

Table D12: Restricted and Blocked Deposits with Banks

end of period, million kuna

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1. Restricted deposits	2,014.6	2,036.4	2,447.6	2,252.3	3,038.4	2,860.0	2,543.2	2,505.6	3,060.1	2,813.1	2,877.0
1.1. In kuna	1,267.4	1,277.1	1,427.0	1,322.8	1,478.8	1,430.7	1,417.5	1,462.9	1,546.5	1,471.8	1,468.8
1.2. In f/c	747.2	759.3	1,020.5	929.5	1,559.6	1,429.3	1,125.7	1,042.7	1,513.6	1,341.3	1,408.2
2. Blocked f/c deposits of households	40.0	–	–	–	–	–	–	–	–	–	–
Total (1+2)	2,054.6	2,036.4	2,447.6	2,252.3	3,038.4	2,860.0	2,543.2	2,505.6	3,060.1	2,813.1	2,877.0

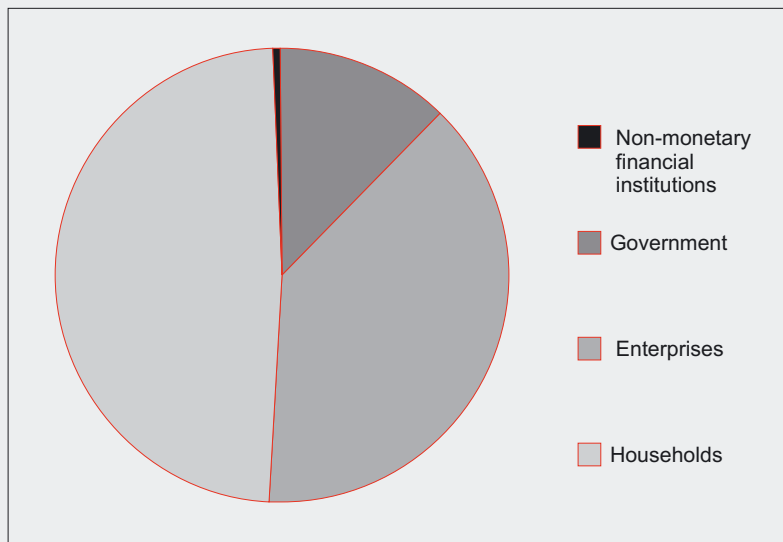
Table D12: Restricted and Blocked Deposits with Banks

The table shows households' restricted (kuna and foreign currency) deposits and blocked deposits.

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

Figure D1

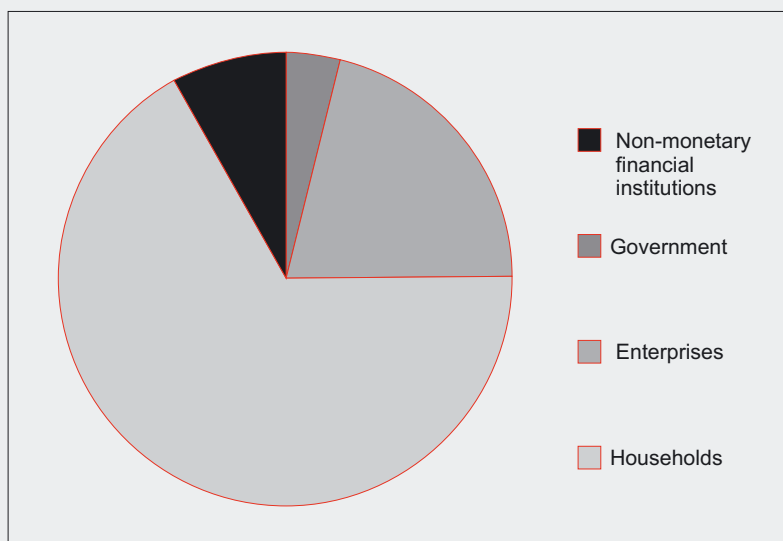
DISTRIBUTION OF BANKS' LOANS BY DOMESTIC INSTITUTIONAL SECTORS



August 2009

Figure D2

DISTRIBUTION OF BANKS' DEPOSITS BY DOMESTIC INSTITUTIONAL SECTORS



August 2009

Note:
Sector "Non-monetary financial institutions" includes other banking institutions and non-banking financial institutions.
Sector "Government" includes the central government and funds and local government.

Table E1: Housing Savings Banks' Accounts

end of period, million kuna

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
ASSETS											
1. Reserves with the CNB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Claims on central government and funds	3,779.1	4,274.3	4,674.8	4,036.5	3,395.5	3,257.2	3,211.2	3,167.7	3,173.7	3,165.9	3,158.9
3. Claims on other domestic sectors	373.2	575.5	1,296.0	2,220.4	2,857.9	2,962.7	2,958.5	2,921.1	2,938.4	2,961.1	2,954.1
o/w: Claims on households	373.2	575.5	1,296.0	2,220.4	2,857.9	2,962.7	2,958.5	2,921.1	2,938.4	2,961.1	2,954.1
4. Claims on banks	824.2	994.4	181.4	133.6	533.7	232.9	217.0	276.4	257.6	252.7	260.4
5. Claims on other banking institutions	–	–	–	–	–	–	–	–	–	–	–
Total (1+2+3+4+5)	4,976.6	5,844.2	6,152.3	6,390.5	6,787.1	6,452.8	6,386.8	6,365.3	6,369.7	6,379.8	6,373.3
LIABILITIES											
1. Time deposits	4,728.2	5,514.7	5,803.6	6,037.9	6,297.6	5,939.5	5,865.3	5,767.0	5,733.5	5,746.7	5,728.0
2. Bonds and money market instruments	10.7	10.3	61.7	40.1	91.5	102.3	128.6	140.7	156.4	151.8	140.7
3. Capital accounts	206.7	258.0	244.7	303.0	390.6	391.9	398.2	440.8	446.1	450.7	457.3
4. Other items (net)	30.8	61.1	42.2	9.6	7.4	19.0	-5.4	16.7	33.8	30.6	47.3
Total (1+2+3+4)	4,976.6	5,844.2	6,152.3	6,390.5	6,787.1	6,452.8	6,386.8	6,365.3	6,369.7	6,379.8	6,373.3

Table E1: Housing Savings Banks' Accounts

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

Housing savings banks' required reserves held at the central bank include funds in vaults. Until September 2003, they also included kuna funds held in accounts at the central bank.

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

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

Claims on banks include loans to banks, as well as deposits with banks, including, from October 2003 on, accounts for regular opera-

tions with banks.

Claims on other banking institutions include investments in investment funds.

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

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

Capital accounts are share capital, profit or loss for the previous and current year, retained earnings (loss), legal reserves, reserves provided for by the articles of association and other capital reserves, hedging reserves, unrealised gains (losses) from financial assets classified as available-for-sale assets, value adjustments and specific reserves for unidentified losses. Other items (net) are unclassified liabilities decreased by unclassified assets.

Table F1: Credit Rates of the Croatian National Bank

in percentage, on annual basis

Year	Month	CNB discount rate	CNB repo rate ^a	Credit rates					
				On Lombard credits ^b	On intervention credits	On intra-day refinancing facility ^b	On short-term liquidity credits	On inaccurately calculated statutory reserves ^b	On arrears
1	2	3	4	5	6	7	8	9	10
1995	December	8.50	–	25.49	19.00	17.00	–	19.00	22.00
1996	December	6.50	–	11.00	19.00	17.00	–	19.00	18.00
1997	December	5.90	–	9.50	19.00	17.00	–	19.00	18.00
1998	December	5.90	–	12.00	19.00	7.00	14.00	19.00	18.00
1999	December	7.90	–	13.00	19.00	–	14.00	19.00	18.00
2000	December	5.90	–	12.00	18.00	–	13.00	18.00	18.00
2001	December	5.90	–	10.00	–	–	11.00	15.00	18.00
2002	December	4.50	–	9.50	–	–	10.50	15.00	15.00
2003	December	4.50	–	9.50	–	–	10.50	15.00	15.00
2004	December	4.50	–	9.50	–	–	10.50	15.00	15.00
2005	December	4.50	3.50	7.50 ^c	–	–	8.50 ^c	15.00	15.00
2006	December	4.50	3.50	7.50	–	–	8.50	15.00	15.00
2007	December	9.00 ^d	4.06	7.50	–	–	8.50	15.00	15.00
2008	September	9.00	4.98	9.00	–	–	10.00	15.00	15.00
	October	9.00	6.60	9.00	–	–	10.00	15.00	15.00
	November	9.00	7.94	9.00	–	–	10.00	15.00	15.00
	December	9.00	6.00	9.00	–	–	10.00	15.00	15.00
2009	January	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	February	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	March	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	April	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	May	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	June	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	July	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	August	9.00	6.00	9.00	–	–	10.00	15.00	15.00

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

Table F1: Credit Rates of the Croatian National Bank

The table shows interest rates used by the CNB to calculate and charge interest on credits from the primary issue and on all other claims.

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

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

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

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

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

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

Table F2: Deposit Rates of the Croatian National Bank

in percentage, on annual basis

Year	Month	Interest rates on statutory reserves dep. with the CNB	Interest rates on CNB bills on an obligatory basis	Interest rates on CNB bills on a voluntary basis ^a				Interest rates on f/c CNB bills on a voluntary basis					Interest rates on overnight deposits
				Due in 7 days	Due in 35 days	Due in 70 days	Due in 105 days	Due in 35 days	Due in 63 days	Due in 91 days	Due in 182 days	Due in 364 days	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1995	December	5.50	16.50	12.00	25.54	27.00	–	–	–	–	–	–	–
1996	December	5.50	–	–	8.00	9.50	–	–	–	–	–	–	–
1997	December	4.50	–	–	8.00	9.00	10.00	–	–	–	–	–	–
1998	December	5.90	–	–	9.50	10.50	11.00	–	4.60	3.12	3.08	–	–
1999	December	5.90	–	–	10.50	11.55	12.50	–	4.83	3.56	–	–	–
2000	December	4.50	–	–	6.65	7.00	7.70	–	5.51	4.83	–	–	–
2001	December	2.00	–	–	3.36	4.26	4.85	–	2.62	3.06	–	–	–
2002	December	1.75	–	–	2.08	–	–	2.30	2.68	–	–	–	–
2003	December	1.25	0.50	–	–	–	–	1.75	1.48	–	–	–	–
2004	December	1.25	–	–	–	–	–	–	–	–	–	–	–
2005	December	0.75	–	–	–	–	–	–	–	–	–	–	0.50
2006	December	0.75	–	–	–	–	–	–	–	–	–	–	0.50
2007	December	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50
2008	September	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	October	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	November	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	December	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
2009	January	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	February	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	March	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	April	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	May	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	June	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	July	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	August	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50

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

Table F2: Deposit Rates of the Croatian National Bank

The table shows interest rates used by the CNB to calculate and pay interest on funds deposited with the CNB and on issued securities.

Interest rates paid by the CNB for appropriated statutory reserve funds are set by a decision of the Council of the Croatian National Bank. Until April 2005, the appropriated statutory reserve funds included the calculated statutory reserve funds that were deposit in a special statutory reserve account with the CNB, or maintained (in average) in banks' settlement accounts, or deposited in a special account with the CNB for the settlement of net positions in the National Clearing System (NCS). From April 2005, they include the calculated statutory reserve funds allocated to a special statutory reserve account with the CNB (column 3).

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

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

From April 1998 on, columns 9 through 13 report the weighted average interest rates on CNB bills on a voluntary basis in EUR and USD (until December 1998, in DEM and USD) attained at CNB bills' auctions as a weighted average of subscribed amounts in those two currencies.

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

Table F3: Banks' Reserve Requirements

daily averages and percentages, million kuna and %

Year	Month	Weighted average res. requirement in % on res. base	Reserve requirement (RR)			Other obligatory deposits with the CNB	Statutory reserves deposited with the CNB		Weighted avg. remuneration rate on immobilised funds in kuna	Weighted avg. remuneration rate on allocated funds in f/c
			Total	In kuna	In f/c		In kuna	In f/c		
1	2	3	4=5+6	5	6	7	8	9	10	11
1995	December	30.90	2,431.8	2,431.8	–	826.5	2,215.9	–	7.93	–
1996	December	35.91	3,652.9	3,652.9	–	–	3,312.0	–	4.99	–
1997	December	32.02	4,348.8	4,348.8	–	–	3,914.2	–	4.05	–
1998	December	29.57	13,112.7	3,967.2	9,145.4	57.4	3,469.8	1,467.6	5.28	....
1999	December	30.50	13,579.0	4,210.1	9,368.9	37.3	3,695.1	4,606.5	5.62	....
2000	December	23.22	16,245.8	4,646.8	11,599.0	5.0	4,191.6	5,544.6	4.05	....
2001	December	19.67	21,187.1	8,691.5	12,495.5	–	6,287.8	5,950.0	1.97	2.73
2002	December	19.00	25,985.1	11,447.1	14,538.0	–	8,156.7	7,139.9	1.72	2.16
2003	December	19.00	31,009.4	18,023.8	12,985.6	109.4	12,459.8	6,850.2	1.17	1.47
2004	December	18.00	33,615.7	20,040.9	13,574.8	430.1	14,664.1	10,171.3	1.22	1.36
2005	December	18.00	37,424.5	24,997.9	12,426.6	3,940.2	17,497.7	9,271.4	0.52	0.92
2006	December	17.00	40,736.4	28,966.1	11,770.4	7,332.5	20,257.0	8,780.9	0.52	1.06
2007	December	17.00	44,465.9	31,809.1	12,656.8	6,641.1	22,266.4	9,203.5	0.53	1.29
2008	September	17.00	46,495.1	32,862.2	13,632.9	4,741.9	23,003.5	9,731.1	0.52	0.99
	October	17.00	46,766.9	32,996.1	13,770.8	2,046.7	23,097.3	9,731.9	0.52	1.17
	November	17.00	47,233.1	33,267.0	13,966.1	463.5	23,286.9	9,917.4	0.52	1.43
	December	14.87	41,474.4	29,179.7	12,294.7	461.9	20,425.8	8,807.0	0.52	0.81
2009	January	14.00	39,484.4	31,185.1	8,299.3	487.8	21,829.6	5,987.4	0.52	0.91
	February	14.00	40,527.5	34,390.5	6,137.0	520.7	24,073.3	4,489.8	0.52	0.48
	March	14.00	40,827.0	34,487.6	6,339.4	546.4	24,125.1	4,648.0	0.52	0.39
	April	14.00	40,250.8	33,875.8	6,375.0	380.4	23,707.5	4,667.4	0.52	0.31
	May	14.00	40,074.1	33,683.7	6,390.5	167.1	23,578.5	4,691.6	0.52	0.30
	June	14.00	39,992.9	33,592.4	6,400.5	144.0	23,514.6	4,711.6	0.52	0.25
	July	14.00	39,996.9	33,607.3	6,389.6	140.2	23,525.1	4,703.7	0.52	0.22
	August	14.00	40,057.0	33,623.7	6,433.2	136.0	23,536.5	4,726.5	0.52	0.30

Table F3: Banks' Reserve Requirements

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

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

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

Column 5 shows the amount of kuna reserve requirements. Between January 1995 and December 2000, this amount corresponded with the statutory reserve requirement instrument, while until December 1994 it comprised two instruments: statutory reserves and liquid assets requirement – LAR (except for the part in which banks were conforming to this requirement by registering CNB bills on a voluntary basis). In December 2000, reserve requirements in kuna and in foreign currency were unified, i.e. reserve requirements rate, periods for calculating, allocating and maintaining reserve requirements were unified, as well as a minimum percentage of the total reserve requirements deposited with the Croatian National Bank. From September 2001 on, column 5 includes also the f/c component of reserve requirements that is set aside/maintained in kuna.

Column 6 shows the amount of foreign currency reserve requirements, i.e. the prescribed amount of funds banks are required to deposit in the CNB's foreign currency accounts, or to maintain (in

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

Column 7 shows the total amount of other obligatory deposits with the CNB, including CNB bills on an obligatory basis, those CNB bills on a voluntary basis used by banks to maintain the prescribed minimal liquidity (LAR), special statutory reserves until July 1995, special reserve requirement on liabilities arising from issued securities from March 2006 to February 2009, statutory reserves on f/c deposits, f/c credits from foreign banks and guarantees for such credits and marginal reserve requirement (from August 2004 to October 2008).

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

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

Table F4: Banks' Liquidity Indicators

daily averages and percentages, million kuna and %

Year	Month	Free reserves		Primary liquidity ratio	Secondary liquidity sources	Kuna CNB bills	F/c CNB bills	Kuna MoF treasury bills
		In kuna	In f/c					
1	2	3	4	5	6	7	8	9
1995	December	49.4	....	0.63	199.4	218.7	–	–
1996	December	267.9	....	2.63	98.5	780.9	–	183.8
1997	December	396.3	....	2.92	32.7	728.9	–	260.7
1998	December	221.9	....	1.65	445.5	850.4	1,377.4	141.3
1999	December	179.6	....	1.30	1,183.6	1,311.1	1,507.6	373.9
2000	December	638.8	10,721.4	3.32	80.1	2,485.3	1,692.7	2,006.5
2001	December	794.4	17,247.4	3.23	2.6	2,656.2	2,630.8	3,360.9
2002	December	1,225.0	10,398.0	3.53	0.6	4,965.5	1,273.9	4,279.5
2003	December	451.6	20,561.4	0.98	501.6	0.0	4,316.0	3,073.2
2004	December	1,495.5	26,126.1	2.64	0.0	0.0	0.0	4,581.7
2005	December	672.5	20,493.4	0.96	0.2	0.0	0.0	4,163.3
2006	December	840.8	20,239.1	0.83	0.0	0.0	0.0	5,993.7
2007	December	1,161.5	30,412.6	1.03	330.4	0.0	0.0	4,449.4
2008	September	802.7	28,409.0	0.71	0.0	0.0	0.0	6,014.5
	October	411.7	28,675.2	0.36	366.6	0.0	0.0	3,542.4
	November	469.2	26,975.7	0.41	1,711.2	0.0	0.0	3,728.7
	December	1,168.7	28,101.4	1.03	289.1	0.0	0.0	6,171.2
2009	January	737.9	30,126.4	0.65	778.7	0.0	0.0	7,020.9
	February	347.9	29,085.6	0.30	1,224.6	0.0	0.0	5,099.0
	March	293.1	25,644.7	0.27	1,266.3	0.0	0.0	6,156.5
	April	266.5	25,096.0	0.25	377.8	0.0	0.0	5,244.3
	May	239.3	22,005.5	0.23	200.4	0.0	0.0	4,976.8
	June	377.0	21,308.8	0.37	98.5	0.0	0.0	4,899.3
	July	257.7	22,619.0	0.25	174.1	0.0	0.0	4,513.3
	August	233.3	24,161.5	0.23	79.8	0.0	0.0	3,770.8

currency funds of non-residents and foreign currency funds received from legal persons in a special relationship with a bank amounts to 100%, while the percentage for allocating the remaining portion of the foreign currency component of reserve requirements amounts to 60%.

Column 10 shows the weighted average remuneration rate on all forms of immobilised kuna funds which include reserve requirements and other obligatory deposits with the CNB.

Column 11 shows the weighted average remuneration rate on allocated funds in foreign currency, including the marginal reserve requirement funds (from August 2004 to October 2008). From June 2005 on, the CNB pays remuneration equalling 50% of the US Federal Funds Target Rate for the funds allocated in US dollars and 50% of the ECB Minimum Bid Refinance Rate for the funds allocated in euros. In both cases the rate in effect on the day of allocation is applied.

Table F4: Banks' Liquidity Indicators

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

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

riod and the minimal average settlement account balance prescribed by the kuna reserve requirement calculation methodology.

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

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

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

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

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

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

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

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

Year	Month	Money market interest rates			Interest rates on kuna credits not indexed to foreign currency								
		On overnight credits	On other credits	Total average	On short-term credits						On long-term credits		
					Total average	Enterprises	Households			Total average	Enterprises	Households	
							Total average	Credit lines	Other				
1	2	3	4	5	6	7	8	9	10	11	12	13	
1995	December	27.26	27.15	22.32	22.56	22.23	23.81	23.75	25.58	13.48	13.39	14.38	
1996	December	9.66	10.72	18.46	19.35	19.18	20.18	19.90	23.12	11.51	11.29	14.28	
1997	December	8.46	9.49	14.06	14.12	13.17	19.26	19.34	18.11	13.24	12.98	13.75	
1998	December	10.00	15.91	16.06	16.22	14.89	20.77	20.80	19.92	11.73	11.48	13.16	
1999	December	9.92	12.78	13.54	13.52	10.55	20.83	20.84	20.39	15.14	15.31	14.16	
2000	December	2.39	4.45	10.45	10.45	6.81	20.30	20.33	19.05	9.90	9.64	12.97	
2001	December	2.49	2.18	9.51	9.49	5.43	18.81	18.85	14.88	11.42	10.06	13.14	
2002	December	1.58	1.89	10.91	11.24	7.44	15.16	15.28	9.84	7.32	6.48	7.88	
2003	December	5.47	7.02	11.45	11.80	8.02	14.89	15.01	12.38	8.51	6.14	10.69	
2004	December	3.55	6.02	11.44	11.71	8.33	14.19	14.27	12.29	9.31	6.90	11.16	
2005	December	2.29	3.61	9.91	9.99	7.71	11.26	13.18	5.35	8.75	6.48	10.35	
2006	December	2.02	3.52	9.07	9.37	6.75	11.84	13.21	4.67	7.53	5.86	9.44	
2007	December	5.33	6.71	9.32	9.74	7.39	12.34	13.19	4.95	7.50	6.66	8.01	
2008	September	4.51	5.42	10.07	10.21	7.84	12.20	12.91	5.22	8.90	7.74	9.66	
	October	9.87	9.60	10.66	10.82	8.81	12.27	12.93	4.57	9.23	8.22	9.76	
	November	17.14	15.03	10.97	11.15	9.45	12.41	13.02	4.49	9.19	8.33	9.93	
	December	5.21	7.59	10.71	10.89	8.98	12.33	12.97	4.96	9.05	8.10	10.35	
2009	January	9.88	9.80	11.02	11.09	9.24	12.44	13.03	4.45	9.60	7.84	11.06	
	February	19.92	15.89	11.53	11.59	10.24	12.54	13.10	4.52	10.38	9.57	11.08	
	March	12.99	11.83	11.61	11.69	10.25	12.53	13.15	4.48	10.29	9.26	10.97	
	April	6.32	8.96	11.38	11.44	9.96	12.36	12.93	4.48	10.43	9.63	11.03	
	May	5.56	7.92	11.52	11.58	9.93	12.58	13.17	4.29	10.56	9.84	11.24	
	June	6.49	7.52	11.66	11.78	10.46	12.61	13.17	4.67	10.02	8.88	11.31	
	July	7.65	8.38	11.81	11.86	10.58	12.60	13.17	4.34	10.94	10.16	11.44	
	August	6.60	8.30	11.88	11.93	10.34	12.70	13.22	3.58	10.83	9.99	11.30	
	Relative significance ^a	–	–	76.08	72.05	23.30	48.75	46.11	2.64	4.03	1.44	2.59	

^a Relative significance is calculated as a percentage of corresponding credit category in total credits disbursed in the reporting month (according to data for the last period included in the table). Note: A break in the time series occurred due to changes in the methodology used in interest rate statistics as of 1 January 2001. This especially refers to interest rates shown in columns 5, 6 and 7. Interbank credits, which bear relatively low interest rates, were, among others, excluded from short-term credits to enterprises. The increase in interest rates was also caused by the weighting method: all categories are weighted by the amounts of newly-granted credits, except credit lines whose relative share grew in the new coverage, which are weighted by book balances.

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

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

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

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

Up to February 1996, columns 3 and 4 show interest rates on the interbank money market, according to information published by

the Zagreb Money Market (ZMM). From March 1996 on, interest rates on the money market are calculated as the weighted monthly averages of the weighted daily interest rates and shown separately for trading in overnight credits and trading in other credits on the ZMM. In the period between May 1998 and January 2001, the repayment of credits granted on the interbank overnight market was guaranteed by banks' required reserves with the CNB.

Columns 5 through 13 show the weighted averages of banks' monthly interest rates classified by maturity and sectors. Interest rates on short-term credits to enterprises also include interest rates on callable loans.

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

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

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

Year	Month	Interest rates on kuna credits indexed to foreign currency									Interest rates on credits in euros		
		On short-term credits						On long-term credits			Total average	On short-term credits	On long-term credits
		Total average	Total average	Enterprises	Households	Total average	Enterprises	Households					
								Total average	Housing credits	Other			
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1995	December	19.56	21.62	21.09	18.10	14.33	15.79	10.48	....	....	17.18	19.06	12.27
1996	December	18.97	22.56	22.40	27.00	12.12	13.15	11.30	....	....	19.50	21.46	10.77
1997	December	14.40	16.92	17.00	14.02	12.25	13.00	11.02	....	....	13.61	14.95	9.71
1998	December	13.04	14.28	14.25	13.64	11.15	10.55	12.12	....	....	6.95	8.37	5.71
1999	December	12.53	13.66	13.54	17.21	10.81	10.46	11.65	....	....	6.75	7.43	6.07
2000	December	10.74	11.17	11.10	13.59	10.52	9.41	11.64	....	....	7.70	7.49	8.05
2001	December	9.29	9.45	9.45	11.30	9.20	7.52	10.79	....	....	5.94	5.70	7.27
2002	December	8.25	9.34	8.72	11.37	7.98	6.37	9.50	7.42	10.11	5.91	6.66	5.44
2003	December	7.07	7.21	7.00	8.66	7.03	5.76	8.04	6.02	9.70	5.62	6.22	5.18
2004	December	6.89	7.25	7.09	8.47	6.77	5.55	7.73	5.71	8.79	5.34	5.92	4.83
2005	December	6.18	6.52	6.34	7.91	6.07	5.18	6.98	4.95	8.10	5.29	5.28	5.30
2006	December	6.30	6.56	6.29	8.33	6.22	6.21	6.22	4.75	7.57	5.65	6.19	5.34
2007	December	6.73	6.86	6.86	6.84	6.66	6.51	6.80	5.12	8.24	6.79	6.59	7.10
2008	September	7.54	7.67	7.57	8.69	7.49	7.21	7.63	5.98	8.47	7.36	7.51	7.11
	October	7.79	8.26	8.23	8.68	7.62	7.40	7.74	6.04	8.52	7.61	7.87	7.13
	November	8.04	8.42	8.38	9.00	7.81	7.65	7.88	6.06	9.01	7.58	7.59	7.58
	December	7.73	8.20	8.18	8.65	7.43	6.92	7.89	6.08	9.02	7.08	7.17	6.83
2009	January	7.48	7.59	7.54	8.59	7.39	6.61	8.07	6.18	9.33	6.49	6.69	5.84
	February	7.88	8.05	7.96	9.24	7.73	6.93	8.25	6.21	9.33	6.39	6.52	6.20
	March	8.20	8.56	8.53	9.12	7.91	7.37	8.25	6.19	9.25	6.98	7.08	6.81
	April	8.08	8.44	8.36	9.44	7.82	6.95	8.47	6.27	9.53	7.04	7.42	5.70
	May	8.08	8.11	8.01	9.55	8.05	7.24	8.55	6.33	9.68	7.56	7.72	7.28
	June	8.21	8.36	8.29	9.43	8.10	7.85	8.36	6.28	9.59	7.65	7.82	7.24
	July	8.06	8.36	8.23	10.44	7.88	7.34	8.56	6.49	9.73	7.69	7.82	7.50
	August	8.19	8.47	8.41	9.43	8.00	7.21	8.61	6.45	9.87	7.77	8.08	7.43
	Relative significance ^a	17.65	7.35	6.94	0.41	10.30	4.52	5.79	2.13	3.65	6.27	3.32	2.95

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

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

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

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

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

Data on banks' interest rates on kuna credits indexed to f/c and on credits in euros are based on banks' periodic reports. The basis for the calculation of the weighted averages are amounts of credits bearing corresponding interest rates, which were disbursed during the reporting month.

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

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

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

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

Year	Month	Interest rates on kuna deposits not indexed to foreign currency								
		Total average	In giro and current accounts	On time deposits						
				Total average	On short-term deposits			On long-term deposits		
					Total average	Households	Enterprises	Total average	Households	Enterprises
1	2	3	4	5	6	7	8	9	10	11
1995	December	6.10	3.88	13.65	13.80	10.56	14.28	9.88	10.67	9.62
1996	December	4.15	2.19	10.19	10.11	9.84	10.26	12.36	15.49	9.88
1997	December	4.35	2.19	9.10	9.08	9.30	8.96	9.48	11.24	8.06
1998	December	4.11	2.31	7.73	7.63	9.47	7.15	10.19	10.72	9.56
1999	December	4.27	2.24	8.87	8.79	9.62	8.38	10.96	11.56	10.18
2000	December	3.40	1.64	7.20	7.13	7.44	7.03	8.89	9.19	8.63
2001	December	2.76	1.40	5.68	5.60	6.35	5.38	7.35	7.93	6.70
2002	December	1.55	0.94	3.64	3.53	4.39	2.86	6.05	7.24	3.23
2003	December	1.66	0.75	4.46	4.46	3.62	4.69	4.58	4.90	2.82
2004	December	1.83	0.74	4.11	4.11	3.93	4.13	4.10	4.65	3.30
2005	December	1.58	0.61	3.36	3.34	3.89	3.23	4.12	5.04	3.49
2006	December	1.91	0.56	2.98	2.94	4.10	2.69	4.32	4.98	3.11
2007	December	2.67	0.49	5.42	5.34	4.47	5.48	6.28	5.45	6.45
2008	September	2.82	0.43	5.20	4.88	4.53	4.97	7.12	5.21	7.59
	October	3.24	0.43	7.52	7.55	4.97	8.07	7.28	5.91	7.87
	November	3.78	0.47	10.25	10.60	5.30	11.60	7.32	5.85	7.68
	December	2.92	0.43	5.65	5.60	5.34	5.64	6.58	5.88	6.85
2009	January	3.50	0.43	7.81	7.75	5.26	8.18	8.97	5.70	9.80
	February	4.41	0.47	11.83	11.96	5.68	12.73	9.67	5.67	10.24
	March	3.77	0.46	9.30	9.28	5.51	9.69	9.82	5.89	10.56
	April	3.32	0.44	6.49	6.41	5.30	6.56	8.12	6.17	8.46
	May	3.19	0.44	6.01	5.87	5.38	5.94	8.17	6.21	8.53
	June	3.13	0.45	6.05	5.93	5.38	6.01	7.93	6.27	8.22
	July	3.27	0.45	6.83	6.69	5.23	6.86	8.80	6.12	9.13
	August	3.12	0.46	6.48	6.34	5.12	6.45	8.46	6.18	8.70
Relative significance ^a		55.02	25.86	26.82	24.94	2.09	22.85	1.88	0.17	1.70

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

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

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

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

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

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

Column 3 reports the weighted averages of monthly interest rates

on total kuna deposits (giro and current accounts, household savings deposits and time deposits) not indexed to f/c.

Column 4 shows the weighted averages of monthly interest rates on deposits in giro and current accounts not indexed to f/c received from enterprises (until December 2001, all legal persons) and households, and column 5 shows the weighted averages of monthly interest rates on total time deposits not indexed to f/c.

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

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

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

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

Year	Month	Interest rates on savings and time deposits indexed to f/c			Interest rates on foreign currency deposits					
		Total average	On short-term deposits	On long-term deposits	Total average	Savings deposits				
						Households		Enterprises		
1	2	3	4	5	6	7	EUR	USD	EUR	USD
1995	December	12.69	11.46	19.36	4.57	2.82	3.53	4.20	1.10	1.53
1996	December	9.46	9.56	8.80	5.09	1.44	1.32	1.95	1.47	1.39
1997	December	7.63	7.24	11.77	4.77	1.75	1.89	2.43	0.83	1.40
1998	December	7.47	7.67	5.58	3.98	2.09	2.38	2.40	0.72	0.74
1999	December	6.62	6.91	1.10	4.23	1.80	1.95	2.04	0.78	1.30
2000	December	5.54	5.94	2.16	3.47	1.03	0.99	1.23	0.65	1.29
2001	December	4.58	4.92	2.56	2.60	0.71	0.71	0.81	0.82	0.40
2002	December	2.92	3.45	1.48	2.55	0.50	0.52	0.41	0.52	0.38
2003	December	3.48	3.74	5.55	2.22	0.31	0.35	0.23	0.23	0.15
2004	December	4.17	3.61	5.19	2.65	0.31	0.34	0.22	0.22	0.21
2005	December	3.99	3.63	4.77	2.61	0.27	0.27	0.17	0.27	0.76
2006	December	3.67	3.30	4.07	2.94	0.25	0.23	0.17	0.32	0.44
2007	December	3.98	3.76	4.35	3.44	0.25	0.22	0.15	0.36	0.43
2008	September	4.18	3.77	4.71	3.61	0.25	0.21	0.15	0.41	0.21
	October	3.71	4.08	4.41	3.79	0.24	0.21	0.15	0.36	0.24
	November	3.75	3.94	4.35	3.79	0.23	0.20	0.15	0.34	0.32
	December	4.09	4.05	4.42	3.97	0.21	0.20	0.15	0.26	0.13
2009	January	4.25	3.87	4.55	3.99	0.24	0.20	0.15	0.41	0.31
	February	4.23	3.74	4.55	3.90	0.19	0.20	0.15	0.20	0.09
	March	3.52	3.72	4.83	3.92	0.19	0.21	0.16	0.16	0.12
	April	3.94	3.75	2.67	3.96	0.19	0.21	0.17	0.14	0.11
	May	3.70	3.66	4.25	3.88	0.19	0.21	0.16	0.14	0.09
	June	3.99	3.59	4.21	3.96	0.18	0.21	0.16	0.11	0.08
	July	4.24	3.68	4.82	4.03	0.18	0.20	0.16	0.12	0.08
	August	3.95 ^b	3.27	4.01	3.98	0.18	0.20	0.16	0.11	0.07
Relative significance ^a		0.53	0.48	0.04	44.45	18.71	12.86	1.49	4.03	0.33

^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, 33.79% refers to enterprises.

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

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

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

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

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

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

Up to December 2001, interest rates on foreign currency deposits refer to deposits received in German marks or US dollars, and start-

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

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

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

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

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

Table G4b: Banks' Interest Rates on Kuna Deposits Indexed to Foreign Currency and on Foreign Currency Deposits

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

Year	Month	Interest rates on foreign currency deposits										
		On time deposits										
		Total average	On short-term deposits				On long-term deposits					
			Total average	Households		Enterprises		Total average	Households		Enterprises	
EUR	USD	EUR		USD	EUR	USD	EUR		USD			
1	2	12	13	14	15	16	17	18	19	20	21	22
1995	December	6.83	6.66	7.10	6.97	5.86	6.68	8.73	8.78	8.81	3.27	4.50
1996	December	7.77	6.95	5.65	6.21	9.86	5.47	12.24	7.71	7.97	19.92	1.50
1997	December	6.36	6.07	6.03	6.42	5.09	7.10	7.32	7.87	8.71	5.09	6.76
1998	December	4.89	4.49	5.42	6.16	2.84	5.37	7.29	7.68	8.59	4.93	6.92
1999	December	5.43	5.17	4.93	6.39	3.97	6.00	6.59	6.64	8.09	3.66	6.77
2000	December	4.57	4.36	3.65	5.15	4.59	6.62	5.56	5.17	6.61	5.97	8.53
2001	December	3.54	3.35	3.42	3.23	3.60	2.44	4.59	4.72	4.42	4.58	0.23
2002	December	3.13	2.96	3.27	2.21	2.89	1.43	4.59	4.69	3.84	3.46	2.30
2003	December	2.64	2.46	2.83	1.65	2.29	1.08	3.69	4.71	3.13	2.85	1.64
2004	December	2.85	2.65	3.01	1.69	2.46	2.28	4.20	4.85	3.13	3.61	2.65
2005	December	3.07	2.94	2.99	1.76	2.63	4.34	3.69	4.25	0.48	4.39	–
2006	December	3.82	3.76	3.16	2.05	4.24	5.84	4.25	4.47	2.26	4.79	4.61
2007	December	4.32	4.25	3.47	2.60	5.10	5.33	4.80	4.83	3.84	5.13	2.19
2008	September	4.29	4.17	3.71	2.74	4.89	3.42	4.94	4.98	4.04	4.96	1.82
	October	4.54	4.37	3.88	2.80	5.00	4.07	5.32	5.33	3.94	6.38	3.13
	November	4.17	3.96	3.87	2.62	4.15	3.66	5.34	5.41	3.85	4.91	3.01
	December	4.15	3.95	4.33	2.69	4.13	1.84	5.51	5.57	3.58	5.52	2.38
2009	January	4.18	4.02	4.38	2.70	4.04	2.33	5.38	5.47	3.95	4.82	3.13
	February	3.74	3.52	4.18	2.72	3.62	1.85	5.48	5.57	3.68	5.11	2.00
	March	3.88	3.71	4.11	2.67	3.68	2.18	5.17	5.44	3.78	4.59	–
	April	3.91	3.72	4.16	2.69	3.49	2.44	5.44	5.57	3.69	5.13	3.50
	May	3.60	3.43	4.10	2.67	2.97	2.07	5.18	5.42	3.85	3.25	–
	June	3.85	3.71	4.25	2.69	3.42	2.59	5.29	5.55	3.99	3.54	2.27
	July	3.95	3.80	4.39	2.72	3.51	2.54	5.54	5.60	3.86	5.57	3.04
	August	3.95	3.83	4.48	2.77	3.45	2.38	5.37	5.40	3.99	5.71	–
	Relative significance ^a	25.74	23.68	9.84	0.52	12.60	0.71	2.06	1.89	0.07	0.10	–

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

Table G5: Banks' Trade with Foreign Exchange

million euros, current exchange rate

	2004	2005	2006	2007	2008	2009					
						Mar.	Apr.	May	Jun.	Jul.	Aug.
A. Purchase of foreign exchange											
1. Legal persons	7,465.3	8,443.5	14,442.7	26,365.0	33,058.3	1,435.6	1,049.4	1,339.8	1,410.9	1,640.7	1,170.7
2. Natural persons	3,934.4	4,931.8	6,262.7	6,151.3	4,755.3	337.0	547.5	559.0	461.8	575.8	483.3
2.1. Residents	3,586.1	4,662.6	5,909.4	3,184.0	4,252.9	316.9	507.5	511.2	395.3	490.0	376.3
2.2. Non-residents	348.3	269.2	353.2	326.3	502.4	20.1	40.0	47.8	66.5	85.8	107.0
3. Domestic banks	10,799.3	9,069.9	14,380.1	20,141.3	20,017.6	425.9	823.4	1,205.8	1,208.8	1,067.7	886.5
4. Foreign banks	1,426.2	2,602.3	5,056.8	5,194.1	7,342.5	381.6	366.5	630.7	643.8	594.3	487.1
5. Croatian National Bank	33.0	0.0	125.5	0.0	420.6	261.3	288.0	288.0	288.0	–	–
Total (1+2+3+4)	24,110.1	25,106.0	40,439.5	57,851.7	65,594.2	2,841.4	3,074.8	4,023.3	4,013.3	3,878.5	3,027.6
B. Sale of foreign exchange											
1. Legal persons	11,280.3	13,022.3	17,515.0	28,564.1	35,448.8	1,360.2	1,256.4	1,513.7	1,790.6	1,907.7	1,486.6
2. Natural persons	1,671.1	2,722.5	4,109.1	3,712.5	4,366.4	268.4	241.3	195.2	178.3	458.9	362.5
2.1. Residents	1,654.5	2,693.9	4,056.4	2,071.3	4,335.2	267.3	240.0	193.5	176.9	456.0	360.2
2.2. Non-residents	16.6	28.6	52.6	40.0	31.2	1.1	1.3	1.7	1.4	2.9	2.3
3. Domestic banks	10,799.3	9,069.9	14,380.1	20,141.3	20,017.6	425.9	823.4	1,205.8	1,208.8	1,067.7	886.5
4. Foreign banks	1,001.1	1,407.1	3,526.1	4,072.6	6,615.7	450.3	365.6	581.3	662.1	519.0	468.7
5. Croatian National Bank	543.2	670.8	1,329.5	839.0	409.1	619.2	288.0	288.0	–	–	–
Total (1+2+3+4)	25,295.0	26,892.7	40,859.7	57,329.5	66,857.5	3,124.0	2,974.5	3,784.0	3,839.8	3,953.3	3,204.3
C. Net purchase (A-B)											
1. Legal persons	–3,815.1	–4,578.8	–3,072.3	–2,199.1	–2,390.5	75.4	–207.0	–173.9	–379.7	–267.0	–315.9
2. Natural persons	2,263.3	2,209.3	2,153.6	2,438.9	388.9	68.6	306.3	363.8	283.5	116.9	120.8
2.1. Residents	1,931.6	1,968.7	1,853.0	1,112.7	–82.2	49.6	267.5	317.7	218.4	34.0	16.0
2.2. Non-residents	331.7	240.6	300.6	286.3	471.1	19.0	38.7	46.1	65.1	82.8	104.7
3. Foreign banks	425.1	1,195.2	1,530.7	1,121.4	726.8	–68.7	0.9	49.4	–18.2	75.3	18.4
4. Croatian National Bank	–510.2	–670.8	–1,204.0	–839.0	11.5	–357.9	–	–	288.0	–	–
Total (1+2+3)	–1,636.9	–1,845.2	–592.1	522.2	–1,263.3	–282.6	100.2	239.3	173.5	–74.8	–176.7
Memo items: Other Croatian National Bank transactions											
Purchase of foreign exchange	145.1	–	3.1	5.1	265.4	0.2	0.2	0.2	473.2	0.2	3.3
Sale of foreign exchange	239.3	167.6	441.3	176.7	83.7	–	–	12.7	–	–	–

Table G5: Banks' Trade with Foreign Exchange

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

The transactions are classified by category of participants (legal and natural persons, domestic and foreign banks and the CNB). Sources of data are banks' reports on trading with foreign exchange and statistical data on external payment operations.

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

Table H1: Balance of Payments – Summary^a

million euros

	2004	2005	2006	2007 ^b	2008 ^b	2009	
						Q1 ^b	Q2 ^c
A. CURRENT ACCOUNT (1+6)	-1,433.7	-1,975.6	-2,715.2	-3,239.2	-4,385.1	-1,837.1	-901.5
1. Goods, services, and income (2+5)	-2,625.5	-3,159.5	-3,822.6	-4,282.2	-5,419.9	-2,044.8	-1,196.6
1.1. Credit	14,952.8	15,990.2	17,884.8	19,610.4	21,256.5	2,915.2	4,171.6
1.2. Debit	-17,578.4	-19,149.7	-21,707.3	-23,892.5	-26,676.4	-4,960.0	-5,368.2
2. Goods and services (3+4)	-1,955.3	-2,200.2	-2,639.6	-3,168.1	-3,835.9	-1,598.8	-635.0
2.1. Credit	14,243.5	15,272.9	16,992.1	18,317.3	19,904.6	2,700.3	3,969.0
2.2. Debit	-16,198.8	-17,473.2	-19,631.7	-21,485.4	-23,740.5	-4,299.1	-4,604.0
3. Goods	-6,724.2	-7,518.0	-8,344.2	-9,434.0	-10,793.8	-1,732.0	-1,989.5
3.1. Credit	6,606.8	7,220.3	8,463.6	9,192.5	9,814.0	1,928.4	1,896.4
3.2. Debit	-13,330.9	-14,738.3	-16,807.8	-18,626.5	-20,607.8	-3,660.5	-3,885.9
4. Services	4,768.9	5,317.7	5,704.6	6,265.9	6,957.9	133.2	1,354.4
4.1. Credit	7,636.7	8,052.6	8,528.5	9,124.8	10,090.6	771.8	2,072.6
4.2. Debit	-2,867.8	-2,734.9	-2,823.9	-2,858.9	-3,132.7	-638.6	-718.2
5. Income	-670.2	-959.2	-1,182.9	-1,114.1	-1,584.0	-446.0	-561.6
5.1. Credit	709.4	717.3	892.7	1,293.0	1,351.9	214.9	202.5
5.2. Debit	-1,379.6	-1,676.5	-2,075.6	-2,407.1	-2,935.9	-660.9	-764.2
6. Current transfers	1,191.8	1,183.8	1,107.4	1,043.0	1,034.8	207.7	295.1
6.1. Credit	1,584.6	1,628.4	1,639.5	1,576.1	1,683.7	350.0	431.4
6.2. Debit	-392.8	-444.6	-532.1	-533.1	-649.0	-142.3	-136.3
B. CAPITAL AND FINANCIAL ACCOUNT	2,561.0	3,014.3	3,670.4	4,146.7	5,962.4	2,137.4	585.2
B1. Capital account	31.4	53.8	-133.8	34.5	29.2	4.6	8.0
B2. Financial account, excl. reserves	2,529.6	3,782.3	5,216.4	4,833.8	5,602.8	1,722.1	909.7
1. Direct investment	670.8	1,276.1	2,556.6	3,490.0	3,219.1	412.3	438.7
1.1. Abroad	-278.8	-191.8	-208.2	-180.2	-134.0	-24.2	-37.7
1.2. In Croatia	949.6	1,467.9	2,764.8	3,670.2	3,353.1	436.5	476.4
2. Portfolio investment	287.1	-1,177.9	-542.3	-2.9	-627.2	-445.8	394.1
2.1. Assets	-736.1	-571.2	-472.5	-413.7	-273.3	125.7	-120.5
2.2. Liabilities	1,023.2	-606.6	-69.8	410.8	-353.9	-571.6	514.7
3. Financial derivatives	0.0	-88.4	0.0	0.0	0.0	0.0	0.0
4. Other investment	1,614.7	3,772.5	3,202.1	1,346.7	3,010.9	1,755.6	76.8
4.1. Assets	-498.4	982.2	-692.3	-1,653.4	-1,617.9	1,820.4	-860.8
4.2. Liabilities	2,113.0	2,790.3	3,894.4	3,000.1	4,628.8	-64.8	937.6
B3. Reserve assets	-43.0	-821.8	-1,412.2	-721.6	330.4	410.7	-332.4
C. NET ERRORS AND OMISSIONS	-1,127.3	-1,038.6	-955.2	-907.5	-1,577.3	-300.4	316.3

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from January 1999 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Revised data. ^c Preliminary data.

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

Table: H1-H6: Balance of Payments

The balance of payments of the Republic of Croatia represents a systematic overview of the value of economic transactions performed by the Croatian residents with foreign countries within a particular period. It is compiled in accordance with the recommendations of the International Monetary Fund (Balance of Payments Manual, Fifth Edition, 1995). Data sources include: 1. reports of the government institutions (Central Bureau of Statistics and Croatian Institute for Health Insurance), 2. special reports of the Croatian National Bank (International Transaction Reporting System (ITRS), external debt relations, monetary statistics and reserve assets) and 3. estimates and statistical research carried out by the Croatian National Bank.

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

the following manners:

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

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

Table H2: Balance of Payments – Goods and Services

million euros

	2004	2005	2006	2007	2008 ^a	2009	
						Q1 ^a	Q2 ^b
Goods	-6,724.2	-7,518.0	-8,344.2	-9,434.0	-10,793.8	-1,732.0	-1,989.5
1. Credit	6,606.8	7,220.3	8,463.6	9,192.5	9,814.0	1,928.4	1,896.4
1.1. Exports (f.o.b.) in trade statistics	6,453.8	7,069.4	8,251.6	9,001.6	9,585.1	1,892.6	1,859.4
1.2. Adjustments for coverage	153.0	150.9	212.0	191.0	228.9	35.8	37.0
2. Debit	-13,330.9	-14,738.3	-16,807.8	-18,626.5	-20,607.8	-3,660.5	-3,885.9
2.1. Imports (c.i.f.) in trade statistics	-13,354.4	-14,949.5	-17,104.7	-18,826.6	-20,817.1	-3,707.1	-3,923.3
2.2. Adjustments for coverage	-474.7	-346.4	-341.1	-370.4	-421.4	-65.7	-81.5
2.3. Adjustments for classification	498.1	557.6	638.0	570.4	630.8	112.3	118.9
Services	4,768.9	5,317.7	5,704.6	6,265.9	6,957.9	133.2	1,354.4
1. Transportation	299.3	376.1	443.5	487.6	508.5	51.2	72.8
1.1. Credit	791.3	880.3	1,006.7	1,122.4	1,209.4	173.9	197.1
1.2. Debit	-492.0	-504.2	-563.2	-634.8	-700.9	-122.7	-124.4
2. Travel	4,822.3	5,394.9	5,708.7	6,035.2	6,694.0	170.5	1,350.8
2.1. Credit	5,505.6	5,998.9	6,293.3	6,752.6	7,459.4	299.3	1,541.0
2.1.1. Business	328.2	504.0	388.4	389.2	386.4	39.9	90.3
2.1.2. Personal	5,177.4	5,494.9	5,904.9	6,363.4	7,073.1	259.4	1,450.7
2.2. Debit	-683.3	-604.1	-584.6	-717.3	-765.5	-128.8	-190.2
2.2.1. Business	-297.3	-267.4	-229.5	-266.9	-261.3	-40.2	-70.1
2.2.2. Personal	-386.0	-336.7	-355.1	-450.4	-504.2	-88.7	-120.0
3. Other services	-352.7	-453.3	-447.6	-256.9	-244.6	-88.5	-69.1
3.1. Credit	1,339.8	1,173.4	1,228.5	1,249.8	1,421.8	298.6	334.5
3.2. Debit	-1,692.5	-1,626.6	-1,676.0	-1,506.7	-1,666.4	-387.1	-403.6

^a Revised data. ^b Preliminary data.

fied sample of importers. The resulting value serves as a basis for the estimate of the share of transportation and insurance services by which the original value of imports c.i.f., stated in the CBS Report, is reduced. In the 1993-2001 period, this share stood at 7.10% (estimated only on the basis of the largest and large importers), while from 2002 on it has amounted to 3.73%. The same research study, conducted by the CNB at the end of 2006 (comprising the imports in the previous year), showed that the share of transportation and insurance costs, after continuing to decrease, has reached 3.05%. This share was first applied in the calculations for the first quarter of 2007. In the period from 1993 to 1996, the value of imports was modified by estimates of imports in duty free zones, which have been included in the merchandise trade statistics since 1997. From 1996 on, goods exports and imports are modified by the data on repairs on goods and goods procured in ports by carriers. In addition, since 1999, based on the Survey on Consumption of Foreign Travellers in Croatia and Domestic Travellers Abroad, the item of goods exports has been modified by the estimated value of goods sold to foreign travellers and tourists and taken out of the Republic of Croatia. The item of goods imports is adjusted for the estimated value of goods imported personally by the Croatian citizens from the neighbouring countries (shopping expenditures).

Transportation, travel and other services are reported separately under service account. Revenues and expenditures on the basis of transportation, in the 1993-1998 period, were adopted from the ITRS. From 1999 on, revenues and expenditures arising from transportation of goods and passengers, as well as the value of accompanying services, which together constitute the total value of these services, are compiled on the basis of the results of the Research on transactions related to international transportation services, carried out by the CNB. Owing to an exceptionally large population of road carriers, revenues and expenditures on the basis of road transportation are not adopted from this research. They are compiled by using ITRS data. As regards transportation of goods, expenditures are supplemented by a portion of transportation and insurance costs related to imports of goods which belongs to non-residents and which is

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

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

Other services position is compiled by using different data sources: apart from revenues and expenditures related to insurance and communication services, which have been determined by the CNB special statistical research since 2001, the values of all other services are adopted from the ITRS.

Transactions in the income account are classified into four main groups. Compensation of employees item is compiled on the basis of the ITRS. Income from direct investment, portfolio investment and other investment are reported separately. Data on reinvested earnings are reported separately, under direct investment income, calculated on the basis of the CNB Research on direct and other equity investment. In contrast to data on dividends, these data are not available for the 1993-1996 period, since at that time they were not reported separately. From the first quarter of 2009 on, international standards are applied in the statistical monitoring of reinvested earnings, meaning that reinvested earnings are reported on a quarterly basis, i.e. in the period in which the profit is actually earned. Previously, reinvested earnings were reported in the month in which the decision on the distribution of the previous year's profit was adopted, mean-

Table H3: Balance of Payments – Income and Current Transfers

million euros

	2004	2005	2006	2007 ^a	2008 ^a	2009	
						Q1 ^a	Q2 ^b
Income	-670.2	-959.2	-1,182.9	-1,114.1	-1,584.0	-446.0	-561.6
1. Compensation of employees	233.9	259.7	373.2	494.2	564.1	146.0	149.3
1.1. Credit	268.3	289.2	404.3	527.8	599.7	154.9	159.1
1.2. Debit	-34.4	-29.5	-31.1	-33.6	-35.5	-8.9	-9.8
2. Direct investment income	-441.6	-739.0	-1,002.0	-923.3	-1,151.0	-265.3	-395.0
2.1. Credit	175.6	112.7	80.7	174.5	194.6	-6.9	-9.7
o/w: Reinvested earnings	165.8	63.8	64.0	123.3	118.6	-15.2	-17.9
2.2. Debit	-617.3	-851.8	-1,082.7	-1,097.8	-1,345.6	-258.5	-385.4
o/w: Reinvested earnings	-291.7	-570.5	-717.5	-483.3	-508.5	113.1	-146.3
3. Portfolio investment income	-250.0	-217.6	-175.9	-162.9	-145.8	-29.7	-34.1
3.1. Credit	32.7	46.2	57.4	74.5	74.6	17.8	15.3
3.2. Debit	-282.7	-263.8	-233.3	-237.4	-220.4	-47.5	-49.4
4. Other investment income	-212.5	-262.3	-378.2	-522.2	-851.3	-296.9	-281.7
4.1. Credit	232.7	269.1	350.3	516.2	483.0	49.1	37.9
4.2. Debit	-445.2	-531.4	-728.6	-1,038.4	-1,334.3	-346.0	-319.6
Current transfers	1,191.8	1,183.8	1,107.4	1,043.0	1,034.8	207.7	295.1
1. General government	2.6	9.7	-8.6	-16.7	-55.7	-31.5	20.4
1.1. Credit	180.1	219.6	255.7	260.2	342.0	52.2	100.7
1.2. Debit	-177.5	-209.9	-264.4	-276.8	-397.7	-83.7	-80.3
2. Other sectors	1,189.2	1,174.1	1,116.0	1,059.6	1,090.5	239.2	274.7
2.1. Credit	1,404.5	1,408.8	1,383.8	1,316.0	1,341.7	297.8	330.7
2.2. Debit	-215.3	-234.6	-267.7	-256.3	-251.2	-58.6	-56.0

^a Revised data. ^b Preliminary data.

ing that they were based on the profit earned in the preceding year. On the basis of statistical data on external debt relations, starting from 1997, income from direct investment includes data on interest arising from credit relations between residents and non-residents directly related through ownership. Income from equity portfolio investment is compiled on the basis of the same research, whereas data on debt portfolio investment income have been compiled since 1999, based on statistics on foreign credit relations, which also encompass income related to debt securities owned by non-residents. Income from other investments includes the calculation of interest in accordance with the foreign credit relations statistics. The methodology for compiling the statistics on debt investment income has been changed in 2007 to include the reporting of income on an accrual basis. This basically means that income from debt investment and interest are reported at the point in time when they accrue and not at the point in time when they mature or when they are paid. As a result, the historical data for the 1999-2006 period have been revised.

Current transfers are reported separately for the general government sector and other sectors. The ITRS is used as the main data source on current transfers for both sectors. In addition to taxes and excise duties, pensions, monetary support and donations, which are included in current transfers of both sectors, the government sector also encompasses data on multilateral cooperation, whereas other sectors include data on workers' remittances. Current transfers of the general government sector also include data on exports and imports of goods without a payment obligation, provided by the CBS. In the 1993-1998 period, current transfers of other sectors also encompassed an estimate of unregistered foreign currency remittances, which accounted for 15% of the positive difference between unclassified inflows and outflows of the household sector. From 1993 to the second quarter of 1996, the CNB also assessed a portion of the outflow based on current transfers. From 2002 on, inflows and outflows based on current transfers of other sectors are supplemented by the data of the CNB special statistical research on international transactions related to insurance services.

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

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

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

Data on equity portfolio investments are collected from the same data source as the data on direct investments. Debt portfolio investments include all investments in short-term and long-term debt securities that cannot be classified under direct investments. In the 1997-1998 period, these data were collected through the CNB Research on direct and portfolio investments, and since 1999 data on external debt relations and monetary statistics data for bank investment have been used. Starting from 2002 and 2004, this position has also been compiled for investment funds and pension funds, respectively.

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

million euros

	2004	2005	2006	2007 ^b	2008 ^b	2009	
						Q1 ^b	Q2 ^c
Direct investment	670.8	1,276.1	2,556.6	3,490.0	3,219.1	412.3	438.7
1. Abroad	-278.8	-191.8	-208.2	-180.2	-134.0	-24.2	-37.7
1.1. Equity capital and reinvested earnings	-259.6	-121.0	-211.9	-234.3	-239.8	-91.9	-41.9
1.1.1. Claims	-260.0	-122.2	-211.9	-237.4	-239.8	-107.2	-59.9
1.1.2. Liabilities	0.4	1.3	0.0	3.1	0.0	15.2	17.9
1.2. Other capital	-19.2	-70.9	3.7	54.1	105.7	67.7	4.2
1.1.1. Claims	-23.6	-59.8	-13.9	20.2	106.8	48.3	-15.1
1.2.2. Liabilities	4.4	-11.1	17.6	33.9	-1.1	19.5	19.3
2. In Croatia	949.6	1,467.9	2,764.8	3,670.2	3,353.1	436.5	476.4
2.1. Equity capital and reinvested earnings	611.4	1,363.5	2,460.9	2,685.8	2,671.3	52.0	281.2
2.1.1. Claims	-22.4	0.0	-0.1	0.0	-6.9	-113.1	0.0
2.1.2. Liabilities	633.8	1,363.5	2,461.0	2,685.8	2,678.1	165.1	281.2
2.2. Other capital	338.2	104.4	303.8	984.5	681.9	384.5	195.2
2.2.1. Claims	-17.8	0.0	16.6	-2.7	-26.3	-13.1	11.4
2.2.2. Liabilities	356.0	104.4	287.3	987.2	708.1	397.6	183.8
Portfolio investment	287.1	-1,177.9	-542.3	-2.9	-627.2	-445.8	394.1
1. Assets	-736.1	-571.2	-472.5	-413.7	-273.3	125.7	-120.5
1.1. Equity securities	-39.1	-193.0	-320.5	-843.5	147.3	11.9	-53.9
1.1.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1. Banks	0.0	0.0	2.6	0.0	0.0	0.0	0.0
1.1.2. Other sectors	-39.1	-193.0	-323.1	-843.5	147.3	11.9	-53.9
1.2. Debt securities	-696.9	-378.2	-152.0	429.7	-420.6	113.8	-66.6
1.2.1. Bonds	-567.1	-396.5	98.7	323.0	-322.6	113.7	-122.4
1.2.1.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.1.2. Banks	-575.0	-360.2	142.4	261.1	-221.0	189.7	0.8
1.2.1.3. Other sectors	7.9	-36.3	-43.7	61.9	-101.6	-76.0	-123.2
1.2.2. Money market instruments	-129.9	18.3	-250.6	106.7	-98.1	0.1	55.9
1.2.2.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2.2. Banks	-129.9	18.3	-250.6	106.7	-98.1	0.1	55.9
1.2.2.3. Other sectors	0.0	0.0	0.0	0.0	0.1	0.0	0.0
2. Liabilities	1,023.2	-606.6	-69.8	410.8	-353.9	-571.6	514.7
2.1. Equity securities	141.6	89.2	325.7	315.7	-87.1	-0.3	-11.1
2.1.1. Banks	0.8	-12.8	41.7	0.0	0.0	0.0	0.0
2.1.2. Other sectors	140.7	102.0	284.0	315.7	-87.1	-0.3	-11.1
2.2. Debt securities	881.7	-695.8	-395.6	95.1	-266.8	-571.2	525.7
2.2.1. Bonds	915.6	-695.8	-395.6	95.1	-266.8	-571.2	525.7
2.2.1.1. General government	165.7	-705.9	-463.7	-276.4	-208.0	-572.4	521.2
2.2.1.2. Banks	453.2	3.2	1.2	1.0	-1.6	2.8	4.0
2.2.1.3. Other sectors	296.7	6.9	66.9	370.5	-57.3	-1.7	0.5
2.2.2. Money market instruments	-34.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2.2. Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2.3. Other sectors	-34.0	0.0	0.0	0.0	0.0	0.0	0.0

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from January 1999 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Revised data. ^c Preliminary data.

Other investment encompasses all other debt investments that have not been mentioned, apart from investment constituting reserve assets. Other investments are classified by instruments, maturity and sectors. Trade credits, in the 1996–2002 period, included the CNB estimates of advance payment and deferred payments, made on the basis of the sample of the largest and large importers and exporters. Data on advance payments have been estimated since 1996, while data on short-term deferred payments (first up to 90 days, then up to 150 days, and today from 8 days to 1 year) have been collected since 1999. In 2003, this research was replaced by a new one, where the selected companies, regardless of their size (stratified sample), are obliged to submit data. Data on deferred payments with

the original maturity of more than one year are adopted from the CNB foreign credit relations statistics. Credits granted by residents to non-residents, i.e. foreign loans utilised by residents and granted by non-residents, which cannot be classified into direct investments or trade credits, are classified by the institutional sector and maturity under the corresponding positions of other investment. The CNB foreign credit relations statistics represent the data source for these positions. Currency and deposit position shows residents' claims on foreign countries for foreign cash and deposits with foreign banks, as well as obligations of the Croatian banks for deposits owned by non-residents. Monetary statistics represent a data source for the general government sector and banks sector. Data on balance and

Table H5: Balance of Payments – Other Investment^a

million euros

	2004	2005	2006	2007	2008 ^b	2009	
						Q1 ^b	Q2 ^c
Other investment (net)	1,614.7	3,772.5	3,202.1	1,346.7	3,010.9	1,755.6	76.8
1. Assets	-498.4	982.2	-692.3	-1,653.4	-1,617.9	1,820.4	-860.8
1.1. Trade credits	-188.1	-134.8	-33.3	-99.6	-123.6	11.7	-39.2
1.1.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1.1. Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1.2. Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2. Other sectors	-188.1	-134.8	-33.3	-99.6	-123.6	11.7	-39.2
1.1.2.1. Long-term	18.1	10.4	-4.9	-63.5	26.7	16.8	10.7
1.1.2.2. Short-term	-206.1	-145.3	-28.4	-36.1	-150.2	-5.2	-49.9
1.2. Loans	43.8	-116.8	-153.1	-4.5	-107.5	17.8	33.9
1.2.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.1.1. Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.1.2. Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2. Banks	3.7	-28.5	-80.4	-32.6	-66.7	-2.5	26.4
1.2.2.1. Long-term	-0.1	-20.5	-58.9	-25.4	-26.8	-0.9	3.6
1.2.2.2. Short-term	3.9	-8.0	-21.5	-7.3	-39.9	-1.5	22.7
1.2.3. Other sectors	40.0	-88.3	-72.7	28.1	-40.8	20.2	7.5
1.2.3.1. Long-term	41.4	-89.2	-73.0	28.1	-37.6	24.5	9.0
1.2.3.2. Short-term	-1.3	1.0	0.3	0.0	-3.2	-4.2	-1.5
1.3. Currency and deposits	-354.1	1,233.8	-505.9	-1,549.4	-1,386.8	1,791.0	-855.5
1.3.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.2. Banks	-446.7	1,313.7	-462.1	-1,317.1	-136.4	1,752.9	-855.5
1.3.3. Other sectors	92.6	-79.8	-43.8	-232.3	-1,250.5	38.1	0.0
1.4. Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Liabilities	2,113.0	2,790.3	3,894.4	3,000.1	4,628.8	-64.8	937.6
2.1. Trade credits	-54.5	15.1	18.5	313.5	33.4	-250.5	102.1
2.1.1. General government	-0.3	0.4	-0.7	-0.6	-0.5	0.0	0.0
2.1.1.1. Long-term	-0.3	0.4	-0.7	-0.6	-0.5	0.0	0.0
2.1.1.2. Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2. Other sectors	-54.2	14.7	19.2	314.2	34.0	-250.5	102.1
2.1.2.1. Long-term	-16.7	27.4	-3.7	165.0	34.9	-1.9	-40.5
2.1.2.2. Short-term	-37.5	-12.7	22.9	149.2	-0.9	-248.6	142.6
2.2. Loans	1,676.4	2,405.7	3,059.2	2,890.3	3,703.9	-161.3	441.4
2.2.1. Croatian National Bank	-367.7	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.1. o/w: IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.1.1. Drawings	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.1.2. Repayments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.2. Short-term	-367.7	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2. General government	571.4	97.2	165.0	161.0	96.7	19.6	13.2
2.2.2.1. Long-term	571.4	97.2	165.0	161.0	65.0	28.1	21.8
2.2.2.1.1. Drawings	767.5	342.0	477.8	523.5	330.1	90.4	104.6
2.2.2.1.2. Repayments	-196.1	-244.8	-312.8	-362.5	-265.2	-62.3	-82.8
2.2.2.2. Short-term	0.0	0.0	0.0	0.0	31.7	-8.6	-8.6
2.2.3. Banks	650.4	826.0	541.2	-1,065.0	115.2	-341.0	-110.7
2.2.3.1. Long-term	741.7	281.1	419.5	-630.8	-276.1	16.1	-222.5
2.2.3.1.1. Drawings	1,260.0	1,236.1	2,833.6	1,216.2	609.4	138.7	406.9
2.2.3.1.2. Repayments	-518.3	-955.0	-2,414.1	-1,847.0	-885.4	-122.6	-629.4
2.2.3.2. Short-term	-91.2	544.9	121.7	-434.2	391.3	-357.1	111.8
2.2.4. Other sectors	822.2	1,482.6	2,353.0	3,794.4	3,492.0	160.1	539.0
2.2.4.1. Long-term	786.7	1,428.1	2,264.1	3,184.9	3,175.7	147.8	350.8
2.2.4.1.1. Drawings	2,260.4	2,934.5	4,266.4	5,960.8	6,700.9	820.2	1,578.3
2.2.4.1.2. Repayments	-1,473.8	-1,506.4	-2,002.3	-2,775.9	-3,525.2	-672.4	-1,227.5
2.2.4.2. Short-term	35.5	54.5	88.9	609.5	316.2	12.3	188.2
2.3. Currency and deposits	488.2	366.7	814.0	-206.4	890.2	346.6	393.6
2.3.1. General government	0.0	0.1	0.1	-0.1	-0.1	-0.3	-0.8
2.3.2. Banks	488.2	366.6	813.9	-206.4	881.6	351.8	398.4
2.3.3. Other sectors	0.0	-0.1	0.1	0.1	8.7	-4.9	-3.9
2.4. Other liabilities	3.0	2.8	2.7	2.7	1.3	0.3	0.4

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from January 1999 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Revised data. ^c Preliminary data.

Table H6: Balance of Payments – Summary^a

million kuna

	2004	2005	2006	2007 ^b	2008 ^b	2009	
						Q1 ^b	Q2 ^c
A. CURRENT ACCOUNT (1+6)	-11,167.8	-14,828.7	-20,050.6	-23,897.0	-31,779.1	-13,679.0	-6,716.8
1. Goods, services, and income (2+5)	-20,094.6	-23,586.8	-28,159.6	-31,548.0	-39,246.7	-15,163.7	-8,832.2
1.1. Credit	111,525.4	117,994.9	130,768.8	143,715.1	153,418.7	21,600.2	30,680.4
1.2. Debit	-131,620.0	-141,581.7	-158,928.4	-175,263.0	-192,665.3	-36,763.9	-39,512.5
2. Goods and services (3+4)	-15,083.2	-16,508.1	-19,521.1	-23,353.0	-27,771.7	-11,856.6	-4,697.6
2.1. Credit	106,225.6	112,693.7	124,229.1	134,230.9	143,655.7	20,006.8	29,189.7
2.2. Debit	-121,308.8	-129,201.8	-143,750.2	-157,583.9	-171,427.5	-31,863.4	-33,887.3
3. Goods	-50,327.5	-55,568.1	-61,083.9	-69,218.6	-77,984.3	-12,849.9	-14,647.4
3.1. Credit	49,507.8	53,397.7	61,988.6	67,424.8	70,856.8	14,290.9	13,962.4
3.2. Debit	-99,835.3	-108,965.8	-123,072.5	-136,643.4	-148,841.1	-27,140.8	-28,609.7
4. Services	35,244.3	39,060.0	41,562.8	45,865.6	50,212.6	993.3	9,949.8
4.1. Credit	56,717.8	59,296.0	62,240.6	66,806.1	72,798.9	5,716.0	15,227.3
4.2. Debit	-21,473.5	-20,236.0	-20,677.7	-20,940.5	-22,586.3	-4,722.6	-5,277.5
5. Income	-5,011.4	-7,078.7	-8,638.5	-8,195.0	-11,474.9	-3,307.1	-4,134.6
5.1. Credit	5,299.8	5,301.2	6,539.7	9,484.1	9,762.9	1,593.4	1,490.7
5.2. Debit	-10,311.1	-12,379.9	-15,178.1	-17,679.1	-21,237.9	-4,900.5	-5,625.3
6. Current transfers	8,926.8	8,758.1	8,109.0	7,650.9	7,467.6	1,484.6	2,115.3
6.1. Credit	11,872.9	12,047.2	12,005.6	11,562.1	12,155.0	2,506.0	3,085.3
6.2. Debit	-2,946.1	-3,289.1	-3,896.5	-3,911.1	-4,687.4	-1,021.4	-970.0
B. CAPITAL AND FINANCIAL ACCOUNT	18,720.3	22,085.4	26,919.8	30,304.7	42,362.1	15,823.9	4,324.9
B1. Capital account	235.5	396.8	-980.5	253.4	211.0	40.1	58.5
B2. Financial account, excl. reserves	18,821.3	27,764.0	38,213.6	35,366.3	39,843.0	12,774.3	6,697.3
1. Direct investment	4,452.8	9,093.0	18,726.0	25,643.9	22,479.3	3,058.2	3,232.2
1.1. Abroad	-2,077.2	-1,415.4	-1,525.6	-1,325.3	-963.6	-180.7	-279.8
1.2. In Croatia	6,530.0	10,508.5	20,251.6	26,969.2	23,442.9	3,238.9	3,512.0
2. Portfolio investment	2,111.7	-8,713.6	-4,008.6	-29.7	-4,436.6	-3,296.5	2,876.7
2.1. Assets	-5,563.8	-4,195.8	-3,483.3	-3,050.8	-1,913.9	949.9	-881.0
2.2. Liabilities	7,675.5	-4,517.8	-525.3	3,021.2	-2,522.6	-4,246.4	3,757.7
3. Financial derivatives	0.0	-659.4	0.0	0.0	0.0	0.0	0.0
4. Other investment	12,256.9	28,044.0	23,496.2	9,752.0	21,800.3	13,012.7	588.5
4.1. Assets	-3,671.1	7,421.4	-5,121.6	-12,079.4	-11,566.3	13,532.2	-6,338.9
4.2. Liabilities	15,927.9	20,622.6	28,617.9	21,831.4	33,366.5	-519.5	6,927.4
B3. Reserve assets (CNB)	-336.5	-6,075.4	-10,313.4	-5,315.0	2,308.1	3,009.5	-2,431.0
C. NET ERRORS AND OMISSIONS	-7,552.5	-7,256.7	-6,869.2	-6,407.7	-10,583.0	-2,144.8	2,391.9

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from January 1999 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Revised data. ^c Preliminary data.

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

currency structure of foreign assets and liabilities, contained in monetary statistics, are used to assess transactions from which the exchange rate effect was eliminated. In the 1993-1998 period, data on other sectors' claims under this position were compiled on the basis of the CNB estimate of a portion of net foreign currency inflows of the household sector which is not classified under current transfers. Since 1999, this position has included only the data based on the Bank for International Settlement quarterly data, while data in the

fourth quarter of 2001 and in the first two quarters of 2002 relate to the effect of the EMU countries' currencies changeover to the euro.

In the period from 1993 to 1998, the estimate of reserve assets transactions was made by converting the changes in the original currencies into the US dollars by applying the average monthly exchange rate of the currencies contained in the reserves. Since 1999, the changes in reserve assets balance have been calculated on the basis of the CNB accounting data.

Table H7: International Reserves and Banks' Foreign Currency Reserves^a

end of period, million euros

Year	Month	International reserves of the Croatian National Bank							Banks' foreign currency reserves
		Total	Special drawing rights	Reserve position in the Fund	Gold	Foreign currency			
						Total	Currency and deposits	Bonds and notes	
1995	December	1,479.0	109.1	–	–	1,369.9	1,288.4	81.4	1,038.1
1996	December	1,867.7	101.3	0.0	–	1,766.3	1,627.6	138.7	1,549.2
1997	December	2,303.7	133.4	0.1	–	2,170.2	1,825.2	345.0	2,078.9
1998	December	2,400.2	197.1	0.1	–	2,203.0	1,642.6	560.4	1,607.0
1999	December	3,012.7	188.7	0.2	–	2,823.7	2,449.8	373.9	1,344.7
2000	December	3,783.2	158.5	0.2	–	3,624.5	2,763.0	861.5	2,310.7
2001	December	5,333.6	122.9	0.2	–	5,210.5	3,469.7	1,740.7	4,056.0
2002	December	5,651.3	2.3	0.2	–	5,648.8	3,787.8	1,861.0	2,581.6
2003	December	6,554.1	0.7	0.2	–	6,553.2	3,346.0	3,207.2	3,927.1
2004	December	6,436.2	0.6	0.2	–	6,435.4	3,173.3	3,262.0	4,220.1
2005	December	7,438.4	0.9	0.2	–	7,437.3	3,834.5	3,602.8	2,938.4
2006	December	8,725.3	0.7	0.2	–	8,724.4	4,526.9	4,197.5	3,315.0
2007	December	9,307.4	0.8	0.2	–	9,306.5	4,533.9	4,772.5	4,388.9
2008	October	9,387.5	1.1	0.2	–	9,386.2	2,637.9	6,748.3	4,551.8
	November	9,682.0	0.8	0.2	–	9,681.0	2,413.8	7,267.2	4,342.4
	December	9,120.9	0.7	0.2	–	9,120.0	2,001.8	7,118.2	4,644.5
2009	January	8,674.7	0.8	0.2	–	8,673.7	2,001.9	6,671.8	4,859.2
	February	8,557.8	0.6	0.2	–	8,556.9	2,323.8	6,233.1	3,855.4
	March	8,869.5	0.6	0.2	–	8,868.7	2,080.3	6,788.4	3,002.2
	April	8,885.1	0.7	0.2	–	8,884.2	2,284.1	6,600.1	3,408.6
	May	8,788.5	0.6	0.2	–	8,787.7	2,299.1	6,488.7	3,428.8
	June	9,090.1	0.6	0.2	–	9,089.3	2,179.5	6,909.7	3,802.7
	July	9,030.9	0.7	0.2	–	9,030.1	1,899.5	7,130.5	3,942.3
	August	9,292.2	296.1	0.2	–	8,995.9	1,915.6	7,080.3	4,279.8
	September ^b	9,317.6	330.1	0.2	–	8,987.3	1,657.5	7,329.8	4,463.1

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

Data on the international reserves of the Croatian National Bank are compiled in accordance with the methodology set out in the Balance of Payments Manual (International Monetary Fund, 1995), and include those foreign claims of the Croatian National Bank that can be used to bridge imbalances in international payments. International

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

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

Table H8: International Reserves and Foreign Currency Liquidity

end of period, million euros

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
I. Official reserve assets and other f/c assets (approximate market value)											
A. Official reserve assets	6,436.2	7,438.4	8,725.3	9,307.4	9,120.9	8,869.5	8,885.1	8,788.5	9,090.1	9,030.9	9,292.2
(1) Foreign currency reserves (in convertible f/c)	6,235.4	7,337.3	8,162.8	8,911.0	8,625.0	8,319.2	7,977.1	7,861.4	8,437.3	8,765.1	8,690.9
(a) Securities	3,262.0	3,602.8	4,197.5	4,772.5	7,118.2	6,788.4	6,600.1	6,488.7	6,909.7	7,130.5	7,080.3
o/w: Issuer headquartered in reporting country but located abroad	-	-	-	-	-	-	-	-	-	-	-
(b) Total currency and deposits with:	2,973.3	3,734.5	3,965.3	4,138.4	1,506.7	1,530.8	1,377.0	1,372.7	1,527.5	1,634.5	1,610.6
(i) Other national central banks, BIS and IMF	233.1	407.3	198.7	190.7	1,397.3	1,468.7	1,288.8	1,288.9	1,329.4	1,263.0	1,262.9
(ii) Banks headquartered in the reporting country	-	-	-	-	-	-	-	-	-	-	-
o/w: Located abroad	-	-	-	-	-	-	-	-	-	-	-
(iii) Banks headquartered outside the reporting country	2,740.3	3,327.2	3,766.6	3,947.7	109.5	62.1	88.2	83.9	198.1	371.5	347.7
o/w: Located in the reporting country	-	-	-	-	-	-	-	-	-	-	-
(2) IMF reserve position	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
(3) SDRs	0.6	0.9	0.7	0.8	0.7	0.6	0.7	0.6	0.6	0.7	296.1
(4) Gold	-	-	-	-	-	-	-	-	-	-	-
(5) Other reserve assets	200.0	100.0	561.6	395.5	495.0	549.5	907.1	926.3	652.0	265.0	305.0
– Reverse repo	200.0	100.0	561.6	395.5	495.0	549.5	907.1	926.3	652.0	265.0	305.0
B. Other foreign currency assets (specify)	-	-	-	-	-	-	-	-	-	-	-
– Time deposits	-	-	-	-	-	-	-	-	-	-	-
C. Total (A+B)	6,436.2	7,438.4	8,725.3	9,307.4	9,120.9	8,869.5	8,885.1	8,788.5	9,090.1	9,030.9	9,292.2
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)	-988.6	-899.7	-650.5	-521.1	-1,084.1	-1,039.0	-1,038.0	-1,024.9	-864.9	-849.7	-860.5
(a) Croatian National Bank	-1.8	-1.1	-1.6	-2.0	-0.9	-0.2	-0.2	-0.1	-0.1	-0.2	-0.1
Up to 1 month											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-1.8	-1.1	-1.6	-2.0	-0.9	-0.2	-0.2	-0.1	-0.1	-0.2	-0.1
More than 1 and up to 3 months											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
More than 3 months and up to 1 year											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
(b) Central government (excl. central government funds)	-986.8	-898.6	-648.9	-519.1	-1,083.2	-1,038.8	-1,037.9	-1,024.7	-864.8	-849.5	-860.3
Up to 1 month											
Principal	-76.5	-77.9	-48.3	-47.6	-50.8	-13.9	-5.9	-210.0	-55.2	-3.7	-5.2
Interest	-13.8	-	-	-	-	-	-	-	-	-	-
More than 1 and up to 3 months											
Principal	-510.1	-603.0	-138.4	-133.2	-616.8	-273.2	-301.3	-91.2	-49.8	-73.5	-93.9
Interest	-169.0	-	-	-	-	-	-	-	-	-	-
More than 3 months and up to 1 year											
Principal	-143.7	-160.2	-399.8	-284.5	-348.3	-647.8	-604.6	-610.3	-630.5	-657.2	-660.3
Interest	-73.8	-57.5	-62.3	-53.8	-67.4	-103.9	-126.1	-113.2	-129.4	-115.1	-100.9
2. Aggregate short and long positions in forwards and futures in f/c vis-a-vis the domestic currency (including the forward leg of currency swaps)	-	-	-	-	-	-	-	-	-	-	-
(a) Short positions (-)	-	-	-	-	-	-	-	-	-	-	-
Up to 1 month	-	-	-	-	-	-	-	-	-	-	-
More than 1 and up to 3 months	-	-	-	-	-	-	-	-	-	-	-
More than 3 months and up to 1 year	-	-	-	-	-	-	-	-	-	-	-
(b) Long positions (+)	-	-	-	-	-	-	-	-	-	-	-
Up to 1 month	-	-	-	-	-	-	-	-	-	-	-
More than 1 and up to 3 months	-	-	-	-	-	-	-	-	-	-	-
More than 3 months and up to 1 year	-	-	-	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-	-	-	-
– Outflows related to repos (-)	-	-	-	-	-	-	-	-	-	-	-
Up to 1 month											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
More than 1 and up to 3 months											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
More than 3 months and up to 1 year											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
4. Total predetermined short-term net drains on f/c assets (1+2+3)	-988.6	-899.7	-650.5	-521.1	-1,084.1	-1,039.0	-1,038.0	-1,024.9	-864.9	-849.7	-860.5
III. Contingent short-term net drains on f/c assets (nominal value)											
1. Contingent liabilities in foreign currency	-1,772.9	-2,273.1	-2,734.9	-2,607.4	-1,896.1	-1,399.0	-1,373.1	-1,409.6	-1,445.4	-1,400.5	-1,378.4
(a) Collateral guarantees on debt falling due within 1 year	-370.9	-443.8	-478.9	-662.1	-803.2	-784.7	-744.7	-781.3	-805.1	-761.9	-734.9

	2004	2005	2006	2007	2008	2009					
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Apr.	May	Jun.	Jul.	Aug.
– Croatian National Bank	–	–	–	–	–	–	–	–	–	–	–
– Central government (excl. central government funds)	–370.9	–443.8	–478.9	–662.1	–803.2	–784.7	–744.7	–781.3	–805.1	–761.9	–734.9
Up to 1 month	–62.7	–59.6	–71.9	–54.3	–91.8	–31.3	–22.0	–120.4	–45.0	–19.6	–30.0
More than 1 and up to 3 months	–33.9	–53.0	–84.8	–42.4	–58.4	–252.0	–225.9	–113.6	–70.0	–76.8	–120.7
More than 3 months and up to 1 year	–274.4	–331.2	–322.2	–565.3	–652.9	–501.4	–496.7	–547.3	–690.1	–665.4	–584.2
(b) Other contingent liabilities	–1,402.0	–1,829.3	–2,256.0	–1,945.3	–1,092.9	–614.3	–628.4	–628.3	–640.2	–638.6	–643.5
– Croatian National Bank	–1,402.0	–1,829.3	–2,256.0	–1,945.3	–1,092.9	–614.3	–628.4	–628.3	–640.2	–638.6	–643.5
Up to 1 month	–	–	–	–	–	–	–	–	–	–	–
More than 1 and up to 3 months	–1,402.0	–1,829.3	–2,256.0	–1,945.3	–1,092.9	–614.3	–628.4	–628.3	–640.2	–638.6	–643.5
More than 3 months and up to 1 year	–	–	–	–	–	–	–	–	–	–	–
– Central government (excl. central government funds)	–	–	–	–	–	–	–	–	–	–	–
2. Foreign currency securities issued with embedded options (puttable bonds)	–	–	–	–	–	–	–	–	–	–	–
3. Undrawn, unconditional credit lines provided by:	–	–	–	–	–	–	–	–	–	–	–
– BIS (+)	–	–	–	–	–	–	–	–	–	–	–
– IMF (+)	–	–	–	–	–	–	–	–	–	–	–
4. Aggregate short and long positions of options in f/c vis-a-vis the domestic currency	–	–	–	–	–	–	–	–	–	–	–
5. Total contingent short-term net drains on f/c assets (1+2+3+4)	–1,772.9	–2,273.1	–2,734.9	–2,607.4	–1,896.1	–1,399.0	–1,373.1	–1,409.6	–1,445.4	–1,400.5	–1,378.4
IV. Memo items											
(a) Short-term domestic currency debt indexed to the exchange rate	–	–	–	–	–	–	–	–	–	–	–
o/w: Central government (excl. central government funds)	–	–	–	–	–	–	–	–	–	–	–
(b) Financial instruments denominated in foreign currency and settled by other means (e.g., in domestic currency)	–	–	–	–	–	–	–	–	–	–	–
(c) Pledged assets	–	–	–	–	–	–	–	–	–	–	–
(d) Securities lent and on repo	–	–	–	–	–	–	–	–	–	–	–
– Lent or repoed and included in Section I	–	–	–	–	–6.1	–2.5	–0.5	–	–3.5	–1.5	–
– Lent or repoed but not included in Section I	–	–	–	–	–	–	–	–	–	–	–
– Borrowed or acquired and included in Section I	–	–	–	–	–	–	–	–	–	–	–
– Borrowed or acquired but not included in Section I	180.7	88.5	559.5	389.7	478.6	528.2	847.3	866.2	623.0	267.7	301.0
(e) Financial derivative assets (net, marked to market)	–	–	–	–	–	–	–	–	–	–	–
(f) Currency composition of official reserves assets											
– Currencies in SDR basket	6,436.2	7,438.1	8,725.0	9,307.1	9,120.8	8,869.5	8,885.0	8,788.5	9,090.0	9,030.9	9,292.2
– Currencies not in SDR basket	0.0	0.3	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.0	0.0
– By individual currencies											
USD	1,609.1	1,104.5	1,266.0	1,357.2	2,064.6	1,842.2	1,816.6	1,759.1	1,932.0	1,870.1	1,855.7
EUR	4,826.3	6,332.5	7,458.0	7,944.2	7,054.9	7,025.9	7,066.9	7,028.0	7,156.7	7,159.4	7,139.6
Other	0.8	1.3	1.3	6.0	1.5	1.4	1.5	1.4	1.4	1.4	296.9

Table H8: International Reserves and Foreign Currency Liquidity

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

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

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

loans from the IMF, and future principal and interest payments on the central government’s foreign currency debts (excluding central government funds). Aggregate short and long positions in forwards and futures in foreign currencies (II.2.) include future collections () or payments (–) arising from currency swaps between the CNB and domestic banks (temporary sale or purchase of foreign currency). Item Other (II.3.) includes future payments arising from repo transactions with foreign negotiable debt securities.

The third part of the Template shows predetermined contingent foreign currency net liabilities of the Croatian National Bank and the central government (excluding central government funds), which fall due in the following 12 months. Contingent liabilities in foreign currency (III.1.) include future principal and interest payments on foreign loans guaranteed by the central government, and banks’ foreign currency reserve requirements with the CNB. (The inclusion of reserve requirements in foreign currency is based on the assumption that there will be no changes in ratios or in the base of foreign currency reserve requirements, which comprises foreign currency sources of funds, including ordinary foreign currency accounts, special foreign currency accounts, foreign currency accounts and foreign currency sight deposits, received foreign currency deposits and received foreign currency loans, as well as obligations arising from securities issued in foreign currency (excluding banks’ equity securities) and hybrid and subordinated instruments). Undrawn credit lines show potential inflows (+) or outflows (–) which would arise

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

Year	Month	HRK/EUR	HRK/ATS	HRK/FRF	HRK/100 ITL	HRK/CHF	HRK/GBP	HRK/USD	HRK/DEM
1995		6.757247	0.518724	1.047746	0.321349	4.425013	8.250868	5.229850	3.649215
1996		6.805527	0.513812	1.062870	0.352204	4.407070	8.476847	5.433979	3.614716
1997		6.960719	0.505335	1.056368	0.362049	4.248502	10.089408	6.161849	3.556098
1998		7.139159	0.514631	1.080018	0.366853	4.396452	10.537622	6.362284	3.620795
1999		7.581823	0.550993	1.155840	0.391568	4.739965	11.514804	7.122027	3.876528
2000		7.633852	0.554774	1.163773	0.394256	4.903244	12.530514	8.287369	3.903127
2001		7.471006	0.542939	1.138947	0.385845	4.946810	12.010936	8.339153	3.819865
2002		7.406976				5.049125	11.793108	7.872490	
2003		7.564248				4.978864	10.943126	6.704449	
2004		7.495680				4.854986	11.048755	6.031216	
2005		7.400047				4.780586	10.821781	5.949959	
2006		7.322849				4.656710	10.740292	5.839170	
2007		7.336019				4.468302	10.731537	5.365993	
2008		7.223178				4.553618	9.101622	4.934417	
2008	October	7.158248				4.703842	9.080911	5.355413	
	November	7.141435				4.726069	8.634967	5.609362	
	December	7.196956				4.669888	8.015481	5.377415	
2009	January	7.362986				4.930391	7.982449	5.529454	
	February	7.431246				4.983357	8.365523	5.802756	
	March	7.426911				4.936146	8.096949	5.710075	
	April	7.417872				4.893342	8.243502	5.624643	
	May	7.358491				4.867836	8.305715	5.408127	
	June	7.303089				4.825087	8.502475	5.208034	
	July	7.319051				4.815732	8.499728	5.197322	
	August	7.322721				4.802812	8.497132	5.140614	
	September	7.314846				4.828248	8.215257	5.030900	

from drawdowns under these credits.

The fourth part of the Template lists memo items. Short-term, domestic currency debt indexed to foreign currency (IV.(a)) shows obligations arising from the Act on Converting Households' Foreign Currency Deposits into the Public Debt of the Republic of Croatia, which fall due in the next 12 months. Pledged assets (IV.(c)) show time deposits in foreign currency with a maturity over 3 months listed in item I.B. which are also used as collateral. Repo transactions with securities show the value of collateral that is subject to repo and reverse repo transactions with securities as well as how these transactions are registered in the Template.

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

The annual averages of CNB midpoint exchange rates are calculated based on the midpoint exchange rates effective on the working

days in a year, using CNB exchange rate lists whose application dates pertain to the calculation period.

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

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

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

Table H10: Midpoint Exchange Rates of the Croatian National Bank (end of period)

Year	Month	HRK/EUR	HRK/ATS	HRK/FRF	HRK/100 ITL	HRK/CHF	HRK/GBP	HRK/USD	HRK/DEM
1995		6.812200	0.526742	1.085365	0.335800	4.618693	8.234500	5.316100	3.705900
1996		6.863600	0.506253	1.055662	0.362600	4.098835	9.359000	5.539600	3.562200
1997		6.947200	0.499445	1.050510	0.357700	4.332003	10.475600	6.303100	3.514000
1998		7.329100	0.531546	1.114954	0.377700	4.567584	10.451000	6.247500	3.739700
1999		7.679009	0.558055	1.170657	0.396588	4.784268	12.340257	7.647654	3.926215
2000		7.598334	0.552192	1.158359	0.392421	4.989712	12.176817	8.155344	3.884966
2001		7.370030	0.535601	1.123554	0.380630	4.977396	12.101856	8.356043	3.768237
2002		7.442292				5.120256	11.451442	7.145744	
2003		7.646909				4.901551	10.860544	6.118506	
2004		7.671234				4.971314	10.824374	5.636883	
2005		7.375626				4.744388	10.753209	6.233626	
2006		7.345081				4.571248	10.943208	5.578401	
2007		7.325131				4.412464	9.963453	4.985456	
2008		7.324425				4.911107	7.484595	5.155504	
2008	October	7.185881				4.844850	9.097203	5.469956	
	November	7.128034				4.600512	8.531459	5.539349	
	December	7.324425				4.911107	7.484595	5.155504	
2009	January	7.373294				4.958837	8.179825	5.724163	
	February	7.403887				4.980416	8.286387	5.838567	
	March	7.457249				4.920977	8.015100	5.660151	
	April	7.425124				4.932326	8.283271	5.610218	
	May	7.326488				4.841398	8.388468	5.204211	
	June	7.292035				4.774461	8.596057	5.204507	
	July	7.333135				4.792272	8.592846	5.209672	
	August	7.326773				4.827550	8.326825	5.107545	
	September	7.288341				4.824479	7.922110	4.999548	

Table H10: Midpoint Exchange Rates of the Croatian National Bank (end of period)

The table shows CNB midpoint exchange rates applied on the last day of the observed period.

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

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

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

Table H11: Indices of the Effective Exchange Rate of the Kuna

indices 2001=100

Year	Month	Nominal effective exchange rate of the kuna	Real effective exchange rate of the kuna; deflator	
			Producer price index ^a	Consumer price index
1996	December	83.88	91.18	96.68
1997	December	87.77	94.10	98.83
1998	December	91.09	97.37	95.38
1999	December	99.25	103.19	102.09
2000	December	101.63	100.15	101.91
2001	December	99.07	98.68	98.89
2002	December	95.99	95.70	96.26
2003	December	94.18	94.84	94.71
2004	December	90.42	90.93	90.85
2005	December	91.52	95.03	90.98
2006	December	88.42	93.00	87.95
2007	December	85.58	89.69	83.09
2008	October	85.71	87.73	82.56
	November	86.62	87.38	82.78
	December	86.03	86.20	82.11
2009	January	88.13	87.78	82.91
	February	89.94	88.87	84.57
	March	89.47	88.84	84.18
	April	89.03	87.48	83.27
	May	87.59	85.75	82.09
	June	86.25	84.45	81.05
	July	86.33	83.42 ^b	81.20 ^b
	August	86.10	83.09 ^b	81.41 ^b
	September	85.51		

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

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

Table H11: Indices of the Effective Exchange Rate of the Kuna

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

of the kuna (1995 in the previous version of the notes on methodology under Table H10). The index of the nominal effective exchange rate is an aggregate indicator of the average value of the domestic currency against a basket of currencies. An increase in the index of the nominal effective exchange rate of the kuna in a certain period indicates that the kuna has depreciated against the basket of currencies, and vice versa. The index of the real effective exchange rate is a weighted geometric average of the index of bilateral exchange rates of the kuna adjusted for the corresponding indices of relative price (the ratio of price indices in partner countries and domestic prices). Producer price and consumer price indices, and the total harmonised consumer price index for the eurozone countries are used as deflators. The time series for consumer prices in Croatia is constructed in the following manner: retail price indices are used until December 1997 inclusive, and consumer price indices are used as of January 1998. Data for the last two months are preliminary. The historical data may be corrected for the subsequent changes in the data published by the statistical offices of the countries whose prices are included in the calculation of the index of the real effective exchange rate of the kuna.

Table H12: Gross External Debt by Domestic Sectors^a

million euros

	2004	2005	2006	2007	2008 ^b		2009				
	Dec.	Dec.	Dec.	Dec. ^a	Dec.	Dec. ^{c*}	Mar.*	Apr.*	May*	Jun.*	Jul.
1. Government	6,546.5	6,152.7	5,670.1	5,371.8	4,197.3	4,156.2	3,643.0	3,641.1	3,606.5	4,087.1	4,042.6
Short-term	2.7	2.0	1.3	5.3	35.7	31.8	23.4	22.5	17.7	14.6	14.6
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	0.0	0.0	0.0	31.7	31.7	23.1	20.2	17.4	14.5	11.7
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	2.7	2.0	1.3	5.3	4.0	0.1	0.3	2.2	0.3	0.1	3.0
Principal arrears	2.4	1.8	0.0	1.1	3.9	0.0	0.1	0.5	0.0	0.1	3.0
Interest arrears	0.3	0.2	1.2	4.2	0.1	0.1	0.2	1.8	0.3	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	6,543.9	6,150.7	5,668.8	5,366.5	4,161.6	4,124.4	3,619.6	3,618.7	3,588.8	4,072.5	4,028.0
Bonds	4,291.2	3,663.4	3,109.1	2,756.9	2,621.9	2,562.4	2,000.4	1,982.9	1,975.0	2,444.4	2,434.4
Credits	2,250.6	2,484.8	2,557.8	2,608.4	1,538.9	1,561.2	1,618.5	1,635.1	1,613.1	1,627.4	1,592.9
Trade credits	2.1	2.6	1.9	1.2	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Croatian National Bank	2.4	2.6	2.6	2.3	2.3	2.3	2.0	2.0	1.9	1.1	1.1
Short-term	2.4	2.6	2.6	2.3	2.3	2.3	2.0	2.0	1.9	1.1	1.1
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	2.4	2.6	2.6	2.3	2.3	2.3	2.0	2.0	1.9	1.1	1.1
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Banks	7,731.7	8,978.7	10,222.6	8,879.1	10,079.1	10,064.7	10,053.9	10,347.2	10,423.1	10,378.0	10,206.8
Short-term	1,969.2	2,505.2	3,362.7	2,361.2	3,793.3	3,793.1	2,977.4	3,105.4	3,325.0	3,257.2	3,301.9
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	519.9	1,064.8	1,150.4	710.8	1,121.1	1,121.1	779.9	796.8	922.4	893.1	769.6
Currency and deposits	1,448.4	1,438.6	2,211.1	1,648.8	2,670.3	2,670.3	2,196.3	2,307.5	2,400.7	2,362.9	2,531.4
Other debt liabilities	0.9	1.7	1.2	1.7	2.0	1.7	1.1	1.1	1.9	1.1	0.9
Principal arrears	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	0.9	1.7	1.2	1.5	2.0	1.7	1.1	1.1	1.9	1.1	0.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	5,762.5	6,473.6	6,859.9	6,517.9	6,285.8	6,271.6	7,076.6	7,241.8	7,098.1	7,120.8	6,904.9
Bonds	453.2	456.6	457.9	459.0	456.8	440.8	442.7	444.0	445.2	445.5	0.0
Credits	3,517.4	3,822.7	4,217.3	3,565.1	3,373.9	3,375.9	3,380.2	3,379.5	3,096.4	3,160.3	3,139.3
Currency and deposits	1,791.9	2,194.3	2,184.7	2,493.9	2,455.0	2,455.0	3,253.6	3,418.3	3,556.4	3,515.0	3,765.6
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Other sectors	6,606.7	8,176.4	10,500.2	14,743.1	19,835.7	20,030.2	20,265.2	20,477.0	20,558.9	20,725.9	20,675.6
Short-term	535.6	706.7	700.9	1,478.2	925.2	992.7	978.6	972.5	1,005.4	1,157.5	1,097.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	98.5	133.0	155.0	681.0	652.9	730.0	666.8	651.4	659.3	799.6	725.9
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	23.7	27.8	35.9	31.1	39.5	37.0	39.2	42.7	42.3	42.1	31.9
Other debt liabilities	413.5	545.9	510.0	766.0	232.9	225.6	272.6	278.4	303.7	315.9	339.2
Principal arrears	377.1	502.1	460.6	683.4	170.4	175.9	211.8	215.7	240.5	247.2	264.6
Interest arrears	36.3	43.8	49.4	82.6	62.5	49.8	60.8	62.6	63.3	68.7	74.7
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	6,071.1	7,469.7	9,799.3	13,264.9	18,910.5	19,037.6	19,286.6	19,504.6	19,553.5	19,568.3	19,578.6
Bonds	749.0	763.9	837.8	1,208.3	1,186.4	1,195.1	1,194.1	1,200.8	1,200.3	1,187.7	1,172.5
Credits	5,192.3	6,542.1	8,816.1	11,766.9	17,391.3	17,492.8	17,739.3	17,952.9	18,045.1	18,076.6	18,067.3
Currency and deposits	0.0	0.0	0.0	0.0	10.6	10.6	5.7	5.7	1.8	1.8	1.8
Trade credits	129.8	163.7	145.4	289.8	322.2	339.1	347.5	345.2	306.3	302.2	337.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	2004	2005	2006	2007	2008 ^b		2009				
	Dec.	Dec.	Dec.	Dec. ^a	Dec.	Dec. ^{c*}	Mar.*	Apr.*	May*	Jun.*	Jul.
5. Direct investment	2,046.1	2,450.7	2,878.4	3,932.8	5,010.2	5,100.9	5,280.7	5,443.9	5,587.8	5,615.7	5,658.7
Short-term	124.1	177.5	233.9	540.4	590.0	550.9	428.1	403.0	481.6	504.5	566.6
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	33.0	36.3	51.2	216.8	488.4	468.0	349.1	323.2	400.8	420.7	479.2
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	91.2	141.2	182.7	323.6	101.6	82.8	79.0	79.8	80.8	83.8	87.5
Principal arrears	78.1	121.8	158.2	293.9	85.8	61.1	54.8	58.1	59.2	60.7	64.9
Interest arrears	13.1	19.4	24.5	29.7	15.8	21.7	24.1	21.6	21.7	23.1	22.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	1,921.9	2,273.2	2,644.5	3,392.5	4,420.2	4,550.0	4,852.7	5,040.9	5,106.2	5,111.2	5,092.0
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	1,892.2	2,239.3	2,618.1	3,374.5	4,414.7	4,548.5	4,847.1	5,035.3	5,100.6	5,105.7	5,086.5
Trade credits	29.8	33.9	26.4	18.0	5.5	1.5	5.6	5.6	5.5	5.5	5.5
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (1+2+3+4+5)	22,933.4	25,761.1	29,273.9	32,929.2	39,124.6	39,354.3	39,244.9	39,911.3	40,178.3	40,807.8	40,584.7

^a The relevant comparable data as at 31 December 2007, published in Bulletin No. 146, should be used for the calculation of the external debt growth rate in 2008. ^b From January 2008 on, the data of non-financial enterprises are estimated on the basis of the data collected from the sample. ^c From January 2009 on, the data of non-banking financial institutions and non-financial enterprises are processed with the help of the new reporting system (INOK) which uses market interest rates to calculate the balance and the schedule of interest payments. The comparable balance as at 31 December 2008 has been calculated by applying the same methodology.

Table H12: Gross External Debt by Domestic Sectors

External debt is defined as the external debt liabilities of residents on the basis of debt securities issued in the foreign markets (at face value), credits (repo agreements included) regardless of their contractual maturity, deposits of non-residents, and trade credits granted by non-residents with contractual maturity of more than 180 days (90 days up to 11 July 2001 and 150 days up to 31 December 2002).

External debt by domestic sectors is shown in the same manner as in the Capital and Financial Account of the BOP. Item Government shows the external debt of the general government, comprising the Republic of Croatia, central government funds (including the State Agency for Deposit Insurance and Bank Rehabilitation, the Croatian Roads and, until 31 December 2007, the Croatian Motorways; from this date on, the Croatian Motorways is shown within the subsector public enterprises under item Other sectors), and local government. Item Croatian National Bank shows the debt of the central bank. Item Banks shows the debt of banks. Item Other sectors shows the debt of other banking institutions, non-banking financial institutions (including the Croatian Bank for Reconstruction and Development), enterprises, non-profit institutions and households, including craftsmen. Item Direct investment shows borrower – lender transactions of other sectors that are interrelated by ownership (borrower or lender owns more than 10% of the other).

Each sector data are further shown by contractual (short-term or long-term) maturity and by debt instrument. From the beginning of 2004, instruments included in item Currency and deposits (3. Banks) are reported in accordance with their maturity. Data for the previous periods are reported only on a long-term basis.

Outstanding gross external debt includes principal and interest arrears, as well as accrual interest and future principal payments.

Outstanding debt data are shown at the CNB's midpoint exchange rate at the end of the period.

Data are considered preliminary until after publication of the final BOP data for the reporting quarter.

Table H13: Public Sector Gross External Debt, and Publicly Guaranteed and Non-Publicly Guaranteed Private Sector Gross External Debt

The gross external debt position presented in this Table highlights the role of the public sector.

Public sector includes the general government (comprising the Republic of Croatia, central government funds and local government), the central bank, public enterprises, mixed enterprises and the CBRD. Public enterprises are defined as enterprises in 100% ownership of business entities from the public sector. Mixed enterprises are defined as enterprises in which business entities from the public sector have a share larger than 50%.

Publicly guaranteed private sector gross external debt is defined as the external debt liabilities of business entities not covered by the definition of the public sector, the servicing of which is guaranteed by a business entity from the public sector.

Non-publicly guaranteed private sector gross external debt is defined as the external debt liabilities of business entities not covered by the definition of the public sector, the servicing of which is not guaranteed by the public sector.

Items are valued in the same manner as in Table H12.

Table H13: Public Sector Gross External Debt, and Publicly Guaranteed and Non-Publicly Guaranteed Private Sector Gross External Debt^a

million euros

	2004	2005	2006	2007	2008 ^b		2009				
	Dec.	Dec.	Dec.	Dec. ^a	Dec	Dec. ^{c*}	Mar.*	Apr.*	May*	Jun.*	Jul.
1. Public sector	8,580.3	8,501.6	8,256.8	9,259.5	10,247.8	10,388.3	10,098.6	10,189.7	10,133.6	10,622.9	10,585.6
Short-term	29.5	23.2	41.7	72.5	184.6	236.7	205.2	222.2	217.3	239.9	241.8
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
Credits	0.7	2.3	15.2	35.4	164.1	215.8	183.8	200.0	177.6	200.5	197.1
Currency and deposits	2.4	2.6	2.6	2.3	2.3	2.3	2.0	2.0	1.9	1.1	1.1
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	26.4	18.3	23.9	34.7	18.2	18.7	19.3	20.2	37.8	38.2	43.6
Principal arrears	25.4	17.1	20.6	29.9	17.1	14.8	15.2	15.2	34.2	34.6	38.2
Interest arrears	1.0	1.2	3.3	4.8	1.1	3.9	4.1	5.0	3.5	3.6	5.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	8,549.6	8,477.3	8,213.6	9,185.2	10,061.5	10,149.9	9,891.7	9,965.8	9,914.6	10,381.3	10,342.1
Bonds	4,662.3	4,052.0	3,640.5	3,859.7	3,714.5	3,656.3	3,094.8	3,083.6	3,076.3	3,539.7	3,513.7
Credits	3,833.2	4,314.5	4,485.2	5,120.3	6,068.5	6,196.0	6,501.4	6,582.5	6,578.2	6,584.0	6,536.1
Currency and deposits	0.0	0.0	0.0	0.0	10.6	10.6	5.7	5.7	1.8	1.8	1.8
Trade credits	54.1	110.8	87.9	205.2	267.9	287.0	289.9	294.1	258.3	255.8	290.6
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment	1.2	1.0	1.5	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7
2. Publicly guaranteed private sector	334.1	289.7	204.2	139.9	80.3	64.1	37.6	37.8	37.4	37.6	10.0
Short-term	23.5	21.8	17.2	11.3	7.1	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	23.5	21.8	17.2	11.3	7.1	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	15.6	14.2	14.4	9.4	7.1	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	7.9	7.6	2.8	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	310.6	267.9	187.0	128.6	73.2	64.1	37.6	37.8	37.4	37.6	10.0
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	309.1	267.3	187.0	128.6	73.2	64.1	37.6	37.8	37.4	37.6	10.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	1.5	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Non-publicly guaranteed private sector	14,019.0	16,969.7	20,812.9	23,529.9	28,796.5	28,901.8	29,108.7	29,683.8	30,007.3	30,147.3	29,989.1
Short-term	2,456.9	3,171.4	4,008.7	3,763.3	4,564.9	4,583.1	3,776.2	3,880.0	4,132.7	4,190.5	4,172.5
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	617.7	1,195.5	1,290.2	1,356.4	1,641.6	1,667.0	1,286.1	1,268.4	1,421.5	1,506.7	1,310.0
Currency and deposits	1,448.4	1,438.6	2,211.1	1,648.8	2,670.3	2,670.3	2,196.3	2,307.5	2,400.7	2,362.9	2,531.4
Trade credits	23.7	27.8	35.9	31.1	39.5	37.0	39.2	42.7	42.3	42.1	31.9
Other debt liabilities	367.1	509.5	471.5	727.0	213.5	208.8	254.7	261.4	268.2	278.9	299.2
Principal arrears	338.5	472.5	425.6	645.4	150.2	161.0	196.7	201.0	206.3	212.6	229.4
Interest arrears	28.6	37.0	45.8	81.7	63.3	47.8	58.0	60.5	61.9	66.3	69.8
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	9,517.3	11,348.7	13,927.4	15,835.5	19,223.1	19,219.6	20,053.4	20,361.5	20,288.5	20,342.8	20,159.7
Bonds	831.1	831.8	764.3	564.4	550.6	542.0	542.4	544.1	544.2	537.9	93.3
Credits	6,817.9	8,267.8	10,919.0	12,691.4	16,162.4	16,168.6	16,197.9	16,346.0	16,137.9	16,241.6	16,252.5
Currency and deposits	1,791.9	2,194.3	2,184.7	2,493.9	2,455.0	2,456.2	3,254.8	3,419.5	3,557.6	3,516.2	3,766.8
Trade credits	76.3	54.8	59.4	85.8	55.0	52.8	58.3	51.9	48.7	47.1	47.1
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment	2,044.9	2,449.6	2,876.9	3,931.1	5,008.5	5,099.2	5,279.0	5,442.2	5,586.1	5,614.0	5,657.0
Total (1+2+3)	22,933.4	25,761.1	29,273.9	32,929.2	39,124.6	39,354.3	39,244.9	39,911.3	40,178.3	40,807.8	40,584.7

^a The relevant comparable data as at 31 December 2007, published in Bulletin No. 146, should be used for the calculation of the external debt growth rate in 2008. ^b From January 2008 on, the data of non-financial enterprises are estimated on the basis of the data collected from the sample. ^c From January 2009 on, the data of non-banking financial institutions and non-financial enterprises are processed with the help of the new reporting system (INOK) which uses market interest rates to calculate the balance and the schedule of interest payments. The comparable balance as at 31 December 2008 has been calculated by applying the same methodology.

	Gross external debt 31/7/2009	Immediate	Projected future principal payments												
			Q3/09	Q4/09	Q1/10	Q2/10	2009	2010	2011	2012	2013	2014	2015	2016	Other
5. Direct investment	5,658.7	87.5	524.2	539.5	239.0	346.2	1,063.6	1,171.5	1,122.8	563.0	309.2	216.4	148.1	189.1	787.5
Short-term	566.6	87.5	91.3	183.2	54.2	94.7	274.5	204.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	479.2	0.0	91.3	183.2	54.2	94.7	274.5	204.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	87.5	87.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	64.9	64.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	22.6	22.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	5,092.0	0.0	432.9	356.3	184.8	251.5	789.1	966.9	1,122.8	563.0	309.2	216.4	148.1	189.1	787.5
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	5,086.5	0.0	432.8	355.8	184.8	251.5	788.7	966.7	1,118.2	562.8	309.1	216.4	148.1	189.1	787.5
Trade credits	5.5	0.0	0.0	0.4	0.0	0.0	0.5	0.1	4.6	0.1	0.1	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (1+2+3+4+5)	40,584.7	430.6	3,633.5	2,861.1	2,398.6	2,258.1	6,495.6	8,329.9	7,438.9	3,342.0	2,852.8	2,481.7	1,917.3	1,156.1	6,139.9
Supplement: Projected interest payments			98.7	242.6	279.4	239.0	341.3	896.5	707.5	504.4	441.3	330.4	251.9	174.7	594.7

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from December 1998 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards.

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

The Table shows outstanding gross external debt, projected principal payments and estimated interest payments according to the CNB's midpoint exchange rate at the end of the period. Principal payments on Currency and deposits of non-residents are projected according to the available monetary statistics data on original and remaining maturity.

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

Projected payments of accrual interest, which are an integral part of the gross external debt, increase the projected principal payments in the first quarter period and, consequently, decrease the interest payments estimated for the same period.

Table H15: Gross External Debt by Other Sectors^a

million euros

	2004	2005	2006	2007	2008 ^b		2009				
	Dec.	Dec.	Dec.	Dec. ^a	Dec.	Dec. ^{c*}	Mar.*	Apr.*	May*	Jun.*	Jul.
1. Other sectors	6,606.7	8,176.4	10,500.1	14,743.1	19,835.7	20,030.2	20,265.2	20,477.0	20,558.9	20,725.9	20,675.6
Short-term	535.6	706.7	700.9	1,478.2	925.3	992.7	978.6	972.5	1,005.4	1,157.5	1,097.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	98.5	133.0	155.0	681.0	652.9	730.0	666.8	651.4	659.3	799.6	725.9
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	23.7	27.8	35.9	31.1	39.5	37.0	39.2	42.7	42.3	42.1	31.9
Other debt liabilities	413.5	545.9	510.0	766.0	232.9	225.6	272.6	278.4	303.7	315.9	339.2
Principal arrears	377.1	502.1	460.6	683.4	170.4	175.9	211.8	215.7	240.5	247.2	264.6
Interest arrears	36.3	43.8	49.4	82.6	62.5	49.8	60.8	62.6	63.3	68.7	74.7
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	6,071.1	7,469.7	9,799.3	13,264.9	18,910.5	19,037.6	19,286.6	19,504.6	19,553.5	19,568.3	19,578.6
Bonds	749.0	763.9	837.8	1,208.3	1,186.4	1,195.1	1,194.1	1,200.8	1,200.3	1,187.7	1,172.5
Credits	5,192.3	6,542.1	8,816.1	11,766.9	17,391.3	17,492.8	17,739.3	17,952.9	18,045.1	18,076.6	18,067.3
Currency and deposits	0.0	0.0	0.0	0.0	10.6	10.6	5.7	5.7	1.8	1.8	1.8
Trade credits	129.8	163.7	145.4	289.8	322.2	339.1	347.5	345.2	306.3	302.2	337.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1. Other banking institutions	25.4	25.7	0.0	0.0	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
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	25.4	25.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	25.4	25.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2. Non-banking financial institutions	1,691.8	2,132.1	2,871.4	3,922.0	4,949.7	5,205.4	5,159.6	5,238.6	5,257.7	5,232.2	5,205.9
Short-term	9.5	19.6	60.1	201.6	155.4	181.2	190.7	165.6	149.1	279.1	282.9
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	5.4	14.3	46.5	184.5	144.5	175.9	186.0	160.4	144.0	273.8	275.9
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	4.0	5.3	13.6	17.1	10.9	5.3	4.8	5.2	5.1	5.3	7.0
Principal arrears	1.5	2.9	6.4	2.9	4.2	1.4	1.3	1.6	1.6	1.5	1.5
Interest arrears	2.5	2.4	7.2	14.2	6.7	3.9	3.4	3.6	3.5	3.8	5.5
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	1,682.4	2,112.5	2,811.3	3,720.4	4,794.3	5,024.2	4,968.9	5,073.0	5,108.6	4,953.1	4,923.0
Bonds	371.1	388.6	531.4	806.7	791.5	796.3	791.6	795.8	797.9	788.7	784.8
Credits	1,311.3	1,723.8	2,279.9	2,913.7	3,992.3	4,217.3	4,171.6	4,271.5	4,308.9	4,162.7	4,136.4
Currency and deposits	0.0	0.0	0.0	0.0	10.6	10.6	5.7	5.7	1.8	1.8	1.8
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3. Public enterprises	972.4	1,121.9	1,168.5	1,997.4	3,945.4	4,863.8	5,069.1	5,057.2	5,018.8	5,040.5	5,047.0
Short-term	20.6	13.3	31.6	48.3	145.1	202.6	149.5	167.4	167.2	167.7	167.8
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
Credits	0.0	0.0	15.2	35.4	132.4	184.1	130.5	149.4	129.7	129.9	129.1
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	20.6	13.3	16.4	12.9	12.7	18.6	19.0	18.0	37.5	37.8	38.7
Principal arrears	20.0	12.5	14.5	12.5	11.8	14.8	15.1	14.8	34.2	34.5	35.2
Interest arrears	0.6	0.8	1.9	0.5	0.9	3.7	3.9	3.3	3.3	3.3	3.5
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	951.9	1,108.6	1,136.9	1,949.0	3,800.4	4,661.2	4,919.6	4,889.8	4,851.7	4,872.8	4,879.2
Bonds	0.0	0.0	0.0	296.2	301.2	297.6	302.8	304.8	303.4	306.6	294.4

	2004	2005	2006	2007	2008 ^b		2009				
	Dec.	Dec.	Dec.	Dec. ^a	Dec.	Dec. ^{c*}	Mar.*	Apr.*	May*	Jun.*	Jul.
Credits	919.4	1,026.8	1,066.8	1,470.2	3,254.7	4,077.4	4,327.6	4,291.6	4,290.6	4,311.0	4,294.9
Trade credits	32.5	81.8	70.1	182.7	244.5	286.3	289.2	293.3	257.6	255.2	289.9
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.4. Mixed enterprises	347.1	328.8	416.5	594.9	741.6	0.0	0.0	0.0	0.0	0.0	0.0
Short-term	3.9	5.3	6.3	16.5	1.2	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.7	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	3.2	3.0	6.3	16.5	1.2	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	3.0	2.9	6.1	16.4	1.1	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	0.1	0.2	0.2	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	343.2	323.5	410.2	578.4	740.4	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	323.6	297.1	394.3	557.1	717.7	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	19.6	26.4	15.9	21.3	22.7	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.5. Other enterprises	3,473.6	4,454.5	5,929.1	8,062.2	9,933.4	9,695.5	9,767.9	9,912.4	10,013.2	10,174.3	10,146.3
Short-term	483.4	653.7	578.8	1,174.3	619.2	604.5	633.5	634.5	681.9	684.7	619.8
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
Credits	81.7	114.8	86.9	451.2	373.8	367.9	347.8	338.9	380.7	372.5	297.3
Trade credits	23.7	27.8	35.9	31.1	39.5	37.0	39.2	42.7	42.3	42.1	31.9
Other debt liabilities	378.1	511.1	456.0	692.0	205.9	199.6	246.6	252.9	258.9	270.2	290.7
Principal arrears	346.8	473.4	420.3	630.2	151.2	157.5	193.1	197.2	202.5	208.5	225.3
Interest arrears	31.3	37.7	35.7	61.8	54.7	42.1	53.5	55.8	56.4	61.7	65.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	2,990.2	3,800.9	5,350.3	6,887.9	9,314.2	9,091.0	9,134.4	9,277.9	9,331.3	9,489.6	9,526.6
Bonds	377.9	375.3	306.4	105.4	93.8	101.2	99.7	100.1	99.0	92.4	93.3
Credits	2,545.3	3,377.5	4,989.1	6,701.7	9,168.7	8,940.3	8,979.3	9,128.6	9,186.2	9,352.6	9,388.5
Trade credits	67.1	48.1	54.8	80.8	51.7	49.5	55.4	49.1	46.1	44.6	44.8
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.6. Non-profit institutions	4.0	4.9	5.3	5.4	3.8	2.8	2.7	2.7	2.7	2.6	2.6
1.7. Craftsmen and sole traders	42.7	35.2	26.8	24.1	17.1	17.1	15.8	15.3	14.9	14.4	13.9
1.8. Households	49.7	73.3	82.7	137.2	244.7	245.7	250.1	250.9	251.6	261.9	259.9

^a The relevant comparable data as at 31 December 2007, published in Bulletin No. 146, should be used for the calculation of the external debt growth rate in 2008. ^b From January 2008 on, the data of non-financial enterprises are estimated on the basis of the data collected from the sample. ^c From January 2009 on, the data of non-banking financial institutions and non-financial enterprises are processed with the help of the new reporting system (INOK) which uses market interest rates to calculate the balance and the schedule of interest payments. The comparable balance as at 31 December 2008 has been calculated by applying the same methodology.

Table H16: International Investment Position – Summary^a

million euros

	2004	2005	2006	2007 ^b	2008 ^b	2009	
						Q1 ^b	Q2 ^c
1. International investment position (net)	-15,371.4	-20,246.8	-29,972.2	-39,940.4	-35,393.8	-36,741.6	-38,542.2
2. Assets	15,118.2	16,042.5	18,242.8	21,191.5	21,172.1	18,731.2	19,790.8
2.1. Direct investment abroad	1,563.4	1,729.8	1,833.1	2,361.5	2,650.0	2,635.7	2,601.5
2.2. Portfolio investment	1,506.0	2,136.8	2,575.9	3,018.5	2,413.5	2,139.5	2,312.9
2.2.1. Equity securities	176.8	418.0	720.4	1,598.8	543.1	446.2	552.9
2.2.2. Debt securities	1,329.1	1,718.8	1,855.4	1,419.6	1,870.4	1,693.3	1,760.0
Bonds	1,168.7	1,571.6	1,464.0	1,139.2	1,488.0	1,328.1	1,451.5
Money market instruments	160.4	147.1	391.4	280.4	382.4	365.1	308.5
2.3. Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4. Other investment	5,612.7	4,737.6	5,108.5	6,504.2	6,987.6	5,086.5	5,786.4
2.4.1. Trade credits	222.2	262.9	230.5	248.9	224.7	151.6	151.3
2.4.2. Loans	102.2	146.2	239.5	296.4	435.9	406.9	365.3
2.4.3. Currency and deposits	5,288.2	4,328.5	4,638.3	5,958.9	6,327.0	4,528.0	5,269.8
2.4.4. Other assets	0.0	0.0	0.4	0.0	0.0	0.0	0.0
2.5. Reserve assets (CNB)	6,436.1	7,438.4	8,725.3	9,307.4	9,120.9	8,869.5	9,090.1
3. Liabilities	30,489.5	36,289.4	48,215.0	61,131.9	56,565.9	55,472.7	58,333.1
3.1. Direct investment in Croatia	9,114.2	12,332.4	20,782.0	30,606.2	21,832.1	20,939.7	22,517.1
3.2. Portfolio investment	5,981.5	5,530.4	5,442.4	5,953.6	4,884.6	4,206.1	4,676.0
3.2.1. Equity securities	488.1	646.5	1,037.5	1,529.4	619.4	568.8	598.4
3.2.2. Debt securities	5,493.4	4,883.8	4,404.8	4,424.2	4,265.2	3,637.2	4,077.6
Bonds	5,493.4	4,883.8	4,404.8	4,424.2	4,265.2	3,637.2	4,077.6
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.3. Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.4. Other investment	15,393.9	18,426.6	21,990.6	24,572.1	29,849.2	30,326.9	31,140.0
3.4.1. Trade credits	209.4	249.5	244.9	337.8	367.5	388.2	365.8
3.4.2. Loans	11,941.7	14,541.4	17,347.4	20,088.8	24,343.4	24,480.9	24,893.0
3.4.3. Currency and deposits	3,242.7	3,635.6	4,398.4	4,145.5	5,138.3	5,457.9	5,881.1
3.4.4. Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from December 1998 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Revised data. ^c Preliminary data.

Table H16: International Investment Position

This table is made in accordance with the recommendations of the IMF (Balance of Payments Manual, Fifth Edition, 1995). Data sources include: reports from banks, enterprises, the Croatian National Bank, and the Zagreb Stock Exchange (ZSE).

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

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

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

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

Item Portfolio debt investment – Assets and liabilities comprises data on investments of residents into debt securities issued by non-residents (assets) and investments of non-residents into debt securi-

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

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

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

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

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

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

Table H17: International Investment Position – Direct Investment

million euros

	2004	2005	2006	2007 ^a	2008 ^a	2009	
						Q1 ^a	Q2 ^b
Direct investment (net)	-7,550.7	-10,602.7	-18,948.9	-28,244.8	-19,182.1	-18,304.0	-19,915.6
1. Abroad	1,563.4	1,729.8	1,833.1	2,361.5	2,650.0	2,635.7	2,601.5
1.1. Equity capital and reinvested earnings	1,502.3	1,610.4	1,725.0	2,260.5	2,460.3	2,522.5	2,512.4
1.1.1. Claims	1,502.3	1,610.4	1,725.0	2,260.5	2,460.3	2,522.5	2,512.4
1.1.2. Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2. Other capital	61.2	119.3	108.2	101.0	189.7	113.2	89.1
1.1.1. Claims	89.6	138.0	144.8	175.4	220.2	216.3	218.7
1.2.2. Liabilities	28.4	18.7	36.6	74.4	30.5	103.1	129.6
1.3 Financial derivatives (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. In Croatia	9,114.2	12,332.4	20,782.0	30,606.2	21,832.1	20,939.7	22,517.1
2.1. Equity capital and reinvested earnings	7,116.4	9,920.6	17,961.3	26,771.9	16,876.6	15,795.8	17,053.4
2.1.1. Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2. Liabilities	7,116.4	9,920.6	17,961.3	26,771.9	16,876.6	15,795.8	17,053.4
2.2. Other capital	1,997.8	2,411.8	2,820.7	3,834.3	4,955.5	5,143.9	5,463.7
2.2.1. Claims	19.9	20.1	21.1	24.2	24.3	33.7	22.4
2.2.2. Liabilities	2,017.7	2,431.9	2,841.8	3,858.5	4,979.8	5,177.6	5,486.1
2.3. Financial derivatives (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a Revised data. ^b Preliminary data.

Table H18: International Investment Position – Portfolio Investment^a

million euros

	2004	2005	2006	2007 ^b	2008 ^b	2009	
						Q1 ^b	Q2 ^c
Portfolio investment (net)	-4,475.5	-3,393.6	-2,866.5	-2,935.1	-2,471.1	-2,066.6	-2,363.1
1. Assets	1,506.0	2,136.8	2,575.9	3,018.5	2,413.5	2,139.5	2,312.9
1.1. Equity securities	176.8	418.0	720.4	1,598.8	543.1	446.2	552.9
1.1.1. Banks	5.1	5.9	6.7	6.4	9.7	11.1	8.3
1.1.2. Other sectors	171.8	412.1	713.7	1,592.4	533.4	435.1	544.6
1.2. Debt securities	1,329.1	1,718.8	1,855.4	1,419.6	1,870.4	1,693.3	1,760.0
2. Liabilities	5,981.5	5,530.4	5,442.4	5,953.6	4,884.6	4,206.1	4,676.0
2.1. Equity securities	488.1	646.5	1,037.5	1,529.4	619.4	568.8	598.4
2.1.1. Banks	64.7	84.0	156.7	164.6	70.2	64.3	63.4
2.1.2. Other sectors	423.4	562.6	880.8	1,364.9	549.3	504.5	535.0
2.2. Debt securities	5,493.4	4,883.8	4,404.8	4,424.2	4,265.2	3,637.2	4,077.6
2.2.1. Bonds	5,493.4	4,883.8	4,404.8	4,424.2	4,265.2	3,637.2	4,077.6
2.2.1.1. General government	4,291.2	3,663.4	3,109.1	2,756.9	2,621.9	2,000.4	2,444.4
2.2.1.2. Banks	453.2	456.6	457.9	459.0	456.8	442.7	445.5
2.2.1.3. Other sectors	749.0	763.9	837.8	1,208.3	1,186.4	1,194.1	1,187.7
2.2.2. Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2.1. Other sectors	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from December 1998 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Revised data. ^c Preliminary data.

Table H19: International Investment Position – Other Investment^a

million euros

	2004	2005	2006	2007	2008 ^b	2009	
						Q1 ^b	Q2 ^c
Other investment (net)	-9,781.2	-13,689.0	-16,882.1	-18,067.8	-22,861.5	-25,240.4	-25,353.5
1. Assets	5,612.7	4,737.6	5,108.5	6,504.2	6,987.6	5,086.5	5,786.4
1.1. Trade credits	222.2	262.9	230.5	248.9	224.7	151.6	151.3
1.1.1. General government	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
1.1.2. Other sectors	222.2	262.9	230.5	248.9	224.7	151.6	151.3
Long-term	181.4	190.9	177.5	228.8	202.6	136.9	128.1
Short-term	40.8	72.0	53.0	20.1	22.1	14.6	23.2
1.2. Loans	102.2	146.2	239.5	296.4	435.9	406.9	365.3
1.2.1. Croatian National Bank	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Long-term	0.6	0.6	0.6	0.6	0.6	0.6	0.6
1.2.2. General government	0.0	0.0	0.0	0.0	0.0	0.7	0.7
Long-term	0.0	0.0	0.0	0.0	0.0	0.7	0.7
1.2.3. Banks	81.6	113.2	188.5	214.8	285.3	293.6	263.6
Long-term	62.6	85.3	140.0	160.0	193.6	204.4	197.8
Short-term	19.0	27.9	48.5	54.8	91.7	89.2	65.8
1.2.4. Other sectors	20.0	32.3	50.4	81.1	150.0	112.1	100.3
Long-term	18.7	32.0	50.2	81.0	146.8	106.0	93.1
Short-term	1.3	0.3	0.2	0.1	3.3	6.1	7.3
1.3. Currency and deposits	5,288.2	4,328.5	4,638.3	5,958.9	6,327.0	4,528.0	5,269.8
1.3.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.2. Banks	4,319.7	3,112.2	3,499.9	4,715.1	4,863.6	3,156.8	3,984.1
1.3.3. Other sectors	968.5	1,216.3	1,138.3	1,243.8	1,463.4	1,371.2	1,285.8
1.4. Other assets	0.0	0.0	0.4	0.0	0.0	0.0	0.0
2. Liabilities	15,393.9	18,426.6	21,990.6	24,572.1	29,849.2	30,326.9	31,140.0
2.1. Trade credits	209.4	249.5	244.9	337.8	367.5	388.2	365.8
2.1.1. General government	2.2	2.6	1.9	1.2	0.7	0.7	0.7
Long-term	2.2	2.6	1.9	1.2	0.7	0.7	0.7
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2. Other sectors	207.2	246.9	243.0	336.6	366.7	387.4	365.1
Long-term	183.6	219.1	207.0	305.5	327.2	348.3	323.0
Short-term	23.7	27.8	35.9	31.1	39.5	39.2	42.1
2.2. Loans	11,941.7	14,541.4	17,347.4	20,088.8	24,343.4	24,480.9	24,893.0
2.2.1. Croatian National Bank	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
2.2.2. General government	2,253.1	2,486.7	2,559.0	2,613.7	1,574.6	1,641.9	1,642.0
Long-term	2,253.1	2,486.7	2,559.0	2,613.7	1,542.9	1,618.7	1,627.5
Short-term	0.0	0.0	0.0	0.0	31.7	23.1	14.5
2.2.3. Banks	4,038.1	4,889.2	5,368.9	4,276.8	4,496.7	4,161.0	4,054.3
Long-term	3,517.4	3,822.9	4,217.4	3,565.2	3,374.7	3,380.2	3,160.3
Short-term	520.7	1,066.3	1,151.6	711.7	1,122.0	780.7	894.0
2.2.4. Other sectors	5,650.5	7,165.5	9,419.4	13,198.2	18,272.0	18,678.0	19,196.8
Long-term	5,499.9	6,964.8	9,187.2	12,371.2	17,589.5	17,951.3	18,336.0
Short-term	150.6	200.8	232.2	827.1	682.5	726.8	860.7
2.3. Currency and deposits	3,242.7	3,635.6	4,398.4	4,145.5	5,138.3	5,457.9	5,881.1
2.3.1. Croatian National Bank	2.4	2.6	2.6	2.3	2.3	2.0	1.1
2.3.2. Banks	3,240.3	3,633.0	4,395.8	4,143.2	5,125.5	5,450.2	5,878.2
2.3.3. Other sectors	0.0	0.0	0.0	0.0	10.6	5.7	1.8
2.4. Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from December 1998 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Revised data. ^c Preliminary data.

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

million kuna

	2004	2005	2006	2007	2008	2009				
						Mar.	Apr.	May	Jun.	Jul.
1. REVENUE (A+B)	87,019.3	92,642.5	100,392.6	113,386.2	120,036.7	10,185.6	10,633.6	7,875.3	9,003.7	10,024.2
A) Budgetary central government	80,463.5	85,653.0	95,234.1	108,297.0	115,766.5	9,894.4	10,258.5	7,616.7	8,723.2	9,604.4
B) Extrabudgetary users	6,555.8	6,989.5	5,158.5	5,089.2	4,270.2	291.3	375.0	258.6	280.6	419.7
1. Croatian Pension Insurance Administration	129.9	38.0	293.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Croatian Institute for Health Insurance	663.1	863.9	848.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Croatian Employment Service	15.5	18.9	18.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Croatian Waters	1,224.4	1,227.8	1,526.9	2,041.2	2,105.0	176.7	154.5	129.9	149.4	204.0
5. Fund for Environmental Protection and Energy Efficiency	170.7	214.7	659.8	1,102.9	1,221.2	97.5	63.1	118.6	102.5	86.2
6. Croatian Motorways Ltd.	2,295.4	2,547.0	1,271.1	1,375.3	0.0	0.0	0.0	0.0	0.0	0.0
7. Croatian Roads Ltd.	1,417.8	1,474.7	64.7	119.9	81.0	11.0	9.9	4.3	6.2	9.4
8. State Agency for Deposit Insurance and Bank Rehabilitation	575.9	367.4	409.6	391.4	808.3	4.9	146.6	0.3	15.5	115.7
9. Croatian Privatisation Fund	62.9	237.0	65.9	58.3	54.7	1.3	0.8	5.6	7.1	4.3
2. EXPENSE (A+B)	86,941.4	92,332.1	98,751.4	109,075.0	118,686.0	10,927.8	10,923.8	9,394.4	10,038.3	10,271.8
A) Budgetary central government	81,861.2	86,715.6	91,979.7	103,004.9	113,309.5	10,448.4	10,575.2	9,032.6	9,600.5	9,818.3
B) Extrabudgetary users	5,080.3	5,616.5	6,771.7	6,070.1	5,376.5	479.4	348.7	361.8	437.8	453.5
1. Croatian Pension Insurance Administration	587.4	382.2	565.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Croatian Institute for Health Insurance	831.3	914.3	931.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Croatian Employment Service	141.3	145.9	155.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Croatian Waters	1,426.3	1,489.5	1,779.1	2,099.0	2,335.4	128.5	174.2	145.4	218.6	177.1
5. Fund for Environmental Protection and Energy Efficiency	32.4	172.0	734.8	1,083.3	1,106.7	96.1	61.5	106.6	81.9	125.4
6. Croatian Motorways Ltd.	752.3	1,085.1	1,272.7	1,509.8	0.0	0.0	0.0	0.0	0.0	0.0
7. Croatian Roads Ltd.	934.6	1,062.4	1,226.9	1,241.9	1,592.6	223.4	84.0	79.9	104.1	122.9
8. State Agency for Deposit Insurance and Bank Rehabilitation	314.5	183.0	27.4	47.8	254.7	22.6	23.8	24.0	23.9	22.2
9. Croatian Privatisation Fund	60.1	182.1	78.4	88.2	87.0	8.8	5.2	6.0	9.3	5.9
NET/GROSS OPERATING BALANCE (1–2)	77.8	310.3	1,641.2	4,311.2	1,350.7	-742.2	-290.3	-1,519.1	-1,034.5	-247.7
3. CHANGE IN NET WORTH: TRANSACTIONS (3.1.+3.2.–3.3.)	77.8	310.3	1,641.2	4,311.2	1,350.7	-742.2	-290.3	-1,519.1	-1,034.5	-247.7
3.1. CHANGE IN NET ACQUISITION OF NON-FINANCIAL ASSETS	8,373.5	6,699.4	6,108.6	7,811.0	4,228.2	422.0	152.7	182.5	232.4	330.4
Acquisition	8,648.4	7,024.2	6,836.4	8,378.6	4,713.2	457.6	184.0	206.7	258.3	351.3
A) Budgetary central government	1,663.9	1,828.8	1,908.5	3,043.9	3,291.5	265.5	135.1	123.4	184.3	257.5
B) Extrabudgetary users	6,984.5	5,195.4	4,927.9	5,334.7	1,421.7	192.1	48.9	83.2	74.0	93.8
Disposals	274.9	324.8	727.7	567.7	485.0	35.5	31.3	24.1	25.8	20.9
A) Budgetary central government	244.4	275.1	352.7	498.7	303.4	28.9	23.4	22.9	25.4	20.6
B) Extrabudgetary users	30.5	49.6	375.1	69.0	181.6	6.7	7.9	1.2	0.5	0.3
NET LENDING/BORROWING (1–2–3.1.)	-8,295.6	-6,389.1	-4,467.4	-3,499.8	-2,877.5	-1,164.2	-443.0	-1,701.6	-1,267.0	-578.1
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING) (3.3.–3.2.)	8,295.6	6,389.1	4,467.4	3,499.8	2,877.5	1,164.2	443.0	1,701.6	1,267.0	578.1
3.2. CHANGE IN NET ACQUISITION OF FINANCIAL ASSETS	28.4	1,609.8	-2,576.7	-2,939.2	2,776.6	1,101.3	1,425.8	-1,664.9	1,414.4	-342.1
3.2.1. Domestic	18.6	1,614.6	-2,593.4	-2,957.2	2,764.1	1,101.3	1,425.8	-1,664.9	1,413.5	-342.1
A) Budgetary central government	138.6	1,747.7	-3,063.9	-3,752.8	1,690.5	829.3	1,309.8	-1,572.5	1,495.1	-323.7
B) Extrabudgetary users	-120.0	-133.1	470.5	795.6	1,073.6	272.1	116.0	-92.3	-81.6	-18.4
3.2.2. Foreign	9.8	-4.9	16.7	18.0	12.4	0.0	0.0	0.0	0.0	0.0
A) Budgetary central government	9.8	-4.9	16.7	18.0	12.4	0.0	0.0	0.0	0.9	0.0
B) Extrabudgetary users	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0
3.2.3. Monetary gold and SDRs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.3. CHANGE IN NET INCURRENCE OF LIABILITIES	8,324.0	7,998.8	1,890.7	560.6	5,654.1	2,265.5	1,868.8	36.7	2,681.4	236.0
3.3.1. Domestic	4,107.7	12,041.7	5,282.8	2,017.1	6,795.7	2,222.4	1,671.9	61.3	-1,615.9	703.7
A) Budgetary central government	4,038.7	10,591.6	3,166.3	1,477.6	5,656.6	1,677.5	1,687.3	65.3	-1,589.7	737.6
B) Extrabudgetary users	69.0	1,450.1	2,116.5	539.5	1,139.1	545.0	-15.4	-4.0	-26.2	-33.9
3.3.2. Foreign	4,216.3	-4,042.8	-3,392.1	-1,456.5	-1,141.7	43.1	196.9	-24.5	4,297.3	-467.8
A) Budgetary central government	270.3	-5,080.6	-3,943.2	-2,980.2	-1,445.8	27.7	115.5	-29.1	4,243.1	-494.3
B) Extrabudgetary users	3,946.0	1,037.8	551.2	1,523.7	304.1	15.4	81.4	4.6	54.1	26.5

^a CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. The Notes on Methodology can be found in the Ministry of Finance Monthly Statistical Review. Note: On a cash basis. Source: MoF.

Table I2: Budgetary Central Government Operations^a

million kuna

	2004	2005	2006	2007	2008	2009				
						Mar.	Apr.	May	Jun.	Jul.
1. REVENUE	80,463.5	85,653.0	95,235.6	108,320.6	115,772.7	9,894.4	10,258.5	7,616.7	8,723.2	9,604.4
1.1. Taxes	47,149.9	50,687.6	58,469.1	64,234.5	69,572.7	4,743.6	6,275.5	4,169.5	4,944.5	5,680.7
1.2. Social contributions	29,477.6	31,301.3	33,877.1	37,203.5	40,703.5	3,329.5	3,378.7	3,257.6	3,353.4	3,526.9
1.3. Grants	10.1	27.5	196.0	428.0	468.6	44.0	82.2	47.1	8.1	29.4
1.4. Other revenue	3,825.9	3,636.6	2,693.3	6,454.5	5,027.8	1,777.2	522.1	142.5	417.3	367.5
2. EXPENSE	83,131.1	87,857.5	95,950.0	108,007.6	115,292.4	10,533.6	10,639.8	9,124.9	9,721.6	9,934.6
2.1. Compensation of employees	22,268.3	23,182.6	24,313.9	27,545.1	29,948.5	2,625.1	2,640.6	2,551.0	2,547.0	2,810.9
2.2. Use of goods and services	4,358.7	4,951.9	6,069.1	7,162.4	8,113.7	857.8	666.2	594.3	638.2	671.9
2.3. Consumption of fixed capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4. Interest	3,972.5	4,387.0	4,713.6	4,535.0	4,683.2	856.4	416.9	334.3	369.4	201.4
2.5. Subsidies	4,968.1	5,248.7	5,670.8	6,492.0	6,859.5	728.4	1,076.9	507.7	528.3	510.5
2.6. Grants	3,420.3	3,796.8	6,653.0	8,363.2	5,783.1	396.2	533.4	389.7	454.3	523.1
2.7. Social benefits	39,730.9	41,358.5	43,444.6	48,176.0	52,593.2	4,690.5	4,813.4	4,306.3	4,752.9	4,715.0
2.8. Other expense	4,412.4	4,931.9	5,085.0	5,733.9	7,311.2	379.3	492.4	441.6	431.5	501.8
3. CHANGE IN NET WORTH: TRANSACTIONS	-2,667.6	-2,204.5	-714.4	313.0	480.2	-639.3	-381.3	-1,508.2	-998.5	-330.2
3.1. Change in net acquisition of non-financial assets	1,419.5	1,553.7	1,555.8	2,545.2	2,988.1	236.6	111.7	100.5	158.9	236.9
3.1.1. Fixed assets	1,384.6	1,517.0	1,595.1	2,625.7	2,719.5	228.9	104.0	94.7	148.2	203.4
3.1.2. Inventories	0.0	0.0	-80.2	-161.4	79.4	1.4	-0.1	-0.4	4.0	11.7
3.1.3. Valuables	7.5	7.2	7.8	9.6	10.1	0.6	3.0	1.0	0.4	0.6
3.1.4. Non-produced assets	27.3	29.5	33.1	71.3	179.1	5.7	4.9	5.2	6.4	21.2
3.2. Change in net acquisition of financial assets	222.0	1,752.8	-3,047.2	-3,734.8	1,702.9	829.3	1,309.8	-1,572.5	1,496.0	-323.7
3.2.1. Domestic	212.2	1,757.7	-3,063.9	-3,752.8	1,690.5	829.3	1,309.8	-1,572.5	1,495.1	-323.7
3.2.2. Foreign	9.8	-4.9	16.7	18.0	12.4	0.0	0.0	0.0	0.9	0.0
3.2.3. Monetary gold and SDRs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.3. Change in net incurrence of liabilities	4,309.0	5,510.9	-777.0	-1,502.6	4,210.8	1,705.2	1,802.8	36.2	2,653.4	243.3
3.3.1. Domestic	4,038.7	10,591.6	3,166.3	1,477.6	5,656.6	1,677.5	1,687.3	65.3	-1,589.7	737.6
3.3.2. Foreign	270.3	-5,080.6	-3,943.2	-2,980.2	-1,445.8	27.7	115.5	-29.1	4,243.1	-494.3

^a CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. The Notes on Methodology can be found in the Ministry of Finance Monthly Statistical Review. Note: On a cash basis. Source: MoF.

Table I3: Central Government Debt^a

end of period, million kuna

	2004	2005	2006	2007	2008	2009				
	Dec.	Dec.	Dec.	Dec.	Dec.*	Mar.*	Apr.*	May*	Jun.*	Jul.
1. Domestic debt of central government	41,134.9	54,494.6	59,385.0	62,839.1	67,399.6	76,806.5	77,299.5	77,584.8	77,084.7	77,711.4
1.1. Domestic debt of the Republic of Croatia	37,223.7	50,559.5	54,216.7	56,506.5	64,395.2	72,847.4	73,731.4	74,055.4	73,255.2	74,220.8
Treasury bills	9,022.5	12,533.4	12,662.2	11,975.3	16,775.2	17,870.8	17,118.4	17,931.0	18,193.9	18,696.4
Money market instruments	–	0.9	–	–	10.7	7.0	7.0	7.0	7.0	7.0
Bonds	23,080.1	30,716.0	34,827.9	38,795.2	36,542.7	36,354.0	36,281.5	36,077.7	36,768.3	36,810.5
Credits from the CNB	3.3	1.4	0.9	1.0	2.2	0.8	1.4	1.6	1.2	1.0
Credits from banks	5,117.8	7,307.8	6,725.7	5,735.0	11,064.4	18,614.9	20,323.1	20,038.2	18,284.7	18,705.9
1.2. Domestic debt of central government funds	3,911.2	3,935.0	5,168.2	6,332.6	3,004.4	3,959.0	3,568.1	3,529.4	3,829.5	3,490.6
Money market instruments	–	–	–	–	–	–	–	–	–	–
Bonds	1,726.0	–	–	–	–	–	–	–	–	–
Credits from banks	2,185.1	3,935.0	5,168.2	6,332.6	3,004.4	3,959.0	3,568.1	3,529.4	3,829.5	3,490.6
2. External debt of central government	49,978.2	45,164.3	41,494.8	39,610.7	30,178.6	26,890.9	26,760.5	26,150.5	29,535.2	29,402.2
2.1. External debt of the Republic of Croatia	42,231.2	36,414.5	32,556.6	29,424.0	28,378.2	25,111.3	24,873.5	24,324.0	27,761.4	27,659.4
Money market instruments	–	–	–	–	–	–	–	–	–	–
Bonds	32,919.3	27,020.1	22,836.9	20,397.3	18,768.2	14,917.8	14,723.2	14,469.7	17,824.7	17,852.1
Credits	9,311.9	9,394.5	9,719.7	9,026.7	9,610.0	10,193.5	10,150.4	9,854.3	9,936.7	9,807.3
2.2. External debt of central government funds	7,747.0	8,749.8	8,938.2	10,186.7	1,800.3	1,779.7	1,886.9	1,826.5	1,773.7	1,742.7
Money market instruments	–	–	–	–	–	–	–	–	–	–
Bonds	–	–	–	–	–	–	–	–	–	–
Credits	7,747.0	8,749.8	8,938.2	10,186.7	1,800.3	1,779.7	1,886.9	1,826.5	1,773.7	1,742.7
3. Total (1+2)	91,113.1	99,658.9	100,879.7	102,449.8	97,578.2	103,697.4	104,060.0	103,735.4	106,619.8	107,113.5
Supplement: Central government guaranteed debt										
– guarantees for domestic debt	5,024.2	5,880.2	7,660.3	8,110.6	13,240.9	13,925.4	13,714.3	13,789.0	13,805.4	13,740.9
– guarantees for external debt	13,247.0	13,853.9	14,303.7	19,024.2	31,392.8	32,102.1	32,838.1	32,762.9	32,641.5	32,599.5

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions and CM is reclassified from the subsector central government funds to the subsector public enterprises. The debt of the CBRD, presented in this table under headings 2. External debt of central government and 1. Domestic debt of central government, is reclassified from December 1998 and June 1999 onwards respectively, and the debt of CM is reclassified from January 2008 onwards.

Table I3: Central Government Debt

Data on the central government debt are based on the available data and are not reconciled with the Ministry of Finance of the Republic of Croatia. The central government debt comprises the domestic and external debt. The Ministry of Finance Monthly Statistical Review, Monetary Authorities Accounts and Banks' Accounts are the sources of data on the domestic central government debt. The external debt statistics compiled by the CNB is the source of data on the central government external debt. The supplement contains the data on the central government guaranteed debt. Banks are the source of data

on domestic debt guarantees, while the external debt statistics compiled by the CNB is the source of data on external debt guarantees. Irrespective of the notes under the heading "Classification and Presentation of Data on Claims and Liabilities", the debt of the Croatian Roads, the Croatian Motorways and the State Agency for Deposit Insurance and Bank Rehabilitation, presented in this table under headings 2. External debt of central government and 1. Domestic debt of central government, has been reclassified from the subsector Republic of Croatia to the subsector central government funds from December 1998 and December 2002 onwards respectively.

Table J1: Consumer Price and Producer Price Indices

Year	Month	Basic indices, 2005 = 100			Chain indices				Monthly year-on-year indices			
		Consumer price indices			Consumer price indices ^a			Producer prices ^b	Consumer price indices ^c			Producer prices ^b
		Total	Goods	Services	Total	Goods	Services		Total	Goods	Services	
1995	December	....	....	....	100.2	100.2	99.8	100.5	103.7	102.4	109.3	101.6
1996	December	....	....	....	100.0	100.2	99.5	100.3	103.4	102.3	108.7	101.5
1997	December	....	....	....	100.7	100.3	102.3	99.9	103.8	102.7	108.2	101.6
1998	December	82.1	84.6	73.7	100.3	100.4	100.0	100.0	105.4	104.3	109.2	97.9
1999	December	85.3	87.2	78.5	100.6	100.8	100.0	100.3	103.9	103.1	106.5	105.9
2000	December	90.0	92.0	82.8	100.4	100.4	100.1	100.2	105.5	105.5	105.5	111.2
2001	December	92.1	93.2	88.5	100.4	100.4	100.5	99.0	102.4	101.3	106.8	96.9
2002	December	93.8	94.2	92.6	100.4	100.6	99.6	99.9	101.8	101.1	104.6	102.3
2003	December	95.4	95.7	94.6	100.3	100.2	100.5	100.0	101.7	101.6	102.2	101.0
2004	December	98.0	98.0	98.0	100.7	100.9	100.2	99.3	102.7	102.5	103.6	104.8
2005	December	101.6	101.4	102.0	100.5	100.5	100.5	99.7	103.6	103.5	104.1	102.7
2006	December	103.7	102.8	106.4	100.0	100.0	100.2	100.0	102.0	101.4	104.2	101.9
2007	December	109.7	109.5	110.0	101.2	101.2	101.3	100.4	105.8	106.6	103.4	105.9
2008	October	113.7	113.8	112.9	99.9	100.0	99.5	98.9	105.9	106.4	104.3	108.4
	November	113.5	113.2	114.2	99.9	99.5	101.1	98.5	104.7	104.6	105.1	106.2
	December	112.8	112.2	114.7	99.4	99.1	100.5	98.7	102.9	102.4	104.3	104.3
2009	January	114.2	114.1	115.3	101.2	101.0	102.2	99.9	103.4	102.9	105.6	101.8
	February	114.9	114.9	115.7	100.6	100.7	100.3	100.2	104.2	103.9	105.4	101.8
	March	115.2	115.2	115.6	100.2	100.3	99.9	98.8	103.8	103.5	105.0	99.9
	April	116.0	116.4	115.3	100.8	101.0	99.8	100.5	103.9	103.7	104.4	99.9
	May	116.0	116.3	115.7	100.0	99.9	100.3	100.6	102.7	102.4	104.2	99.3
	June	116.1	116.1	116.9	100.1	99.8	101.0	100.9	102.1	101.6	103.8	99.0
	July	115.3	114.7	118.4	99.3	98.7	101.3	100.6	101.2	100.5	104.0	97.2
	August	115.2	114.5	118.9	99.9	99.8	100.4	100.8	101.5	100.8	103.9	98.2
	September	115.0	114.5	117.3	99.8	100.1	98.7	99.3	101.0	100.3	103.8	97.7

^a Data from January 1992 to December 1997 relate to the retail price index. ^b Data have been revised from January 2005 onwards due to changes in the methodology used by the CBS. ^c Data from January 1992 to December 1998 relate to the retail price index. Source: CBS.

Table J1: Consumer Price and Producer Price Indices

The Central Bureau of Statistics (CBS) introduced the consumer price index (CPI) in early 2004. This indicator of price movements was compiled in accordance with the methodological principles laid down by the ILO and Eurostat. In its First Release, issued on 17 February 2004, the CBS published the data on movements in the CPI in January 2004 and the time series for the CPI as of January 2001. The CBS subsequently constructed the time series for the con-

sumer price index encompassing the period from January 1998 to December 2000. As expected following the introduction of the new index, the CBS ceased to publish the retail price index (RPI) and the cost of living index, whose calculation methodologies have not been adequately harmonised with internationally accepted standards. The main features of the CPI are described in the CNB Bulletin No. 91 (see Box 1). The data on the average year-on-year consumer price inflation rate are shown in the Bulletin table on Economic Indicators.

Table J2: Core Consumer Price Indices

Year	Month	Basic indices, 2005 = 100 ^a			Chain indices			Monthly year-on-year indices		
		Total	Goods	Services	Total	Goods	Services	Total	Goods	Services
1998	December	87.3	88.6	80.0	99.9	99.9	100.0	....	....	....
1999	December	89.8	91.1	82.3	100.1	100.1	100.1	102.9	102.9	103.0
2000	December	92.8	93.9	86.5	100.4	100.4	100.2	103.3	103.0	105.0
2001	December	93.9	94.6	89.8	99.8	99.7	100.3	101.2	100.8	103.8
2002	December	95.0	95.6	91.9	100.0	100.1	99.4	101.2	101.0	102.4
2003	December	96.2	96.4	94.7	100.2	100.1	101.0	101.2	100.9	103.0
2004	December	98.4	98.5	97.4	100.1	100.1	100.4	102.3	102.2	102.9
2005	December	101.3	101.4	101.0	100.1	100.0	100.5	103.0	102.9	103.7
2006	December	103.6	103.6	103.6	99.8	99.7	100.3	102.3	102.2	102.5
2007	December	108.8	109.1	107.2	100.8	100.8	100.4	105.0	105.3	103.5
2008	October	113.5	113.7	112.0	100.3	100.6	99.0	105.9	106.0	105.3
	November	114.0	114.3	112.3	100.5	100.5	100.2	105.6	105.6	105.2
	December	113.3	113.5	112.5	99.4	99.3	100.2	104.2	104.0	105.0
2009	January	113.2	113.3	112.9	99.9	99.8	100.4	104.2	104.1	104.3
	February	113.4	113.4	113.6	100.2	100.1	100.6	104.3	104.3	104.4
	March	113.9	114.1	113.0	100.5	100.6	99.5	104.2	104.4	103.6
	April	115.4	115.9	112.7	101.3	101.6	99.7	104.8	105.1	103.2
	May	115.8	116.3	113.3	100.4	100.3	100.6	104.1	104.4	102.8
	June	116.2	116.3	115.4	100.3	100.0	101.8	103.4	103.6	102.3
	July	115.4	114.9	117.9	99.3	98.8	102.2	102.9	103.0	102.4
	August	115.1	114.4	118.6	99.7	99.5	100.6	102.3	102.3	102.3
	September	114.8	114.6	115.7	99.7	100.1	97.5	101.5	101.4	102.2

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

Table J2: Core Consumer Price Indices

The core consumer price index is calculated by the Central Bureau of Statistics (CBS) in the manner that agricultural products prices and administrative prices (which among others include the prices of electricity and refined petroleum products) are excluded

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

Table J3: Average Monthly Net Wages

in current prices, in kuna

Year	Month	Nominal amount in kuna	Chain indices	Monthly year-on-year indices	Cumulative year-on-year indices
1996	December	2,217.0	104.4	117.7	111.8
1997	December	2,544.0	100.8	114.8	116.9
1998	December	2,935.0	104.6	115.4	112.8
1999	December	3,262.0	100.9	111.2	114.0
2000	December	3,499.0	99.9	107.3	108.9
2001	December	3,582.0	96.6	102.4	106.5
2002	December	3,839.0	98.0	107.2	105.0
2003	December	4,045.0	99.8	105.4	105.9
2004	December	4,312.0	99.1	106.6	105.9
2005	December	4,473.0	97.3	103.7	104.9
2006	December	4,735.0	97.0	105.9	105.2
2007	December	4,958.0	96.6	104.7	105.2
2008	September	5,203.0	100.4	109.7	106.8
	October	5,263.0	101.2	108.1	107.0
	November	5,397.0	102.5	105.2	106.8
	December	5,410.0	100.3	109.1	107.0
2009	January	5,307.0	98.1	105.7	105.7
	February	5,230.0	98.6	104.8	105.3
	March	5,367.0	102.6	106.5	105.6
	April	5,295.0	98.7	105.1	105.5
	May	5,326.0	100.6	102.9	105.0
	June	5,370.0	100.8	103.9	104.8
	July	5,308.0	98.8	101.4	104.3

Source: CBS.

Table J4: Consumer Confidence Index, Consumer Expectations Index and Consumer Sentiment Index

index points, original data

Year	Month	Composite indices			Response indices (I)						
		Consumer confidence index	Consumer expectations index	Consumer sentiment index	I1	I2	I3	I4	I7	I8	I11
1999	October	-33.7	-14.9	-46.3	-38.4	-12.1	-49.9	-17.6	35.5	-50.7	-69.7
2000	October	-20.9	3.5	-32.2	-26.2	1.2	-22.0	5.7	26.9	-48.3	-63.6
2001	October	-27.0	-11.4	-35.6	-29.6	-10.0	-35.9	-12.7	22.9	-41.3	-62.3
2002	October	-25.2	-8.3	-29.3	-22.6	-5.1	-31.2	-11.5	20.1	-34.1	-64.0
2003	October	-22.2	-4.5	-25.0	-21.5	-2.6	-26.5	-6.4	14.7	-27.1	-65.2
2004	October	-23.9	-7.9	-22.0	-19.1	-4.1	-30.5	-11.6	22.5	-16.5	-57.3
2005	December	-26.4	-13.7	-25.6	-16.4	-5.9	-34.4	-21.5	27.6	-25.9	-50.6
2006	December	-18.9	-4.7	-15.4	-10.9	1.1	-22.4	-10.5	16.9	-12.9	-49.4
2007	December	-24.7	-15.5	-24.5	-16.8	-9.8	-31.8	-21.2	12.8	-25.0	-54.8
2008	October	-28.0	-19.5	-33.7	-25.9	-10.9	-44.3	-28.1	20.0	-30.8	-53.1
	November	-32.4	-24.3	-30.9	-25.5	-17.6	-45.8	-30.9	28.0	-21.5	-53.0
	December	-42.0	-33.3	-40.9	-30.7	-25.9	-51.8	-40.6	43.4	-40.3	-57.9
2009	January	-40.8	-31.3	-35.8	-23.1	-18.5	-50.0	-44.0	49.1	-34.4	-51.7
	February	-44.1	-31.3	-41.7	-30.4	-20.8	-55.8	-41.7	56.6	-38.9	-57.4
	March	-45.3	-35.0	-41.7	-31.1	-23.8	-57.7	-46.1	59.6	-36.4	-51.6
	April	-44.3	-32.2	-43.6	-32.0	-20.7	-58.3	-43.6	54.3	-40.6	-58.6
	May	-38.9	-26.5	-39.2	-31.5	-16.6	-54.4	-36.4	47.8	-31.7	-54.6
	June	-45.0	-32.4	-42.4	-33.4	-21.7	-60.3	-43.1	55.5	-33.6	-59.7
	July	-47.7	-39.2	-46.0	-38.0	-30.2	-62.2	-48.2	56.4	-37.7	-56.0
	August	-52.3	-44.5	-50.0	-39.9	-34.8	-65.5	-54.2	61.5	-44.7	-58.5
	September	-40.8	-27.6	-44.7	-36.3	-20.4	-59.7	-34.7	48.0	-38.2	-60.1
	October	-41.0	-25.1	-46.8	-35.8	-18.2	-62.3	-31.9	57.1	-42.2	-56.9

Table J4: Consumer Confidence Index, Consumer Expectations Index and Consumer Sentiment Index

The CNB Consumer Confidence Survey has been carried out regularly since April 1999 in accordance with the methodology of the European Commission, the Joint Harmonised EU Programme of Business and Consumer Surveys. Until April 2005, the CNB conducted the survey once a quarter (in January, April, July and October). As of May 2005, the CNB carries out the survey in monthly frequency in cooperation with the European Commission, using its technical and financial assistance. The Croatian National Bank bears sole responsibility for the creation and conduct of the survey.

The questionnaire contains 23 questions, examining consumer perception of the changes as regards every-day economic issues. The value of the response index is determined in line with the set methodology, based on the responses to the questions from the Consumer Confidence Survey. The movements of three composite indices, consumer confidence index (CCI), consumer sentiment index (CSI) and consumer expectations index (CEI), are calculated and monitored based on the value of the response indices. Each of the said composite indices is calculated as the arithmetic average of the response indices (I), i.e. as the average of previously quantified responses to individual questions from the survey:

$$I_i = \sum_z^k r_i \cdot w_i$$

where: r is the value of the response, w is the share of respondents opting for a particular response (weight), i question from the ques-

tionnaire, z is the offered/chosen response, k is the number of offered responses to a particular question.

The value of the said indices ranges $-100 < I_i < 100$. Higher index values than those recorded over the previous period point to an increase in expectations (optimism) as regards the specific segment covered by the particular question.

The table shows the values of chosen response indices for the following questions:

I1: How has the financial situation of your household changed over the last 12 months?

I2: How do you expect the financial position of your household to change over the next 12 months?

I3: How do you think the general economic situation in Croatia has changed over the past 12 months?

I4: How do you expect the general economic situation in Croatia to develop over the next 12 months?

I7: How do you expect the number of people unemployed in Croatia to change over the next 12 months?

I8: In view of the general economic situation, do you think now is the right moment for people to make major purchases such as furniture, electrical/electronic devices, etc.?

I11: Over the next 12 months, how likely is it that you will save any money?

The components of composite indices are as follows:

CCI: I2, I4, I7×(-1), I11

CEI: I2, I4

CSI: I1, I3, I8.

List of Banks and Savings Banks

1 October 2009

Authorised banks

1. Banco Popolare Croatia d.d., Zagreb
2. Banka Brod d.d., Slavonski Brod
3. Banka Kovanica d.d., Varaždin
4. Banka splitsko-dalmatinska d.d., Split
5. BKS Bank d.d., Rijeka
6. Centar banka d.d., Zagreb
7. Credo banka d.d., Split
8. Croatia banka d.d., Zagreb
9. Erste & Steiermärkische Bank d.d., Rijeka
10. Hrvatska poštanska banka d.d., Zagreb
11. Hypo Alpe-Adria-Bank d.d., Zagreb
12. Imex banka d.d., Split
13. Istarska kreditna banka Umag d.d., Umag
14. Jadranska banka d.d., Šibenik
15. Karlovačka banka d.d., Karlovac
16. Kreditna banka Zagreb d.d., Zagreb
17. Međimurska banka d.d., Čakovec
18. Nava banka d.d., Zagreb
19. OTP banka Hrvatska d.d., Zadar
20. Partner banka d.d., Zagreb
21. Podravska banka d.d., Koprivnica
22. Primorska banka d.d., Rijeka
23. Privredna banka Zagreb d.d., Zagreb
24. Raiffeisenbank Austria d.d., Zagreb
25. Samoborska banka d.d., Samobor
26. Slatinska banka d.d., Slatina
27. Sociétés Générale – Splitska banka d.d., Split
28. Štedbanka d.d., Zagreb
29. Vaba d.d. banka Varaždin, Varaždin
30. Veneto banka d.d., Zagreb
31. Volksbank d.d., Zagreb
32. Zagrebačka banka d.d., Zagreb

Authorised savings banks

1. Obrtnička štedna banka d.d., Zagreb
2. A štedna banka malog poduzetništva d.d., Zagreb

Authorised housing savings banks

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

Other institutions

1. Hrvatska banka za obnovu i razvitak, Zagreb, operates in accordance with the Act on the Croatian Bank for Reconstruction and Development (OG 138/2006)

Representative offices of foreign banks

1. Bank für Kärnten und Steiermark AG, Zagreb
2. Commerzbank Aktiengesellschaft, Zagreb
3. Deutsche Bank AG, Zagreb
4. Komercijalna banka a.d., Zagreb
5. LHB Internationale Handelsbank AG, Zagreb
6. Union de Banques Arabes et Françaises – UBAF, Zagreb

Banks and savings banks undergoing bankruptcy proceedings

Name of bank/savings bank	Date of bankruptcy proceedings opening
1. Agroobrtička banka d.d., Zagreb	14/6/2000
2. Alpe Jadran banka d.d., Split	15/5/2002
3. Cibalee banka d.d., Vinkovci	20/10/2000
4. Glumina banka d.d., Zagreb	30/4/1999
5. Gradska banka d.d., Osijek	3/5/1999
6. Hrvatska gospodarska banka d.d., Zagreb	19/4/2000
7. Ilirija banka d.d., Zagreb	6/4/1999
8. Komercijalna banka d.d., Zagreb	30/4/1999
9. Međimurska štedionica d.d., Čakovec	17/3/2004
10. Trgovačko-turistička banka d.d., Split	8/9/2000
11. Županjska banka d.d., Županja	3/5/1999

Banks and savings banks undergoing winding-up proceedings

Name of bank/savings bank	Date of winding-up proceedings initiation
1. Investicijsko-komercijalna štedionica d.d., Zagreb	31/5/2000
2. Križevačka banka d.d., Križevci	3/1/2005
3. Primus banka d.d., Zagreb	23/12/2004
4. Štedionica Dora d.d., Zagreb	1/1/2002
5. Štedionica Zlatni vrutak d.d., Zagreb	28/12/2001

Banks and savings banks whose authorisation was withdrawn, but have not initiated winding-up proceedings

Name of bank/savings bank	Date of withdrawal of authorisation
1. Hibis štedionica d.d., Zagreb	7/3/2001
2. Marvil štedionica d.d., Zagreb	8/6/2001
3. Zagrebačka štedionica d.d., Zagreb	22/3/2000

Management of the Croatian National Bank

1 October 2009

Members of the Council of the Croatian National Bank

Chairman of the Council	Željko Rohatinski
Members of the Council	Boris Cota Davor Holjevac Vlado Leko Branimir Lokin Željko Lovrinčević Relja Martić Adolf Matejka Silvije Orsag Tomislav Presečan Jure Šimović Sandra Švaljek Mladen Vedriš Boris Vujčić

Management of the CNB

Governor	Željko Rohatinski
Deputy Governor	Boris Vujčić
Vicegovernor	Davor Holjevac
Vicegovernor	Relja Martić
Vicegovernor	Adolf Matejka
Vicegovernor	Tomislav Presečan

Executive Directors

Research and Statistics Area	Ljubinko Jankov
Central Banking Operations Area	Irena Kovačec
Foreign Exchange Operations Area	
Prudential Regulation and Bank Supervision Area	Željko Jakuš
Planning, Analysis and Accounting Area	Diana Jakelić
Payment Operations Area	Neven Barbaroša
Information Technology Area	Mario Žgela
Support Services Area	Boris Ninić
International Relations Area	Michael Faulend

Abbreviations and Symbols

Abbreviations

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

Three-letter currency codes

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

Symbols

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

