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General Information on Croatia

Economic Indicators

	1993	1994	1995	1996	1997	1998	1999	2000
Area (square km)	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538
GDP ^a (million USD, current prices)	10,903	14,585	18,811	19,872	20,101	21,752	20,176	19,030
GDP – annual changes ^a (in %, constant prices)	-8.0	5.9	6.8	5.9	6.8	2.5	-0.3	3.8
GDP per capita ^{ab} (in current USD)	2,349	3,137	4,029	4,422	4,398	4,833	–	–
Retail price inflation (in %, end of year)	1,149.7	-3.0	3.7	3.4	3.8	5.4	4.4	7.4
Population ^b (million, mid – year)	4.6	4.6	4.7	4.5	4.6	4.5	–	–
Exports of goods and services (as % of GDP)	56.8	48.8	37.7	39.5	40.9	39.4	40.0	45.5
Imports of goods and services (as % of GDP)	53.1	45.6	49.5	50.1	56.8	49.0	48.1	50.6
Current account balance ^d (as % of GDP)	5.6	5.7	-7.7	-5.8	-11.6	-7.1	-7.3	-2.8
Outstanding external debt ^c (million USD, end of year)	2,638	3,020	3,809	5,308	7,452	9,586	9,872	10,798
Outstanding external debt ^d (as % of GDP)	24.2	20.7	20.2	26.7	37.1	44.1	48.8	57.0
Outstanding external debt ^d (as % of exports of goods and services)	42.6	42.4	53.7	67.7	90.7	111.9	121.4	125.3
Total repayment of external debt ^d (as % of exports of goods and services)	6.6	4.3	6.4	9.3	13.8	19.4	29.3	29.9
Gross international reserves (million USD, end of year)	616	1,405	1,895	2,314	2,539	2,816	3,025	3,525
Gross international reserves (in terms of months of imports of goods and services, end of year)	1.3	2.5	2.4	2.8	2.7	3.2	3.7	4.4
Exchange rate on December 31st (HRK : 1USD)	6.5619	5.6287	5.3161	5.5396	6.3031	6.2475	7.6477	8.1553
Average exchange rate (HRK : 1USD)	3.5774	5.9953	5.2300	5.4338	6.1571	6.3623	7.1124	8.2768

^a Only preliminary data for 1999 are available; data for 2000 are obtained from a three-month calculation of gross domestic product.

^b Data on population in 1999 and 2000 are not available.

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

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

Sources: Central Bureau of Statistics and Croatian National Bank

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Quarterly Report

Preface

This is the first issue of the Quarterly Report, a publication which is to be regularly issued by the Croatian National Bank. Its aim is to provide an in-depth analysis of recent developments in the Croatian economy, more detailed than the summary of economic developments offered monthly in the CNB Bulletin. Large in format, the Quarterly Report enables the ex-

amination of trends over a longer period of time, comparisons with other countries and a more intensive analytical focus on economic affairs. We hope that the new publication will contribute to public understanding of economic affairs and facilitate informed discussion of crucial economic issues facing the country.

An Overview of the Developments in the First Quarter of 2001

Although economic growth slowed somewhat in the fourth quarter of 2000, the yearly real GDP growth of 3.7% represented a clear end to the recession period of late 1998 and 1999. While full data are not available for the first quarter of 2001, it appears that solid growth continued. The index of the physical volume of industrial production rose by 5.5% relative to the same quarter of 2000, and manufacturing industry volume actually grew by 7.8%. Trade turnover grew some 9.8% in real terms, and retail trade turnover some 16.5% in real terms compared to the first quarter of last year. Rapidly growing imports suggest that spending remained high in the first quarter as well.

While imports did rise in the first quarter, the latest balance of payments data, which cover the last quarter of 2000, are very encouraging. The overall current account deficit was just 2.8% of GDP, the lowest since 1995. Strong services revenues driven mainly by tourism, and substantial inflows on the transfers accounts caused the unexpectedly low deficit. The overall balance of payments outlook seems likely to remain within the boundaries set out in the government's economic plan and incorporated into the stand-by arrangement with the International Monetary Fund.

Growth has not yet proven strong enough to reduce unemployment. The intensive restructuring of economy has led to substantial job losses, but also to growing job creation. 69,000 people were added to the Croatian Employment Institute (CEI) register during the first quarter, while 31,000 of those previously registered as unemployed obtained jobs, and another 27,000 people were taken off the CEI register for other reasons. Increased unemployment is usual in the first quarter for seasonal reasons, and in fact unemployment began to fall in March as the increased demand of the spring and summer season began to be felt.

Inflation was moderate in the first quarter, with retail prices increasing only 0.7%. The year-on-year rate fell from 7.4% in December 2000 to 6.0% in March. This fall, in part due to base-year effects, suggests that demand pressures are not greatly affecting prices. However, April's developments showed that the supply-side is still a source of shocks: oil price increases led to a monthly increase of retail prices of 1.4%. Core inflation, which excludes the influence of administered prices and seasonal products, remained at 4.5% during the first quarter. The fact that core inflation remains substantially below actual inflation suggests that many of the factors causing inflation in recent months have been of a one-time or temporary nature (the increase in excises, oil price increases) and are not likely to become ingrained in the future. Wage growth has been moderate, and the government's plan to decrease the wage bill in the government and public sector, which will be implemented by the end of the second quarter, bodes well for further wage restraint. Also, strong productivity growth in in-

dustry indicates limited cost pressures.

Exchange rate developments provided a further indication that the inflationary outlook would not worsen. The kuna depreciated mildly in January and February, and began a stronger appreciation in March. By mid-May, the kuna had appreciated 3.26% against the euro. Such trends followed normal seasonal patterns, but the timing and strength of the appreciation were somewhat unusual. Increased demand for kuna due to increased kuna lending, along with portfolio shifts by deposit money banks anticipating a strong tourist season, appear to have caused the appreciation.

The appreciation of the kuna can only help decrease inflation and dampen inflationary expectations. However, the Croatian National Bank strives to prevent excessive exchange rate fluctuations, and therefore steps to contain the appreciation trend. It bought EUR 216.0m from banks during four foreign exchange auctions in April and May. Also it adopted changes in the reserve requirement, increasing the reserve base to cover foreign exchange loans granted to banks and decreasing the overall rate from 23.5% to 22%. These changes will come into effect in June and July. In this way, the Croatian National bank will create kuna while somewhat decreasing banks' foreign exchange reserves, thus relieving some of the appreciation pressure and providing liquidity needed for the tourist season. Also, these new measures remove a hidden incentive to foreign borrowing that was implicit in the reserve requirement system.

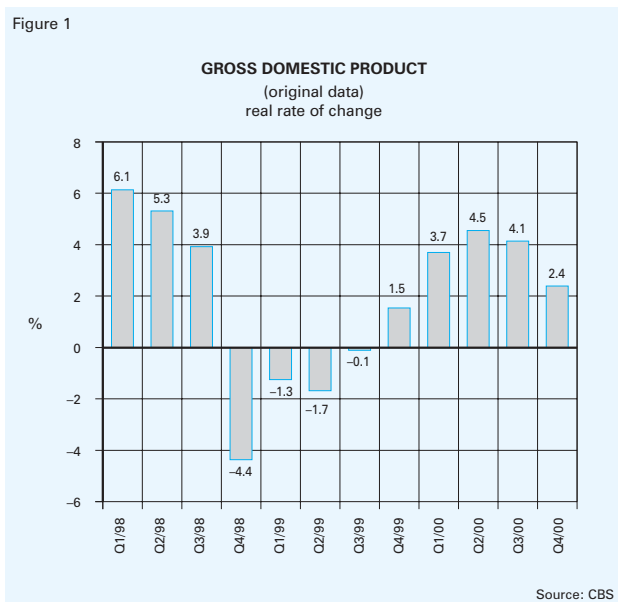
Monetary developments indicate a continuation of the strong growth of monetary aggregates along with an awakening of bank lending. The real rate of growth of seasonally adjusted M1 reached 27.9% at the end of the first quarter, while currency grew especially rapidly. Foreign exchange deposits continue to grow at a rapid 1.5% per month, but kuna deposits grew even faster in the first quarter, slightly increasing their share in total deposits. Bank lending grew by 2% per month in the first quarter, suggesting an end to the "credit crunch" that has characterized the lending market since the banking crisis of 1998-99.

Interest rates continued to fall during the first quarter. Inter-bank trading decreased in volume, and rates moved somewhat lower. Both lending and deposit rates fell, as did measures of the difference between loan and deposit rates.

Demand and Output

According to the preliminary estimates of the Central Bureau of Statistics (CBS), GDP grew at a slightly lower rate in the last quarter of 2000. Having grown through five consecutive quarters, seasonally adjusted GDP fell by 0.7% in the fourth quarter. This downward trend was not totally unexpected, in view of a stagnating industry, as shown late in the year by total

Figure 1



Foreign Demand

Rapid personal consumption growth led to an upturn in imports of goods and services which, measured in kuna at constant prices, amounted to 4.2% in 2000. Parallel to the growth of imports was an even higher rise in exports of 8.7% for the year. Over 2000 foreign demand positively contributed to GDP growth by 1.5 percentage points. This contribution was slightly lower than in 1999. Unlike 1999 however, it was realized in the environment of booming personal consumption and growing trade. In the last quarter of 2000, the year-on-year real growth rate of goods and services imports was below average, 3.6%. In contrast, the 4.4% real growth rate of goods and services exports was higher than the growth rate of imports in that quarter. Nevertheless, owing to the higher level of imports, foreign trade had a negative impact on GDP by 0.3 percentage points. Merchandise trade, measured as the share in GDP, remained at almost the same level, i.e. its deficit increased by 0.4 percentage points owing to a wide gap between imports and

Figure 2

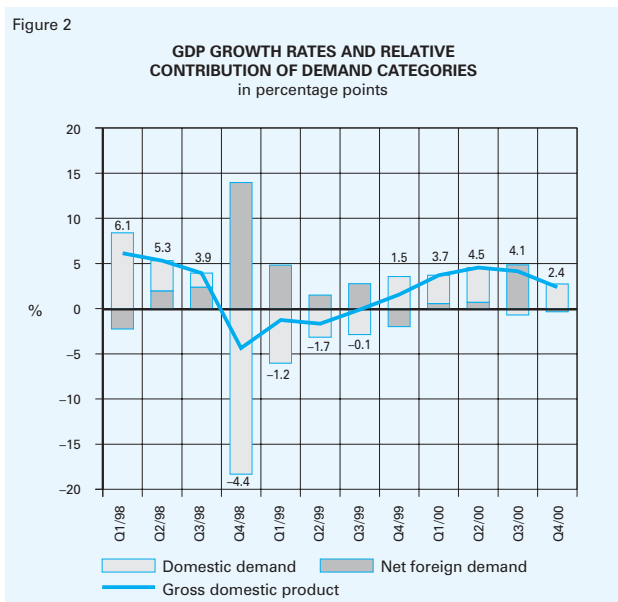
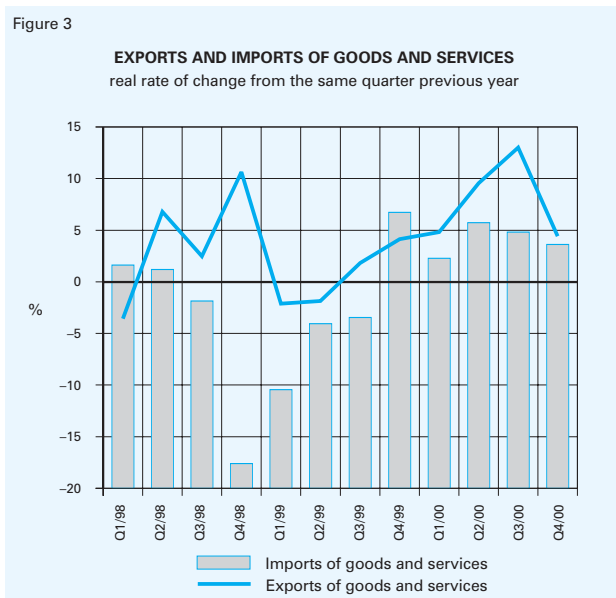


Figure 3

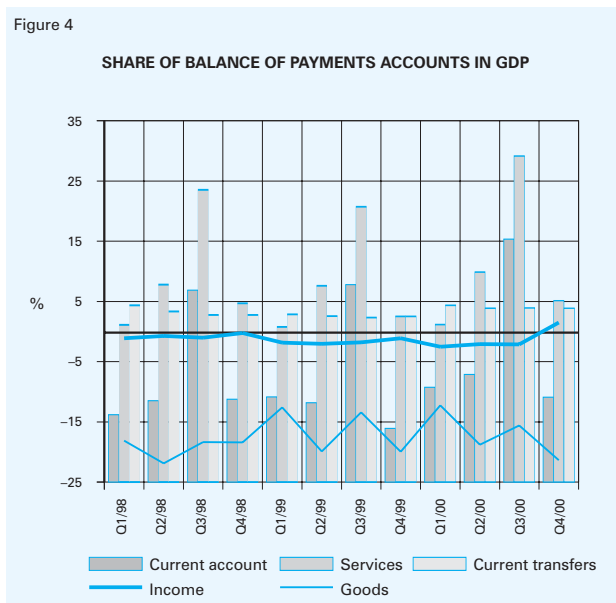


volume indices of industrial production, and the fact that the successful tourist season had ended. However, in comparison with the same period last year, in the last quarter of 2000 real GDP grew by 2.4%, which was enough for generating the 3.7% growth of real GDP for the year.

Booming personal consumption and a rise in investments in stocks generated the growth of demand in the last quarter of 2000. The government consumption decreased further in this quarter, while gross capital formation fell into decline again. Although imports grew at a higher rate than exports, their unfavorable growth trend made foreign trade a negative growth contributor.

The main growth contributor within aggregate demand in 2000 was domestic demand, apart from the third quarter, when GDP grew at the highest rate exclusively on account of foreign demand, i.e. the seasonal increase in net exports of services. As already mentioned, these trends continued in the last quarter of 2000.

Figure 4



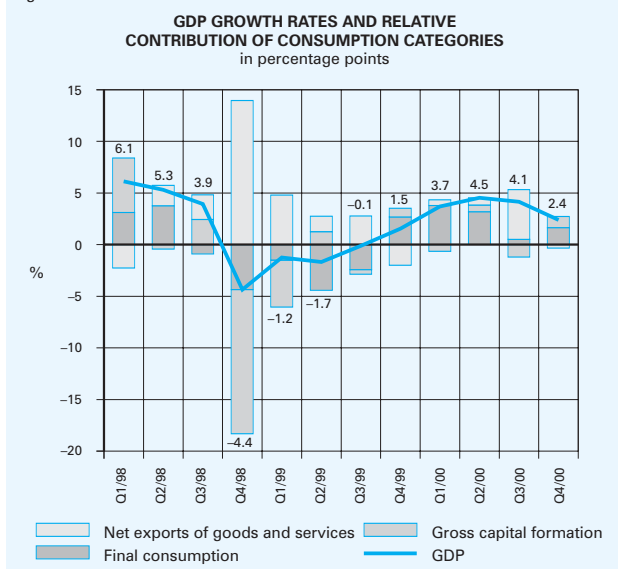
exports of goods.

The surplus in the services account, measured as the share in GDP, grew by substantial 3.6 percentage points. This was the main reason for the narrowing of the balance of payments current account deficit. The stimulus given by services to economic activity and the consequent strengthening of the external position was the strongest in the third quarter, when foreign demand was the only growth generator. In the event that foreign demand continues its upward trend it is to be expected that the economic growth will be possible to sustain.

Domestic Demand

Having negatively contributed to GDP in 1998 and 1999, domestic demand was a positive contributor in 2000. Its revival began in late 1999, and some preliminary indicators suggest that it persisted this year. Domestic demand contributed to the overall GDP growth by 2.2 percentage points, exceeding the contribution of foreign demand of 1.5 percentage points.

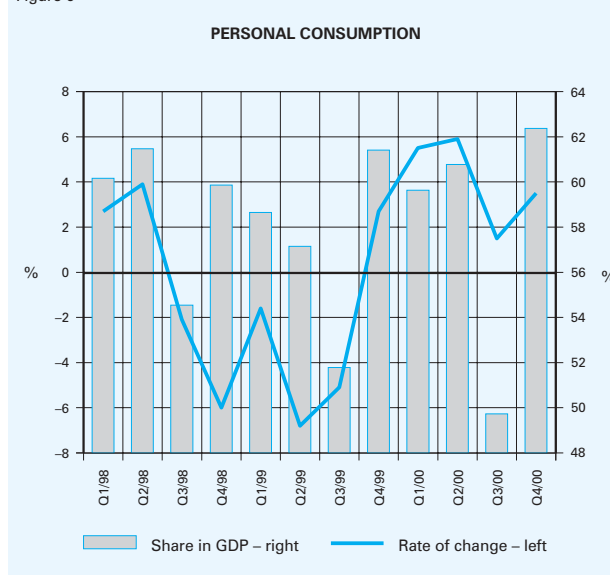
Figure 5



Personal Consumption

The main component of domestic demand, which provided the strongest incentive to GDP recovery, was personal consumption. Although it started rising before the 2000 parliamentary and presidential elections, it grew at a high of 5.5% and 5.9% only in the first and second quarter of 2000, on account of the post-election surge of enthusiasm. The growth rate of personal consumption in the third quarter was lower, 1.5%, while it reached 3.5% in the last quarter. Compared with high growth rates recorded early in the year, this was lower, but it still exceeded the growth rate in the third quarter. Lower growth rates of personal consumption in the second half of 2000 came as the result of the government's policy aimed at wage moderation in the government and public sector. Consequently, the pressures on the wage increase in the private sector were relieved too. The repayment of the debt to pensioners

Figure 6



and an increase in the number of persons receiving wages had an opposite effect in that period and spurred personal consumption.

In 2000 the overall contribution of personal consumption to growth was 2.4 percentage points. The aggregate contribution of all other components was thus 1.3 percentage points. Personal consumption contributed by 2.2 percentage points in the last quarter, which came close to the total GDP growth. Enlarged by 1 percentage point, on account of high growth rates recorded over 2000, the personal consumption share in GDP was 57%. It is evident that the changes in the personal consumption level occurred in cycles, reflecting cyclical economic trends.

In the event that unemployment remains stagnant, it is likely that the announced reductions in the number of employees and wage cuts in the government and public sector could slow down the personal consumption growth this year. As a result, it is to be expected that this year demand will be generated by other GDP categories. This involves gross capital formation, whose recovery could be expected on account of a prolonged GDP growth, as well as foreign trade, in view of the convergence to the European Union. In this way, personal consumption growth could be brought to a sustainable level in the medium-term and its cyclical movement suppressed.

Investment Consumption

All the components constituting domestic demand contributed negatively to GDP growth over the recession period. Foreign demand was the only positive contributor, owing to the contraction of domestic absorption. As the recession period ended, personal consumption rebounded, while gross capital formation continued the downward trend. In 2000 gross capital formation declined by 0.1%. However, it should be noted that the gross fixed capital formation rate of decline was considerably higher, 3.5%, but it was almost completely compensated for by the rise in stocks. Such cyclical trends in stocks are not unusual, as they are one of the most volatile components of

Figure 7

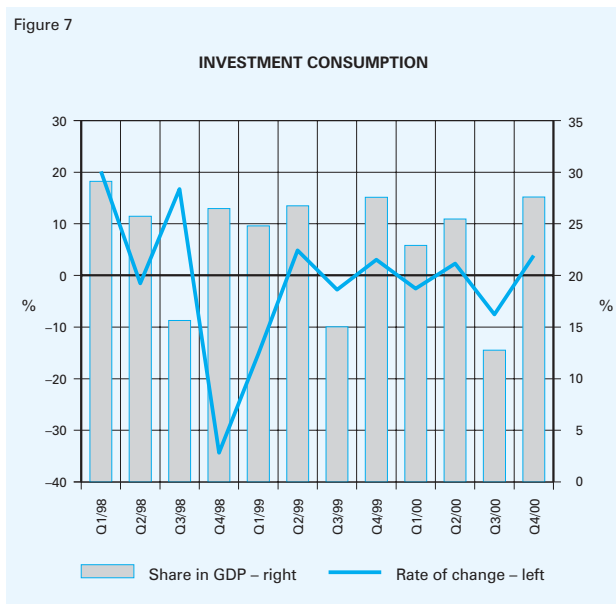
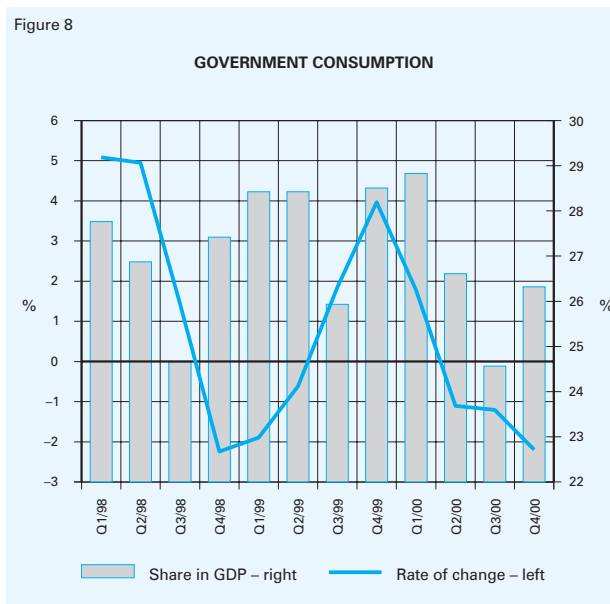


Figure 8



GDP. Besides, after two years of reduced investments in stocks, brought about by the recession and reduced consumption, they recovered on account of the renewed optimism of producers. Gross fixed capital formation decreased by 5.6% in the last quarter of 2000, negatively contributing to GDP by 1.3%. The rise in stocks abundantly compensated for this fall, so that gross capital formation positively contributed to GDP in the last quarter by 1.1 percentage points.

The reasons for the reduction in gross fixed capital formation during 2000 were the following:

- 1) fiscal restrictions, i.e. a diminished share of the government's capital expenditures in total investments;
- 2) reduced bank lending in the aftermath of the banking crisis;
- 3) uncertainty regarding economic policy instruments of the new government;
- 4) slow improvement in the efficiency of courts and public administration.

Government Consumption

Government consumption, shown on an accrual basis within the national account statistics, grew during the preceding recession period. In 1999 it increased by 0.8%, which presumably resulted from the fact that 1999 was a pre-election year.

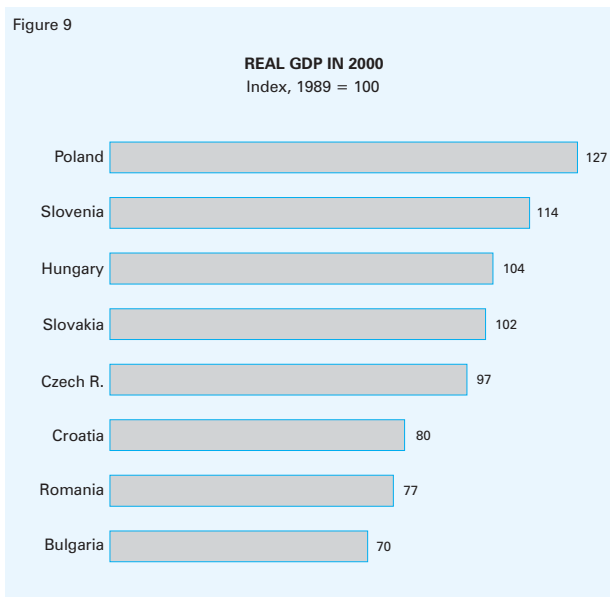
The preliminary budget was in effect in the first quarter of 2000. The fiscal contraction started in the second quarter following the adoption of the new budget. As a result, government consumption, measured in kuna at constant prices, decreased by 1.1% compared with the same quarter in 1999. This contraction continued to the year end, reaching its peak in the last quarter, when it amounted to 2.2%, contributing to the real reduction in government consumption of 0.7% for the year. In 2000 government consumption negatively contributed to GDP growth by 0.2 percentage points. This negative contribution of the fiscal contraction was therefore not significant on the aggregate level in 2000. Nevertheless, the effects it produced were mainly concentrated in the last quarter (negative contribution of 0.6 percentage points). The fiscal contraction

reduced the share of government consumption in GDP from 27.8% in 1999 to 26.5% in 2000.

Output

As estimated by the European Bank for Reconstruction and Development, in the selected group of Central and East European countries which went through a difficult eleven year transition period and made a recovery, Poland recorded the highest GDP growth and Bulgaria the lowest, compared with 1989, the first transition year. As regards GDP trends over the whole transition period, only four countries attained a high GDP level after the eleven-year period. With the GDP growth of 27%, Poland was the country that advanced the most in the observed period. Besides Poland, the greatest advance was made in Slovenia. Since Slovenia experienced fewer difficulties in the transition period, lower growth rates still enabled it to exceed

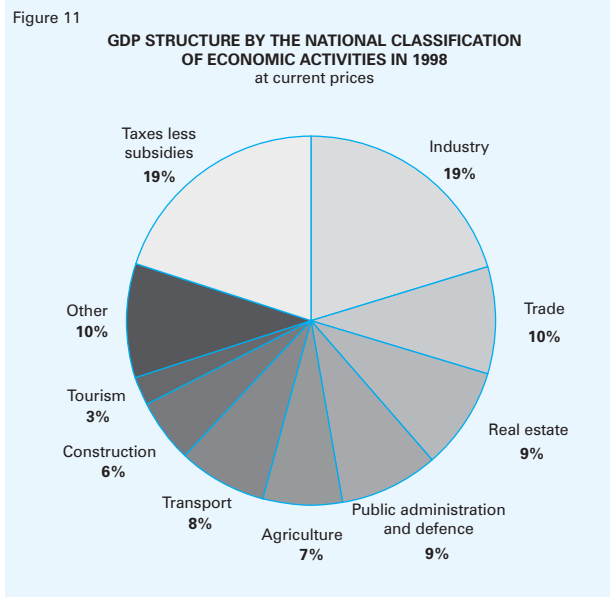
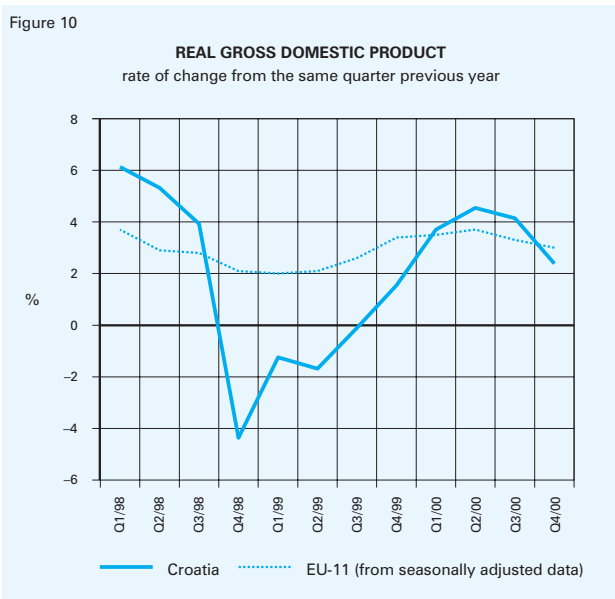
Figure 9



the initial GDP level from 1989. This created the impression that the growth was sustainable but, also, that its growth rates were comparatively lower. This was owing to the fact that making some politically sensitive decisions was avoided, so that private and foreign ownership are at a lower level than in other equally advanced transition countries. In comparison with these two countries, Hungary was late in making a recovery. Slovakia could also be grouped with the more successful countries. Its growth rates were also slightly lower in recent years, so that it was the last to join the group of countries whose GDP increased in comparison with the initial level.

In 2000 Croatia's GDP reached four fifths of its 1989 level. Croatia's economy was therefore less successful than other economies in the region, which was the result of some economic measures, as well as the circumstances typical of a transition period and, in particular, war operations. High growth rates achieved in the Czech Republic, Slovakia and Croatia over certain shorter periods, proved to be impossible to maintain. These countries faced difficulties in the corporate sector, which, in turn, frequently created problems in the banking system. They also ran a large balance of payments current account deficit, which was another obstacle to growth.

As Croatia is a small country with open borders, its economy heavily depends on the movements in the global economy, especially in the economies of the member states of the European Union (EU), as they are Croatia's most important trading partners. For that reason, Croatian economy ought to be assessed in relation to these countries' economic trends. In spite of the fact that there are indications of a slowdown in the global economy, the outlook for EU member states, the main trading partners of the countries in transition, remains quite optimistic. There are various reasons why it is unlikely that forecasted lower growth rates in these countries will considerably influence Central and East European transition countries, which especially apply to Croatia. Firstly, as a result of the process of convergence to the European Union and trade liberalization, the EU market is to open further for Croatian products. Therefore, in spite of a slight economic slowdown in these countries,



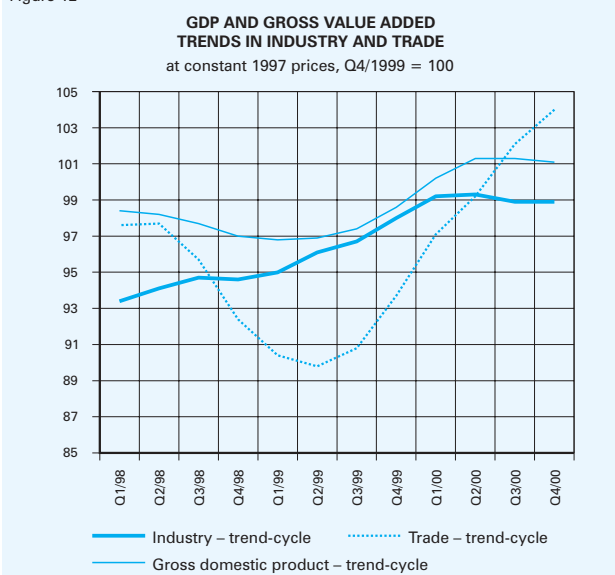
Croatian exports into these countries will be stimulated. Secondly, the funds from the EU, which will become more available during the convergence process, could generate a solid support for reforms and accelerate economic growth. Finally, the normalization of the relations with Yugoslavia and the stabilization of the region, on condition that the conflicts in Macedonia do not spread, should also contribute to a faster growth in South and East Europe.

During 2000, gross value added rose at an average pace in all activities except construction. In comparison with the corresponding period last year, the highest average growth rates were achieved in hotels and restaurants and trade, while the greatest contribution to GDP growth was made by trade and industry.

According to the National Classification of Economic Activities (NCEA), the industrial sector, comprising mining and quarrying, manufacturing and electricity, gas and water supply, accounts for the largest share in Croatia's GDP. As shown by the latest available disaggregated data on the GDP structure, in 1998 the industrial sector generated slightly more than one fourth, i.e. 27.5% of gross value added, measured at constant prices. On account of a 2.3% increase in gross value added in industry, which exceeded the growth of total gross value added, the share of industry in total gross value added rose to 28.2% in 1999. In 2000, gross value added in industry rose by an even more considerable 2.9%. Nevertheless, total gross value added grew by a higher 3.4%, reducing the share of industry to 28.1% in 2000. In the same year, industrial growth contributed to the increase in gross value added by 0.8 percentage points.

In the second half of 2000, total volume indices forecast the weakening of the upward trend in gross value added in industry, which was also confirmed by national account estimates. In the last quarter, gross value added in industry grew by a slight 0.8% for the year, resulting in the total gross value added growth of 0.2 percentage points. Still, in comparison with the previous quarter, the quarterly growth rate trend of value added in industry was sustained. One of the causes for this

Figure 12



slowdown in industry at year-end was a higher starting point late in 1999, brought about by economic recovery.

Growing at a sustained pace by the end of last year, industrial production increased faster in early 2001, as suggested by the index of total volume of industrial production. In the first quarter, this index rose by 5.5% compared to the same period last year. This growth was mainly generated by the 7.8% increase in manufacturing, which accounted for about four fifths of total industry. The remaining part was accounted for by mining and quarrying, which stagnated in the observed period, as well as energy supply, which decreased by 2.1%, due to a warm winter and the standardization of the statistical registering of the Krško nuclear power plant output. Such a trend of the total volume of industrial production influenced its growth trend, which was halted at the end of last year.

In recent years, high growth rates of productivity in industry could be accounted for by the decrease in employment, rather than by the growth of production. However, as the recession

period ended in 2000, the impact the industrial production growth made on productivity became more considerable than the impact of the decrease in employment in industry. In the same year, according to the administrative data on employment, out of the total number of employed in legal persons, an average 27.7% was employed in the industrial sector.

Value added in trade contributed to the total gross value added growth by significant 1.3 percentage points. This was primarily the result of its high growth rates, rather than its share, i.e. volume. Over 2000, value added in trade, which was constantly trending upwards at high quarterly growth rates, rose by 10.5% in real terms. The retail trade turnover growth trend was stronger, 14.7% in real terms. The trade turnover continued to trend upwards at high growth rates in the first quarter of 2001, when it was 16.5% higher in real terms compared to the same period in the previous year. The growth rate trend was 1.4% relative to the last quarter in 2000.

The retail trade turnover growth rate exceeded the growth of the household income and the growth of value added in trade. By offering a wide range of products at competitive prices, newly opened shopping centers in Croatia have succeeded in attracting a number of shoppers who had previously shopped abroad. This leads to the conclusion that high prices and difficulties some tradesmen are faced with are a structural problem, related to inadequacy of size, sources of financing and some other features of their business policy, rather than a reflection of an ineffective macroeconomic policy. In addition to the expected growth of value added in this sector, total volume indices refer to the continuation of a significant contribution of personal consumption to growth in early 2001.

Tourism was one of the major growth contributors in 2000. Gross value added grew by 16.2% in real terms in hotels and restaurants. In spite of its small share in total value added, this increase contributed to its growth by 0.5 percentage points. It should be taken into consideration that other activities are also directly influenced by tourism. This sector plays an important role in reducing seasonal unemployment and covering the merchandise trade deficit. According to the administrative data

Figure 13

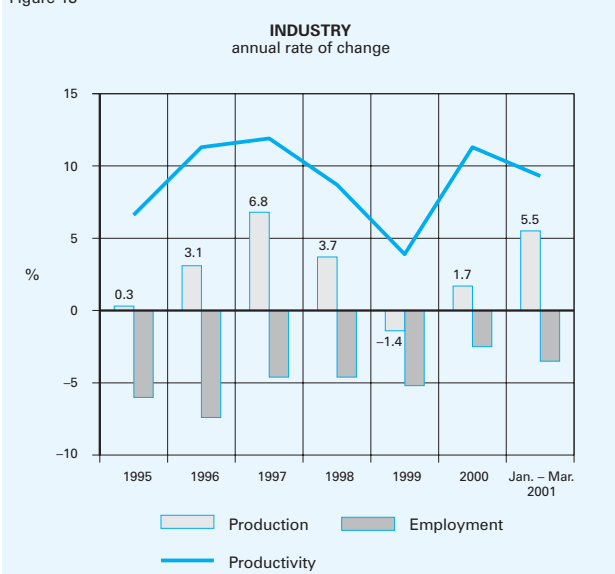


Figure 14

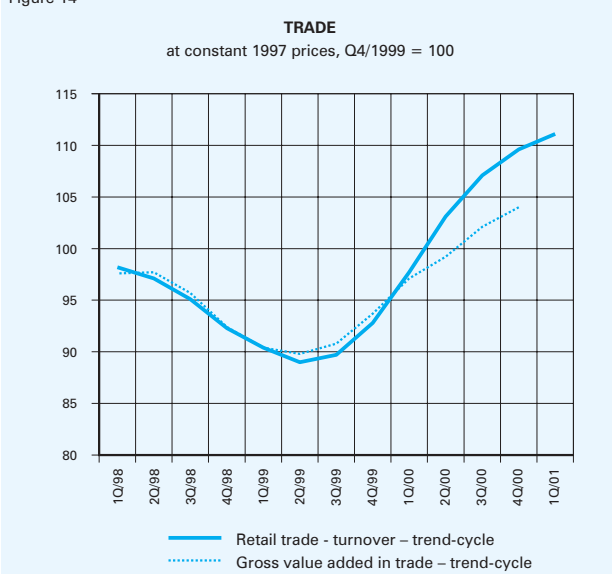


Figure 15

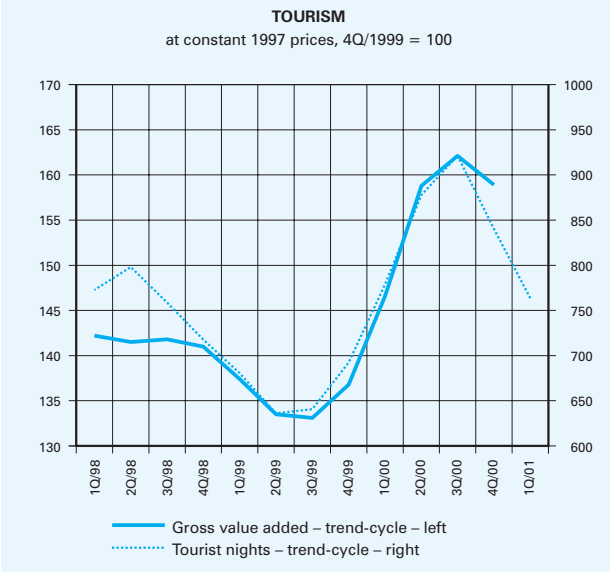
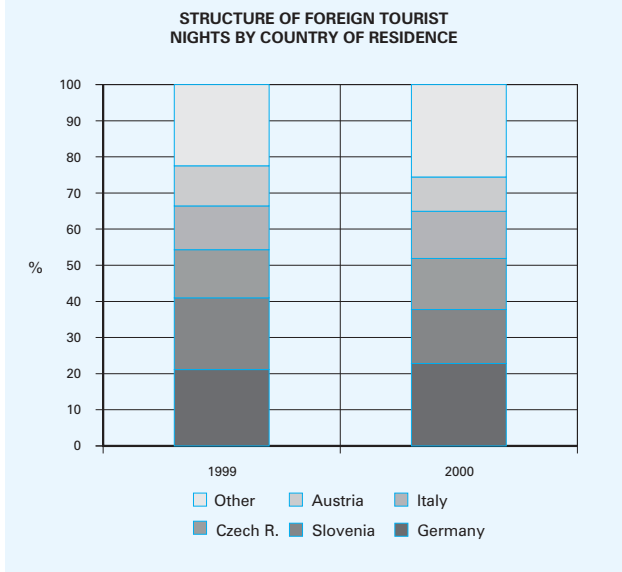


Figure 17



on unemployment, out of the total number of employed in legal persons, an average 4.0% were employed in hotels and restaurants. Since one of the characteristics of this activity is the “black economy”, the exact contribution to employment is even higher.

In 2000 value added in hotels and restaurants increased on account of a 39.4% rise in tourist arrivals and a 44.6% rise in tourist nights. This outperformed the 1999 tourist output. These total volume indices partly resulted from an exceptionally low output in 1999 brought about by the crisis in the region.

Due to the fact that the rise in tourist nights was completely accounted for by the 56.0% increase in foreign tourists’ nights, while the nights stayed by domestic tourists declined, foreign tourists’ share in total tourist nights in the observed period went up from 80.4% to 86.7%. Available financial indicators related to tourism suggest that, due to the appreciation of the dollar, the foreign currency inflows did not rise at the same rate. Over

2000, foreign currency inflow generated by tourism amounted to USD 2.8bn, 10.6% more than in 1999.

As regards the country of residence, about three-quarters of nights in 2000 were stayed by tourists from Germany, Slovenia, the Czech Republic, Italy and Austria. Although these tourists’ arrivals and nights grew in number, their share was noticeably smaller. This could be explained by the fact that these tourists are well informed and take less notice of bad news and political crises in the region, so that their arrivals keep a steadier pace. Owing to a reduced share of the five main tourist-generating markets, the average tourists’ consumption decreased, resulting in a lower growth of the inflow from tourism.

Mainly influenced by the expansion of tourism, a recovery was made in transport, storage and communications. In 1999 the Kosovo crisis adversely impacted this activity’s gross value added growth rate, reducing it by 3.6%. In 2000 it reached 6.3% and contributed to the total growth of gross value added by 0.6 percentage points. The growth of value added in transport was due to the 3.9% increase in the number of transported passengers in 2000. In the same period, the transport of goods, looking at their bulk, declined by 4.3%. In the last quarter of 2000, the upward trend in the transport of passengers was sustained, while the quantity of transported goods continually trended downwards. Gross value added in this activity rose by 2.6% in the last quarter of 2000 compared to the corresponding quarter in 1999, while the quarterly trend rate of change slowed down by 0.8% in comparison to the previous quarter. Value added in transport, storage and communications grew partly on account of expanding telecommunication services whose fast growth was suggested by all indicators. This growth was slightly lower, 12.6%, if the number of utilized impulses on the fixed network is considered, and considerably higher, 60.3%, regarding the number of utilized impulses of the mobile network.

In 2000 construction was the only activity with value added lower than in the previous year. This was owing to the fact that the reconstruction of demolished buildings was lower in volume last year and the government investment into capital ob-

Figure 16

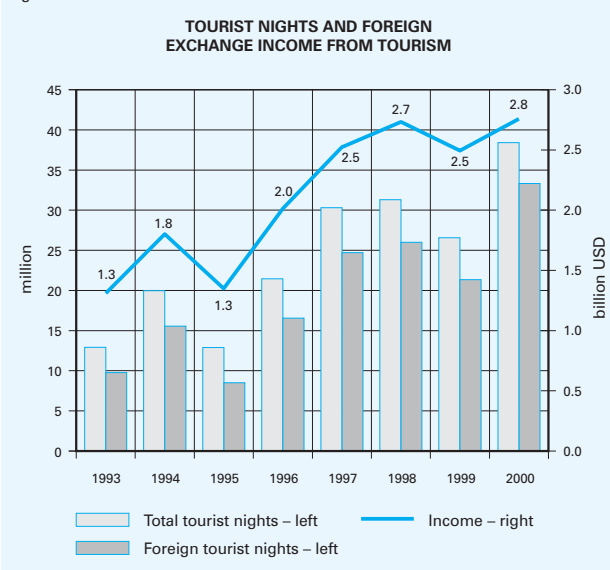
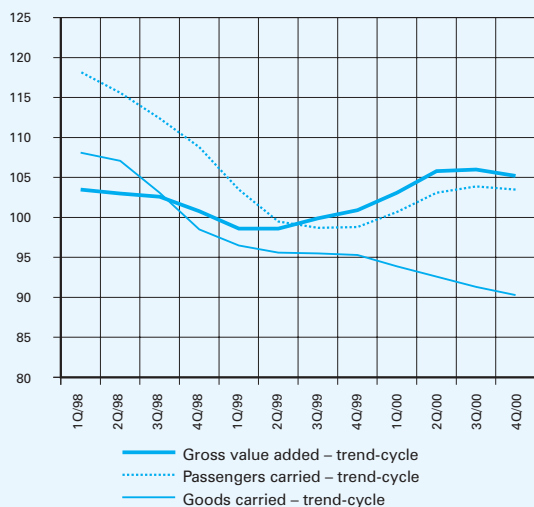


Figure 18

TRANSPORT, STORAGE AND COMMUNICATION
at constant 1997 prices, Q4/1999 = 100



Labor Market

Employment

A downward trend in employment continued in the first quarter of 2001. It started in the second half of 2000, after a seasonal mid-year maximum, and was accompanied by a lower economic activity growth rate at the year-end. According to preliminary CBS data, average employment in the first three months of 2001 was 1,312,000, or 17,000 (1.3%) less than in the last quarter of 2000. Since seasonal employment growth occurred at mid-2000, the employment decrease (24,000, or 1.8%) in the first quarter of this year compared with the same period last year, was not markedly sharper than in the quarter before. At the end of the first quarter of 2001, the decline in total employment came to an end.

In the first quarter of 2001, the sharpest decline in employment in absolute terms was recorded in legal entities; it de-

Figure 19

CONSTRUCTION
at constant 1997 prices, Q4/1999 = 100

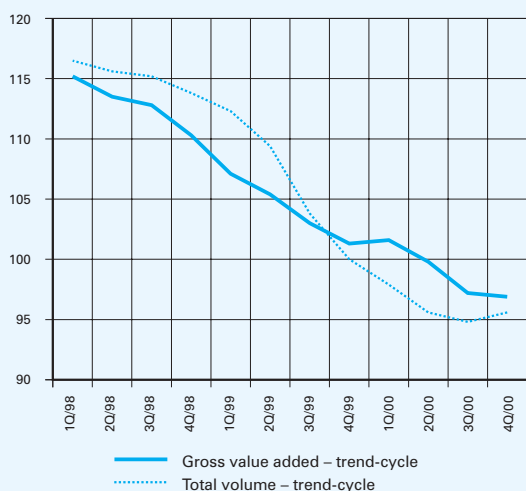


Figure 20

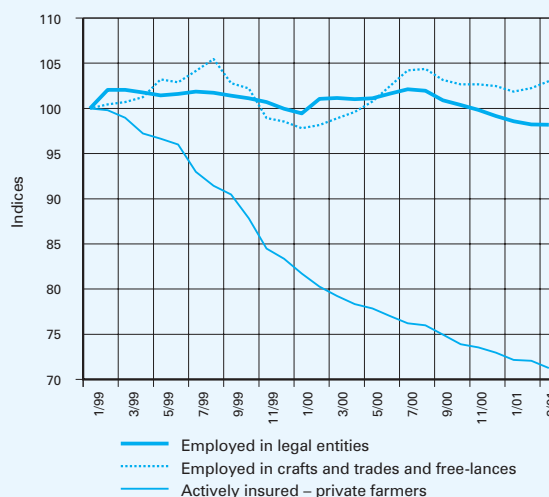
TOTAL EMPLOYMENT ACCORDING TO CBS AND ILO SURVEY



jects (roads) was cut back on account of fiscal restrictions. Decreasing by 4.5% in 2000, value added in construction negatively contributed to GDP growth by 0.3 percentage points. At mid-1999, the prospects that construction could recover were grim. Nevertheless, in the last quarter of 2000, value added in construction declined by 2.0% for the year, which was lower than the average, while gross value added trend in construction weakened by 0.3% in comparison with the previous quarter. In late 2000 and early 2001, construction project total volume indices gradually trended upwards, registering a 0.8% growth in the last quarter, in comparison with the previous one.

Figure 21

CBS EMPLOYMENT RATE
January 1999=100



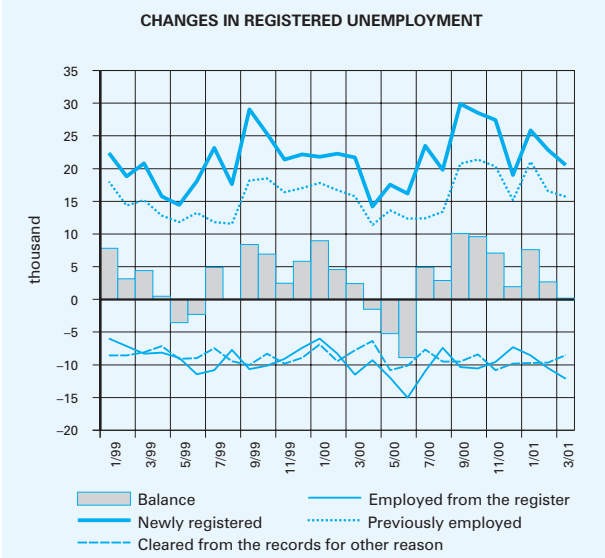
clined by 23,000 (2.2%) compared with the same quarter of last year. The decline in the number of private farmers of 9,000 (10.7%) was sharpest in relative terms, but it did not significantly affect the total employment decline. Also, one should take into account that the number of actively insured private farmers reported by the CBS is taken over from the Croatian Pension Insurance Institute records. In the event that a private farmer does not pay his pension contributions regularly, he is removed from the records regardless whether he continues to work or not. Consequently, a considerable statistically reported decrease in agricultural sector employment need not correspond to an actual employment decline. Employment increased in crafts and trades and free-lancers by 8,000 (4.2%), which has almost completely offset the decline in the number of actively insured private farmers.

Employment trends can also be analyzed by use of results from the Labor Force Survey, which is carried out according to the International Labor Organization (ILO) criteria. Results of the last survey, carried out in the second half of 2000, also indicate a downward trend in employment rate. This rate should definitely be taken into account because data on employment in absolute terms are not mutually comparable owing to differences in coverage of individual surveys which occur because there is no fresh population census that could provide a high quality base for selection of sample. The employment rate was 42.4% in the second half of 2000, 0.4 percentage points lower than in the first half of 2000, or 1.9 percentage points lower compared with the same period of 1999. In the second half of 2000, employment was 1,572,000 in absolute terms according to the ILO survey, 231,000 (17.2%) more than recorded by the CBS. This difference results from differently defined statuses of particular groups of employees, and employment in the unofficial economy, which is partly included in the ILO survey data and completely excluded from the CBS data.

Unemployment

In the first quarter of 2001, average unemployment registered with the Croatian Employment Institute (CEI) was 388,000, or 33,000 (9.4%) more than in the same quarter of last year. Apart from data on employment and unemployment, important information on the situation in the labor market and its dynamics are data on changes in status of particular activities. In the first quarter of 2001, registered unemployment growth was accompanied by an increase in inflow and an even higher increase in employment compared with the same period last year. In this period, 69,000 persons registered with the CEI, 5.2% more than in the same period last year. The sharpest increase occurred in the number of previously employed persons, which grew by 5.9% compared with the same period last year. In the first quarter of 2001, 31,000 persons were employed through the CEI (growth rate of 21.0%), whereas 27,000 persons (a 15.8% increase) were cleared from the CEI records for other reasons. Most persons removed from the CEI records are those who have not reported to the CEI for two obligatory reporting periods without stating legitimate reasons, whereas a smaller number relates to those who have refused the job offered, de-registered at the CEI, moved, etc.

Figure 22



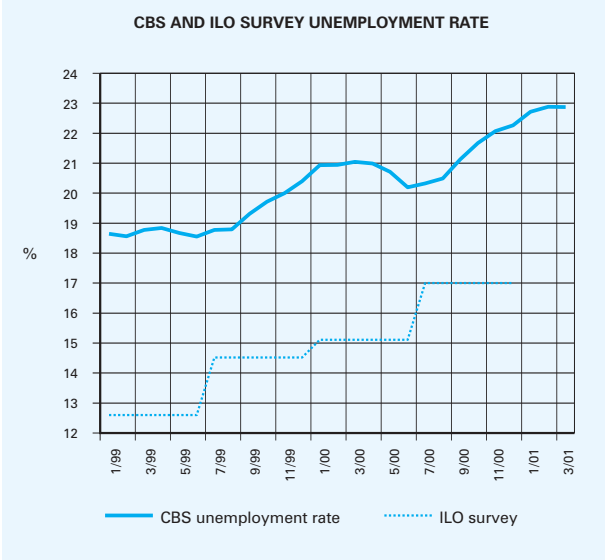
The difference between inflows to and outflows from the CEI records of 10,000 persons equals the growth in registered unemployment cumulated during the first quarter. This growth occurred mostly during January, whereas unemployment registered in March was somewhat lower. This resulted in a slow-down of the upward unemployment trend which has been continuously present since mid-1998.

Registered unemployment growth surpassed the decline in employment, resulting in a 0.5% (9,000) increase in total labor force in the first quarter of 2001 compared with the first quarter of 2000. However, taking into account the first quarter of 2001 alone, the labor force remained unchanged.

The registered unemployment rate stagnated at 22.9% on average during the first quarter of this year; it was 0.6 percentage points higher than in the last quarter of 2000, and 1.5 percentage points higher than in the same period last year.

The last available ILO survey data, for the second half of 2000, also indicate an upward trend in the unemployment

Figure 23



rate. In this period, the ILO survey unemployment rate was 17.0%, which is considerably lower than 23.1% registered by the CBS. However, this rate was 2.5 percentage points higher in the second half of 2000 compared with the second half of 1999, and 1.9 percentage points higher compared with the first half of 2000. The differences between CBS and ILO survey unemployment rates result from differences in definitions of activity and employment. Of 364,000 persons who were on average registered with the CEI in the second half of 2000, 72.9% are considered unemployed under the ILO survey criteria as well, whereas others are considered inactive or employed. Regardless of the methodology applied, it is obvious that the CBS and ILO survey unemployment rates have converged in the second half of 2000.

If the average Croatian ILO survey unemployment rate in 1999 and the CBS unemployment rate at end-1999 are compared with corresponding unemployment rates in other transition countries, two things become immediately observable. The Croatian unemployment rate according to administrative sources is the highest among the selected transition countries for which data are available according to both methodologies. However, according to the ILO survey data, though the Croatian unemployment rate is among the highest, it is not considerably different from rates in other selected countries. Unemployment is a significant problem even in those transition countries, like Poland, which are considered successful. There is obviously no pattern of relationship between the ILO survey and the administrative unemployment rate since the latter heavily depends on specific institutional determinants, i.e. on conditions a person must fulfill to be registered with the employment institute, on unemployment benefits acting as incentives for registration, on the efficiency of the employment institute in finding employment, etc. However, it is interesting to note that the relationship between the administrative and ILO survey unemployment rate is similar in Croatia and Slovenia, which can be explained by their common institutional history.

Wages and Labor Costs

The effects of a restrained wage policy in part of the civil service, which has been implemented by the government since the elections, became obvious in the first quarter of 2001. Effects on gross wages have been additionally strengthened by reduced contributions and labor-related tax burden. According to the CBS, the average gross wage was 3.1% higher in nominal terms in the first quarter of this year compared with the same period last year. However, if the effects of a cost of living increase are taken into account, the average gross wage was 2.8% lower in real terms. The average gross wage in public administration was 1.7% lower in nominal terms (7.3% in real terms). In the rest of the civil service, restraint effects have not been so pronounced. In nominal terms, gross wages growth in education was at the average level, whereas it was above average in the health service (4.5%). In real terms, they fell by 2.8% and 1.5% respectively. The growth in the average gross wage in industry, the largest sector of the economy, was higher than the growth in civil service wages; it was 8.5% in nominal and 2.3% in real terms. The average net wage grew at a higher rate than the average gross wage in the first quarter of 2001, by 8.4% in nominal and 2.2% in real terms compared to the same quarter of 2000.

Owing to a change in the methodology applied in monitoring wages, which resulted from the payment system reform, the introduction of the National Clearing System, and a new interbank payment system, data series on the net wage bill paid through the Institute for Payment Transactions (IPT) can be monitored only for the period ending in January 2001. The January 2001 wage bill was 16.7% higher in nominal, and 9.6% higher in real terms compared with the same month last year. However, one should take into account that the number of persons receiving wages through the IPT grew by 42,000 (5.3%) in January 2001 compared with the same month last year, which significantly reduces the effect of the wage bill growth on the average wage paid. The number of wages paid in the first quarter of 2001 was somewhat lower than in the last

Figure 24

ILO SURVEY AND ADMINISTRATIVE UNEMPLOYMENT RATE IN TRANSITION COUNTRIES, 1999

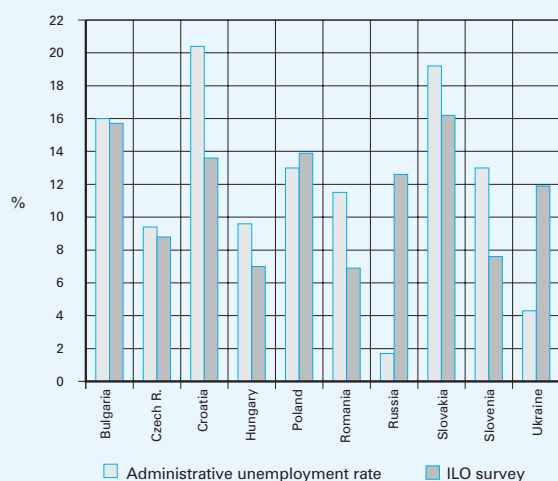
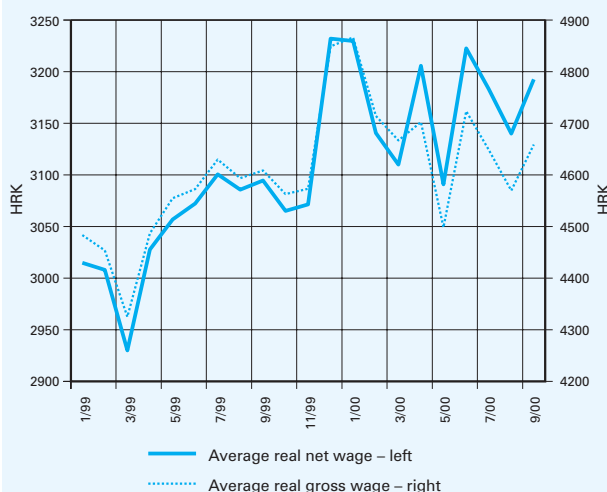
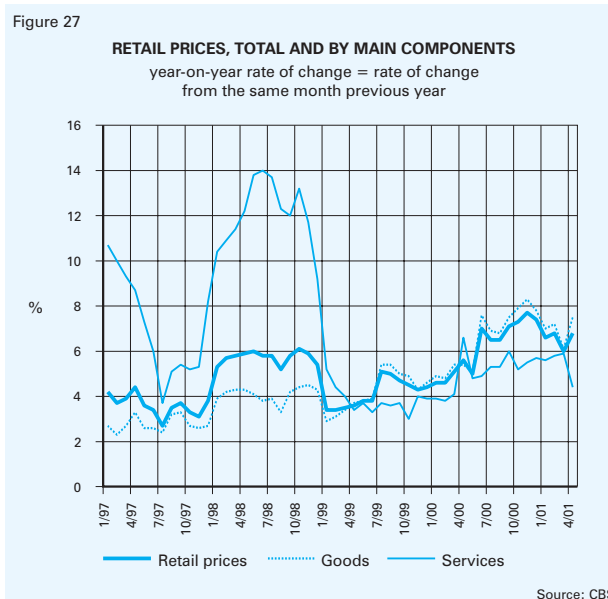
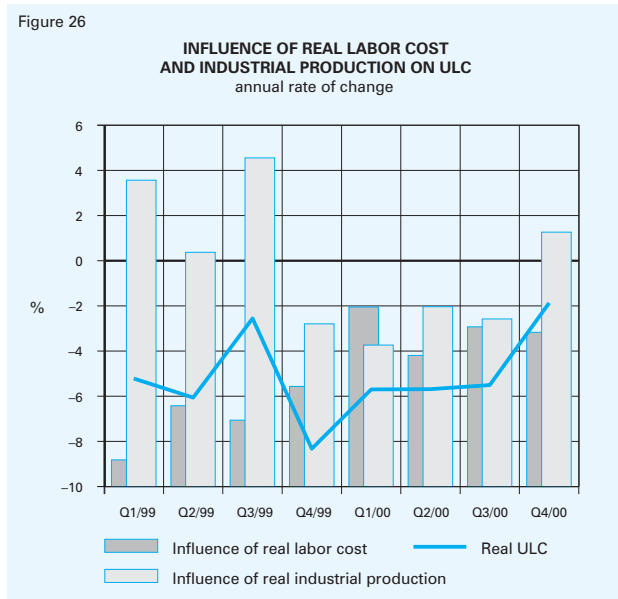


Figure 25

AVERAGE REAL WAGES according to December 1999 prices





quarter of 2000, whereas it was 4.6% higher compared with the first quarter of 2000.

Comparison of trends in total employment, which has been declining over the last year, with the number of persons receiving wages through the IPT, clearly indicates that the CBS data do not show the actual employment rate. The main reason for the reduction in employment registered with the CBS was the dismissal of persons employed in insolvent enterprises, whereas heightened economic activity and improved liquidity in the enterprise sector resulted in increased employment in solvent enterprises.

A real decrease in unit labor costs in industry continued in the last quarter of 2000, when they were 1.9% lower than in the same quarter of 1999. Still, this decrease was slighter than in other quarters of 2000 owing to a stagnation and a decline in industrial production at year-end, whereas real unit labor costs continued to decline at approximately equal rates. However, it should be noted that the number of persons receiving wages grew in 2000.

Considering wage growth in industry, which was lower than productivity gains, and especially considering the dynamics of unit labor costs in industry, one can conclude that the wage growth has not exerted upward pressure on prices. This conclusion only confirms the assumption that the 2000 inflation hike was caused by supply shocks, whereas labor market developments did not generate upward pressure on prices despite employment growth.

Prices

The year-on-year inflation measured by the changes in the retail price index¹ decreased considerably in the first quarter of 2001, from 7.4% in December 2000 to 6.0% in March 2001. The fall in year-on-year inflation rate may be in part attributed to the (negative) impact of the base period, i.e. to the rise in prices of refined petroleum products (by a total of 17.9%) in the first quarter of the previous year. This rise caused a one-off

increase in average retail prices and the widening of the base used for the year-on-year comparison of changes in prices. The direct influence of the previous year's increase in energy prices (refined petroleum products and electricity) on the year-on-year inflation rates will not disappear before October 2001, while the first and more significant fall in the year-on-year retail price index, due to the negative impact of the base period, can be expected in June this year. Last June's introduction of larger excises on refined petroleum products resulted in a monthly increase in these prices (on average 23%), while electricity prices rose on average by 25% in October.

In the first quarter of 2001 (March to December 2000), retail prices grew at the average monthly rate of 0.23% or by a total of 0.7% (goods by 0.6% and services by 1.0%). The increase in these prices was lower than in the same period last year when retail prices rose by a total of 1.9% and the average monthly inflation stood at 0.63%.

However, the downward trend in the year-on-year inflation rate did not continue in April this year. In this month, prices increased by a considerable 1.4%, while the year-on-year inflation reached 6.8%. Retail prices thus increased by a total of 2.1% (goods by 2.1% and services by 2.2%) in the first four months of 2001 compared with December 2000. This increase was by 0.6 percentage points lower than the one recorded in the same period last year, when retail prices rose by a total of 2.7% (goods by 2.5% and services by 3.4%).

More than a half (about 8 percentage points) of the April monthly increase in retail prices resulted directly from the April rise in retail prices of refined petroleum products. They rose on average by 11.7% compared with the previous month. That rise was caused by the imposition of duties intended for road construction and maintenance and the increase in INA sales prices that follow movements in prices of refined petroleum products in the Mediterranean market and the depreciation of

¹ The main characteristics of the retail price index calculated by the Central Bureau of Statistics are described in Box 1.

the exchange rate of the kuna against the American dollar. The government decision on the obligation to pay the road duty came into force on March 30, 2001. The duty amounts to HRK 0.40 per liter of gasoline (or HRK 0.488 per liter if VAT is included). Accordingly, refined petroleum product prices increased by about 8% on average and directly contributed to a total monthly increase in retail prices in April which rose by about 0.5 percentage points. The April increase in refined petroleum products prices influenced the increase in prices of certain postal and transportation services (the monthly growth stood at 2.2%, while the year-on-year increase in transportation services prices was 6.3%). It should be noted that the year-on-year increase in refined petroleum products prices was 32% in April 2000.

Since monetary policy indirectly influences inflation (in case of the Croatian economy, the foreign exchange rate is what significantly influences inflation) and with a certain time lag, the monetary policy cannot in the short term offset the influences of unexpected changes in prices. The monetary policy should insure that certain price shocks (e.g. energy and fiscal shocks and shocks caused by natural disasters which result in a permanent increase in retail prices) do not result in a permanent growth rate of retail prices. Unexpected changes in the retail price index are usually brought about by three factors: a) a change in the price of food (especially agricultural products), b) a change in energy prices, and c) a change in indirect taxes (VAT and excises). Therefore, the Croatian National Bank has for the purpose of implementing the monetary policy initiated the calculation of an additional price indicator – the so-called core retail price index² (the core RPI) which should become the price indicator used by the CNB in carrying out its actions. The Central Bureau of Statistics calculates the core retail price index in the manner that agricultural products prices and administrative prices (which among others include the prices of electricity and refined petroleum products)³ are excluded from the basket of goods and services used in the calculation of the retail price index. A total of 88 goods and services are excluded and their share in the retail price basket stands at 22.06% in

2001 (of which: agricultural products account for 2.28 percentage points, and administrative prices for 19.78 percentage points).

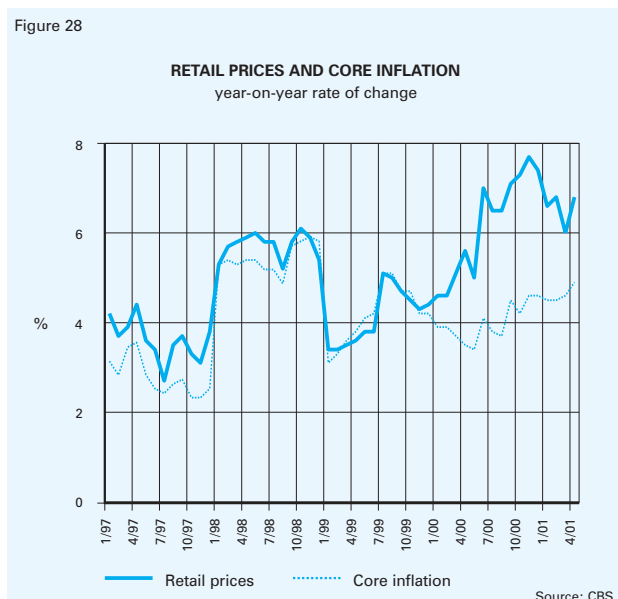
The series of chain indices of core inflation were calculated for the period between January 1994 and today and the methodology that will be used to “clean up” the core RPI from influences caused by the changes in indirect taxes (changes in excises and VAT rate) is under preparation. When analyzing the movements in the existing core RPI one should bear in mind that the basket of goods which is used in the calculation of this indicator includes other prices (e.g. the prices of tobacco and beverages) that are significantly influenced by administrative decisions to increase excises.

In 2000, the average growth in prices measured by the movements in the core RPI was 4.0% (2.2 percentage points less than the average annual inflation measured by the change in the retail prices index in the same year) and the year-on-year indicator of core inflation was 4.6% in December 2000 (2.8 percentage points less than the year-on-year change in prices in December of the same year). The core inflation rate recorded in Croatia in 2000 is considered to be the one that in transitional economies like ours is still included in the zone of stability of the general level of prices. In 2000, however, there was an upward trend in the year-on-year core inflation rate, which rose from 3.7% in March to 4.1% in June, to 4.5% in September and to 4.6% in December. This increase was to a great extent contributed by the one-off increase in prices in June and July 2000 caused by the rise in excises on certain goods that are included in the basket used in the calculation of the core inflation. This one-off effect should disappear by the middle of this year. In addition, the increase in core inflation was also significantly contributed by delayed indirect effects of the rise in refined petroleum product prices on transportation services which are not administratively set (long-distance bus transportation). This is the reason why they were kept within the basket used in the calculation of the core inflation.

The year-on-year inflation rate decreased slightly in January and February and increased again in March 2001, reaching the rate of 4.6% that was also recorded in December last year. The monthly core inflation of 0.5% recorded in April was followed by a jump in the year-on-year inflation rate of 4.9%. In the first quarter of this year (March 2001 to December 2000), the retail prices that are included in the calculation of the core inflation rose by a total of 0.5% (goods by 0.3% and services by 1.1%). Total increase in prices included in the calculation of the core RPI reached 1% in the first four months due to stronger increase in prices in April (goods by 0.8% and services by 1.7%), and was 0.3 percentage points higher than the increase in the same period last year.

When analyzing the movements in retail prices, the core inflation indicator enables us to make clear distinction between the contribution of those components of the retail price index whose changes to a great extent cannot be controlled by the monetary authorities (agricultural products, administrative

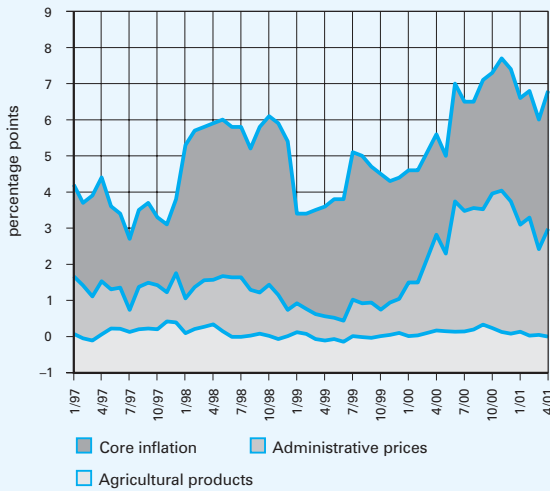
Figure 28



2 The methodology for calculating the core RPI in Croatia is described in Box 2.
 3 The core RPI is calculated on the basis of the exclusion method (the so-called zero weighting method), and the weights of remaining goods are proportionally increased in order for their sum to amount again to 1.

Figure 29

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



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

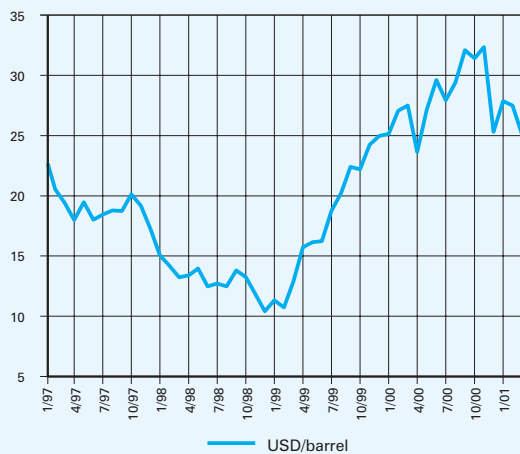
Source: CBS and the CNB estimates

prices, including energy prices), to total increase in retail prices and the contribution of an increase in prices that is considered to be caused largely by demand pressures.

The trend of growth of contribution of administrative prices to total inflation was significant in 2000. As said above, this was to a great extent the result of the direct effect of an increase in energy prices, especially in refined petroleum products prices which rose by a total of 36.7% in the last year due to the growth in oil prices in the world market and the simultaneous depreciation of the exchange rate of the kuna against the US dollar and the rise in excises on refined petroleum products. In addition, among administrative prices, strong increase was recorded in housing and public utilities services and social welfare services. However, their contribution to total inflation was not that sig-

Figure 30

AVERAGE OIL PRICES^a ON THE WORLD MARKET



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

Source: IMF, International Financial Statistics

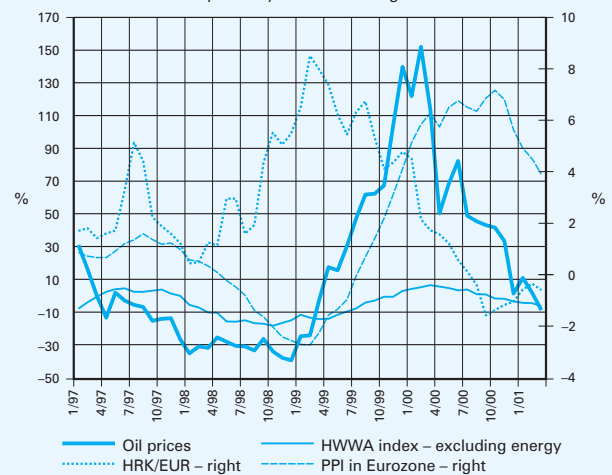
nificant, since these services account for a small share in the structure of the total retail price index.

The data on changes in oil prices in the world market show that the upward trend in these prices was temporarily stopped in the first quarter (Figures 30 and 31). This upward trend was present in the world market in the last two years and resulted from increased demand, especially a strong economic growth in the USA and the revival of economic activity in Asia.

The increase in oil prices had numerous negative effects on the economy. They are manifest in, inter alia, the growth in production costs and the increase in retail prices which is caused directly by the rise in refined petroleum products prices and indirectly by the growth in prices of other goods and services, especially those in whose production this input is largely used. In addition, the persistent increase in refined petroleum prices may initiate the growth of inflationary expectations and cause the second cycle of impacts of rise in oil prices on the increase in inflation. It happens when the employed interpret such movements as the acceleration of inflation and build their expectations of greater inflation into the requirements for a higher increase in wages. There is a widespread consensus in economic theory and practice that monetary policy measures should be used only when there are signs of increased inflationary expectations and requirements that those expectations should be built into the increase in wages in order to preserve their real value. Owing to a relative stability of the exchange rate of the kuna against the euro (the Deutschmark) and the appreciation trends in the kuna exchange rate, a significant increase in inflationary expectations is not expected over medium term. Moreover, with respect to the adopted policy of a decrease in nominal wages in the government and public sector and the reduction in inflationary pressures from the demand side, which should result from it, it is expected that producers and traders will not be in a favorable situation that would enable them to transfer the indirect effect of the in-

Figure 31

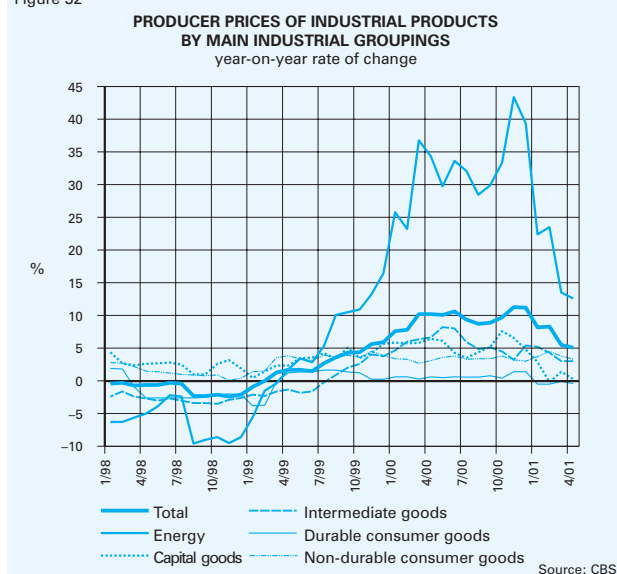
IMPORTED INFLATION: OIL PRICES, HWWA INDEX OF RAW MATERIALS PRICES^a, THE AVERAGE KUNA-EURO EXCHANGE RATE AND PRODUCER PRICES IN THE EUROZONE



^a The Institute for Economic Research in Hamburg (IFO) constructed the aggregate index of raw materials prices in the world market, the so-called HWWA. The HWWA index is the indicator of movements in costs for imported raw materials (it includes a total of 29 raw materials and 27 excluding energy) and it is used in analyzing the influence of changes in raw materials prices in the world market (mostly commodity exchange) on changes in prices in industrial countries.

Source: IMF, International Financial Statistics; IFO, Wirtschaftsdienst; Eurostat i CNB

Figure 32



crease in prices of refined petroleum products which are an important production input mainly on buyers, which consequently might cause a more significant indirect effect on the increase in retail prices.

In addition to other components of the imported inflation (Figure 31), it should be noted that in the first quarter of this year the aggregate index of raw materials prices (excluding energy) in the world market (the so-called HWWA index) showed

a tendency to a slight fall compared with the raw materials prices from the same period last year, i.e. from the previous quarter. At the same time there was a downward trend in producer prices of industrial products in the Eurozone compared with last year, which together with the developments described above indicates reduced inflationary pressures from abroad.

In the first four months of this year, producer prices of industrial products decreased by a total of 1.4%, which together with the appreciation of the kuna against the euro results in a downward pressure on retail prices of industrial products. According to the main industrial groupings, energy prices fell by a total of 8.1% compared with the beginning of the year (April 2001 to December 2000). Accordingly, the producer prices of crude petroleum decreased by a total of 19.7% and were followed by seasonally reduced prices of electric power for industry, while the producer prices of refined petroleum products rose on average by 5.0%. Moreover, the prices of capital goods fell by a total of 0.9%, while durable consumer goods decreased by 0.8%. At the same time, the prices of intermediate goods (except energy) grew by 0.7%, and the prices of non-durable consumer goods increased the most (by a total of 1.9%).

The year-on-year inflation rate measured by changes in producer prices of industrial products decreased continuously in the first quarter of this year. This decrease resulted from the total fall in producer prices of industrial products in the first quarter of 2001 and from the impact of the base period (impacts of increase in prices of refined petroleum products from the first

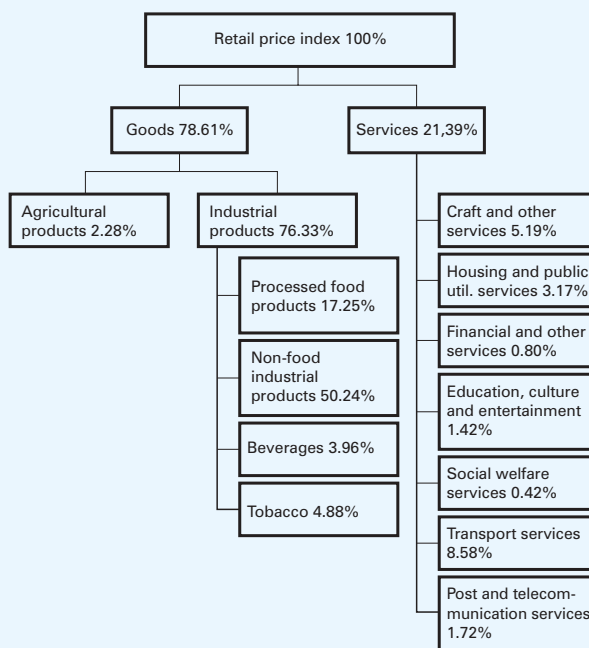
Box 1: The Main Characteristics of Retail Price Index Calculated by the Central Bureau of Statistics of the Republic of Croatia

The stressing of the need to preserve price stability (by this is meant a low and stable inflation rate) acknowledges the theoretical contributions and experiences of numerous countries and their central banks which show that a policy which tolerates or fosters inflation systematically and over the long term impairs the essential foundation for the efficient operation of the economy. Therefore, the new Law on the Croatian National Bank (published in the official gazette "Narodne novine", No. 36, on April 20, 2001) determines precisely that the primary objective of the Croatian National Bank shall be to achieve and to maintain price stability. In an effort to reach its objective, the Croatian National Bank incorporated in its databases, which it uses for making its economic analyses and projections, many price indicators. Within these indicators, the retail price index, as the indicator of the general movement in prices, plays the key role. Moreover, the additional indicator on inflation, the so-called core RPI, is based on excluding certain goods and services from the basket used in the calculation of the retail price index.

The basket of goods and services used in the calculation of the retail price index consists of about 455 goods and services prices which are measured from the 15th to 21st day in a relevant month in twelve cities in Croatia. The retail price index is published on the 8th day following the last day in the month for which it is calculated. This index above all includes the domestic goods traded during the whole year (except the agricultural products that are recorded seasonally). The sales price in the retail trade turnover is the price that the final consumer pays for a certain product, including VAT, excise (on products on which it is charged) and all other costs included in the retail price. Chart 1 shows the classification of retail price index categories and respective weights.

Chart 1

RETAIL PRICE INDEX CATEGORIES AND RESPECTIVE WEIGHTS



The weights for individual goods/services, i.e. groups of goods/services, were derived from the structure of total retail trade and services turnover from 1985. Once a year (in January) they are adjusted for the index of annual growth in prices from the previous year and are not

changed during the year.

It should be noted that the methodology for calculating the retail price index does not comply in full with international standards. For this reason, the Central Bureau of Statistics and the Institute of Economics Zagreb are laying the groundwork for the introduction of the consumer price index (CPI) and the harmonized consumer price index (HICP index is brought into line with the standards of the European Union). It is foreseen that they will be officially published in April 2003.

The basic differences⁴ between the existing retail price index and the consumer price index made in accordance with internationally accepted standards relate, in the first place, to the calculation of weights, the selection of formula, adjustments for the changes in the quality and the treatment of seasonal products. Consequently, the weights for calculating the retail trade index are created on the basis of data on the struc-

4 The review of differences is based on the working paper "Consumer Price Index" (March 2001) prepared by the Institute of Economics and the Central Bureau of Statistics.

ture of retail trade turnover, while the weights for calculating the consumer price index should be derived from the survey on the structure of household consumption. The current retail price indices are calculated according to the Laspeyres formula. Since this formula uses the plain and weighted arithmetical means, it is probable that the index is biased to showing higher values. In order to minimize the possibility of such bias, it is recommended to use the geometric mean for calculating the basic aggregates of consumer price index. In addition, the calculation of retail price index includes the overall change in price and neglects the adjustment for changes in the quality of product. By contrast, the calculation of consumer price index includes the estimate that shows what is the impact of the change in quality on the overall change in product price. The calculation of the retail price index provides for the forwarding of the last recorded price of the seasonal product in the month in which this product is not present on the market, whereas the weights for seasonal products remain unchanged during the year. However, the consumer price index calls for different treatment of seasonal products in order to avoid a possible leap in price in the month in which seasonal products are again offered on the market.

Box 2: Methodology for Calculating Core Inflation in Croatia

One of the important issues related to the monetary authorities' efforts to maintain the purchasing power of domestic currency (i.e. to maintain a low inflation rate) is the practical issue of correct definition and measurement of the inflation rate, since this is the rate the makers of monetary policy have to focus on when making their decisions. Along with monitoring movements in inflation based on consumer prices (i.e. retail prices), an increasing number of banks, not only those which have chosen the monetary system of targeted inflation, lays great stress on the monitoring of the so-called core inflation (underlying inflation).

Although there are different approaches to the inflation measure-

Table 1: Goods and Services Excluded from the CPI in Selected Countries and Adjustment for Changes in Indirect Taxes in Order to Calculate Different Core CPIs

	Canada	Great Britain	Czech R.	Hungary	Slovenia
Mortgage interest payments		yes			
Administrative prices			yes		
Energy prices	yes			yes	yes
Food prices	yes		yes	yes	yes ^a
Indirect taxes	yes	yes	yes		yes

^a The most variable components of the consumer price index – prices of fruit and vegetables, clothing and footwear and services provided by restaurants – are seasonally adjusted and then included in the core inflation index.

Source: *The Monetary Policy Report* of the Bank of Canada, the *Inflation Report* of the Bank of England, the Czech National Bank, the National Bank of Hungary and for Slovenia: Franček Drenovec, "Kako se bo zniževala inflacija, Prikazi in analize", IX/2 (April 2001), the Bank of Slovenia.

ment, as well as different definitions, the core inflation should be the indicator of the general stable trend in inflation movements (the increase in prices) or the measure which does not include transient movements (the short-term fluctuations and the so-called murmur in the existing data). As such it may be deemed to be that part of inflation which is under the control of the monetary authorities. Two types of fluctuation are mutually exclusive, since it is considered that such changes in prices are not of great importance for the makers of monetary policy and that they should not be reacted on. These fluctuations include seasonal fluctuations in prices and fluctuations in prices that result from a certain one-off price shock (the latter results in the change of relative prices) which is caused by sources that are not under the control of monetary authorities (e.g. fiscal shocks, energy shocks).

The Central Bureau of Statistics calculates the core inflation measure

in such a manner that it excludes the prices of goods and services (a zero weighting method) that are under administrative control (including refined petroleum products and electricity) and the prices of goods which proved to have the highest variation coefficient (certain agricultural products) from the retail price basket.

It is generally known that the prices of foods and energy are less stable than other prices and that they usually cause major unexpected changes in inflation measured by the retail price index which are as a rule of temporary character. Since the food and energy markets are characterized by temporary supply shocks that do not depend on the monetary policy, it is considered appropriate to exclude these prices from the overall index in order to obtain the inflation measure which can better controlled. The lack of this measure is that it is not probable that each change in price of food and energy is a result of a certain supply shock. In 2001, 88 goods accounting for a total of 22.06% were excluded from the basket of goods used in the calculation of the retail price index.

When the subgroup of products with the least stable prices (agricultural products) and the administrative prices are excluded from the distribution of prices by the zero weighting method, the rest is re-weighted⁵ and the weighted average of the remaining subindices is interpreted as the core RPI.

This index resembles very much the CPI (excluding food and energy) that is accepted worldwide. However, our index excluded only those subindices that relate to prices of processed food products which proved to be the least stable (agricultural products), while the prices of energy, refined petroleum products and electricity are excluded within the process of exclusion of administratively set prices. The CPI excluding

Table 2. Share of Excluded Goods and Services in the Overall RPI

	Total	Agricultural products	Administrative prices
1994	17.95	2.04	15.91
1995	17.98	2.42	15.56
1996	18.74	2.46	16.28
1997	19.09	2.38	16.71
1998	19.72	2.44	17.28
1999	20.01	2.39	17.62
2000	20.44	2.29	18.15
2001	22.06	2.28	19.78

Source: CBS

5 So that the sum of weights again amounts to 1.

food and energy is the measure which should include the general but less unstable (smoothed down) trend in inflation that is characteristic of the consumer price index. Since the makers of monetary policy are trying to focus on abiding causes of change in inflation and since they should not react on one-off changes in prices, the core inflation measure should be more representative with respect to the possibility of determining changes in prices that result from excessive pressures generated on the demand side and the monetary developments.

The list of goods and services whose prices were excluded from the retail prices basket in order to make the core inflation index in Croatia is presented in the following table:

Table 3: Goods and Services Excluded from the Retail Price Basket

Group 1 Agricultural products	Group 2 Goods and services whose prices are administratively set
Potatoes	electric power – 1-tariff meter
Beans	electric power – 1-tariff meter, high tariff
Onions	electric power – 2-tariff meter, medium tariff
Carrots	monthly accounting power in kW
Beetroot	heating oil
Spinach	butane gas
Lettuce	natural gas
Cabbage	gasoline 86 octane
Savoy cabbage	gasoline 98 octane
Cauliflower	gasoline BMB
Mushrooms	motor oil
Chard	anti-freeze
Cucumber	oil gas (diesel D-2)
Peas	monthly television fee
Pods	railroad passenger transport
Tomatoes	sea-water passenger transport
Peppers	stamp for standard letter

Watermelon	postcard
Shelled walnuts	telegram
Apples	telephone card
Pears	telephone impulse
Grapes	standard parcel
Lemons	individual telephone line subscription
Oranges	telephone line
Bananas	road-toll
Kiwi	passport fee
Mandarins	identity card fee
Cherries	birth certificate fee
Strawberries	municipal rent
Raspberries	protected rent
Apricots	apartment owner's fee (reserves)
Peaches	water resources management fee
Plums	fee for water used
Hen's eggs	water-protection fee
Carp	household water supply
Trout	liquid waste
Pilchard	garbage collection
Hake	household heating
Roses	car parking
	car inspection
	day-care center monthly payment
	monthly payment for pupil's hall of residence
	monthly payment for student hall of residence
	city passenger transport
	monthly public transport ticket
	primary health care
	hospital day treatment
	prescription charge
	certification of signatures by public notary

quarter last year on total rise in producer prices are no longer included in the calculation of year-on-year rates of change). The year-on-year growth in producer prices of industrial products stood at 5.5% in March this year, and was half the size recorded in December last year when it amounted to 11.2%. The producer prices of industrial products remained, on average, the same in April this year compared with the previous month, while the year-on-year inflation measured by this indicator fell from 5.5% in March to 5.1% in April.

Exchange Rate

The nominal exchange rate of the kuna weakened against the euro by a total of 1.08% in the first quarter, while the euro rose from HRK 7.60/ EUR at the end of 2000 to HRK 7.68/ EUR at the end of the first quarter of 2001. A slight appreciation of the kuna against the euro (the increase in the value) started in mid-March, so that the exchange rate of the euro decreased to HRK 7.35/ EUR by mid-May. On the whole, the exchange rate of the kuna strengthened against the euro by 3.26% in the first foru and a half months

Over the first quarter of the current year, the nominal exchange rate of the kuna weakened against the euro. The depreciation of the kuna against the euro was especially great in January (1.02%) and it was followed by a modest kuna depreci-

ation of 0.36% in February which also continued in the first half of March. This trend reversed in March and the kuna appreciated against the euro by 0.29% (end-March to end-February). In order to ease the depreciation of the kuna exchange rate, the central bank intervened on the foreign exchange market by selling EUR 45m at the auction held on January 25. The Janu-

Figure 33

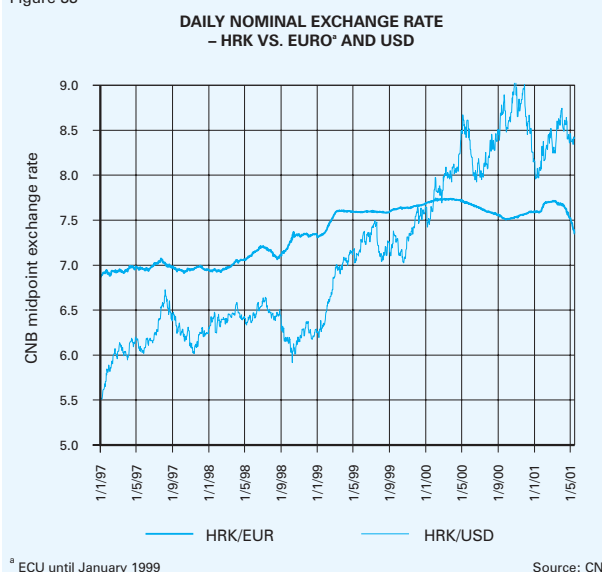
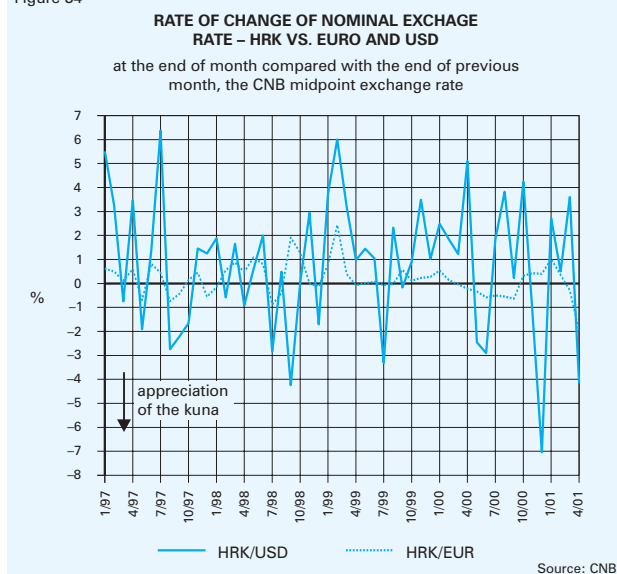


Figure 34



ary intervention was the largest one in the said quarter. After this, the CNB held the foreign currency auction once more on March 2, where it sold EUR 19.1m.

A slight depreciation of the kuna is customary for this time of the year, since a part of installments for the repayment of foreign credits falls due at the beginning of the year. In 2001, the additional pressure on the increased demand for foreign exchange was created by increased household kuna liquidity arising from further disbursements of insured deposits that started at the beginning of the year. This foreign exchange was kept within the banking system, which is also confirmed by the growth in foreign currency deposits. On the other hand, a significant foreign exchange inflow from the sale of government bonds on the Japanese capital market (a total of JPY 40bn) and the sale Eurobonds (a total of EUR 500m) was generated in the first quarter of 2001.

The exchange rate of the kuna against the euro strengthened by an additional 2.0% in April this year and this trend continued in the first half of May. In this month, the kuna appreciated by a further 2.34%. An additional increase in foreign exchange inflow in April was the consequence of Easter holidays, when export of tourist services and remittances from workers abroad resulted in increased foreign exchange inflow. Moreover, it is estimated that there has lately been an inflow of the part of the foreign currency cash held by citizens into the banking system, who would like to convert it into the euro without paying the fee.

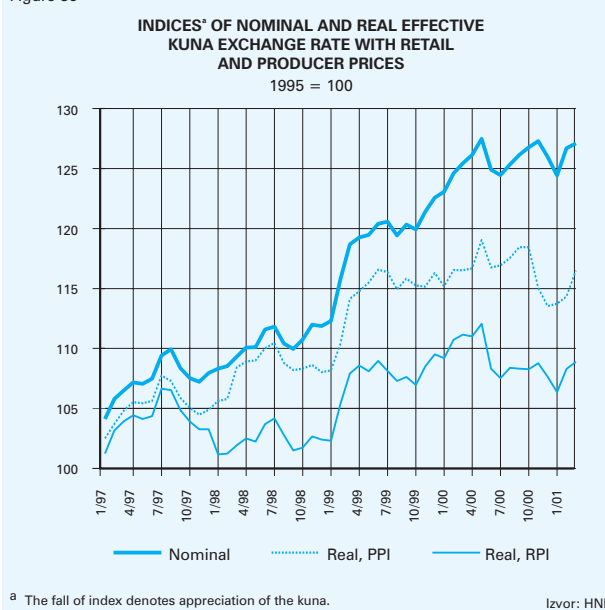
In an effort to preserve the stability of the kuna exchange rate, the central bank held three auctions from the end of April to mid-May, where it purchased a total of EUR 206.0m from banks (EUR 50.8m on April 26, EUR 51.3m on May 4, EUR 41.1m on May 14 and EUR 62.8m on May 21). The CNB also took additional measures aimed at reducing the supply of the foreign currency in the market and freeing the additional amount of kuna necessary for the continuation of banks' lending activities. Accordingly, it decided to extend the base for calculating foreign currency reserve requirement to the short-term foreign currency loans that banks take abroad, and

to reduce the reserve requirement rate from 23.5% to 22.0%. It should be noted that the central bank pursues the policy of the so-called managed float. By applying such an exchange rate mechanism, it strives to smooth possible extensive fluctuations in the exchange rate which is set in the foreign exchange market. It does not have pre-set highest and lowest intervention points (i.e. the highest and the lowest value of the exchange rate that it committed itself to defend).

As stated above, the nominal exchange rate of the kuna against the euro weakened by a total of 1.08% in the first quarter of the year, whereas it depreciated against the American dollar by 6.95%. At the same time, the kuna weakened against the British pound (by 2.13%), the Swiss franc (by 0.91%) and strengthened only against the Slovenian tolar (by a total of 0.28%). Such cross-currency development resulted in a 2.86% depreciation of the daily nominal effective exchange rate of the kuna in the first quarter of 2001 (end-March 2001 to end-December 2000). It should be noted that changes in this indicator are mostly influenced by the exchange rate of the kuna against the euro which accounts for 66.2% and the American dollar which accounts for 30.7% in the basket of currencies. The period between March and mid-May was marked by the strengthening of nominal exchange rate of the kuna against all currencies that are included in the calculation basket. On the whole, the index of the nominal effective exchange rate recorded in mid-May indicated a 1.36% appreciation of the kuna against the basket of currencies compared with end-2000. Expressed in nominal terms, the kuna strengthened against the euro by 3.26%, the Swiss franc by 3.78%, the British pound by 2.13%, the Slovenian tolar by 5.08% and weakened against the American dollar by 3.03% in the first four and a half months of 2001.

The real effective exchange rate of the kuna depreciated by 2.59% (with producer prices) and by 1.15% (with retail prices) in the first quarter of the year (March 2001 to December 2000). This was a result of a 0.90% depreciation of the average nominal effective exchange rate of the kuna and the slower in-

Figure 35



crease in prices in the country than abroad. In the first three months, retail prices grew by a total of 0.7% in Croatia, whereas consumer prices rose by 0.9% in the Eurozone and by 1.2% in the USA. The difference between changes in producer prices in the country and in partner countries was more pronounced in March compared with December. In the same period, producer prices fell by a total of 1.4% in Croatia, and rose by 0.3% in the Eurozone and by 0.2% in the USA. Developments in the real effective exchange rate of the kuna which appreciated by a total of 4.15% (with producer prices) and by 0.62% (with retail prices) in the last quarter of 2000 (December 2000 to September 2000) indicate that the price competitiveness of domestic exporters has improved in the first quarter of 2001.

Monetary Developments

Central Bank Operations

Monetary Environment

One of the key features of monetary developments in the first quarter of 2001 is the recovery of bank lending, financed mainly by the sustained growth of net foreign assets. In order to gain profit, banks altered their portfolio structure by replacing placements abroad with credits to domestic sectors. Together with a rising demand for cash, a good start of the tourist season and the optimistic outlook regarding its continuation, these developments created appreciation pressures on the exchange rate of the domestic currency. In addition to the rapid rise of prices early in the second quarter, this was the main issue monetary policy focused on.

The observed period was characterized by the continuation of high bank liquidity, achieved without much recourse to secondary liquidity sources. As a result of the introduction of structural changes, the new interbank payment system – the National Clearing System (NCS), was successfully put into operation. The legislative framework was strengthened by the adoption of the new Law on the Croatian National Bank. The Law defines the stability of prices as the primary objective of the central bank and stipulates the role of the CNB as fiscal agent to the government. The amendments to the Law on the Foreign Exchange System, Foreign Exchange Operations and Gold Transactions have also been accepted. These amendments are aimed at the liberalization of banks' foreign exchange operations, primarily with regard to legal persons. Data on the monetary or foreign exchange effects of these regulations are not yet available. Finally, the report on the compliance with the requirements contained in the stand-by arrangement concluded with the International Monetary Fund is to be compiled by the beginning of the second quarter. In this environment the central bank conducted its operations during the first quarter and the first half of the second quarter of this year.

The Reserve Money Formation Pattern

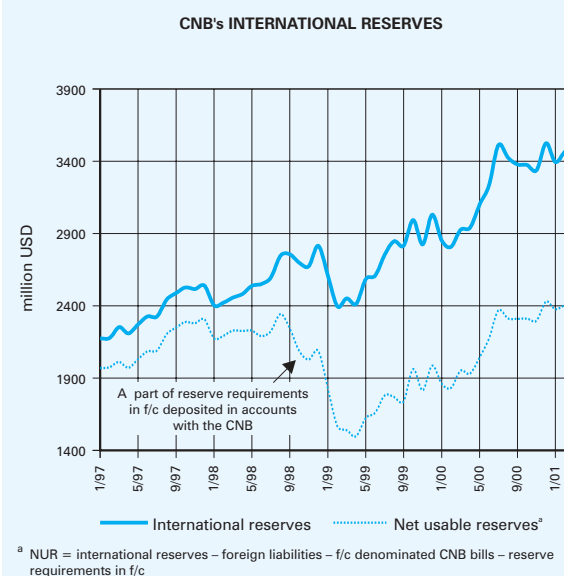
The developments in the first quarter differed from those registered early in the second quarter. Accordingly, the re-

sponse of monetary authorities was also different. However, in both quarters the central bank's transactions were mainly conducted in foreign currency, while kuna instruments were less in use. Domestic currency slightly depreciated during the first quarter, following usual seasonal trends. The central bank reacted by holding the first foreign currency auction, on 25 January, when EUR 45m was sold and HRK 0.34bn withdrawn. Another auction was held at mid March, on account of a liquidity surplus continually present in the system. Only EUR 19.1m was sold and a modest HRK 0.15bn withdrawn. This was due to the fact that the central government sold EUR 75m to the central bank, derived from the placement of Eurobonds issued on 14 March, just before the mentioned auction, as planned for the first quarter. The created amount of HRK 0.58bn, having improved the central government giro account balance, came into circulation and gave additional boost to already high kuna liquidity. Besides, in this period banks' treasury bills subscription exceeded the subscription for CNB bills, so that such a large-scale foreign currency operation was difficult to sterilize. Therefore, the central bank decided to hold the already mentioned second auction, but it had a limited effect. Banks had already started to "safeguard" kuna, which was to become a more common trend in the following months. Trading with the central government, the Croatian National Bank purchased a total of EUR 100m. The first purchase made by the central bank, amounting to EUR 25m, followed the JPY 25bn (USD 200m) issue of Samurai bonds on 23 February, producing a positive monetary effect of HRK 0.2bn.

In the first quarter the central bank increased its international reserves and incurred monetary liabilities by purchasing foreign currency from the Ministry of Finance. On the other hand, the international reserves were reduced; i.e. currency withdrawn, by the sale of foreign currency in the interbank market. As the result of all foreign currency transactions, the international reserves increased, standing at almost USD 3.7bn at the end of May.

The trends that were going to dominate the second quarter

Figure 36



and make a sharp distinction between this year and the previous ones, started early in March. It was clearly evident that the exchange rate appreciated, the currency grew and bank lending to the private sector increased. Monetary policy measures were implemented accordingly.

The household demand for currency started to grow by the end of the first quarter, on a larger scale than anticipated and preceding its common seasonal growth. A high level of currency in circulation was maintained in April in May. These developments of the currency in circulation were compatible with basic economic trends, trade and tourism increase, as well as the growth of personal consumption, which was the main contributor to GDP growth this year. Seasonal peaks, the Easter and the four-day May Day holiday, further accelerated currency growth. The increase in the currency in circulation is usually accompanied by the decrease in the settlement accounts balances. After 1 May, the pressures already existing in the system built up on account of the tourist pre-season, which resulted in a slight interest rate increase and reduction in the volume of trade in the money market. Despite this, bank liquidity was not seriously threatened. Nevertheless, the central bank held repo auctions and, in order to relieve the pressures on the exchange rate, four foreign currency auctions, purchasing a total of EUR 216m and creating additional HRK 1.53bn.

Banks' reserves grew rapidly, on account of a considerable increase in the banks' deposit base. In addition, high levels of liquid assets and assets used for maintaining reserve requirements were recorded in banks' giro accounts (settlement accounts). The use of secondary liquidity sources was reduced to a minimum.

The central bank intervened by repo auctions to keep up with short-term fluctuations in the demand for kuna and the attempts at the improvement of the banking system liquidity. Due to the holidays, CNB bills were repurchased at four auctions in April (in the amount of HRK 0.24bn on 11 April, HRK 0.54bn on 13 April, HRK 0.46bn on 18 April and HRK 0.38bn on 27 April). The repurchase of CNB bills, organized by the central bank just before the end of 2000, was finalized in the first week of 2001. The amount of repurchased CNB bills was HRK 0.3bn.

Lombard loans were used more extensively only in the period following the introduction of the NCS, as banks wanted to make sure the funds in their accounts were sufficient for the efficient conduct of payment operations. During the four days immediately preceding and following the introduction of the NCS, banks made more use of Lombard loans granted by the CNB, in order to secure enough funds in their accounts in the NCS and in the Croatian Large Value Payment System (CLVPS). In the month following the introduction of the new payment system, the central bank included the Lombard loan facility at each bank's disposal into its limit (settlement account cover) in the NCS. As banks became more accustomed to the functioning of the new payment system, the demand for Lombard loans diminished, since there were sufficient funds in the system. At the same time, banks' transactions were facilitated by the introduction of the NCS. Neither short-term liquidity loans nor intervention loans were utilized in the first quarter. Intervention loans were abolished after the introduction of the NCS, as they

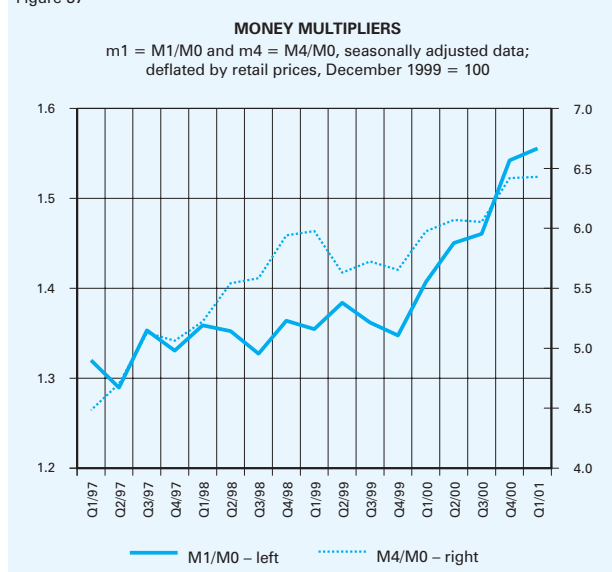
existed only because of the specific characteristics of the former payment system. Within that system banks were not informed of the net balances in their giro accounts (settlement accounts) until the end of the day. Negative balances had to be immediately covered by overnight borrowings in the money market or by intervention loans granted by CNB that had to be repaid the next day. In the new payment system operating through the National Clearing System there is no longer a need for intervention loans.

The Reserve Money and Other Liabilities of the Central Bank

The reserve money increased sharply in the first four months of this year, surpassing HRK 12bn at the end of April. This increase is even more significant if compared with the same period last year, when the reserve money decreased by HRK 0.7bn in nominal terms, coming down from HRK 10.3bn at the end of 1999 to HRK 9.5bn. If seasonal influences are excluded, the average monthly growth rate trend of the deflated reserve money was 1.38% in the first quarter of this year, as opposed to only 0.09% last year. What makes this growth more significant is the fact that it exceeded the estimates related to the reserve money growth contained in the Memorandum of Economic and Financial Policies (MEFP), drawn up for the stand-by arrangement with the International Monetary Fund. This leads to the conclusion that monetary developments in the beginning of this year were more dynamic than expected. In the VIII Annex to the Memorandum, entitled "Limits on the Cumulative Increases in the Net Domestic Assets of the Croatian National Bank", net domestic assets of the CNB are defined as the difference between the reserve money and net usable international reserves of the CNB. Accordingly, the reserve money amounts are defined for the end of each reporting month (the last one in each quarter).

The money multiplier increased from an average 1.3 to 1.5 over the previous year. Since the end of 2000, it remained at the same level, with small seasonal oscillations. Seasonally adjusted data even indicate a slight increase in the multiplier dur-

Figure 37



ing the first quarter of this year. Monetary policy became firmer, i.e. one created kuna of the reserve money, which is the aggregate directly controlled by the central bank, results in the 1.5 kuna increase in the money supply. This brings the multiplier level close to the levels of multipliers in developed countries.

Within the reserve money, the balances of banks' settle-

ment accounts at the central bank were a proof that kuna liquidity was exceptionally high in the whole observed period, except in the short periods of time around the two holidays. The average balances of these accounts in the first four months in 2001, exceeded HRK 1.2bn, compared to the same period last year, when it stood at HRK 0.3bn. This means that the permanent appreciation of the exchange rate should not be attributed to the lack of kuna liquidity, but to banks' opting for the improvement of their liquid kuna portfolios. By mid second quarter, when the appreciation reached the highest peak, the balances in the settlement accounts surpassed HRK 2bn, which revealed banks' expectations regarding further developments in the kuna exchange rate. Parallel to this was also a considerable demand for currency in the private sector, so that the currency in circulation outstripped HRK 7bn in mid second quarter. In addition to the already mentioned purchase of foreign currency, the central bank was again prompted to intervene, this time altering the reserve requirement instrument. Its intervention was twofold. The liquidity of kuna, which was obviously in high demand, was improved, while a portion of foreign currency was withdrawn, which produced a countercyclical effect on the exchange rate pressures.

Reserve requirements remained the essential monetary instrument for the regulation of liquidity. Reserve requirements allocated in a special account with the CNB substantially decreased late in 2000 after the overall reserve requirement rate had been reduced from 28.5% to 26.5%. This downward trend was continued in the first quarter of this year. The decrease in allocated reserve requirements, with the permanent expansion of their base and the unified rate, resulted from the changes in the allocation of banks' portfolios. Banks lifted the balances in their settlement accounts used for maintaining reserve requirements, concurrently decreasing the balances in allocated reserve requirement accounts. This is an indication that banks began taking a more active role in managing their liquid portfolios, generally expressing a strong preference to the liquid kuna portfolio. As early as by the end of the first quarter, the ratio between the allocated and maintained reserve requirements was 70:30, which was a considerable improvement if compared with the 90:10 ratio recorded in the previous years. This resulted from the fact that banks become more active in managing their liquid assets, on account of the introduction of the new payment system, which made it easier to get an insight into banks' liquidity, as well as improved bank lending. It was also effected by the central bank's policy. Total reserve requirement funds are again remunerated, whether they are maintained in settlement accounts (giro accounts) or in a special allocation account. The central bank expanded the remuneration base and reduced the reserve requirement remuneration rate from 4.5% to 3.7%, so that banks' income remained unaffected. However, this provided an additional incentive for banks to keep a large portion of reserve requirements in settlement accounts. In this way, good liquidity management is encouraged and rewarded while the development of the money market is stimulated.

Early in the second quarter, a significant increase in the deposit base influenced total reserve requirements, including allocated reserve requirements, which started trending upwards

Box 3: The new Law on the Croatian National Bank

The new Law on the Croatian National Bank which regulates monetary policy in the Republic of Croatia in line with the standards in developed countries, especially countries of the European Union, was adopted by the Croatian Parliament in April 2001. Although the new Law stipulates the same duties and responsibilities of the CNB as the previous law, it has changed the institutional basis of monetary policy in Croatia.

Two major changes introduced by the new Law include the CNB's full autonomy and independence in the achievement of its clearly defined objectives. The primary objective of the CNB, against which its performance will be measured, is to achieve and maintain price stability. Without prejudice to its primary objective, the CNB is required to support the economic policy of the Republic of Croatia.

Under the new Law, the CNB enjoys full operational autonomy and independence. A standard in all market economies, this type of central bank independence makes impossible the misuse of monetary policy and long-term losses for society. It is a functional, institutional, personal and financial independence. Functional independence relates to a clearly defined objective and independence in the selection of measures and instruments of monetary instruments. Institutional independence implies independence of the CNB in its decision-making. Personal independence implies independence of the CNB officials in the exercise of their duties and absence of any conflict of interest on their part. Criteria for the appointment to and removal from office of the Governor and Council members are also precisely defined. And lastly, financial independence implies that income and expenditures determine the monetary and foreign exchange policy and not vice versa.

In addition to granting full independence to the CNB, the new Law also provides that the CNB is liable for the achievement of its objective, as defined under the Law. The Croatian Parliament may remove from office the CNB management members if it establishes that due to serious misconduct in the exercise of their office, there are permanent and significant departures from the CNB's primary objective.

Under the law, the CNB is responsible for establishing and implementing monetary and foreign exchange policies, holding and managing the international reserves of the Republic of Croatia, and issuing banknotes and coins. The CNB is also responsible for issuing and revoking licenses for banks, for bank regulation and supervision. The CNB also decides on issues related to the regulation, improvement and supervision of the payment system and it also performs operations on behalf of the Republic of Croatia, as provided by law.

The new Law provides that, in addition to reporting to the Croatian Parliament, the CNB should disclose information on its business to the public. In particular, the CNB may, on an annual basis, publish data on the implementation of its monetary policy which includes a review and assessment of monetary policy in the previous year and a description of and explanation of the reasons for the monetary policy to be pursued in the next year. In addition, the law provides that the CNB should regularly and in good time inform the public of its analyses of macroeconomic developments and developments in the financial and monetary system. The quarterly report is intended for this particular type of reporting.

again, while the determined allocation percentage remained the same.

The reserve requirement calculation base was permanently extended both in case of foreign currency and kuna reserve requirements. In the period from January to April, allocated reserve requirements increased by about HRK 1.34bn, which could be accounted for by a significant rise in foreign currency sources, which reached HRK 54.8bn by the end of April. As opposed to kuna reserve requirements, banks have maintained an average of 52% of their foreign currency reserve requirements in the accounts with the central bank (the prescribed minimum is 40%). The remaining amount has been deposited with foreign banks or invested into CNB bills.

The provisions of the amended Decision on Reserve Requirements will become operative in two stages, on 8 June and on 8 July. The Decision is intended to provide for the unification of the reserve requirement calculation base by including received foreign currency loans and reducing the reserve requirement rate by one and a half percentage point, from 23.5% to 22%. The outcome will be the following: about HRK 0.3bn will be freed up so that it will be easier for banks to meet the demand for kuna during the summer seasonal peak, avoiding further pressures on the exchange rate. Total foreign currency reserve requirements will increase to the equivalent of HRK 2.4bn. Out of this amount 1bn will represent the increase in allocated reserve requirements accounts, while the remaining amount will represent the increase in the maintained liquid foreign currency claims (foreign currency CNB bills and deposits with foreign banks). This is expected to lead to the stabilization of the exchange rate, as there are neither fundamental nor monetary reasons for the further appreciation of the kuna exchange rate.

This year again CNB bills were an efficient monetary instrument, used for the management of the money supply and the control of the money market liquidity. In the period from January to the end of April, high levels of subscribed CNB bills were recorded compared with 2000, even though the CNB bills rate of change in the first quarter of 2001 was -9.9%. Although the yield achieved at auctions was lower and CNB bills less volatile, the amounts of CNB bills banks purchased were still high. This could be explained by the liquidity surplus and still uncertain investments into the real sector. There was a slight decline in subscribed CNB bills by the end of April. This was brought about by the fact that the frequency of auctions held in the primary market changed. CNB bills had previously been auctioned every Wednesday. From May on, the auctions were held monthly. Although the changeover was gradual and additional auctions were held to alleviate and modify the transition to new terms, the subscription of CNB bills slightly decreased. Previous CNB bills maturity terms of 35, 91 and 182 days changed into 35, 70 and 105 days. This was the first step towards a stricter regulation of the primary short-term securities market and correction of certain irregularities. These changes gave importance to treasury bills, making short term financing in the domestic market easier for the central government. The maturity of both instruments used to coincide, diminishing their efficiency. At this moment they are better adjusted. CNB bills are supposed to account for the short-term segment of the

yield curve and treasury bills for longer maturities. Further adjustment of the central bank and Ministry of Finance securities is to be expected. The aim of this process is to facilitate the implementation of monetary policy by using only one risk-free security in the financial market.

The analysis of subscribed foreign currency CNB bills showed that their trend was equal to the kuna CNB bills trend, but that their absolute levels were lower.

High liquidity affected interest rate trends in the money market. Compared with the previous year, interest rates were considerably lower, with the exception of temporary increases during holidays. The central bank contributed to the fall of interest rates in the financial market by reducing the interest rates charged on Lombard loans from 12% to 9.5% in February 2001.

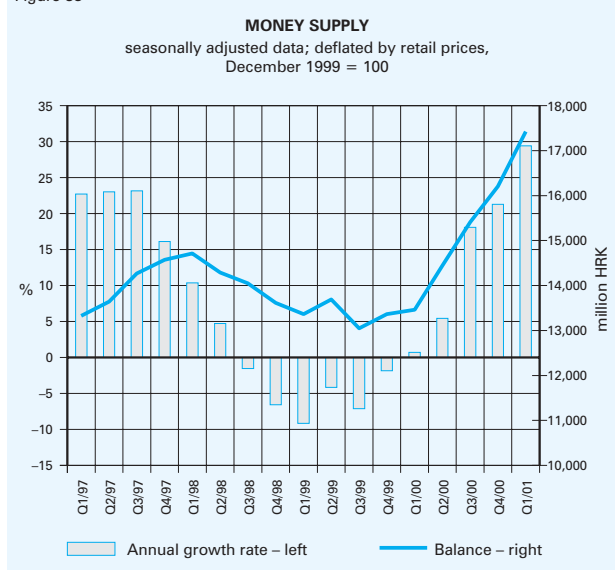
In addition to improved kuna and foreign currency liquidity of banks over the first and early in the second quarter, the considerable increase in the central government deposits with the central bank should also be pointed out. The average balance of the government giro account (the latest data was available as of 18 May) totaled a high HRK 1.2bn in comparison with HRK 0.5bn in the same period last year. Occasional peaks of HRK 2bn were not unusual. Central government deposited foreign currency generated by the sale of bonds in international markets with the central bank. This transaction for the second time formed the government foreign currency deposit to the amount of HRK 0.7bn. Included into total deposits of the central government with the banking system, this deposit improved the banking system net claims on the central government. Only the deposits of the government administration bodies had been held with the central bank up to now, while the government used to deposit foreign currency with deposit money banks. The government will spend foreign currency in accordance with the seasonal dynamics and the increased inflow in the first quarter will be utilized for settling the liabilities in forthcoming periods.

Developments in Monetary and Credit Aggregates

The growth tendency of most monetary indicators from last year accelerated additionally in the first quarter of 2001. After a two-year decline and a stagnation in the second half of 2000, there was an encouraging increase in corporate lending in the same period.

The growth trend of money (M1) was steeper in the first quarter of 2001 than in the previous year. The annual growth rate of seasonally adjusted real value of M1 at the end of March amounted to 27.9%, while the average monthly growth rate trend for M1 in the first quarter amounted to 2.5% (the monthly growth rate trend for M1 in the last two quarters of last year amounted to 2.1% and 1.6%). In nominal terms, M1, which stood at HRK 17.4bn at the end of March, shows a high annual growth of 37.3%. The exceptionally dynamic growth in money supply is closely correlated with increased credit activity, necessary to boost production and GDP. It is likely that on the annual level the growth rates of monetary aggregates will return to more moderate levels. After a seasonally induced fall in January and stagnation in February, money supply grew

Figure 38



faster in March this year, which in previous years typically took place somewhat later, most usually in April. Developments which characterized money supply in the first quarter were mostly due to the currency's accelerated growth, while demand deposits, as the main generators of M1 growth last year, grew at a slower pace. Both components, however, decreased in nominal terms, compared with end December, which is a development usual for the first quarter.

Currency's growth tendency accelerated significantly in the first quarter of 2001, compared with 2000. It is worth noting that its last year's growth was a reflection of the 1998 and 1999 crisis, a good tourist season in the summer months, and a general increase in retail trade turnover last year. In the first quarter of 2001, the monthly growth rate trend in real terms amounted to 1.9% compared with 0.7% in 2000. At the end of March, currency amounted to HRK 6.4bn in nominal terms, which is a 27% increase compared with the same month last year.

At the same time, there was a mild slowdown in the growth of demand deposits, which had been the main generator of the growth in money supply last year, although it also shows a growth trend. Household demand deposits continued their accelerated growth, in contrast with a decline in the growth of corporate demand deposits. The monthly growth rate trend for corporate demand deposits in real terms stood at 1.2% in the first quarter, which is the third consecutive quarter of slowdown in the corporate demand deposits' growth rate trend. Final payment of the government arrears, which marked the first half of 2000 and led to increased corporate and banking system liquidity, may account for these developments.

In 2001, foreign exchange deposits continued their strong growth from the beginning of last year. The monthly growth rate trend for foreign exchange deposits in real terms was 1.5% in the first quarter of 2001. The total (nominal) growth in foreign exchange deposits was HRK 3.8bn, which is an increase of 8.1% compared with the end of last year. The growth in deposits points to recovered confidence on the part of citizens in domestic banks. Deposits growth rate is mainly determined by household deposits (8.4%), which make up approximately

90% of the total foreign exchange deposits. In the same period, corporate deposits, with a 10% share in total deposits, grew much more slowly (4.4%).

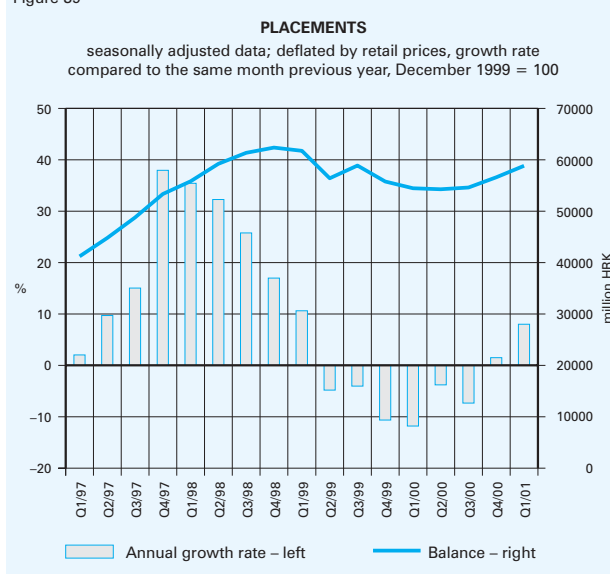
The growth in foreign exchange deposits was also caused by disbursements of insured deposits amounting to HRK 2.3bn, which started at the end of December. However, payment of insured deposits can account for only a share of growth in foreign exchange deposits at the end of December and in January. In the last 10 days of December, household foreign exchange deposits increased by HRK 1.2bn and in January they increased by HRK 2.1bn. Data for February and March, the months in which total foreign exchange deposits increased by HRK 0.7bn and HRK 1.1bn, respectively, point to a continued autonomous growth trend of foreign exchange deposits.

With regard to the total deposits structure, the share of foreign exchange deposits was 85% and the share of kuna deposits was 15%. While foreign exchange deposits in the first quarter continued to grow at the last year's rate, the kuna deposits' growth accelerated. Thus, the monthly growth rate trend for kuna deposits in real terms was 4.7%. The total growth in kuna deposits in nominal terms in the first quarter was HRK 1.2bn, which is an increase of 14.8%. Their growth can largely be explained by the growth in corporate kuna deposits, which increased by 30% in the first quarter (total corporate deposits were HRK 3.9bn), while household kuna deposits increased by 11% in the same period and totaled HRK 3.5bn.

Increased bank placements, i.e. domestic credit expansion to other sectors marked the first quarter of 2001. Problems in the banking sector in 1998 led to a decrease in domestic credit in real terms which did not stabilize until mid 2000, when it started to increase mildly in the fourth quarter. By contrast, domestic credit growth trend in real terms in the first quarter of 2001 was 2%. Domestic credit in the first quarter increased by HRK 3.9bn or by 6.3% in nominal terms, compared with HRK 5.0bn or 8.9% in the whole of 2000.

With regard to distribution of domestic credit by sectors, a positive change is an increase in corporate lending. The corporate sector, as the one most heavily affected by the banking cri-

Figure 39



sis, had been granted lower credit amounts than those falling due, with the result that total credits to the corporate sector decreased. Banks explained their smaller corporate lending by the absence of good quality projects and by the absence of legislation which provides legal security with regard to collection of their credit claims. Instead, they focused their credit activities on the "more reliable" household sector. As a result, the share of corporate lending in total credits fell from 65% at the end of 1998 to 54% in March 2001, while household lending increased from 31% to 40%.

Corporate lending in kuna in the first quarter grew by 9.5%, compared with 7.9% in kuna household lending. Credit growth has been accelerating continually for the past few months. These developments point to economic recovery, and these credit activities are expected to continue in the next

months.

Banks' claims on the central government were very dynamic in the first quarter, although their total claims on the central government at the end of March returned to their end December level, so that their overall effect on the net banking system/central government relations was neutral, with only a slight decrease in net central government borrowing from deposit money banks. In line with the usual seasonal dynamics, the government revenue in January was below average and was bridged by short-term borrowing. As government borrowing from the central bank is no longer possible, the government had to turn to other sources of funding. The government's foreign borrowing in the first quarter was below the plan, so the government turned to domestic sources, especially to the highly liquid banking system.

Box 4: Memorandum of Economic and Financial Policies

The Croatian government, in close collaboration with the Croatian National Bank, and within the framework of the Memorandum of Economic and Financial Policies (MEFP) attached to the stand-by arrangement with the International Monetary Fund, has prepared an economic program for the period 2001-03 that is centered on fiscal adjustment, wage discipline and structural reforms in the context of continued exchange rate stability. The main medium-term goals of the economic program are to increase employment and the standard of living of the Croatian population and to maintain economic stability at the same time. To support the implementation of the program in its first year, the government of Croatia concluded a stand-by arrangement with the IMF in an amount of SDR 200m, or 54.78% of its quota.

Although the Croatian government can use the funds available under the arrangement till April 30, 2002, in view of Croatia's comfortable international reserves position and its easy access to international capital markets, the Croatian authorities have clearly indicated that they do not intend to make the purchases available under the arrangement. The arrangement with the IMF was concluded primarily to support the Croatian authorities' implementation of structural reforms, which would improve the credit rating of the Republic of Croatia and give a signal to foreign investors that Croatian authorities do not intend to depart from the projected program. As soon as it became certain that the arrangement would be concluded, the government increased its external debt in the first quarter of the year, and inflows from two bond issues surpass budgetary needs in the first half of the year. A part of these inflows is deposited with the CNB and will be used in the second part of the year.

In accordance with customary IMF practices, it was agreed that the program implementation will be monitored through quantitative performance criteria and indicative targets in the monetary, fiscal, and external sectors. In this regard, the MEFP sets prior actions, quantitative and structural performance criteria for end-March and end-June 2001, and indicative targets for the second half of 2001.

The centerpiece of the program is the reduction of government spending and a reduction of tax revenue and expenditure ratios in GDP. A reduction in government expenditures is monitored from various angles, and the greater part of quantitative performance criteria relates to the monitoring of the projected pace of government expenditure reduction. Prior actions set in the MEFP establish a restrained wage policy in the government sector as the basis for attaining a reduction in the consolidated central government deficit.

Prior actions contained in the MEFP relate to the startup of the Treasury system and channeling of all but routine central budget expenditures through the treasury single account. The MEFP also requires the

implementation of the government's wage policy for the budgetary sphere, establishment of the basic wage in the budgetary and the nonbudget public sector and of wages of higher public officials, elimination of vacation, Christmas and child bonuses, and all other allowances not mandated by law. Prior actions also include demands to complete the payout of all insured deposits in failed banks, and to repeal car import privileges for war veterans.

Quantitative performance criteria primarily relate to limits on the consolidated central government debt. Under the MEFP, fiscal debt is monitored by all its sources: domestic banks, external sector and private sector. The program thus contains: quarterly limits on the cumulative deficit of the consolidated central government, quarterly limits on the cumulative increase in the net credit of the banking system to the consolidated central government, and quarterly limits on arrears of the consolidated central government.

In addition to limits on direct central government debt, the MEFP sets limits on central government guaranteed debt (i.e. quarterly ceilings on the contracting and guaranteeing of nonconcessional external debt and quarterly ceilings on the stock of short-term external debt).

Since quantitative performance criteria aim at restricting total government spending, apart from the consolidated central government, they also include other sources of increases in public spending. In this regard, the MEFP sets limits on net domestic bank borrowing by 10 large public enterprises.

Other quantitative performance criteria are quarterly floors under the net usable international reserves of the CNB and quarterly limits on the cumulative change of the net domestic assets of the CNB.

It was agreed that the program implementation will also be monitored through two structural performance criteria, the customary performance clauses, and two structural benchmarks.

Structural performance criteria include the enactment of the government's decree on salary coefficients for individual posts, which would replace existing ministry-specific coefficients, the wage bill cut, the announcement of staff reduction plans, and the beginning of employment reduction in the budgetary sphere.

The objectives of customary performance clauses are to prevent creation of new payment arrears, and to prevent the introduction of new, or intensification of existing, external payment restrictions.

Structural benchmarks oblige the Croatian government to take all steps necessary to bring at least 20% of Croatian Telecom's shares to the point of sale, and to make progress in restructuring and privatizing of the electricity (HEP) and oil and gas (INA) companies.

Under the MEFP, the Croatian authorities are also obliged to notify the Fund on the progress being made in implementing the economic program, and to consult with the Fund in advance of any revisions to the policies covered by the MEFP, as well as on any additional measures that may be needed to achieve the program objectives.

Government borrowing included direct borrowing from banks in the form of credits but it also largely included increased treasury bill issues. Credits to government increased in January, but returned to their end December level till the end of March. Treasury bill issues increased in the first quarter by 60% and amounted to HRK 4.4bn at the end of March. This can be accounted for by the good liquidity of the banking system which readily invested in government securities. According to the Ministry of Finance data, deposit money banks purchased 87.8% of the total amount of treasury bills issued. At the end of March, banks held HRK 3.4bn in treasury bills, which is an increase of 77% compared with end 2000. In April, subscriptions of treasury bills stabilized and discontinued their earlier robust growth. Banks' increased purchases of treasury bills enlarged their net claims on the central government in the same way as their increased credits to the government. However, simultaneous with the increase in the banks' claims on the government, there was an increase in the government's de-

posits with the banks, partly due to inflows from foreign bonds, which led to the stagnation in net relations between the banks and the central government. In the first quarter government deposits increased by 8.8% and stood at HRK 8.6bn at the end of March.

The net foreign assets of the banking system continued to grow, although at a slower pace than last year when they increased by a high 75.4%, in nominal terms. Increasing foreign exchange deposits continued to be the main generator of growth in net foreign assets. Deposit money banks are obligated, on the basis of their foreign exchange deposits, to set aside required reserves in foreign exchange, of which one part is allocated to the required reserves account with the CNB while the other part of this requirement is met by deposits in the deposit money bank's account abroad. The funds set aside with the CNB are also deposited abroad. Thus, an increase in foreign exchange reserves directly increases the banks' and the CNB's net foreign assets. With subscriptions of foreign ex-

Box 5: National Clearing System

National Clearing System (NCS), a new interbank payment system, began to operate on February 5 this year. Along with the Croatian Large Value Payments System (CLVPS), interbank payment system for depository institutions (banks and savings banks) and the central bank, which was established two years earlier in the Croatian National Bank – April 6, 1999 – it represents an overall infrastructure (technical and technological), and provides a support in the implementation of domestic payment system reform in Croatia.

In 1995, the CNB Council adopted the basic tenets of the new national payment system, which included: the establishment of a new infrastructure for the payment system, transfer of payment transaction accounts of depository institutions and the central government from the Institute for Payment Transactions (IPT) to the CNB, as well as transfer of payment transaction accounts of legal and natural persons from the IPT to banks.

The goals of the new national payment system were the following: improved liquidity management of banks and their clients and liquidity of the overall banking and financial system; full implementation of a double coverage mechanism and minimization of systemic risk in the payment system; abolition of payment system monopoly and price reduction for payment transaction services; establishment of the up to date payment system, based on the EMU payment system recommendations and compatible with the systems in the developed countries.

The first and basic step in the implementation of the payment system reform was the introduction of the CLVPS, a system for interbank payments and recording in the banks' and savings banks' settlement accounts held with the CNB in real time and on gross basis. Payments through the CLVPS completely suspend systemic risk of making payments. Payments are made only if a payer bank has available funds in its accounts.

At the beginning of this year, the introduction of the NCS followed, a system for interbank payments – "small value payments", i.e. all payments that are not made through the CLVPS.

The payment system was designed and partly realized at three levels. The first level is within an individual deposit money bank, which performs payments and settlement among its clients – depositors. The second level encompasses clearing through the NCS, where banks mutually settle payments of their clients who are depositors of other banks. Banks and savings banks are direct participants in clearings through the NCS, although the IPT can also submit payment transactions to the NCS (at present, the payment system operates in this manner). The CNB is an

NCS participant as well; other participants can include: institutions that act as intermediaries in performing payment transactions, institutions performing payment transactions in the name and for the account of a bank/savings bank, as well as a participant who, based on a special authorization given by a direct participant, sends over payment transactions for clearing to the NCS. The CLVPS represents the third level.

Clearing among depository institutions that are direct participants in the NCS is performed through their clearing accounts. The main characteristic of the depository institution's clearing account in the NCS is a zero balance at the end of the work day and a limit set in this clearing account for the following work day. The clearing account limit is approved and set by the depository institution itself, and the amount of the approved limit represents the cover in the clearing account for performing payment transactions within the NCS. The primary purpose of the limit is to guarantee the performance of payment transactions and protect the overall system from risk.

In this context, at the beginning of the NCS operation, banks were allowed to calculate in the limit a total available amount of Lombard credits that can be utilized. This secondary source of liquidity was included in the depository institution's potential within the NCS, in order to assure the initial smooth operation of the system, irrespective of a possible imprecise liquidity assessment by an individual depository institution. In March, this option was suspended.

There are three clearing cycles within the CNB, during which orders are received. At the end of the cycle, provided that a total sum of orders is within an individual bank's limit, settlement is performed on a net multilateral basis. At the end of the day the depository institution's clearing account is settled with its settlement account in the CLVPS and the depository institution's final balance in the settlement account (giro account) with the CNB is formed.

Performance of payment transactions across legal persons' accounts by banks, will be the final stage of the payment system reform (along with the regulation of payment transactions across the government accounts). For this purpose, appropriate bylaws were adopted, including the establishment of the Unified Register of Business Entities' Accounts. This final step requires the enactment of the new National Payment System Law. In the meantime, 11 banks submitted the application to the CNB for performing payment transactions for their clients. Only when the payment system for legal persons falls within the authority of banks for real (payment transactions for natural persons have already been performed by banks), will end users and economic entities experience a significant improvement in the payment system.

change CNB bills added, the CNB's net foreign assets totaled HRK 30.7bn in the first quarter, which is an increase of 6.6%. Due to a simultaneous decrease in the CNB's foreign exchange liabilities, net foreign assets of the CNB grew by 7.2% in the first quarter this year.

Due to their increasing domestic sector orientation, which can also be evidenced by the growing domestic credit, deposit money banks' foreign assets grew more slowly compared with last year when they increased by 59%. At the same time deposit money banks' foreign liabilities grew due to increased foreign borrowing which stagnated last year. This proves that domestic placements intensified at the expense of foreign placements. Deposit money banks' total net foreign assets in the first quarter increased by 3.6%.

These developments led to further growth in total liquid assets M4, which continued the growth that started in mid 1999. The monthly growth rate trend in real terms in the first quarter was 2.1%, compared with 1.6% last year.

Growth in M4 is mostly caused by an increase in net foreign assets, but also increasingly, in contrast with the previous years, by net domestic assets which grew nominally by 5.3% in the first quarter, compared with 10.1% in the whole of last year.

Preliminary data for April point to continued positive developments in the economy which can be seen in the further growth tendency of monetary and credit aggregates. In particular, this relates to further growth in credits to the non-banking sector and strong recovery of corporate demand deposits, after a somewhat weaker first quarter. Euro-denominated foreign exchange deposits continued to grow, although they are declining in kuna terms, due to the appreciation of the exchange rate. By contrast, banks' net foreign assets declined in April, both in terms of the kuna and the Euro. These developments are in line with the activities of deposit money banks, which are shifting away from foreign activities to domestic credit, which naturally causes an exchange rate appreciation. April developments prove that it will be primarily the net domestic assets of deposit money banks which will determine the future forming of total liquid assets M4.

Money Market

In the first four months of 2001, the money market, a predominantly interbank market, was characterized by a decrease in the total and overnight trading and an increase in daily trading, compared with the end of 2000. This was first followed by interest rates fall, and then in April, due to an increased demand before the Easter holidays, interest rate rise, which reached its peak in the days before the holiday.

The transactions on the money market fell from the average daily level (daily and overnight trading with and without the ZMM as intermediary) of HRK 212.7m (in December) to HRK 123.0m in April (in March they reached their minimum of only HRK 105m). High liquidity of the banking system in the past four months did not cause the trading on the money market to intensify (especially with regard to the secondary short-term securities trading). On the contrary, the trading decreased. On the positive side, however, the trading structure changed in favor of daily trading, which means that a larger share of trading is accounted for by placements with longer maturities, rather than the overnight trading. And this cannot be attributed only to a decrease in the overnight trading but also to an increase in the average volume of daily trading.

Daily trading in April reached HRK 40.6m on average, of which callable loans accounted for 82.6% which are usually several day placements, while the rest went to several days loans. Daily trading accounted for 33.0% of the total interbank trading (according to the ZMM data). Overnight trading commonly increases in periods of high demand for money, especially high household demand.

The average interest rates first decreased significantly in all areas of trading and then increased again with the oncoming holidays. Interest rates on the overnight market fell below 1%, while those on the daily market fell to almost 1.5%. Interest rates started to rise in mid-April. The average interest rate in daily trading rose to 5.0 in April (compared with 3.6% in March). On the overnight market, they rose to 2.6% (without

Figure 40

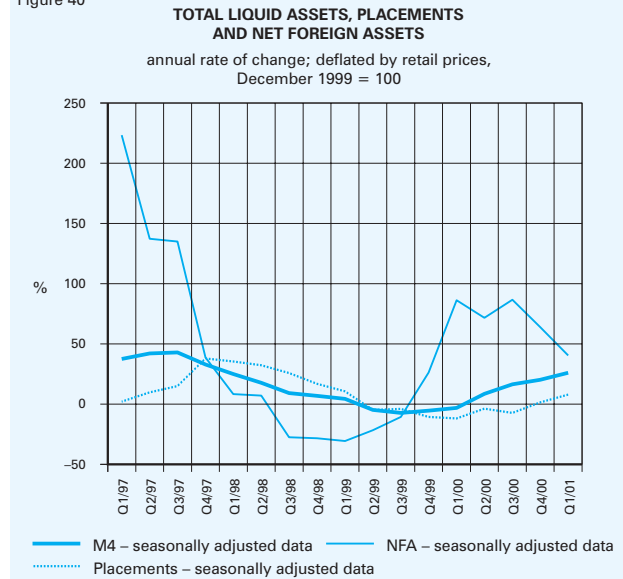
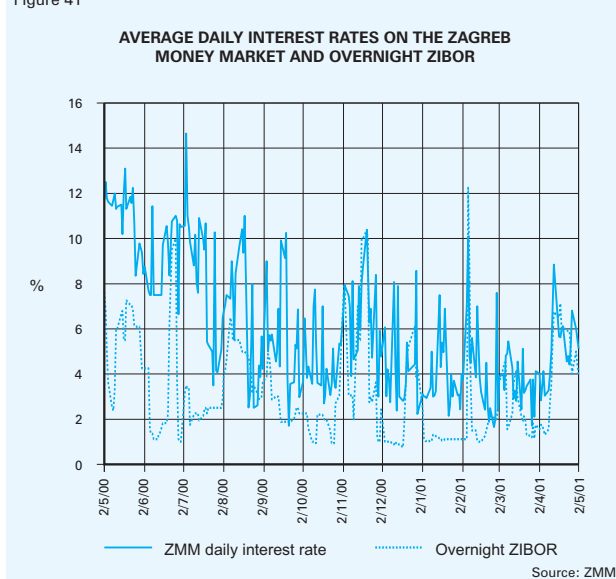


Figure 41



the ZMM as an intermediary), and 3.7% respectively (through the ZMM as an intermediary), which indicates that there are different trading rates for two different groups of banks. The first group comprises the ZIBOR group banks (the most active participants on the money market) which trade at lower interest rates for two reasons. Firstly, these banks enjoy mutual trust and secondly, they avoid the services of the ZMM in trading. The second group consists of banks which generally use the services of the ZMM which provides them with an insight into the situation on the money market.

Short-Term Securities Market

The subscriptions of kuna CNB bills (HRK 2.6bn), foreign exchange CNB bills (HRK 1.6bn) and the Ministry of Finance T-bills (HRK 4.3bn) at the end of April created a potential HRK 8.5bn secondary market. However, the value of secondary trading in these securities amounts to only about 5% of their worth. The holders of these securities, who are mostly (92%) banks and savings banks, do not readily trade in their portfolios for several reasons. Firstly, because the liquidity of the banking system is high. Secondly, because the spreads on primarily kuna securities, but also foreign exchange bills are high. The average interest rate on 35-day CNB bills in kuna was 6.4%, on 42-day T-bills 5.95% and on the shortest maturity, 63-day CNB bills in foreign exchange it was 4.53% (EUR) and 4.14% respectively (USD). By comparison, the average interest rate on short-term kuna credits in March was 5.8%. In addition, these placements are characterized by high security, and they may also, in cases of liquidity problems, serve as a basis for the central bank's instruments of monetary policy such as Lombard credits and the CNB bills repurchase agreements.

The Croatian National Bank has undertaken several measures to strengthen short-term secondary trading. In February 2001, it shortened subscription maturities of kuna CNB-bills from 35, 91 and 182 days to 35, 70 and 105 days. Furthermore, weekly CNB-bills auctions were replaced by monthly auctions. These changes were at first followed by a decrease in

the amount of subscribed kuna CNB bills from HRK 3.1bn to HRK 2.3bn and then by an increase. With regard to ownership structure, banks and savings banks dominate with almost 99% of the purchased amount.

The Ministry of Finance has not taken any such measures yet. Their T-bills continue to have the same maturities (42, 91, and 182 days) and their auctions continue to be held weekly. There was a sudden increase in T-bill purchases, reaching HRK 4.3bn at the end of April 2001. With regard to ownership structure, banks dominate with a share of 85%, which is a smaller share than their share in CNB bills subscriptions.

Interest rates on kuna CNB bills have been on the decrease for over a year now, and those on T-bills have been decreasing for approximately 11 months with the result that they are now almost halved. However, in view of their risk-free features, they still carry a very good spread. According to the last available data, interest rates on CNB bills ranged between 6.36% and 6.95%, depending on the maturity, while T-bills carried interest rates ranging between 5.95% and 7.30%, depending on the maturity.

Following a long period of growth, interest rates on EURO-denominated bills have been falling, with oscillations, in the last six months, while interest rates on USD-denominated bills have been falling for over one year and a half. As a result, interest rates on Euro-denominated bills are higher than those on USD-denominated bills, in contrast with the period when interest rates on USD-denominated bills were the highest and almost doubled (86%) those on EURO-denominated bills. Interest rates on foreign exchange CNB bills reflect interest rate developments on the international markets and monetary policies of the USA and the EMU. The shortest possible maturity for foreign exchange CNB bills is currently 63 days and their subscriptions are falling, mainly because of the high demand for kuna and strengthening of the exchange rate of the kuna.

Deposit Money Banks Interest Rates

Deposit money banks continued to decrease their interest rates. The fall in interest rates started at the beginning of 1996, with an interruption from spring 1998 to spring 1999, when they increased temporarily on account of difficulties in the banking system. At the end of the first quarter of this year the average credit interest rates fell below 10% (on newly-granted credits), and the average deposit rates also decreased significantly. The fall in interest rates can be explained by the high liquidity of the banking system, government debt reduction and strengthening of the competition, etc.

With regard to credit interest rates on newly-granted loans in March, the average interest rate on kuna credits without a currency clause which constituted 64.8% of the newly-granted loans, fell below 9%. 98% of these credits were short-term credits. Of these, 72% went to corporate loans at average 5.6% interest, and 23% went to household loans, of which 99% constituted current account overdraft facilities at a fixed, extremely high interest of 20.2%. The amount of newly-granted household credit lines at the same high interest continued to grow. This is why each change in weights, or each reduction in the

Figure 42

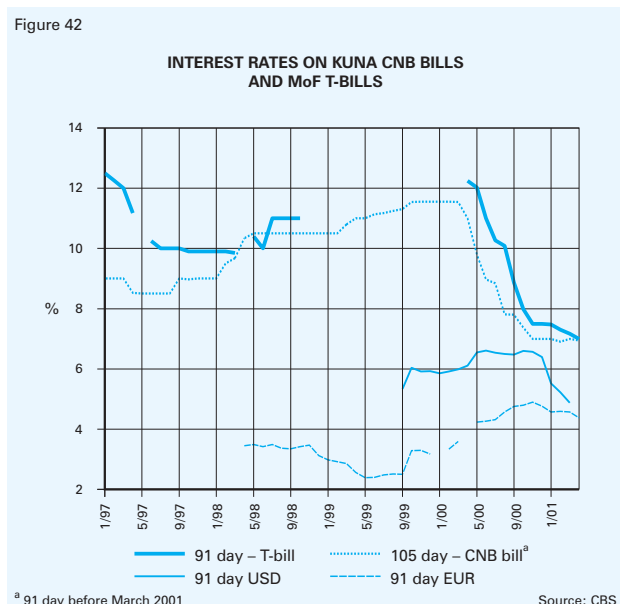
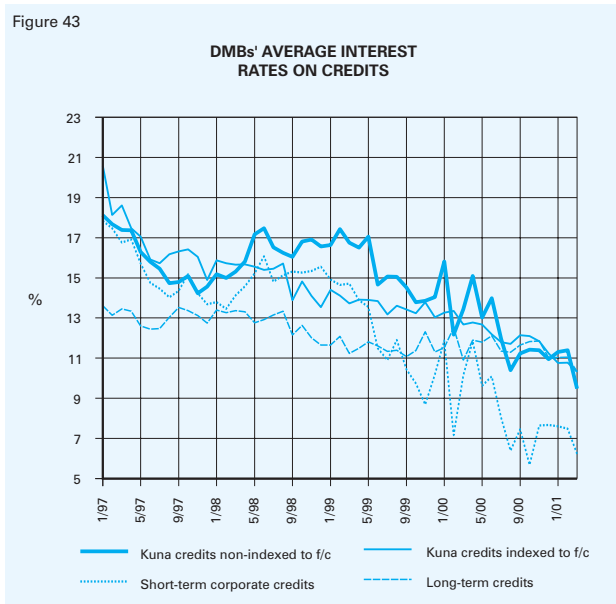


Figure 43



share of corporate loans whose interest rate decreased significantly in the past year (by almost 50%) causes an increase in the average credit interest rate.

The movements of long-term interest rates can explain the developments of the average interest rates on long-term kuna credits with a currency clause, which made up 31% of the total of newly-granted loans in March when this interest rate stood at 9.8%, which was a significant decrease in the light of the previous period of stagnation. Interest rates on long-term household loans were around 11.4%, and in terms of newly-granted loans they reached almost HRK 1bn in March.

A decrease in credit interest rates was followed by a decrease in deposit interest rates. The average interest rates on kuna and foreign exchange deposits fell well below 4%. The average interest rates on kuna time deposits stood at 7.1%,

Table 4: Comparison of Interest Rates in Selected Countries

	EMU	CZ	PL	HU	SI	SK	HR
	6/00	6/00	6/00	6/00	6/00	6/00	6/00
Credits	6.56	6.85	19.70	12.10	15.60	10.91	9.98
Time deposits	3.49	4.37	13.60	9.20	9.90	8.99	6.80
Inflation rate (CPI) ^a	2.40	4.10	10.20	9.10	12.20	15.40	7.00
	12/00	12/00	12/00	12/00	12/00	12/00	12/00
Credits	7.16	6.51	20.90	12.80	16.30	10.74	7.38
Time deposits	3.96	3.95	14.10	9.90	10.90	6.84	6.89
Inflation rate (CPI) ^a	2.60	3.90	8.50	10.10	10.60	8.40	7.40

^a year-on-year rate of change

Note: Data are taken from central banks' monthly publications and relate to short-term corporate credits and short-term household time deposits (up to 3 months), both in terms of respective domestic currencies.

while the interest rate on demand deposits was very low and stood at 1.6%.

With regard to foreign exchange deposits which make up 85% of all deposits, the average interest rate on time deposits was 4.3% and on sight deposits 0.9%.

Despite the constant deposit interest rates fall, newly received deposits in the first quarter of 2001 reached their highest values ever.

A considerably greater credit interest rates fall in absolute terms than the deposit interest rates fall (based on percentage points) caused the interest rates spread (difference between credit and deposit rates) to fall sharply. This trend will force banks to shift from interest income to some other type of income.

Though international comparisons of average deposit money banks' interest rates are extremely imprecise due to the absence of a single interest rates follow up methodology, they indicate that nominal and real interest rates are lower in Croatia than in other transition countries which can be explained by its lower inflation.

Figure 44

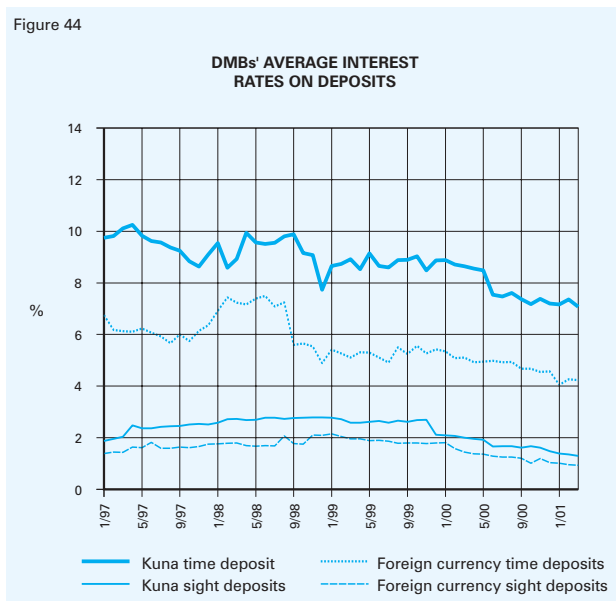
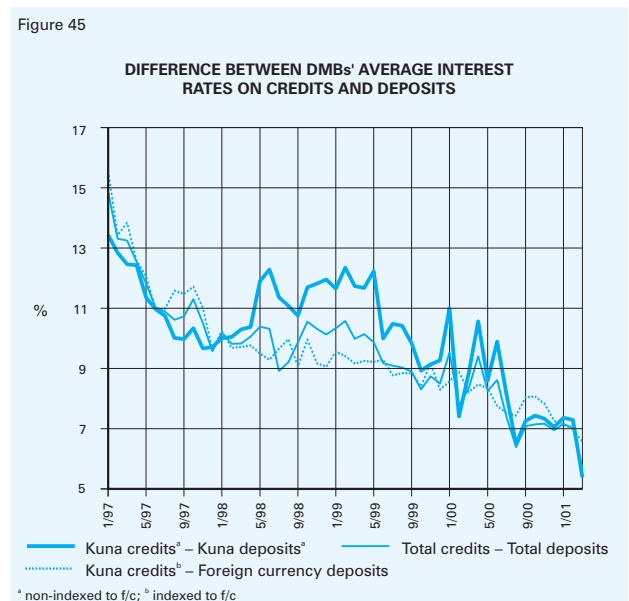


Figure 45



^a non-indexed to f/c; ^b indexed to f/c

Capital Market

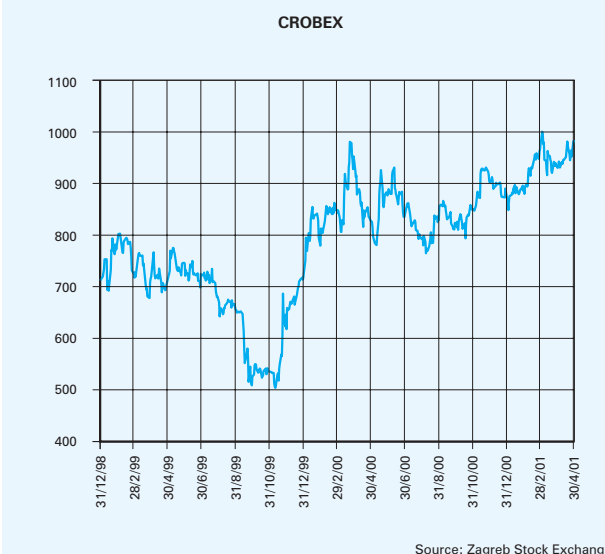
Domestic Market

Although lower than the record 1997, the volume of trade on the Zagreb Stock Exchange in 2000 reached almost HRK 2bn. However, the figures for the first four months of this year do not look so promising. The total volume of trade amounted to only HRK 366.3m and this includes trading in shares (HRK 248.7m), bonds (HRK 115.5m) and rights (portfolio of the Ministry of Public Works, Reconstruction and Construction, HRK 2.1m).

In addition to a decreased volume of trade, the number of shares in the highest quotation also declined (there were only four companies' shares left in Quotation 1) of which only three, which are always among the first five with regard to the volume of trade on the Zagreb Stock Exchange, were traded in a significant volume. The remaining 60 shares listed on the Zagreb Stock Exchange were in the lower quotation. Trading in shares was characterized by high concentration. Ten shares with the largest volume of trade account for around 95% of trading on the stock exchange. Trading in bonds has grown in importance this year. Three bonds were traded (one issued by the Croatian Institute for Health Insurance and two issued by the Bank Rehabilitation Agency) above their nominal values, primarily due to their high nominal spreads.

Market capitalization on the Zagreb Stock Exchange at the end of April was HRK 25bn (shares). However, the four shares with the largest market capitalization (70% of the total) accounted for the major share of this amount. For several years now, there have been no new stock market quotations, and market capitalization of the existing ones is low. To reverse this negative trend, companies need to be encouraged to get listed. This calls for better business transparency, a requirement many companies cannot meet.

Figure 46



The index trend, however, had a positive impact and naturally captured the increased value of market capitalization. At one moment it even rose above 1000 points (on March 5 it was 1000.4 points), an event not recorded since 1997. In the last few days, it has started rising again. Its average quarterly value was 920 points, while its April value was 981 points.

The volume of trade on the Varaždin Securities Market (OTC) was also not especially large in the first three months of this year (HRK 87m), but the April data (HRK 142.0m) point to a significant increase in the volume of trade and are an indication of a possible increase in the total volume of trade on the annual level (until the end of April HRK 229.0m). The total volume of trade is accounted for by the supply and demand quotation (HRK 147.4m), PIF quotation (HRK 62.4m), trading in rights (portfolio of the Ministry of Public Works, Reconstruction and Construction, HRK 19.0m) and by a very low amount of

Table 5: Comparison of Capital Markets Indicators

March 2001	Bratislava	Budapest	Ljubljana	Prague	Warsaw	Zagreb
Average daily volume of trade, shares (million USD)	3.8	42.6	2.1	13.0	42.1	0.4
Average daily volume of trade, bonds (million USD)	121.5	12.6	0.7	234.1	1.3	0.4
Market capitalization ^a (million USD), end month	3,144.4	9,069.6	2,812.4	10,019.5	26,664.6	2,652.9
Market capitalization ^a /BDP ^b , end month (%)	16.4	20.0	15.4	20.2	16.8	14.0
Index movement from the beginning of the year (%)	-10.8	-15.3	-4.4	-11.1	-17.6	5.0

^a shares; ^b estimates

Source: Reports from BSSE, BSE, PSE, LJSE, WSE, Zagreb Stock Exchange and FIBV Statistics (www.fibv.org)

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

Bond	Currency	Amount	Nominal interest rate	Spread ^a 30/4/ 2001
London Club A	USD	857,796,000	6-month LIBOR + 81.25 b.p.	246
London Club B	USD	604,426,000	6-month LIBOR + 81.25 b.p.	244
Euro-USD bonds, 2002	USD	300,000,000	7%	194
Euro-DEM bonds, 2004	DEM	300,000,000	6.125%	123
Euro bonds, 2006	EUR	300,000,000	7.375%	150
Samurai bonds, 2004	JPY	25,000,000,000	4%	....
Euro bonds, 2005	EUR	500,000,000	7%	129
Samurai bonds, 2007	JPY	40,000,000,000	3%	159 ^b
Samurai bonds, 2006	JPY	25,000,000,000	2.5%	160 ^b
Euro bonds, 2011	EUR	500,000,000	6.75%	185

^a in relation to benchmark bond, in basis points; ^b on issue, not available on 30/04/2001

Source: Bloomberg

market quotation. However, it is possible that, like last year on the Zagreb Stock Exchange, a large volume of trading in shares of only one or two companies causes an increase in the total volume of trade, but does not trigger increased trading in other shares. PIF shares also traded on the Varaždin Securities Market. Their volume of trade also increased mildly in the last two months and accounted for 27 % of the total volume of trade on the Varaždin Securities Market in the first four months of this year. The total market capitalization of the securities on the Varaždin Securities Market was around HRK 7bn.

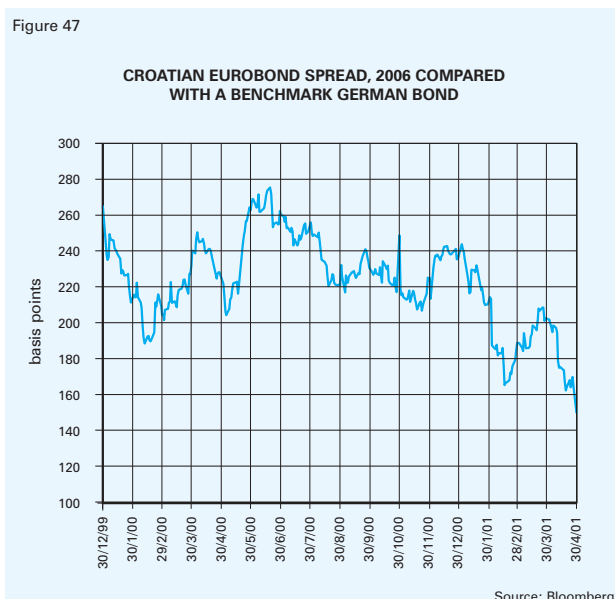
The comparison of the size and importance of capital markets in selected countries was carried out on the basis of data for March of this year. Market capitalization on the Zagreb Stock Exchange was the lowest, compared with the stock exchanges in Central European countries. It amounted to only 14% of GDP in 2000), but data for April point to its increase to 15.7% of GDP. The volume of trade also lags behind those on the other stock exchanges. The largest market capitalization and highest volume of trade are achieved on the stock exchanges in Budapest, Prague and Warsaw. What is fascinating is that trading in bonds on the stock exchanges in Prague and Bratislava is several times larger than trading in shares.

Government Bonds on the International Markets

The Republic of Croatia has currently ten issues of government bonds placed on the international markets. During the first quarter of this year, the issue of Matador bonds came due, amounting to ESP 15bn while at the same time two new issues of bonds were placed (5-year Samurai bonds amounting to JPY 25bn and 10-year Eurobonds amounting to EUR 500m). Croatian bonds clearly rate much better today, as can be seen from current spreads, compared with the previous ones.

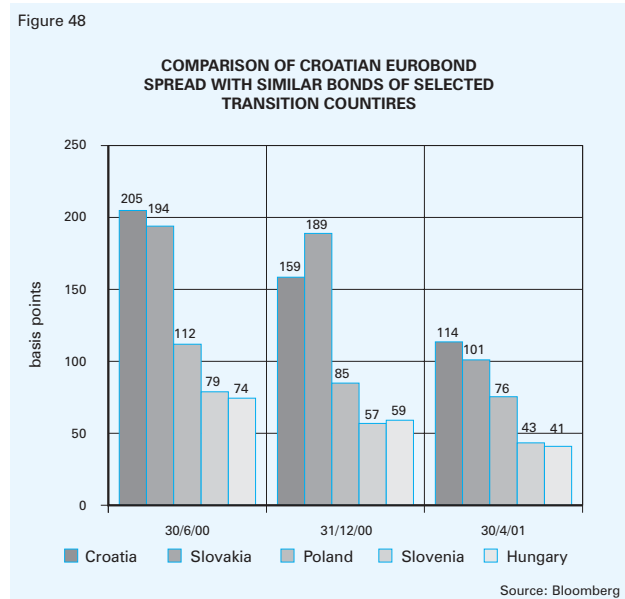
Market developments also affect the Croatian bonds' spread which has fallen to a historic low of below 150 basis points, compared with 300 basis points at the end of 1999. But despite weak economy and some negative indicators pointing to increased inflation and unemployment rates, Croatia' econ-

Figure 47



Source: Bloomberg

Figure 48



Source: Bloomberg

omy and economic policy are winning confidence of the international markets, to an extent also because of the country's arrangement with the IMF .

Croatia's credit rating has remained unchanged in the past several months. However, the country's rating by the international rating agencies has improved from the previous negative outlook to stable. According to Standard & Poor's, the country's long-term credit rating for foreign currency issues is a stable BBB-, and according to Fitch IBCA it is BB+.

Other transition countries have also not seen significant changes in their ratings in the past few months, with the exception of Hungary whose rating for long-term bonds has improved (Standard & Poor's: A-, Fitch IBCA: A-). Slovenia continues to have the best credit rating (Standard & Poor's: A, Fitch IBCA:A).

Balance of Payments

Current Account

In 2000, the current account deficit amounted to 2.8% of GDP and was significantly lower than the expected 4% of GDP. The current account deficit stood at 7.3% of GDP in 1999 and was almost the same as in 1998 (7.1% of GDP). The 2000 deficit resulted from a slight decrease in deficit accumulated in goods account and the surplus in services account. This surplus was primarily created by the income from exports of tourist services. Croatia thus was the country whose deficit in GDP in 2000 was one of the lowest compared with other countries undergoing transition process.

The deficit in goods account did not change significantly from the second half of 1999 and amounted to USD 800m on a quarterly level. The annual deficit in goods account reached USD 3,237m (17,0% of GDP) in 2000, a 1.9% less than in 1999. According to the merchandise trade developments from the beginning of the year (expressed in dollar value), it is expected that the balance in goods account will downturn in the

Figure 49

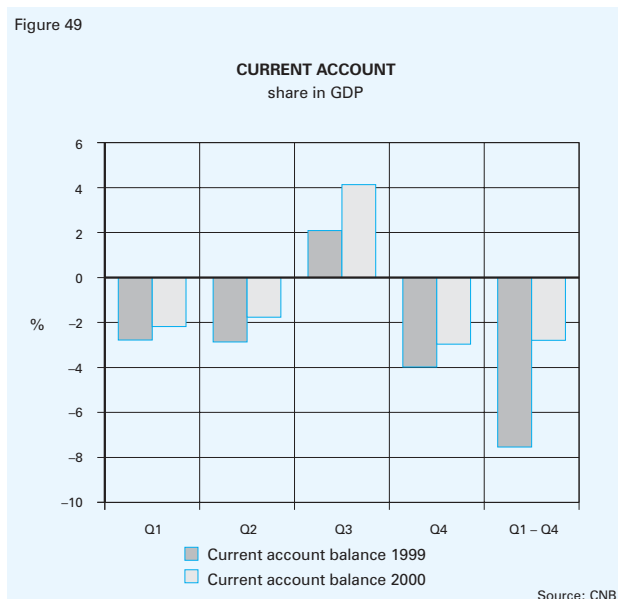
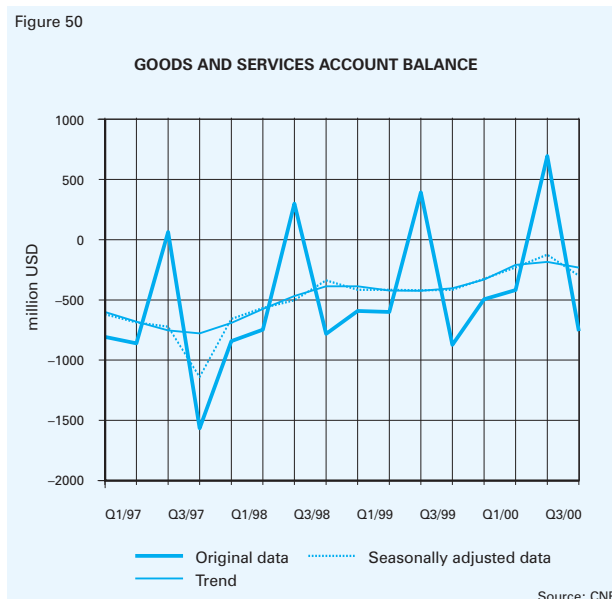


Figure 50



first quarter due to the modest increase in exports of goods of 2.2% (seasonally adjusted) and the upsurge in imports of 21.0% (seasonally adjusted). Consequently, the deficit in goods account widened and amounted to 37.0% (seasonally adjusted) compared with the first quarter last year. The surplus in services account was on an upward trend in 2000, and its quarterly average amounted to about USD 530m (42.1% more than the average value of the trend recorded in 1999). Such a development in services account resulted from the good tourist season that according to the official sources recorded 56.0% more foreign tourist nights⁶, and from the somewhat lower increase in net income from transportation services. In 2000, the net income from services totaled USD 2,257m (11.9% of GDP). These movements in goods and services account reduced the deficit in goods and services account. This deficit was on average USD 400m in the period from the end of 1998 to the first quarter of 2000, while it stood at about USD 270m from the second quarter of 2000. In other words, a high share of goods imports in GDP and the resulting large merchandise trade deficit are offset by the exports of tourist services, which build up the deficit in goods and services account of USD 980m (5.2% of GDP) in 2000.

Along with the account of goods and services that mostly determine the direction in which the current account deficit will develop, the current account balance is also influenced by the current transfers account (which is traditionally in surplus) and by the income account (which is traditionally in deficit). A pronounced upward trend in income from current transfers, which in 1999 fell to the lowest level recorded (about USD 120m), contributed to the decrease in the current account deficit in 2000. However, the trend rose at the end of 1999 and during 2000 and amounted to USD 200m from the end of the second quarter of 2000. A faster growth in income from current transfers resulted from increased inflow from pensions to the income account of government and private transfers and a fall in outflow of funds from Croatia based on intergovernmen-

tal donations (especially towards Bosnia and Herzegovina). Total net income from current transfers was USD 759m (or 4% of GDP) in 2000. It is expected that the surplus in the account of current transfers will further improve over medium term due to an envisaged increase in inflow of funds based on pensions earned by Croatian citizens abroad. The deficit in the income account that includes allowances paid to employees working for a nonresident employer and income from direct, portfolio and other investments stagnated in the last two years and its quarterly average amounted to USD 87m. It is expected that the deficit in net income account will increase in the first quarter of 2001 due to the payment of interest on Matador bonds and other debt.

It should be noted that the current account deficit expressed in American dollars may, due to its currency structure, show a somewhat distorted picture of the real condition in the time when there are greater changes in the exchange rate of the euro against the American dollar. The currency structure of goods and services account did not change significantly in 2000 compared with 1999. Currencies of EU member countries accounted for 62% and the American dollar for 32% of exports (credits), and both shares increased by 1 percentage point compared with the last year. The share of currencies of EU member countries in imports (debits) remained the same and amounted to 67%, while the share of American dollar increased by 1 percentage point and amounted to 28%. Expressed in dollars, the deficit in goods and services account is underestimated at the time when the American dollar appreciates relative to the euro.

Capital and Financial Account

In 2000, the capital and financial account recorded an inflow of USD 920m (net) (excluding reserves), which resulted from the reduction in the current account deficit and lower requirements for its financing.

The structure of financial account (excluding reserves) underwent the change for the first time in 2000. At that point, the

6 According to the CBS methodology.

Figure 51

COMPARISON OF ACCOUNTS CONTRIBUTIONS TO THE FINANCIAL ACCOUNT
excluding reserves

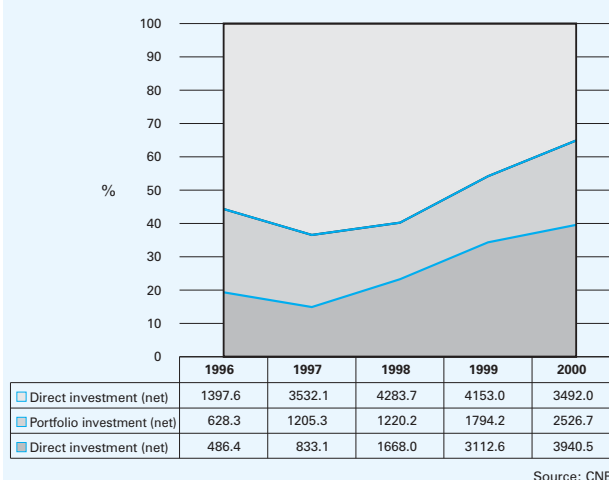


Table 7: Share of Cumulative Flows in Accounts in Financial Account (excluding reserves), million USD and %

Share of cumulative developments	1996	1997	1998	1999	2000
Financial account (excluding reserves)	2,512.3	5,570.5	7,172.0	9,059.8	9,959.2
Direct investment (net)	19.4%	15.0%	23.3%	34.4%	39.6%
Portfolio investment (net)	25.0%	21.6%	17.0%	19.8%	25.4%
Other investment (net)	55.6%	63.4%	59.7%	45.8%	35.1%

Source: CNB

share of net direct investment (40% in financial account) exceeded other net investment (borrowings) which decreased from 63% in 1997 to 35% in 2000. Portfolio investment accounted for 25% of financial account in 2000. If financing terms are considered, usually more favorable for direct investment (stakes in enterprises larger than 10% and as a rule of long-term nature) and for portfolio investment that in this case mostly reflect borrowings by the government based on the issuance of bonds with maturity longer than 5 years, these developments may be viewed as positive ones.

Foreign exchange inflows from foreign direct investment were mostly marked by the privatization activities that are classified as the brownfield investment. The postponement of the second phase of the Croatian Telecom privatization in 2000 influenced significantly the structure of the current account deficit financing, since the government partially offset the planned privatization receipts by the short-term bridging loan of USD 360m. In 2000, the income from foreign direct investment stood at USD 828m (4.5% of GDP) and resulted mostly from privatizations undertaken within the banking system (PBZ, Splitska banka and Riječka banka). On the other hand, it is clear that there is a downward trend in domestic direct investment in foreign markets. These investments amounted to USD 24m in 2000 and were the lowest recorded in the last five years. A considerable increase in income from direct investment can be expected in 2001. However, the quarterly dynamics and the total volume of foreign exchange inflow will be primarily determined by the negotiations on the second phase of the Croatian Telecom privatization as well as by the prepara-

tions to privatize Croatia banka and Dubrovačka banka, Croatia osiguranje, a large number of hotels in the CPF ownership and a part of JANAF. In 2000, the trend in income from portfolio investment recovered from the Russian and Asian crises of 1998, so that the net inflow of funds amounted to USD 733m, a 28% growth compared with 1999. The foreign investment in Samurai bonds and Eurobonds issued by the government comprised the largest share of income. Since these bonds (USD 216m and USD 500m) were issued in foreign financial markets, a large net inflow of funds from portfolio investment can be expected in the first quarter of 2001⁷. The reduced credit commitments, larger inflows from foreign direct investment (FDI) and portfolio investment and the successful tourist season contributed to the growth in international reserves in 2000. They rose by USD 582m (at the transaction exchange rate) or a 35.8% more than in 1999.

Merchandise Trade

The merchandise trade showed signs of revival in the first quarter of 2001 and grew (seasonally adjusted) by 14.1% (USD 3,312m) compared with the same period last year. Out of this, exports rose (seasonally adjusted) by 2.2% (or USD 1,090m), while imports increased (seasonally adjusted) by 21.0% (or USD 2,222m). As a result, the coverage of imports by exports fell from 66% to 55%. Expressed in kuna, imports grew (seasonally adjusted) by 19.4% and exports (seasonally adjusted) by 2.4% in real terms in the first three months of 2001 compared with the first quarter last year. The widening of merchandise trade deficit, which grew (seasonally adjusted) by 40.3% in real terms, indicates several facts. Firstly, the accession to the WTO reduced the tariff rates and consequently resulted in lower prices on foreign product offered on the Croatian market. A stronger competition in the domestic market will put domestic producers under pressure and urge them to be more efficient or to restructure, if they want to hold out on the market. Secondly, a slight recovery of the real trend in manufacturing and a significant increase of the real trend in retail trade suggest that the increase in imports is the result of the "heating up" of the economy. Thirdly, imports of machinery⁸ marked the first

Table 8: Share of Exports/Imports in GDP as Market Openness Indicator, in %

	Exports/GDP				Imports/GDP				(Exports + Imports)/GDP			
	1996	1997	1998	1999	1996	1997	1998	1999	1996	1997	1998	1999
CZ	38.8	43.3	47.3	50.6	48.3	52.2	51.7	54.3	87.1	95.5	98.9	104.9
HU	29.0	41.8	48.9	51.9	35.8	46.4	54.6	58.1	64.8	88.1	103.6	110.0
PL	17.0	17.9	17.8	17.6	25.8	29.4	29.7	29.5	42.8	47.3	47.5	47.1
SK	44.7	40.4	50.3	52.0	56.2	50.5	61.4	57.5	100.9	91.0	111.7	109.5
SI	44.0	46.0	46.2	42.7	49.9	51.4	51.6	49.7	93.9	97.4	97.8	92.5
HR	22.7	20.7	20.9	21.3	39.2	45.3	38.5	38.7	61.9	66.0	59.4	60.0

Source: IFS, version 1.1.53.

⁷ Since data on the balance of payments will be published in June, it is expected that the balance of payments will record a large net inflow of funds from portfolio investments.

⁸ This data was calculated on the basis of deflated data on imports in the stated two years shown in positions from 71 to 74, the section of machinery and transportation equipment of the SITC (by sections and divisions).

quarter of this year and were 37.7% higher than in the same period last year. This means that the production capacity of the economy will become larger in the forthcoming period.

Changes in the merchandise trade imports and exports are determined by the operating results of manufacturing which accounts for 95%⁹ of all goods exports and for 82% of all goods imports. The first three months of 2001 were characterized by a strong real growth in imports of motor vehicles that stood at 13.4%¹⁰ (or HRK 1,333m). This growth was brought about by the repeal of car import announced at the beginning of June 2001. Therefore, it can be assumed that the trend of increased imports of motor vehicles will continue in the second quarter of 2001 as well. Exports/imports of mineral fuel and lubricants fell by 4% and rose 6.0% in real terms respectively in the first three months compared with the same period last year. Such development was mostly influenced by the decrease in exports of oil and refined petroleum products which stood at 17% in real terms (or HRK 586m), the increase in imports of natural and industrial gas which stood at 49.5% in real terms (or HRK 396m), and by a marginal fall in imports of oil and refined petroleum products which stood at 2.0% in real terms (or HRK 1,639m). As far as other structurally important parts of the economy are concerned, various finished products grew above the average (8.7% in real terms). This may be a result of the dressing operations in manufacture of wearing apparel whose exports were by 5.5% higher than in the first three months last year.

With regard to the European transitional environment¹¹, Croatia still shows weaknesses, both in the openness of its market¹² and in merchandise trade developments (Table 8). The Croatian share of exports/imports in GDP has not changed significantly since 1996. The same goes for Poland too. Exports stagnate at 20% and imports at 40% of GDP. Other transitional countries made major breakthroughs with respect to the market openness and increase in exports in the last five years.

In addition to the fact that the Croatian market is the one

with the lowest degree of openness compared with other transition countries, Croatia also has the largest difference between merchandise trade imports and exports (20 percentage points). By contrast, Hungary is the example of a country which has made its production more competitive. Hungary increased its share of exports in GDP from 29% in 1996 to 52% in 1999. It is considered that such an increase is the result of significant foreign direct investments which were brought into this country from 1990 onwards.

External Debt

The debt stock reached USD 10.8bn at the end of 2000, which means that total external debt rose by about USD 1bn (or 10%) compared with the last year. The government share in debt increased the most, mostly based on bonds issued (EUR 500m of Eurobonds, and about USD 280m of Samurai bonds) at more favorable terms than before. Expressed in percentage, the credit relations increased the most between enterprises founded through foreign direct investment and the parent enterprises. The level of other sectors' debt did not change significantly, and banks reduced its debt by about 20%.

After it entered into agreement with the Paris and London Club on taking over about 30% of the so-called nonallocated debt of the former SFRY, Croatia was granted access to the world capital markets. In the period before entering into agreement, Croatia's external debt grew at a relatively slower pace. By contrast, Croatia started to run up the debt after it entered into agreement with the Paris and London Club in 1995 and 1996 respectively. At the time and especially in 1997, domestic sectors incurred a 5 billion of new debt.

The government sector is still the biggest debtor which based on the increase in bonds issued holds almost one half of total external debt. The failure to introduce timely reforms into the public sector (especially pension and health reforms) continues to exert pressure on the deficit of both central and consolidated central government. This deficit is to a large extent financed through borrowings abroad due to relatively lower interest (e.g. on Samurai bonds) and other terms that are much better than in the domestic banking market.

Changes in debt are usually monitored on the basis of debt stock and debt flow indicators. Accordingly, the most important indicators of the debt stock are the ratio between total debt and gross domestic product or gross national product (which shows to what degree the debt is the burden for the current economic activity) and the ratio between total debt and

9 Source: The CBS releases on the merchandise trade of the Republic of Croatia with foreign countries.

10 Data shown by sections could not be seasonally adjusted due to the introduction of a change in methodology at the beginning of 2000 (the Uniform Customs Declaration). Accordingly, the monthly statistical data on imports and exports were adjusted only on a general monthly level, and not by sections.

11 Stress is put on the five most developed countries: the Czech Republic, Hungary, Poland, Slovakia and Slovenia.

12 Measured on the basis of the following formula: (imports+exports)/GDP.

Table 9: External Debt by Debtor Sector, million USD

	1995	1996	1997	1998	1999	2000	Growth 2000/1999	1/2001	2/2001
Monetary sector	223	208	232	234	197	159	80.71	158	157
Government	241	2,397	2,906	3,395	3,973	4,753	119.63	4,630	4,883
of which: London club	0	1,462	1,428	1,405	1,381	1,255	90.88	1,181	1,181
Banks	2,435	1,252	2,216	2,266	1,954	1,598	81.78	1,779	1,562
of which: Currency and deposits	473	499	790	615	538	433	80.48	638	424
Other sectors (enterprises)	911	1,450	2,099	3,215	3,208	3,296	102.74	3,233	3,217
Direct investment	0	0	0	477	540	1,034	191.48	1,022	1,066
Total	3,809	5,308	7,452	9,586	9,872	10,840	109.81	10,823	10,885

Source: CNB

Table 10: Comparison of Debt Indicators, in %

	Heavily indebt. count. ^c	Former Yugoslavia ^c	Three transit. count. ^{a,c}	Theoret. benchmark margin	Republic of Croatia ^b					
					1980 – 1989	1980 – 1991	1990 – 1997	1995	1996	1997	1998	1999	2000
Debt stock indicators										
Total debt/GDP					20	27	37	44	49	57
Total debt/GNP(GDP)	80	33	50	30	20	27	37	44	50	58
Total debt/Exports (goods & services)	314	101	167	200	54	68	91	112	121	125
Total debt/Exports (goods & services) & Transfers					47	59	81	101	110	113
Debt flow indicators										
Total payment/Exports (goods & services)	35	20	18	30	6	9	14	19	29	30
Total payment/Exports (goods & services) & Transfers					6	8	12	18	27	27
Interest payment/Exports (goods & services)	21	9	7	20	2	2	3	5	6	6
Interest payment/Exports (goods & services) & Transfers					1	2	3	4	5	5

^a Poland, Czech R. and Hungary; ^b For data on Croatia, in million USD, the CNB midpoint exchange rate; ^c Source: World Debt Tables 1990-91 & 1991-92, Vol. 2 Country Tables, The World Bank, Washington D.C., 1990-92; Global Development Finance, Vol.2 Country Tables, The World Bank, Washington D.C., 1993-1999

exports of goods and services (which shows to what degree the debt is the burden for those activities which most generate foreign currency). The further calculation of second ratio is conducted in the manner that the received transfers are added to exports of goods and service. In countries like Croatia, these transfers represent a permanent and significant item in the current account. The most important indicators of debt flow are the ratio between total repayment of debt (the sum of principal and interest payment) and exports of goods and services (shows to what degree the repayment of debt is the burden for activities which generate foreign currency) and the ratio between the payment of interest only and exports of goods and services (shows to what degree the payment of interest is the burden for activities which generate foreign currency). These ratios are also further extended by transfers received.

In order to be able to interpret correctly the debt indicators for Croatia, Table 10 states the comparative indicators for heavily indebted countries (the World Bank classification) in the period of the world debt crisis, for the former SFRY in the period of its debt crisis and for the three most advanced transition countries in the '90s (the Czech Republic, Poland and Hungary). Individual indicators are also accompanied by "theoretical benchmark margins", i.e. the value of indicators show-

ing the margins after which the country settles its debt more difficulty. The comparison shows that Croatia had relatively low debt indicators in the stated period (according to the World Bank classification, Croatia is counted among lightly indebted countries). However, the growth of these indicators which at the end of the observed period exceeded the benchmark margins, i.e. came closer to them, is worrying. The similar goes for debt flow indicators.

In the first two months, as shown in Table 9, the external debt remained unchanged and stood at 10.8bn, and banks' debt decreased (mostly due to withdrawal of currency and cash by nonresidents from the Croatian banking system). The government increased its share in external debt, especially by borrowing in Japan in February (it issued USD 216m worth of Samurai bonds). The external debt should rise at the end of the first quarter due to the issuance of EUR 500m worth of Euro-bonds, which would along with existing debts of other sector increase the external debt to about USD 11.3bn.

It should be noted that the US dollar strongly appreciated against the euro and the kuna in 2000 and consequently influenced the external debt level. Since 56% of the external debt of the Republic of Croatia was denominated in the euro and currencies of the EMU member states and only 33% in US dol-

Figure 52

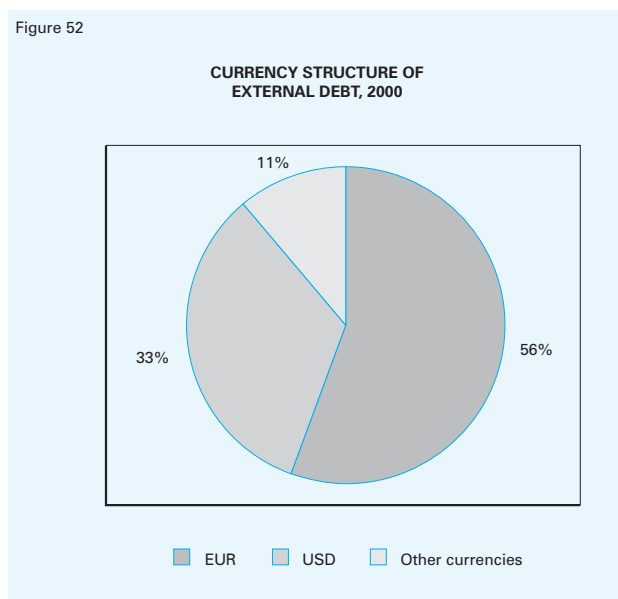
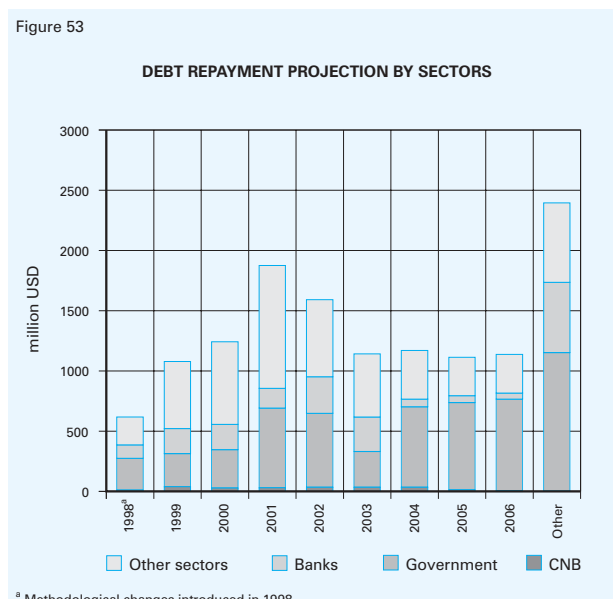


Figure 53



lars (and 11% in other currencies) in 2000, the weakening of the euro against the US dollar decreased the total debt by approximately USD 480m in 2000. The external debt would have increased by the same amount if it had been denominated in US dollars only.

In 2000, the share of the euro and other currencies (yen) increased in the currency structure of external debt due to issuance of Eurobonds and Samurai bonds. Therefore, the currency structure of external debt is gradually becoming similar to the currency structure of foreign trade (70% in the euro). It is expected that the additional issuance of Eurobonds and Samurai bonds will increase shares of the euro and other currencies (yen) in the currency structure of external debt.

High debt installments had to be covered as early as 1999, when after the years of grace the first payments to the Paris and London Club fell due. The annual repayment quota of external debt increased thus for the first time to more than USD 1bn. As shown in Figure 53, Croatia still has to cover high repayment quotas in 2001 and 2002 that exceed USD 1.5bn. From 2002 onwards, these quotas will again amount to about USD 1bn.

International Liquidity

The international liquidity experienced positive movements due to stated changes in the balance of payments and its financing. International reserves rose by USD 0.5bn and reached USD3.5bn or a 37% of imports of goods and services or 4.4. months of imports of goods and services (Table 11).

Other indicators of the international liquidity stated in Table 11 are the rate of change of the exchange rate of the kuna against the euro (dR), the rate of change of gross international reserves (dRI) and the foreign exchange market pressure index (FEMPI). From the logical point of view these two indicators should be interpreted as follows: no matter what type of exchange rate system is in force, the distortions of the external balance must reflect in the changes of the exchange rate (more flexible exchange rate) or in the changes of gross reserves (more fixed exchange rate). FEMPI is calculated as a simple arithmetic mean of the rate of change of the exchange rate of the kuna against the euro (dR) and the rate of change of gross international reserves (dRI), i.e. it combines the rates of change of the exchange rate and reserves.

- $dR = (R_t - R_{t-1})/R_{t-1}$; R is the average exchange rate of the kuna against the euro
- $dRI = (RI_t - RI_{t-1})/RI_{t-1}$; RI are gross reserves at the end of period
- $FEMPI = dR + dRI$.

Table 11: International Liquidity Indicators

	Exchange rate increase dR	Reserve growth dRI	RI/Imports %	RI/Imports Imports months	FEMPI = dR/R+dRI/RI
1995	-0.05	0.35	20.37	2.44	0.30
1996	0.01	0.22	23.41	2.81	0.23
1997	0.02	0.10	22.30	2.68	0.12
1998	0.03	0.11	26.46	3.18	0.13
1999	0.06	0.07	30.90	3.71	0.14
2000	0.07	0.09	36.60	4.39	0.24
1Q/2001	0.01	0.00	-	-	0.01

Source: CNB

In the period from 1995 to 1996, there were pressures on the HRK/EUR exchange rate to appreciate. This is confirmed by the fact that the value of index lowered from 0.3 to 0.12 on the annual level. The depreciation pressures started in 1997 and culminated in 2000, when FEMPI reached 0.24.

The pressures on the HRK/EUR exchange rate to appreciate continued in the first three months, and were especially pronounced in January. The exchange rate of the kuna against the euro did not undergo significant changes and reserves dropped by about USD 130m. Although reserves increased again, they were, at the end of the quarter, below the level recorded at the end of 2000. One should bear in mind that the indicators for the listed years are the combined rates of increase in the exchange rate and reserves at annual level, while the FEMPI for the first quarter is the combined rate of change for the quarter (this rate is four times lower than the annual one).

Government Finance

Fiscal consolidation is the centerpiece of the government's 2001 economic program. It is planned that fiscal consolidation will primarily be achieved by reducing budgetary expenditures to GDP ratio faster than reducing tax revenues to GDP ratio, without creating new arrears. The basic goal of fiscal policy is to reduce the consolidated central government deficit to 5.25% of GDP in 2001, and to 4.25% of GDP in 2002. To implement necessary restrictive measures, the government used support from abroad. At the same time, the signing of the stand-by arrangement with the IMF promoted Croatia's image of a reliable partner in the foreign financial market. EUR 500m worth of Eurobonds, bearing 6.90% market interest, and maturing in 2011 were issued in mid-March 2001.¹³ A little earlier, at end-February, the government reentered the Japanese financial market by issuing JPY 25bn worth of Samurai bonds (at the time it equaled USD 216m), bearing 2.5% interest and maturing in 2006. In addition, the Treasury and a single treasury account which began operations in the first quarter of 2001 should improve control and management of public revenues and expenditures. The problem of the central government budget is a continuing real growth trend in expenditures for current transfers to extrabudgetary funds. This primarily relates to the Croatian Pension Insurance Institute and Croatian Institute for Health Insurance, accompanied this year by a growth in transfers to the Child Benefit Fund. In the first quarter of 2001, this fund's transfers to households reached 40% of the annual amount planned. In addition, a cut in the wage bill, which was delayed due to local elections, uncertainties regarding privatization of Croatian Telecom, debt which falls due in the third quarter of this year (USD 538m),¹⁴ and budgetary funds needed for the introduction of the second pillar of the

13 For the sake of comparison, it should be noted that the same nominal amount of Eurobonds was issued in the first quarter of 2000, bearing 7.06% interest and with a shorter, five-year maturity period.

14 Of which: USD 83m (15%) for interest payments and USD 455m (85%) for principal payments. Within interest payments, 72% relates to bonds, 17% to long-term loans, and 11% to short-term loans. Within principal payments, 16% relates to bonds, 4% to long-term loans, and 79% to short-term loans.

pension system in 2002, pose new challenges to the government regarding expenditure control and deficit financing. Nevertheless, the second quarter of this year is expected to be stable and characterized by a reallocation of expenditures within the existing budget owing to unexpectedly high child benefit expenditures.

Outturn of the Central Government Budget

Total central government revenues on an unconsolidated basis were HRK 9,036m in nominal terms in the first quarter of 2001, or 19% lower than in the same period last year, mostly due to capital revenues from privatization. At the same time, expenditures were HRK 12,286m in nominal terms, or 11% higher than the same period last year. This growth resulted from due interest payments (25% higher in real terms than in the same period last year), an increase in subsidies, and transfers to pension and health funds. This resulted in a total budget deficit of HRK 3,251m in nominal terms.

Budget Revenues

Current central government revenues (seasonally adjusted) were 1% higher in real terms in the first quarter of 2001 compared with the same period last year despite a redistribution of the tax burden which occurred in mid-2000, and was characterized by an increase in the income tax threshold from HRK 1,000 to HRK 1,200, a lengthening of the collection lag for VAT, non-taxation of retained profit, an upturn in excises and a 5% cut in civil service wages. After being on an upward trend during the first two quarters of 2000, real current revenues fell in the fourth quarter of 2000, and reached HRK 3,260m at the beginning of 2001 (Figure 54). Despite a stagnation in real current revenues, real tax revenues grew by 1% (seasonally adjusted), while real non-tax revenues fell by 0.3% (seasonally adjusted) in the first three months of this year compared to the first quarter of 2000.

Within tax revenues, VAT revenues were 6% higher, and

excise revenues were 2% lower in real terms in the first quarter of this year compared with the first quarter of last year; whereas in nominal terms, they grew by 13% and 4% respectively. Developments in VAT revenues can be explained by heightened economic activity, while a real drop in excise revenues is surprising since excises on low-elasticity products (cigarettes, coffee), as well as excises on products with a relatively high import component (cars) went up. Thus, the fall might indicate tax evasion. Real income tax revenues fell by 31% (seasonally adjusted) in the first quarter of this year compared with the same period of 2000, due to the increase in the income tax threshold and the enactment of a law which increased local governments' share in income tax revenues. Real revenues from taxes on international trade fell by 20% (seasonally adjusted) in the first three months of this year compared with the same period last year despite a real 19%¹⁵ increase in imports. This may partly reflect a gradual reduction in tariff protection of the domestic market following Croatia's accession to the WTO. The dynamics of current revenue inflows in the first quarter of this year fulfilled projections set out in this year's budget. In the next quarter, revenues could exceed the planned amount by 1.5% – 2%. Although the exact impact of new salary coefficients which will be applied in public administration in the third quarter is still unknown, they will certainly lead to lower income tax revenues.

Budget Expenditures

Total central government expenditures in the first quarter of this year could reach 32% of GDP¹⁶ in nominal terms (HRK 12.3bn) or 1 percentage point more than in the same period last year. Current budget expenditures (seasonally adjusted) grew by 8% in real terms in the first quarter of 2001 compared with the same period last year.

This increase is the result of a real growth in purchases of

¹⁵ In kuna (seasonally adjusted)

¹⁶ Relates to projected GDP in the first quarter of 2001

Figure 54

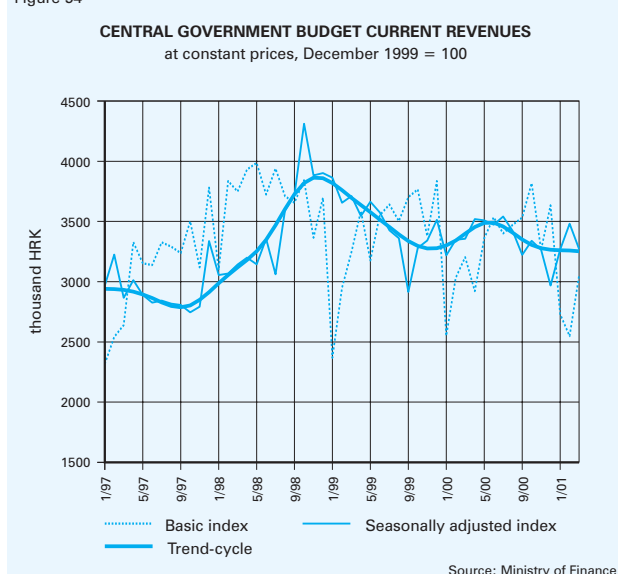


Figure 55

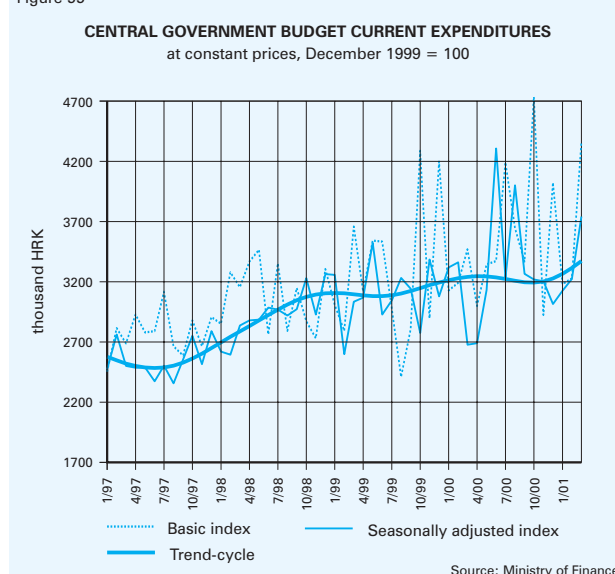
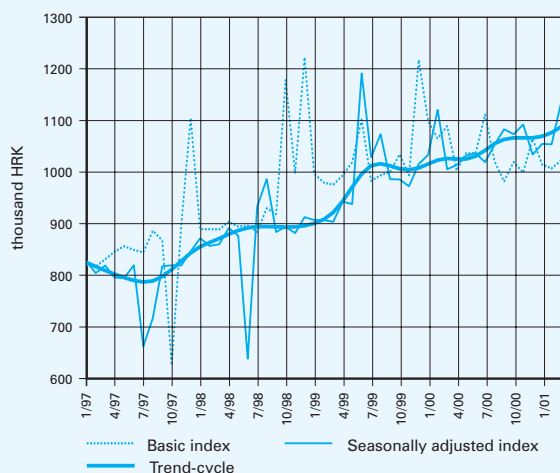


Figure 56

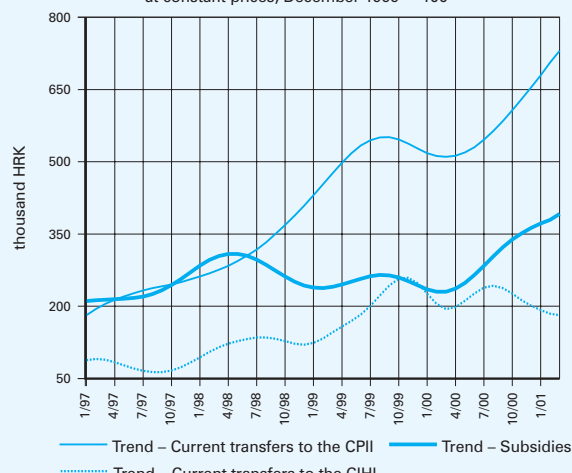
WAGE OUTLAYS AS A PART OF CENTRAL GOVERNMENT BUDGET EXPENDITURES
at constant prices, December 1999 = 100



Source: Ministry of Finance

Figure 57

CENTRAL GOVERNMENT BUDGET EXPENDITURES ARISING FROM SUBSIDIES AND CURRENT TRANSFERS TO THE CROATIAN PENSION INSURANCE INSTITUTE AND CROATIAN INSTITUTE FOR HEALTH INSURANCE
at constant prices, December 1999 = 100



Source: Ministry of Finance

goods and services, and interest payments, which are highest in the first quarter of the year, and a real growth in subsidies and current transfers to extrabudgetary funds. A real growth in purchases of goods and services of 7% (seasonally adjusted) was caused by a real 3% growth (seasonally adjusted) in the wage bill (which accounts for 1/4 of total expenditures – Figure 56), and a real 28% growth in other purchases of goods and services (seasonally adjusted). The wage bill should decrease in the second quarter. Implementation of announced measures (a change in the method of determining wages and a decrease in civil service employment) has been postponed till June. Consequently, it is foreseeable that the fulfillment of criteria under the stand-by agreement for the second quarter will be severely pressurized by a higher than planned wage bill. In addition, it is questionable to what extent public enterprises will follow government instructions regarding the adjustment of wages.

In the first quarter of 2001, interest payments were 25% higher in real terms than in the same period last year. They comprised interest payments on Matador bonds of USD 120m, and obligations arising from short- and long-term loans of USD 28m. The central government budget was additionally burdened by principal payments of USD 183m. The second quarter offers a short relief in interest and principal payments (only USD 42m), because the bulk of liabilities, USD 538m, comes due in the third quarter.

A real growth in expenditures for subsidies and current transfers to extrabudgetary funds of 20% (seasonally adjusted) deserves more attention. Subsidies accounted for 20% of expenditures for subsidies and current transfers in the first three months of this year, and grew by 53% in real terms (seasonally adjusted) compared with the same period last year. A strongly accelerated upward trend in expenditures for subsidies has started in mid-2000 and continued in this year (Figure 57). It should however be noted that most subsidies paid related to the settlement of arrears. Classified by structure, 65% of total subsidies relates to incentives and compensations paid to farmers and Croatian Railways.

Capital transfers to extrabudgetary funds, which mostly

have the character of current expenditure, have been added to current transfers. Transfers to the Croatian Pension Insurance Institute grew by 32% in real terms (they were HRK 2.3bn in nominal terms) compared with the first quarter of 2000, thus continuing a strong real growth trend which began in the second quarter of 2000. In the same period, transfers to the Croatian Institute for Health Insurance grew by 22% in real terms (they were HRK 0.9bn in nominal terms), but they have been on a downward trend since the fourth quarter of last year, while transfers to the Child Benefit Fund were HRK 0.6bn in nominal terms, or 40% of the annual amount planned. Since the census applied has remained the same, the number of children receiving the benefit grew from 390,000 to 600,000. Consequently, a reallocation of expenditures within the existing budget will have to be made if the government decides to stick to the fiscal deficit target. In addition, remaining measures within the health care reform, which are planned for this year, are expected to be adopted by the end of the second quarter. This should have a positive impact on performance of the Croatian Institute for Health Insurance.

Outturn of the Extrabudgetary Funds Budgets

In the first quarter of this year, nominal revenues of extrabudgetary funds totaled HRK 9.6bn, while expenditures totaled HRK 9.7bn on an unconsolidated basis. This resulted in a deficit of HRK 93m (in nominal terms), HRK 68m more than in the same period last year. In this period, deficits were reported by the Croatian Institute for Health Insurance (HRK 70m), Child Benefit Fund (HRK 3m) and Croatian Waters (HRK 28m). Unconsolidated data hide real problems of the funds, especially problems of the Croatian Institute for Health Insurance and the Croatian Pension Insurance Institute, since they comprise current transfers from the central government budget. On a consolidated basis, the Croatian Pension Insurance Institute recorded a deficit of HRK 2.7bn (in nominal terms), while the Croatian Institute for Health Insurance recorded a deficit of HRK 0.7bn (in nominal terms) in the first quarter of

2001. Such negative trends resulted in a 32% upturn (in real terms) in current transfers from the central government budget to the Croatian Pension Insurance Institute, and a 22% rise (in real terms) in current transfers to the Croatian Institute for Health Insurance in the first quarter of this year compared with the same period last year. Furthermore, as a result of amendments to the law on child benefits enacted in October last year, and the government's decision to leave the census unchanged this year, 40% of total annual amount allocated to child benefits was spent in the first quarter of 2001. This means that budget revision will be needed to compensate for a shortfall of approximately HRK 830m for child benefit payments.

According to the MoF data, the consolidated central government deficit amounted to HRK 3.34bn.

Financing

According to the MoF data, revenues and expenditures realized in the first quarter of this year resulted in a deficit in the consolidated central government account of HRK 3,343m. This deficit can also be estimated by use of balance of payments and monetary statistics, which are compiled on an accrual basis. Thus the estimated deficit is also on an accrual basis, and is not entirely comparable with the MoF data on the consolidated central government deficit, which is reported on a cash basis.

According to preliminary data on the capital account, net external debt of the consolidated central government reached USD 499.7m in the first quarter of 2001, or HRK 4,145m according to the quarterly average exchange rate of the kuna against the US dollar. External debt was USD 679.8m (of which USD 676.3m relates to bonds issued), while external principal payments reached USD 180.1m.

Since the coverage of consolidated central government differs in the monetary statistics of the CNB and the government finance statistics of the MoF, monetary statistics data are adjusted to the MoF's coverage. Adjusted monetary statistics data indicate that banks' net claims on the consolidated central government fell by HRK 730m in the first quarter of 2001. In that period, government borrowed HRK 677m from banks, while its deposits grew by HRK 1,407m (of which HRK 1,106m are deposits with the CNB).

The total amount of MoF treasury bills issued considerably grew in the first quarter. The increase mostly occurred in banks' portfolios (HRK 1,492m), which is recorded in banks' net claims on the central government, while a lesser portion of the increase refers to nonbanks portfolio (HRK 286m).

Thus, the deficit of the consolidated central government estimated "below the line" stands at HRK 3,701m ($4,145 - 730 + 286$) on an accrual basis. Apart from differences in the methodology, there are two additional reasons why this deficit differs from the one reported by the Ministry of Finance: first, the MoF data on consolidated central government expenditures do not include HRK 200m paid for the recapitalization of Hrvatska poštanska banka (MoF reported these funds "below the line" in the financing account) and second, expenditures reported by the Ministry of Finance include only those payments arising from A and B series bonds (London Club) which are paid out of fiscal revenues (i.e. MoF did not report the part paid out of inflows from the repayment of loans extended to domestic banks).

The size of the consolidated central government deficit was also affected by arrears from 2000, which were settled in the first quarter of 2001. For example, arrears related to wages (or more precisely, delayed payment of bonuses and gifts) amounted to HRK 135m. Other arrears have also been settled.

Statistical Survey

Classification and Presentation of Data on Claims and Liabilities

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

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

banks or other banking institutions (for example insurance companies).

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

Foreign sector includes foreign legal and natural persons.

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

Table A1: Monetary and Credit Aggregates

End of period, million kuna and %

Year	Month	Reserve money	Money M1	Money M1a	Broadest money M4	Net domestic assets	Domestic credit	Monthly rates of growth						
								Reserve money	Money M1	Money M1a	Broadest money M4	Net domestic assets	Domestic credit	
1993	December	2,248.9	3,134.4	3,759.2	10,061.1	12,005.7	20,287.9	–	–	–	–	–	–	–
1994	December	4,714.2	6,642.6	6,996.7	17,679.9	16,540.1	27,661.5	11.73	2.20	3.83	2.26	11.84	3.45	
1995	December	6,744.1	8,234.9	8,503.2	24,623.0	21,576.3	32,819.5	2.97	0.89	1.54	3.41	1.00	1.88	
1996	December	8,770.4	11,368.9	11,494.9	36,701.1	24,960.4	33,831.2	11.35	7.83	7.67	4.88	-5.41	-11.61	
1997	December	10,346.1	13,731.4	13,848.8	50,742.0	33,829.0	48,863.4	7.86	3.93	3.85	2.16	4.98	4.96	
1998	December	9,954.2	13,531.4	13,615.2	57,340.3	44,626.8	59,792.0	7.24	6.92	6.59	2.51	3.73	0.25	
1999	December ^a	10,310.0	13,858.9	13,965.7	56,698.6	40,003.8	55,875.8	4.53	5.46	5.48	2.28	0.35	-4.58	
2000	January	9,529.9	12,222.0	12,379.1	56,090.4	38,509.0	55,898.9	-7.57	-11.81	-11.36	-1.07	-3.74	0.04	
	February	9,380.9	12,534.8	12,630.2	57,335.1	39,689.7	56,165.8	-1.56	2.56	2.03	2.22	3.07	0.48	
	March	9,129.3	12,669.9	12,771.8	57,975.0	37,041.1	56,135.3	-2.68	1.08	1.12	1.12	-6.67	-0.05	
	April	9,544.6	13,335.4	13,452.7	59,016.9	37,798.2	56,231.6	4.55	5.25	5.33	1.80	2.04	0.17	
	May	9,875.5	13,857.9	14,011.5	60,036.4	38,597.9	56,372.4	3.47	3.92	4.15	1.73	2.12	0.25	
	June	10,259.7	15,032.6	15,180.5	62,097.9	39,958.3	56,508.3	3.89	8.48	8.34	3.43	3.52	0.24	
	July	11,330.0	17,215.5	17,546.8	65,717.8	39,561.1	57,400.5	10.43	14.52	15.59	5.83	-0.99	1.58	
	August	11,681.8	17,837.6	18,163.6	68,281.2	39,576.9	57,448.2	3.10	3.61	3.52	3.90	0.04	0.08	
	September	11,746.9	17,244.0	17,485.9	69,023.9	40,187.2	57,826.4	0.56	-3.33	-3.73	1.09	1.54	0.66	
	October	11,255.3	16,702.1	16,921.9	69,875.4	39,270.1	58,535.4	-4.18	-3.14	-3.23	1.23	-2.28	1.23	
	November	10,918.1	16,384.7	16,612.8	70,549.7	39,873.5	59,287.9	-3.00	-1.90	-1.83	0.97	1.54	1.29	
	December	11,717.3	18,030.3	18,256.4	73,321.4	44,043.9	60,863.3	7.32	10.04	9.89	3.93	10.46	2.66	
2001	January	10,541.8	16,717.2	16,870.2	74,299.7	46,937.0	61,896.7	-10.03	-7.28	-7.59	1.33	6.57	1.70	
	February	11,454.1	16,970.6	17,057.9	75,762.3	46,900.1	62,858.4	8.65	1.52	1.11	1.97	-0.08	1.55	
	March	11,346.1	17,395.2	17,493.8	77,762.0	46,387.0	64,723.8	-0.94	2.50	2.56	2.64	-1.09	2.97	
	April	12,097.2	18,252.7	18,368.7	77,903.6	48,017.0	65,530.9	6.62	4.93	5.00	0.18	3.51	1.25	

^a Domestic credit decreased by a one-off 2,759.4 million kuna.

Table A1: Monetary and Credit Aggregates

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

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

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

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

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

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

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

Table B1: Monetary Survey

End of period, million kuna

	1993	1994	1995	1996	1997	1998	1999	2000	2001			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec. ^a	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS												
1. Foreign assets (net)	-1,944.6	1,139.8	3,046.7	11,740.7	16,913.0	12,713.5	16,694.8	29,277.5	27,362.7	28,862.2	31,375.0	29,886.6
2. Domestic credit	39,339.1	43,280.5	47,976.6	48,464.9	56,194.9	66,923.1	65,938.6	72,051.4	75,748.7	75,811.6	75,817.2	76,611.5
2.1. Claims on central government and funds (net)	19,051.2	15,619.0	15,157.1	14,633.7	7,331.4	7,131.1	10,062.8	11,188.2	13,852.0	12,953.3	11,093.4	11,080.6
2.2. Claims on other domestic sectors	20,262.0	27,599.5	32,718.6	33,691.0	48,616.6	59,597.7	55,676.4	60,653.4	61,703.8	62,631.8	64,485.0	65,301.3
2.3. Claims on other banking institutions	10.2	-	-	-	-	0.4	45.4	48.2	55.7	74.4	77.2	84.4
2.4. Claims on other financial institutions	15.7	62.1	100.8	140.2	246.8	193.9	154.0	161.7	137.2	152.1	161.6	145.2
Total (1+2)	37,394.5	44,420.3	51,023.3	60,205.6	73,107.8	79,636.5	82,633.3	101,328.9	103,111.4	104,673.8	107,192.1	106,498.1
LIABILITIES												
1. Money	3,134.4	6,642.6	8,234.9	11,368.9	13,731.4	13,531.4	13,858.9	18,030.3	16,717.2	16,970.6	17,395.2	18,252.7
2. Savings and time deposits	1,466.1	2,045.6	2,158.0	3,386.6	5,598.9	5,683.8	5,397.5	7,651.1	7,884.9	8,357.4	8,951.0	8,895.8
3. Foreign currency deposits	5,412.3	8,783.3	14,099.4	21,817.5	31,278.1	37,970.9	36,966.0	46,901.6	48,941.3	49,652.3	50,706.4	50,058.9
4. Bonds and money market instruments	48.3	208.5	130.7	128.1	133.6	154.1	476.1	738.5	756.2	782.0	709.3	696.2
5. Restricted and blocked deposits	14,262.9	12,128.6	10,717.4	8,305.4	5,953.4	4,315.2	3,814.7	2,864.5	2,574.8	2,583.7	2,580.2	2,348.3
o/w: Households' blocked f/c deposits	13,857.4	11,470.6	9,812.5	7,170.6	4,573.8	3,419.1	2,742.7	1,695.1	1,516.1	1,483.9	1,465.5	1,416.4
6. Other items (net)	13,070.5	14,611.8	15,682.8	15,199.2	16,412.5	17,981.1	22,120.0	25,143.1	26,236.9	26,327.8	26,850.0	26,246.2
Total (1+2+3+4+5+6)	37,394.5	44,420.3	51,023.3	60,205.6	73,107.8	79,636.5	82,633.3	101,328.9	103,111.4	104,673.8	107,192.1	106,498.1

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

Table B1: Monetary Survey

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

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

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

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

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

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

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

Year	Month	Total number of reporting DMBs	Reporting DMBs classified according to their total assets						Total number of reporting savings banks	Savings banks classified according to their total assets		
			Less than 100 million kuna	100 million kuna to less than 500 million kuna	500 million kuna to less than 1 billion kuna	1 billion kuna to less than 2 billion kuna	2 billion kuna to less than 10 billion kuna	10 billion kuna and over		Less than 10 million kuna	10 million kuna to less than 100 million kuna	100 million kuna and over
1	2	3	4	5	6	7	8	9	10	11	12	13
1993	December	43	16	12	7	4	2	2	0	0	0	0
1994	December	50	13	21	6	6	2	2	33	22	9	2
1995	December	53	15	20	7	7	2	2	21	7	13	1
1996	December	57	10	26	6	9	4	2	22	10	11	1
1997	December	60	4	28	9	8	9	2	33	12	18	3
1998	December	60	3	26	8	11	10	2	33	4	25	4
1999	December	53	4	23	7	7	10	2	30	5	21	4
2000	January	53	4	23	7	6	11	2	30	5	21	4
	February	53	4	21	9	6	11	2	30	5	21	4
	March	53	4	22	8	8	9	2	30	5	21	4
	April	53	4	22	8	8	9	2	30	5	21	4
	May	53	5	21	8	8	9	2	30	5	21	4
	June	52	5	20	8	8	9	2	30	5	21	4
	July	50	5	18	9	7	9	2	30	5	21	4
	August	50	4	18	10	6	10	2	30	5	21	4
	September	47	3	17	9	6	10	2	30	5	20	5
	October	45	2	16	9	6	10	2	29	5	19	5
	November	45	2	16	9	6	10	2	29	5	19	5
	December	45	3	15	9	6	10	2	29	5	19	5
2001	January	45	3	15	9	6	10	2	27	5	17	5
	February	45	3	15	9	5	11	2	27	5	17	5
	March	45	3	15	8	6	11	2	27	5	17	5
	April	45	3	15	8	6	11	2	26	5	16	5

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

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

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

that reported voluntarily to the CNB. From July 1995 on, the data cover all registered savings banks. In accordance with the Banking Law, savings banks must meet the conditions set out in the Law by December 31, 2001, or they will be liquidated.

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

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

Table C1: Monetary Authorities Accounts

End of period, million kuna

	1993	1994	1995	1996	1997	1998	1999	2000	2001			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS												
1. Foreign assets	4,043.6	7,908.4	10,075.2	12,818.9	16,005.6	17,592.5	23,135.7	28,747.4	28,433.5	29,187.4	30,652.0	30,392.0
1.1. Gold	-	-	-	-	-	-	-	-	-	-	-	-
1.2. Holdings of SDRs	24.4	25.4	743.4	695.5	927.0	1,444.4	1,449.2	1,204.2	1,228.6	1,220.3	1,216.9	1,065.9
1.3. Reserve position in the IMF	0.1	0.1	0.1	0.3	0.7	1.0	1.6	1.8	1.9	1.9	1.9	1.8
1.4. Currency and demand deposits with foreign banks	615.7	89.2	395.8	165.9	510.6	342.0	1,109.6	7.4	7.6	7.6	7.6	7.4
1.5. Time deposits with foreign banks	3,403.5	7,793.6	8,381.3	11,009.8	12,169.5	11,696.6	17,702.4	20,986.9	19,657.8	19,411.2	20,594.7	18,837.8
1.6. Securities in f/c	-	-	554.6	947.3	2,396.5	4,107.2	2,871.6	6,545.7	7,536.3	8,545.2	8,829.7	10,477.7
1.7. Nonconvertible foreign exchange	0.0	0.0	0.0	0.0	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3
2. Claims on central government and funds	517.2	250.6	390.1	218.8	-	-	24.1	0.0	0.0	5.6	-	-
2.1. Claims in kuna	383.6	180.1	353.1	206.4	-	-	24.1	0.0	0.0	5.6	-	-
Bridging loans	-	-	-	-	-	-	-	-	-	-	-	-
Loans under separate decrees	376.7	180.1	353.1	206.4	-	-	-	-	-	-	-	-
Other loans	7.0	-	0.1	-	-	-	24.1	0.0	0.0	5.6	-	-
2.2. Claims in f/c	133.6	70.5	37.0	12.4	-	-	-	-	-	-	-	-
3. Claims on other domestic sectors	0.3	0.7	0.9	1.1	24.4	1.0	276.8	289.5	280.7	278.0	275.2	274.4
4. Claims on DMBs	191.6	223.8	220.2	213.9	33.5	1,053.8	1,138.7	329.9	24.8	24.5	22.7	396.4
4.1. Credits to DMBs	186.9	222.6	129.7	212.3	31.0	1,044.4	1,125.3	313.6	9.2	8.5	6.5	380.2
Refinancing of DMBs	150.4	-	-	-	-	-	-	-	-	-	-	-
Short-term credits against securities portfolio	-	-	25.8	-	-	-	-	-	-	-	-	-
Lombard credits	5.5	24.0	96.6	211.3	30.0	252.3	176.7	-	-	-	-	3.1
Short-term liquidity credits	-	-	-	-	-	-	929.0	-	-	-	-	-
Other credits	31.0	1.3	7.3	1.0	1.0	333.0	19.7	14.0	9.2	8.5	6.5	3.8
CNB bills under repurchase agreement	-	197.3	-	-	-	459.2	-	299.6	-	-	-	373.4
4.2. CNB deposits with DMBs	0.5	1.2	1.3	1.4	2.5	9.3	13.4	15.2	15.5	15.9	16.1	16.2
4.3. Overdue claims	4.2	-	89.2	0.1	0.0	0.0	0.0	1.1	0.0	0.0	0.1	-
5. Claims on other banking institutions	-	-	-	-	-	-	-	-	-	-	-	-
Total (1+2+3+4+5)	4,752.7	8,383.5	10,686.4	13,252.6	16,063.5	18,647.3	24,575.3	29,366.8	28,739.0	29,495.4	30,950.0	31,062.8
LIABILITIES												
1. Reserve money	2,248.9	4,714.2	6,744.1	8,770.4	10,346.1	9,954.2	10,310.0	11,717.3	10,541.8	11,454.1	11,346.1	12,097.2
1.1. Currency outside banks	1,367.5	2,657.3	3,362.1	4,361.3	5,307.5	5,718.8	5,958.9	6,636.7	5,907.7	6,113.4	6,411.7	6,551.0
1.2. DMBs' cash in vaults	51.7	134.7	134.5	152.2	216.9	251.4	382.1	532.3	324.6	349.9	373.9	372.9
1.3. DMBs' deposits	821.5	1,906.6	3,244.7	4,256.7	4,821.6	3,980.2	3,960.4	4,540.7	4,302.7	4,966.2	4,545.5	5,133.2
Settlement accounts	54.9	121.4	197.1	913.5	866.6	467.5	247.9	459.5	284.1	1,064.2	1,153.7	1,631.9
Statutory reserves	766.6	1,785.2	2,231.5	3,343.2	3,955.0	3,512.7	3,712.5	4,081.2	4,018.6	3,901.9	3,391.8	3,501.3
CNB bills on obligatory basis	-	-	816.0	-	-	-	-	-	-	-	-	-
1.4. Deposits of other banking institutions	-	-	-	-	-	2.4	8.5	7.5	6.8	15.8	4.7	3.9
1.5. Deposits of other domestic sectors	8.2	15.6	2.8	0.1	0.1	1.3	-	0.0	0.1	8.9	10.2	36.1
2. Restricted and blocked deposits	1.4	40.3	212.2	243.2	101.1	1,787.6	5,016.8	5,805.5	5,549.0	5,715.4	5,937.6	5,991.6
2.1. Statutory reserve in f/c	-	-	-	-	-	1,668.4	4,636.2	5,490.5	5,284.8	5,428.9	5,676.1	5,739.2
2.2. Restricted deposits	1.4	40.3	54.1	78.7	101.1	119.1	380.6	315.0	264.1	286.5	261.4	252.5
2.3. Escrow deposits	-	-	158.1	164.4	-	-	-	-	-	-	-	-
3. Foreign liabilities	133.9	716.2	1,175.2	1,160.4	1,471.4	1,465.4	1,671.2	1,630.8	1,587.2	1,583.0	1,335.1	1,429.2
3.1. Use of IMF credit	133.6	715.4	1,174.0	1,158.5	1,468.4	1,461.3	1,501.7	1,290.3	1,320.1	1,321.3	1,323.5	1,169.4
3.2. Liabilities to international organizations	0.3	0.8	1.2	1.8	3.0	4.1	6.8	9.5	11.2	11.3	11.6	11.2
3.3. Liabilities to foreign banks	-	-	-	-	-	-	162.7	331.0	255.9	250.4	0.0	248.6
4. Central government and funds deposits	0.0	793.8	395.5	557.6	1,032.7	434.8	397.2	1,157.4	1,306.4	1,253.9	2,341.2	2,691.4
4.1. Demand deposits	0.0	793.8	395.5	424.6	805.7	390.2	394.2	1,008.5	1,053.3	1,040.4	1,339.8	1,646.4
Central government demand deposits	-	725.5	338.6	342.0	625.7	291.0	388.0	980.8	1,021.5	1,001.1	1,262.2	1,577.6
Central government funds demand deposits	0.0	68.3	56.9	82.6	180.1	99.3	6.2	27.7	31.8	39.3	77.6	68.8
4.2. Central government f/c deposits	-	-	-	-	147.6	-	0.0	-	-	-	768.2	752.8
4.3. CNB bills	-	-	-	133.0	79.4	44.6	2.9	148.8	253.2	213.5	233.3	292.2
5. CNB bills	21.2	375.1	168.3	665.7	722.0	2,242.9	2,887.2	4,207.3	4,436.0	4,160.1	4,517.9	3,901.9
5.1. CNB bills in kuna	21.2	375.1	168.3	665.7	722.0	830.7	1,252.5	2,394.6	2,778.6	2,223.2	2,580.8	2,296.8
5.2. CNB bills in f/c	-	-	-	-	-	1,412.2	1,634.7	1,812.7	1,657.3	1,936.9	1,937.1	1,605.0
6. Capital accounts	2,366.0	2,065.9	2,019.3	1,900.1	2,361.8	2,898.2	4,535.5	5,216.6	5,576.0	5,678.1	5,914.6	5,385.3
7. Other items (net)	-18.7	-322.1	-28.2	-44.7	28.5	-135.8	-242.4	-368.1	-257.5	-349.2	-442.6	-433.9
Total (1+2+3+4+5+6+7)	4,752.7	8,383.5	10,686.4	13,252.6	16,063.5	18,647.3	24,575.3	29,366.8	28,739.0	29,495.4	30,950.0	31,062.8

Table C1: Monetary Authorities Accounts

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

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

Claims on central government and funds are loans and overdue claims on the budget of the Republic of Croatia. Claims in kuna are short-term loans granted for the purpose of overcoming timing differences between incoming revenues and execution of budgetary expenditures, long-term loans granted by special decrees by the government of the Republic of Croatia, and overdue claims on the budgetary central government based on the liabilities to the IMF and foreign banks. Item Claims in foreign currency was a counter-entry to the liability to the IMF based on the succession of membership in that institution.

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

Claims on DMBs are credits to DMBs, deposits by the CNB with DMBs and overdue claims on DMBs. Credits to DMBs are split according to the type of financial instruments. Refinancing of DMBs include loans granted within general and selective quotas up to the end of 1993, as well as advances to DMBs for performing exchange office operations. Refinancing loans granted within the general and selective quotas were paid back in their entirety by the end of April 1994. In July 1994, they were formally revoked. Item Lombard credits comprises credits to DMBs for regular maintaining of the day-to-day liquidity, which were replaced by lombard credits in December 1994. Short-term liquidity credits, which have been granted since the beginning of 1999, also serve to bridge liquidity problems. Other credits include intervention credits, special credits for bridging liquidity problems granted in the past (initial credits, prerehabilitation credits) and due but unpaid credits. Overdue claims on DMBs comprise settlement account overdrafts (until mid-1994) and banks' failure to correctly and promptly allocate and maintain statutory reserve requirements.

Since May 1999, Claims on other domestic sectors include overdue

claims on banks against which bankruptcy proceedings have been initiated. Due to the reclassification of savings banks from the sub-sector other banking institutions to the sub-sector banks, data for Claims on DMBs and Claims on other banking institutions have been revised.

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

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

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

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

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

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

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

Due to the reclassification of savings banks from the sub-sector other banking institutions to the sub-sector banks, data for Currency outside banks, DMBs' cash in vaults, DMBs' deposits and Deposits of other banking institutions were revised. Since May 1999, deposits of banks against which bankruptcy proceedings have been initiated are included as well.

Table D1: Deposit Money Banks' Accounts

End of period, million kuna

	1993	1994	1995	1996	1997	1998	1999	2000	2001			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec. ^a	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS												
1. Reserves with the CNB	860.9	2,039.7	3,350.3	4,409.6	5,045.6	5,908.1	8,987.9	10,588.9	9,927.9	10,840.5	10,625.5	11,261.1
1.1. In kuna	860.9	2,039.7	3,350.3	4,409.6	5,045.6	4,239.7	4,352.6	5,098.4	4,643.1	5,411.6	4,949.5	5,521.9
1.2. In f/c	–	–	–	–	–	1,668.4	4,635.3	5,490.5	5,284.8	5,428.9	5,676.1	5,739.2
2. Foreign assets	6,212.1	7,082.5	9,296.6	12,549.6	16,185.8	12,763.1	12,400.1	19,710.4	18,994.5	18,979.4	20,416.7	19,154.8
3. Claims on central government and funds	19,971.9	17,837.3	17,188.1	16,693.4	15,238.8	14,864.2	16,264.4	19,076.0	20,805.0	20,271.0	19,676.4	19,667.0
3.1. Bonds arising from blocked f/c deposits	14,836.8	11,437.6	10,078.3	8,291.1	6,714.4	5,802.3	5,419.9	4,484.4	4,128.8	4,074.5	4,036.4	3,955.6
3.2. Big bonds	3,635.5	4,971.6	5,060.9	2,438.5	2,291.9	2,103.1	1,321.8	1,475.7	1,707.0	1,707.2	1,712.4	1,693.9
3.3. Other claims	1,499.6	1,428.1	2,048.9	5,963.8	6,232.5	6,958.8	9,522.8	13,115.8	14,969.2	14,489.3	13,927.6	14,017.5
4. Claims on other domestic sectors	20,261.7	27,598.7	32,717.7	33,689.9	48,592.2	59,596.7	55,399.7	60,363.9	61,423.1	62,353.8	64,209.8	65,026.9
4.1. Claims on local government and funds	11.4	112.9	147.1	145.4	308.8	654.0	905.6	1,174.9	1,183.3	1,190.2	1,186.8	1,177.2
4.2. Claims on enterprises	18,348.2	23,982.8	27,827.4	26,929.3	35,487.2	41,225.5	35,244.3	35,890.7	36,360.1	36,989.9	37,892.8	38,123.6
4.3. Claims on households	1,902.1	3,503.0	4,743.2	6,615.2	12,796.2	17,717.2	19,249.8	23,298.3	23,879.6	24,173.6	25,130.1	25,726.2
5. Claims on other banking institutions	10.2	–	–	–	–	0.4	45.4	48.2	55.7	74.4	77.2	84.4
6. Claims on other financial institutions	15.7	62.1	100.8	140.2	246.8	193.9	154.0	161.7	137.2	152.1	161.6	145.2
Total (1+2+3+4+5+6)	47,332.4	54,620.3	62,653.6	67,482.7	85,309.3	93,326.4	93,251.5	109,949.1	111,343.4	112,671.2	115,167.2	115,339.5
LIABILITIES												
1. Demand deposits	1,758.7	3,969.7	4,870.0	7,007.5	8,423.8	7,808.9	7,891.5	11,386.0	10,802.6	10,832.5	10,968.6	11,661.6
2. Savings and time deposits	1,466.1	2,045.6	2,158.0	3,386.6	5,598.9	5,683.8	5,397.5	7,651.1	7,884.9	8,357.4	8,951.0	8,895.8
3. Foreign currency deposits	5,412.3	8,783.3	14,099.4	21,817.5	31,278.1	37,970.9	36,966.0	46,901.6	48,941.3	49,652.3	50,706.4	50,058.9
4. Bonds and money market instruments	48.3	208.5	130.7	128.1	133.6	154.1	476.1	738.5	756.2	782.0	709.3	696.2
5. Foreign liabilities	12,066.4	13,134.8	15,150.0	12,467.4	13,807.1	16,176.8	17,169.9	17,549.5	18,478.2	17,721.6	18,358.6	18,231.1
6. Central government and funds' deposits	1,437.8	1,675.0	2,025.6	1,720.9	6,874.7	7,298.3	5,828.6	6,730.5	5,646.5	6,069.4	6,241.8	5,895.1
7. Credit from central bank	275.2	224.6	182.6	267.8	33.7	1,049.2	1,138.7	328.8	24.7	24.4	22.6	396.4
8. Restricted and blocked deposits	14,261.5	12,087.7	10,662.4	8,223.6	5,852.3	4,196.0	3,434.2	2,549.6	2,310.6	2,297.2	2,318.8	2,095.8
o/w: Households' blocked f/c deposits	13,857.4	11,470.6	9,812.5	7,170.6	4,573.8	3,419.1	2,742.7	1,695.1	1,516.1	1,483.9	1,465.5	1,416.4
9. Capital accounts	11,203.3	13,847.5	15,392.3	15,440.8	17,027.0	19,785.6	21,975.4	24,953.1	25,024.5	25,082.0	25,329.2	24,871.0
10. Other items (net)	-597.1	-1,356.4	-2,017.4	-2,977.4	-3,719.9	-6,797.2	-7,026.4	-8,839.4	-8,526.2	-8,147.7	-8,439.2	-7,462.2
Total (1+2+3+4+5+6+7+8+9+10)	47,332.4	54,620.3	62,653.6	67,482.7	85,309.3	93,326.4	93,251.5	109,949.1	111,343.4	112,671.2	115,167.2	115,339.5

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

Table D1: Deposit Money Banks' Accounts

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

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

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

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

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

The same forms of kuna and foreign currency claims are included in

claims on other banking institutions and other financial institutions, with one difference: Claims on other banking institutions also include deposits with those institutions.

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

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

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

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

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

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

Credit from central bank comprises loans obtained from the CNB

and deposits by the CNB with DMBs. Repurchase of securities is also considered and treated as a loan.

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

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

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

In May 1999, bankruptcy proceedings have been initiated against several few banks so their assets and liabilities are excluded from mon-

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

Tables: D2-D12

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

Table D2: Deposit Money Banks' Foreign Assets

End of period, million kuna

	1993	1994	1995	1996	1997	1998	1999	2000	2001			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Foreign assets in f/c	6,191.7	7,047.0	9,279.3	12,525.5	16,167.9	12,743.4	12,352.8	19,619.2	18,923.4	18,914.3	20,362.4	19,098.4
1.1. Claims on foreign banks	5,578.7	5,780.0	8,181.5	11,397.8	15,425.6	11,980.5	11,598.5	19,154.9	18,386.8	18,352.1	19,721.6	18,149.2
Foreign currencies	437.0	468.5	592.0	663.6	850.4	586.9	886.7	1,002.8	777.0	778.0	771.9	878.4
Demand deposits	2,543.3	2,640.1	3,466.1	5,915.6	6,938.5	6,228.6	1,498.5	995.0	991.6	953.4	985.0	926.0
Time and notice deposits	1,544.7	2,301.3	3,803.8	4,482.7	7,010.9	4,637.1	8,509.4	16,286.7	15,645.9	15,591.1	16,778.9	15,354.5
Securities	51.4	60.3	76.1	72.7	88.6	51.1	-	454.9	552.7	608.7	760.1	707.3
Loans and advances	913.8	217.4	156.9	179.7	408.7	343.4	569.8	370.9	374.3	375.6	380.4	238.7
Shares and participations	88.5	92.4	86.5	83.6	128.4	133.5	134.1	44.6	45.2	45.4	45.3	44.4
1.2. Claims on foreign nonbanks	612.9	1,267.0	1,097.8	1,127.7	742.4	762.9	754.3	464.3	536.6	562.1	640.7	949.2
Claims on foreign governments	-	-	-	-	-	-	399.9	137.8	215.3	237.7	244.6	387.3
Claims on other nonresidents	609.5	973.9	804.9	846.2	580.4	583.9	350.4	322.4	317.1	320.3	392.0	557.8
Securities	531.2	514.4	536.2	492.5	17.7	3.7	4.5	-	-	-	-	186.9
Loans and advances	78.4	459.5	268.7	353.7	562.7	580.2	345.9	322.4	317.1	320.3	392.0	371.0
Shares and participations	3.4	293.0	292.9	281.4	162.0	179.0	4.0	4.1	4.2	4.2	4.2	4.1
2. Foreign assets in kuna	20.4	35.6	17.4	24.2	17.9	19.7	47.3	91.2	71.1	65.1	54.3	56.4
2.1. Claims on foreign banks	0.8	2.9	0.6	5.7	3.6	3.1	16.6	66.1	44.3	40.7	40.8	42.9
2.2. Claims on foreign nonbanks	19.6	32.7	16.7	18.5	14.3	16.6	30.6	25.1	26.8	24.4	13.5	13.5
o/w: Loans and advances	19.6	32.7	16.7	18.5	14.3	16.6	29.6	23.3	24.9	22.6	11.6	11.6
Total (1+2)	6,212.1	7,082.5	9,296.6	12,549.6	16,185.8	12,763.1	12,400.1	19,710.4	18,994.5	18,979.4	20,416.7	19,154.8

Table D2: Deposit Money Banks' Foreign Assets

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

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

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

sets in kuna and in foreign currency.

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

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

End of period, million kuna

	1993	1994	1995	1996	1997	1998	1999	2000	2001			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Bonds (c/part to blocked f/c savings deposits)	14,836.8	11,437.6	10,078.3	8,291.1	6,714.4	5,802.3	5,419.9	4,484.4	4,128.8	4,074.5	4,036.4	3,955.6
2. Big bonds	3,635.5	4,971.6	5,060.9	2,438.5	2,291.9	2,103.1	1,321.8	1,475.7	1,707.0	1,707.2	1,712.4	1,693.9
3. Other claims	1,499.6	1,428.1	2,048.9	5,963.8	6,232.5	6,958.8	9,522.8	13,115.8	14,969.2	14,489.3	13,927.6	14,017.5
3.1. In kuna	532.4	176.3	182.6	4,121.2	4,261.8	5,066.1	8,564.0	11,432.5	13,331.1	12,921.4	12,335.9	12,451.5
3.1.1. Claims on central government	407.4	147.4	167.8	4,100.2	4,191.8	4,614.1	7,831.3	9,812.6	11,641.1	11,176.4	10,679.2	10,725.9
Securities	133.1	144.0	147.1	4,071.6	4,171.7	4,426.9	6,897.3	8,587.8	9,141.0	9,465.7	9,795.6	9,659.4
Loans and advances	274.2	3.3	20.6	28.6	20.1	187.2	934.0	1,224.9	2,500.1	1,710.7	883.6	1,066.5
3.1.2. Claims on central government funds	125.0	28.9	14.9	21.0	70.0	452.0	732.7	1,619.9	1,690.0	1,745.0	1,656.7	1,725.6
Securities	–	–	–	21.0	–	–	–	647.8	660.4	657.8	622.1	603.6
Loans and advances	125.0	28.9	14.9	0.0	70.0	452.0	732.7	972.1	1,029.6	1,087.2	1,034.6	1,122.0
3.2. In f/c	967.2	1,251.9	1,866.3	1,842.6	1,970.7	1,892.7	958.8	1,683.3	1,638.1	1,567.8	1,591.7	1,566.0
3.2.1. Claims on central government	769.3	1,016.6	1,771.2	1,828.5	1,966.7	1,879.5	921.4	1,492.7	1,445.2	1,276.3	1,317.4	1,296.5
Bonds	55.1	271.3	704.7	1,396.9	1,172.5	1,182.2	518.1	869.2	814.7	643.7	666.8	670.9
Loans and advances	714.2	745.3	1,066.5	431.7	794.2	697.3	403.3	623.5	630.5	632.6	650.6	625.6
3.2.2. Claims on central government funds	197.9	235.2	95.1	14.1	4.0	13.2	37.4	190.6	192.9	291.6	274.3	269.5
Securities	–	–	–	11.8	2.8	0.2	27.6	35.0	35.4	119.0	78.7	76.3
Loans and advances	197.9	235.2	95.1	2.3	1.3	13.0	9.8	155.5	157.5	172.6	195.6	193.2
Total (1+2+3)	19,971.9	17,837.3	17,188.1	16,693.4	15,238.8	14,864.2	16,264.4	19,076.0	20,805.0	20,271.0	19,676.4	19,667.0

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

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

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

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

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

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

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

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

End of period, million kuna

	1993	1994	1995	1996	1997	1998	1999	2000	2001			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec. ^a	Dec.	Jan.	Feb.	Mar.	Apr.
1. Claims in kuna	10,122.6	17,504.7	21,668.8	25,602.5	40,149.5	50,509.7	48,336.4	53,739.5	54,751.1	55,680.9	57,600.1	58,567.5
1.1. Money market instruments	1,139.7	157.1	76.8	42.1	81.5	101.8	365.7	231.9	231.0	243.3	237.8	219.2
1.2. Bonds	16.2	8.0	8.0	2.1	1.7	0.7	0.0	1.0	1.0	1.0	1.0	1.0
1.3. Loans and advances	6,488.2	12,073.6	16,330.0	21,759.1	35,971.2	45,956.0	44,505.1	49,566.8	50,706.6	51,655.9	53,820.2	54,830.2
1.4. Shares and participations	2,478.5	5,266.0	5,254.1	3,799.2	4,095.2	4,451.3	3,465.5	3,939.8	3,812.5	3,780.8	3,541.1	3,517.1
2. Claims in f/c	10,139.2	10,094.0	11,048.9	8,087.4	8,442.7	9,087.0	7,063.3	6,624.3	6,671.9	6,672.9	6,609.7	6,459.4
2.1. Securities	0.5	3.6	3.6	2.9	0.6	0.6	74.9	112.4	115.2	74.2	32.6	72.4
2.2. Loans and advances	10,138.7	10,090.4	11,045.3	8,084.5	8,442.1	9,086.3	6,988.5	6,512.0	6,556.7	6,598.7	6,577.0	6,387.1
Total (1+2)	20,261.7	27,598.7	32,717.7	33,689.9	48,592.2	59,596.7	55,399.7	60,363.9	61,423.1	62,353.8	64,209.8	65,026.9

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

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

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

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

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

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

End of period, million kuna

	1993	1994	1995	1996	1997	1998	1999	2000	2001			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec. ^a	Dec.	Jan.	Feb.	Mar.	Apr.
LOANS IN KUNA												
1. Loans to central government and funds	135.7	31.2	35.1	11.5	74.6	633.2	1,666.6	2,196.9	3,529.6	2,797.9	1,918.2	2,188.5
1.1. Loans to central government	10.8	2.5	20.2	11.5	4.6	181.9	934.0	1,224.9	2,500.1	1,710.7	883.6	1,066.5
1.2. Loans to central government funds	124.9	28.7	14.9	0.0	70.0	451.3	732.7	972.1	1,029.6	1,087.2	1,034.6	1,122.0
2. Loans to local governments and funds	11.4	93.5	122.5	125.1	293.2	623.5	785.7	996.8	1,003.8	1,011.3	1,006.9	997.2
3. Loans to enterprises	4,575.6	8,480.2	11,474.5	15,029.5	22,925.8	27,660.0	24,533.4	25,328.0	25,883.4	26,534.2	27,735.6	28,160.2
4. Loans to households	1,901.2	3,499.9	4,733.0	6,604.5	12,752.2	17,672.5	19,186.1	23,242.1	23,819.4	24,110.4	25,077.7	25,672.9
5. Loans to other banking institutions	10.0	–	–	–	–	0.4	31.3	33.5	33.9	32.6	32.0	33.2
6. Loans to other financial institutions	4.1	35.1	61.3	89.0	166.6	114.2	138.6	105.5	114.3	129.3	138.7	120.7
A. Total (1+2+3+4+5+6)	6,638.0	12,140.0	16,426.4	21,859.7	36,212.4	46,703.7	46,341.6	51,902.8	54,384.3	54,615.6	55,909.1	57,172.6
LOANS IN f/c												
1. Loans to central government and funds	796.0	765.2	773.9	190.2	679.9	637.4	413.1	779.1	788.0	805.1	846.2	818.8
1.1. Loans to central government	598.1	529.9	678.8	187.9	678.6	624.5	403.3	623.5	630.5	632.6	650.6	625.6
1.2. Loans to central government funds	197.9	235.2	95.1	2.3	1.3	13.0	9.8	155.5	157.5	172.6	195.6	193.2
2. Loans to local governments and funds	–	19.4	21.4	18.9	13.1	30.5	118.7	171.6	172.9	173.2	172.9	168.5
3. Loans to enterprises	10,137.7	10,067.9	11,013.5	8,054.3	8,382.3	9,009.8	6,806.1	6,284.0	6,323.6	6,362.3	6,351.6	6,165.4
4. Loans to households	0.9	3.1	10.4	11.3	46.8	46.0	63.7	56.3	60.2	63.2	52.5	53.2
5. Loans to other banking institutions	–	–	–	–	–	–	1.7	–	–	–	–	–
6. Loans to other financial institutions	–	–	–	–	–	–	–	–	–	–	–	–
B. Total (1+2+3+4+5+6)	10,934.6	10,855.5	11,819.2	8,274.7	9,122.0	9,723.8	7,403.2	7,291.0	7,344.7	7,403.8	7,423.2	7,205.8
TOTAL(A+B)	17,572.7	22,995.5	28,245.6	30,134.4	45,334.4	56,427.5	53,744.9	59,193.9	61,729.0	62,019.5	63,332.3	64,378.5

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

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

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

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

Table D6: Demand Deposits with Deposit Money Banks

End of period, million kuna

	1993	1994	1995	1996	1997	1998	1999	2000	2001			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Local governments and funds	142.5	512.8	495.3	683.8	484.2	514.3	314.7	573.6	569.9	558.2	590.0	606.8
2. Enterprises	1,264.7	2,678.2	3,161.9	4,489.2	5,692.8	4,794.2	4,695.6	7,087.1	6,529.7	6,421.2	6,407.6	6,900.5
3. Households	327.9	764.1	1,168.8	1,661.3	2,235.7	2,492.2	2,686.5	3,499.7	3,468.8	3,637.0	3,741.8	3,894.3
4. Other banking institutions	2.8	–	–	–	–	–	6.9	11.6	14.0	12.2	11.1	10.6
5. Other financial institutions	42.6	47.5	79.6	208.2	203.8	190.0	190.0	221.7	224.7	208.4	223.0	253.0
6. Less: Checks of other banks and checks in collection	-21.8	-32.7	-35.5	-35.0	-192.6	-181.8	-2.2	-7.6	-4.5	-4.5	-4.8	-3.5
Total (1+2+3+4+5+6)	1,758.7	3,969.7	4,870.0	7,007.5	8,423.8	7,808.9	7,891.5	11,386.0	10,802.6	10,832.5	10,968.6	11,661.6

Table D6: Demand Deposits with Deposit Money Banks

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

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

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

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

Table D7: Time and Savings Deposits with Deposit Money Banks

	End of period, million kuna											
	1993 Dec.	1994 Dec.	1995 Dec.	1996 Dec.	1997 Dec.	1998 Dec.	1999 Dec.	2000 Dec.	2001			
									Jan.	Feb.	Mar.	Apr.
1. Savings deposits	215.2	393.9	497.7	719.3	1,115.7	1,117.5	1,371.4	1,676.1	1,554.5	1,705.0	1,642.6	1,642.9
1.1. Local governments and funds	-	-	-	-	-	-	91.7	137.6	83.3	95.2	94.0	109.1
1.2. Enterprises	-	-	-	-	-	-	92.1	142.4	118.1	128.3	115.4	94.6
1.3. Households	215.2	393.9	497.7	719.3	1,115.7	1,117.5	1,167.3	1,348.3	1,338.9	1,461.4	1,413.3	1,406.0
1.4. Other banking institutions	-	-	-	-	-	-	2.6	0.6	0.6	0.6	0.6	0.2
1.5. Other financial institutions	-	-	-	-	-	-	17.8	47.2	13.6	19.5	19.3	32.9
2. Time and notice deposits	1,250.8	1,651.7	1,660.2	2,667.3	4,483.2	4,566.3	4,026.2	5,975.0	6,330.5	6,652.4	7,308.4	7,252.9
2.1. Local governments and funds	41.8	121.0	81.2	89.7	102.6	185.3	176.1	230.7	266.2	270.8	286.3	274.2
2.2. Enterprises	680.0	886.6	830.2	1,054.7	1,785.0	1,569.2	1,417.0	2,871.4	3,003.2	3,214.4	3,800.9	3,735.9
2.3. Households	408.1	437.2	547.1	1,124.3	1,962.1	1,998.7	1,531.7	1,789.8	1,983.0	2,065.0	2,085.6	2,095.8
2.4. Other banking institutions	4.6	-	-	-	-	-	33.5	20.8	20.0	26.8	27.0	33.0
2.5. Other financial institutions	116.3	206.9	201.7	398.6	633.6	813.1	867.8	1,062.2	1,058.0	1,075.4	1,108.6	1,114.1
Total (1+2)	1,466.1	2,045.6	2,158.0	3,386.6	5,598.9	5,683.8	5,397.5	7,651.1	7,884.9	8,357.4	8,951.0	8,895.8

Table D7: Time and Savings Deposits with Deposit Money Banks

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

In May 1999, bankruptcy proceedings have been initiated against

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

Table D8: Foreign Currency Deposits with Deposit Money Banks

	End of period, million kuna											
	1993 Dec.	1994 Dec.	1995 Dec.	1996 Dec.	1997 Dec.	1998 Dec.	1999 Dec.	2000 Dec.	2001			
									Jan.	Feb.	Mar.	Apr.
1. Savings deposits	3,843.4	5,483.9	7,952.1	9,242.8	10,750.3	12,140.3	12,228.1	14,566.3	14,844.2	14,778.7	14,895.1	14,914.9
1.1. Local governments and funds	4.0	2.1	6.0	10.5	111.7	19.5	29.5	16.8	15.8	15.8	15.8	17.1
1.2. Enterprises	1,302.0	1,460.9	1,498.0	1,762.8	1,969.4	2,091.9	1,842.6	2,408.0	2,404.1	2,379.0	2,450.7	2,482.7
1.3. Households	2,533.7	3,991.5	6,419.8	7,419.9	8,616.2	9,976.4	10,256.6	12,041.5	12,334.7	12,245.7	12,319.5	12,235.0
1.4. Other banking institutions	-	-	-	-	-	-	6.4	10.3	12.4	13.4	11.1	9.5
1.5. Other financial institutions	3.6	29.3	28.3	49.5	52.9	52.5	93.0	89.8	77.2	124.7	98.1	170.6
2. Time deposits	1,568.9	3,299.4	6,147.3	12,574.7	20,527.8	25,830.6	24,737.9	32,335.3	34,097.1	34,873.6	35,811.3	35,144.0
2.1. Local governments and funds	-	-	-	-	-	-	15.5	8.2	7.9	7.5	4.7	4.6
2.2. Enterprises	224.6	547.2	743.7	1,160.1	1,457.2	1,579.4	1,442.3	2,753.1	2,604.7	2,704.1	2,936.9	2,764.6
2.3. Households	1,308.0	2,649.6	5,276.4	11,209.1	18,849.8	23,994.7	22,957.7	29,097.2	30,949.0	31,649.9	32,266.8	31,844.4
2.4. Other banking institutions	-	-	-	-	-	-	2.5	4.2	10.6	8.9	9.3	3.7
2.5. Other financial institutions	36.3	102.6	127.2	205.5	220.8	256.5	320.0	472.7	524.9	503.2	593.6	526.9
Total (1+2)	5,412.3	8,783.3	14,099.4	21,817.5	31,278.1	37,970.9	36,966.0	46,901.6	48,941.3	49,652.3	50,706.4	50,058.9

Table D8: Foreign Currency Deposits with Deposit Money Banks

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

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

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

Table D9: Bonds and Money Market Instruments

End of period, million kuna

	1993	1994	1995	1996	1997	1998	1999	2000	2001			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Money market instruments (net)	3.3	1.5	0.2	0.9	7.0	4.5	1.4	–	–	–	–	–
2. Bonds (net)	12.8	47.8	42.9	55.6	19.1	24.1	423.4	613.8	566.1	566.6	568.2	559.8
3. Other domestic borrowing	32.2	159.2	87.6	71.6	107.5	125.6	51.2	124.7	190.2	215.4	141.1	136.3
3.1. Local governments and funds	0.8	14.8	9.9	7.3	0.0	0.0	–	–	–	–	–	–
3.2. Enterprises	3.9	27.8	6.3	8.3	29.9	22.5	13.7	15.2	44.5	43.0	47.2	45.3
3.3. Other banking institutions	1.3	–	–	–	–	54.2	15.7	1.3	2.5	5.8	2.4	3.2
3.4. Other financial institutions	26.3	116.6	71.4	55.9	77.6	48.9	21.8	108.2	143.1	166.7	91.5	87.8
Total (1+2+3)	48.3	208.5	130.7	128.1	133.6	154.1	476.1	738.5	756.2	782.0	709.3	696.2

Table D9: Bonds and Money Market Instruments

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

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

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

certain conditions may be included in the supplementary capital of banks.

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

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

Table D10: Deposit Money Banks' Foreign Liabilities

End of period, million kuna

	1993	1994	1995	1996	1997	1998	1999	2000	2001			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Foreign liabilities in f/c	11,970.5	13,101.0	15,107.7	12,380.7	13,540.1	15,878.2	17,026.8	17,409.5	18,326.5	17,567.6	18,207.7	18,087.9
1.1. Liabilities to foreign banks	10,404.0	10,828.1	11,995.8	9,365.4	8,979.3	10,557.0	11,525.4	11,763.3	12,565.6	11,750.4	13,426.9	13,401.6
Demand deposits	219.8	107.8	119.0	206.3	300.9	242.3	157.1	176.3	102.5	123.3	121.0	140.3
Time and notice deposits	298.1	371.4	1,152.8	979.6	2,365.5	411.5	1,267.0	345.9	1,061.6	215.7	981.1	802.4
Loans and advances	9,886.1	10,348.9	10,724.0	8,179.4	6,313.0	9,903.2	10,101.2	11,241.1	11,401.5	11,411.4	12,324.8	12,458.9
1.2. Liabilities to foreign nonbanks	1,566.5	2,272.9	3,111.9	3,015.3	4,560.8	5,321.2	5,501.4	5,646.1	5,760.9	5,817.2	4,780.8	4,686.3
Savings and time deposits	450.5	609.0	1,204.2	1,496.8	2,056.8	2,892.6	2,545.9	2,868.1	3,030.1	3,079.4	3,195.2	3,148.3
Sight deposits	373.6	401.2	654.2	667.6	608.4	620.5	754.0	745.5	767.9	747.1	821.6	754.2
Time and notice deposits	76.9	207.8	549.9	829.2	1,448.4	2,272.1	1,791.9	2,122.6	2,262.2	2,332.3	2,373.6	2,394.1
Loans and advances	1,116.0	1,663.9	1,907.8	1,518.5	2,504.0	2,428.6	2,955.5	2,778.1	2,730.8	2,737.8	1,585.6	1,537.9
2. Foreign liabilities in kuna	95.9	33.9	42.3	86.7	266.9	298.6	143.1	140.0	151.7	154.0	150.9	143.2
2.1. Liabilities to foreign banks	1.0	4.8	7.5	30.9	187.1	156.3	65.0	37.0	46.6	51.6	41.2	41.4
Demand deposits	1.0	4.8	6.4	27.0	52.3	70.5	52.6	14.4	15.3	21.2	13.1	13.5
Time and notice deposits	–	–	1.1	3.9	128.4	85.8	11.7	22.0	30.5	25.8	23.6	23.3
Loans and advances	–	–	–	–	6.4	–	0.7	0.7	0.7	4.6	4.6	4.6
2.2. Liabilities to foreign nonbanks	94.9	29.1	34.8	55.8	79.9	142.3	78.1	103.0	105.1	102.4	109.6	101.8
Demand deposits	27.1	20.7	29.6	22.1	42.0	41.0	42.1	50.8	55.0	50.7	57.1	51.1
Time and notice deposits	0.2	2.2	0.1	29.4	33.1	96.1	35.9	52.2	50.1	51.7	52.5	50.7
Loans and advances	67.5	6.3	5.1	4.3	4.8	5.2	0.1	–	–	–	–	–
Total (1+2)	12,066.4	13,134.8	15,150.0	12,467.4	13,807.1	16,176.8	17,169.9	17,549.5	18,478.2	17,721.6	18,358.6	18,231.1

Table D10: Deposit Money Banks' Foreign Liabilities

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

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

Within foreign kuna and foreign currency liabilities, liabilities to foreign banks are reported separately from liabilities to foreign nonbanks (total and by financial instruments).

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

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

In kuna

	1993	1994	1995	1996	1997	1998	1999	2000	2001			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec. ^a	Dec.	Jan.	Feb.	Mar.	Apr.
1. In kuna	1,122.1	1,517.1	1,760.4	1,585.3	2,386.3	3,033.3	3,269.6	3,073.3	3,017.8	3,000.4	3,049.6	2,997.4
1.1. Central government deposits	494.0	183.1	179.3	131.2	82.1	130.1	330.9	430.0	453.9	442.3	469.8	451.5
Demand deposits	445.5	16.9	17.9	23.3	31.7	4.5	74.7	116.7	78.0	72.2	87.2	83.5
Savings deposits	–	–	–	–	–	–	15.9	26.1	33.4	31.1	43.4	43.6
Time and notice deposits	32.1	150.5	126.5	77.4	21.7	100.4	202.3	259.5	314.9	311.1	311.4	296.5
Loans and advances	16.3	15.7	34.9	30.5	28.7	25.2	38.1	27.7	27.7	27.8	27.9	27.9
1.2. Central government funds' deposits	628.1	1,334.0	1,581.1	1,454.1	2,304.2	2,903.2	2,938.8	2,643.3	2,563.9	2,558.2	2,579.8	2,545.9
Demand deposits	187.4	352.8	253.2	102.8	85.7	83.0	40.6	116.9	81.9	39.8	26.3	72.6
Savings deposits	–	–	–	–	–	–	4.5	15.2	7.1	5.4	6.5	4.4
Time and notice deposits	43.3	130.1	200.7	38.0	19.4	33.9	57.2	32.6	32.7	74.1	78.6	78.0
Loans and advances	397.4	851.1	1,127.2	1,313.3	2,199.1	2,786.4	2,836.5	2,478.6	2,442.2	2,438.9	2,468.5	2,391.0
2. In f/c	315.8	157.9	265.2	135.7	4,488.4	4,265.0	2,559.0	3,657.1	2,628.7	3,068.9	3,192.2	2,897.6
2.1. Central government deposits	315.8	118.8	145.4	54.2	4,483.7	4,249.5	2,497.6	3,622.6	2,589.9	3,037.5	3,171.8	2,869.9
Savings deposits	315.8	118.8	134.3	48.8	160.1	83.2	59.1	1,256.1	538.5	975.9	460.4	413.9
Time and notice deposits	–	–	11.1	5.3	0.1	0.1	10.5	27.0	15.6	15.7	591.8	424.7
Refinanced loans and advances	–	–	–	–	4,323.5	4,166.2	2,428.0	2,339.4	2,035.7	2,045.9	2,119.6	2,031.3
2.2. Central government funds' deposits	0.0	39.1	119.8	81.5	4.7	15.5	61.4	34.6	38.8	31.5	20.4	27.8
Savings deposits	0.0	39.1	21.2	58.2	4.7	8.0	55.2	25.0	21.5	21.8	14.4	19.8
Time and notice deposits	–	–	98.6	23.4	–	7.5	6.1	9.5	17.3	9.7	6.0	7.9
Total (1+2)	1,437.8	1,675.0	2,025.6	1,720.9	6,874.7	7,298.3	5,828.6	6,730.5	5,646.5	6,069.4	6,241.8	5,895.1

^a Refinanced loans and advances decreased by a one-off 2,759.4 million kuna.

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

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

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

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

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

Table D12: Restricted and Blocked Deposits with Deposit Money Banks

End of period, million kuna

	1993	1994	1995	1996	1997	1998	1999	2000	2001			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Restricted deposits	404.1	595.9	693.4	891.8	1,199.4	700.6	691.4	854.4	794.5	813.4	853.3	679.4
1.1. In Kuna	79.6	162.9	277.8	251.0	260.9	202.5	81.8	131.6	122.3	122.5	100.1	96.1
1.2. In f/c	324.5	433.0	415.6	640.8	938.5	498.0	609.7	722.8	672.2	690.9	753.2	583.3
2. Blocked f/c deposits	13,857.4	11,491.8	9,969.0	7,331.8	4,652.9	3,495.5	2,742.7	1,695.1	1,516.1	1,483.9	1,465.5	1,416.4
2.1. Central government	–	19.6	67.9	66.8	69.9	74.0	–	–	–	–	–	–
2.2. Enterprises	–	1.6	88.7	94.5	9.1	2.4	–	–	–	–	–	–
2.3. Households	13,857.4	11,470.6	9,812.5	7,170.6	4,573.8	3,419.1	2,742.7	1,695.1	1,516.1	1,483.9	1,465.5	1,416.4
Total (1+2)	14,261.5	12,087.7	10,662.4	8,223.6	5,852.3	4,196.0	3,434.2	2,549.6	2,310.6	2,297.2	2,318.8	2,095.8

Table D12: Restricted and Blocked Deposits with Deposit Money Banks

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

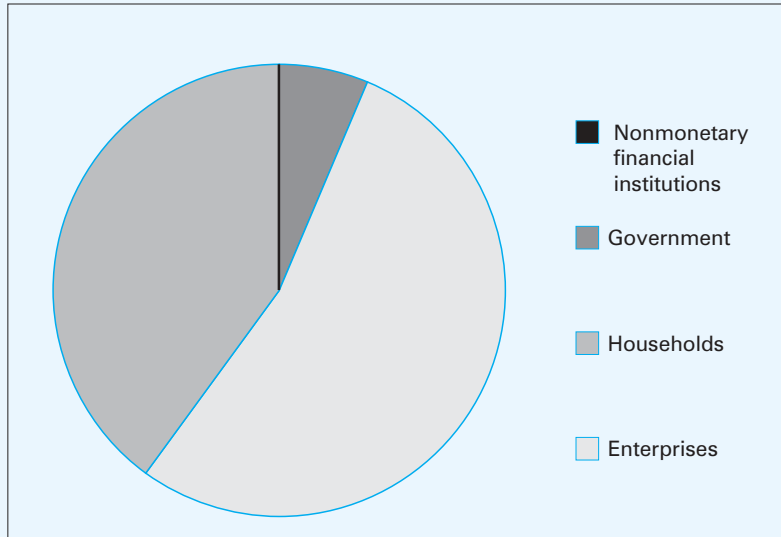
Restricted and blocked deposits include two categories of deposits: restricted (kuna and foreign currency) deposits and blocked foreign currency deposits.

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

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

Figure D1

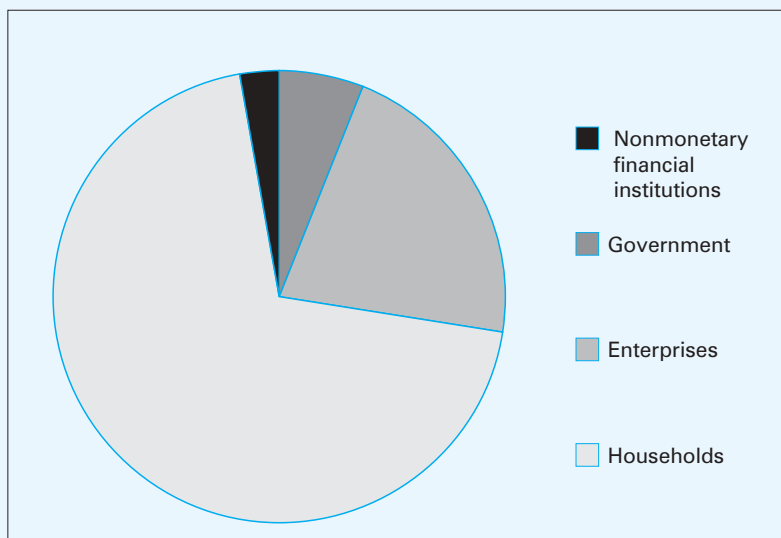
**DISTRIBUTION OF DEPOSIT MONEY BANKS' LOANS
BY DOMESTIC INSTITUTIONAL SECTORS**



April 2001

Figure D2

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



April 2001

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

Table E1: Housing Savings Banks' Accounts

End of Period, million kuna

	1998	1999	2000								2001			
	Dec.	Dec.	Mar.	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS														
1. Reserves with the CNB	2.4	8.6	3.4	11.8	6.5	8.4	2.0	3.1	2.6	7.6	6.8	15.8	4.7	3.9
2. Claims on central government and funds	49.7	81.4	136.0	204.0	251.9	284.2	330.0	366.9	388.5	497.6	553.3	587.2	621.1	635.6
3. Claims on other domestic sectors	–	5.3	1.3	–	–	–	–	–	0.6	1.1	1.9	2.5	3.0	4.0
o/w: Claims on households	–	–	–	–	–	–	–	–	0.1	0.6	1.4	12.5	3.0	4.0
4. Claims on banks	54.2	57.0	46.0	46.8	25.6	19.4	20.2	19.4	33.5	7.6	7.6	10.7	10.4	11.4
Total (1+2+3+4)	106.3	152.3	186.7	262.6	284.0	312.0	352.2	389.5	425.2	513.8	569.7	616.2	639.2	655.0
LIABILITIES														
1. Time deposits	8.7	87.6	129.3	189.0	211.0	238.1	263.7	290.2	327.4	437.8	470.3	501.2	539.9	563.4
2. Bonds and money market instruments	0.4	–	–	–	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
3. Capital accounts	108.3	117.4	130.5	124.2	122.5	121.6	118.5	115.9	115.1	112.5	124.1	117.6	113.6	107.2
4. Other items (net)	–11.0	–52.7	–73.1	–50.6	–59.5	–57.7	–40.0	–26.6	–27.4	–46.5	–34.7	–12.6	–24.2	–25.7
Total (1+2+3+4)	106.3	152.3	186.7	262.6	284.0	312.0	352.2	389.5	425.2	513.8	569.7	616.2	639.2	655.0

Table E1: Housing Savings Banks' Accounts

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

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

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

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

Claims on banks include loans extended to banks, as well as deposits with banks.

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

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

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

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

Table F1: Credit Rates of the Croatian National Bank

In percentage, on annual basis

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

^a Since April 11, 2000; ^b Since March 14, 2001.

Table F1: Credit Rates of the Croatian National Bank

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

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

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

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

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

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

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

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

Table F2: Deposit Rates of the Croatian National Bank

In percentage, on annual basis

Year	Month	Interest rates on statutory reserves dep. with the CNB	Interest rates on CNB bills on an obligatory basis	Interest rates on CNB bills on a voluntary basis				Interest rates on f/c CNB bills on a voluntary basis			
				Due in 7 days	Due in 35 days	Due in 70 days	Due in 105 days	Due in 63 days	Due in 91 days	Due in 182 days	Due in 364 days
1	2	3	4	5	6	7	8	9	10	11	12
1992	December	367.60	556.66	1,057.67	1,889.39	–	–	–	–	–	–
1993	December	0.00	–	67.84	63.08	97.38	–	–	–	–	–
1994	December	5.15	–	9.00	12.00	14.00	–	–	–	–	–
1995	December	5.50	16.50	12.00	25.54	27.00	–	–	–	–	–
1996	December	5.50	–	–	8.00	9.50	–	–	–	–	–
1997	December	4.50	–	–	8.00	9.00	10.00	–	–	–	–
1998	December	5.90	–	–	9.50	10.50	11.00	4.60	3.12	3.08	–
1999	December	5.90	–	–	10.50	11.55	12.50	4.83	3.56	–	–
2000	January	5.90	–	–	10.50	11.55	12.50	4.72	5.85	–	–
	February	5.90	–	–	10.50	11.55	12.50	4.09	3.79	6.13	–
	March	5.90	–	–	10.42	11.54	12.43	4.99	4.27	3.83	–
	April	5.90	–	–	9.79	11.00	12.30	4.53	6.11	–	–
	May	5.90	–	–	9.05	9.80	10.93	4.85	5.28	6.88	–
	June	5.90	–	–	7.96	8.97	10.00	5.54	5.26	6.73	7.00
	July	5.90	–	–	7.84	8.84	9.74	5.09	5.94	6.01	–
	August	5.90	–	–	6.85	7.81	9.12	6.00	5.05	–	–
	September	5.90	–	–	6.78	7.80	9.02	4.90	5.14	–	–
	October	5.90	–	–	6.70	7.37	7.79	5.93	6.19	–	–
	November	4.50 ^a	–	–	6.65	7.00	7.70	6.22	5.15	–	–
	December	4.50	–	–	6.65	7.00	7.70	5.51	4.83	–	–
2001	January	4.50	–	–	6.64	6.99	7.70	4.96	5.22	–	–
	February	4.50	–	–	6.63	6.90	–	4.95	5.18	–	–
	March	3.70 ^b	–	–	6.61	6.80	7.00	4.68	4.77	–	–
	April	3.70	–	–	6.36	6.73	6.95	4.52	4.38	–	–

^a Since November 8, 2000; ^b Since March 14, 2001.

Table F2: Deposit Rates of the Croatian National Bank

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

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

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

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

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

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

Table F3: Deposit Money Banks' Reserve Requirements

Daily averages and percentages, million kuna and %

Year	Month	Reserve requirement (RR)	Weighted average RR in % of res. base	Statutory reserves deposited with the CNB	Statutory reserves deposited with the CNB in % of RR	Other deposits with the CNB on obligatory basis	Total reserve requirement	Total reserve requirement in % of res. base	Weighted avg. remuneration in % of total RR	Use of reserve requirements
1	2	3	4	5	6=[5/3]*100	7	8=3+7	9	10	11
1993	December	894.9	25.32	804.0	89.84	19.8	914.7	25.88	1.97	143.6
1994	December	1,826.0	26.20	1,779.2	97.44	188.3	2,014.3	28.90	5.63	3.5
1995	December	2,431.8	30.90	2,215.9	91.12	826.5	3,258.4	41.40	7.93	45.9
1996	December	3,652.9	35.91	3,312.0	90.67	–	3,652.9	35.91	5.50	0.1
1997	December	4,348.8	32.02	3,914.2	90.01	–	4,348.8	32.02	4.50	0.5
1998	December	3,967.2	29.57	3,469.8	87.46	57.4	4,024.7	30.00	5.28	9.6
1999	December	4,210.1	30.50	3,695.1	87.77	37.3	4,247.4	30.77	5.62	0.9
2000	January	4,240.6	30.50	3,717.9	87.67	38.9	4,279.4	30.78	5.60	4.3
	February	4,068.9	30.50	3,583.9	88.08	35.0	4,103.9	30.76	5.55	1.1
	March	4,027.6	30.50	3,556.9	88.31	30.7	4,058.3	30.73	5.57	2.9
	April	3,978.5	30.03	3,517.5	88.41	27.9	4,006.5	30.24	5.57	3.2
	May	3,824.7	28.50	3,368.4	88.07	30.5	3,855.2	28.73	5.66	1.6
	June	3,997.9	28.50	3,513.1	87.87	31.2	4,029.1	28.72	5.66	1.4
	July	4,292.8	28.50	3,764.6	87.70	29.5	4,322.3	28.70	5.69	1.4
	August	4,782.5	28.50	4,188.4	87.58	25.2	4,807.7	28.65	5.59	1.4
	September	5,210.1	28.50	4,559.4	87.51	24.3	5,234.4	28.63	5.67	1.4
	October	5,407.9	28.50	4,737.6	87.61	21.9	5,429.8	28.62	5.56	1.3
	November	5,151.2	26.97	4,622.3	89.73	21.7	5,172.9	27.08	4.44*	1.3
	December	4,646.8	24.17	4,191.6	90.21	5.0	4,651.8	24.20	4.05	1.1
2001	January	4,561.9	23.50	4,030.3	88.35	0.0	4,562.0	23.50	3.98	1.1
	February	4,666.4	23.50	3,928.1	84.18	0.2	4,666.6	23.50	3.79	0.4
	March	4,688.1	23.50	3,503.8	74.74	0.7	4,688.8	23.50	3.82*	0.2
	April	4,825.4	23.50	3,469.0	71.89	0.7	4,826.1	23.50	3.59	0.1

Table F3: Deposit Money Banks' Reserve Requirements

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

Reserve requirement (column 3) represents the prescribed amount of funds banks are required to deposit on a special statutory reserve account with the CNB, or to maintain (in average) on their settlement accounts or in vaults. This amount corresponds with the statutory reserve instrument of January 1995, while until December 1994 it comprised two instruments: statutory reserves and liquid assets requirement – LAR (except for the part in which banks were conforming to this requirement by registering CNB bills on a voluntary basis).

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

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

Column 6 shows the percentage of the statutory reserves deposited

with the CNB in the total reserve requirement.

Column 7 shows the total amount of other obligatory deposits with the CNB, including CNB bills on an obligatory basis, those CNB bills on a voluntary basis used by banks to maintain the prescribed minimal liquidity (LAR), special statutory reserves (until July 1995) and statutory reserves on f/c deposits, f/c credits from foreign banks and guarantees and f/c credits from foreign banks.

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

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

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

Table F4: Deposit Money Banks' Liquidity Indicators

Daily averages and percentages, million kuna and %

Year	Month	Free Reserves	Primary liquidity ratio (in %)	Secondary liquidity sources	Kuna CNB bills	F/c CNB bills
1	2	3	4	5	6	6
1993	December	-18.5	-0.52	188.0	1.9	-
1994	December	119.5	1.72	393.7	210.2	-
1995	December	49.4	0.63	199.4	218.7	-
1996	December	267.9	2.63	98.5	780.9	-
1997	December	396.3	2.92	32.7	728.9	-
1998	December	221.9	1.65	445.5	850.4	1,377.4
1999	December	179.6	1.30	1,183.6	1,348.7	1,507.6
2000	January	174.7	1.26	1,178.1	1,308.5	1,466.7
	February	84.0	0.63	967.9	1,270.8	1,256.7
	March	90.3	0.68	778.6	1,432.4	1,210.1
	April	114.3	0.86	420.8	1,532.5	1,162.4
	May	270.1	2.01	410.0	1,592.2	1,510.5
	June	289.7	2.06	436.2	1,944.9	1,842.1
	July	413.9	2.75	303.6	2,392.3	1,601.3
	August	215.1	1.28	281.7	2,445.2	1,849.2
	September	250.1	1.37	231.0	2,318.4	1,954.8
	October	334.2	1.76	182.6	2,378.8	1,705.8
	November	310.3	1.62	165.0	2,531.6	1,710.9
	December	638.8	3.32	80.1	2,496.0	1,692.7
2001	January	580.2	2.99	12.1	2,649.2	1,813.6
	February	565.6	2.85	39.8	2,309.1	1,774.3
	March	642.8	3.22	8.9	2,197.9	1,917.1
	April	436.8	2.13	20.3	2,492.0	1,815.5

Table F4: Deposit Money Banks' Liquidity Indicators

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

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

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

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

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

Column 6 reports the monthly average of day-to-day balances of CNB bills on a voluntary basis in kuna (until December 1994, this amount is decreased by the portion of voluntarily registered CNB bills used by banks to maintain the prescribed minimal liquidity).

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

Table G1: Deposit Money Banks' Credit Rates

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

Year	Month	Money market interest rates		Interest rates on credits in kuna			Interest rates on credits in kuna indexed to f/c			Interest rates on credits in f/c		
		On daily market	On overnight market	Total average	On short-term credits	On long-term credits	Total average	On short-term credits	On long-term credits	Total average	On short-term credits	On long-term credits
1	2	3	4	5	6	7	8	9	10	11	12	13
1992	December	2,182.26	2,182.26	2,332.92	2,384.89	1,166.29	20.41	9.90	21.41	....	....	....
1993	December	86.90	34.49	59.00	59.00	78.97	21.84	19.00	23.14	....	....	....
1994	December	17.76	8.50	15.39	15.43	13.82	11.99	12.38	11.65	....	....	....
1995	December	27.15	27.26	22.32	2.56	13.48	19.56	21.62	14.33	15.73	16.56	12.27
1996	December	10.41	9.66	18.46	19.35	11.51	18.97	22.56	12.12	19.28	21.11	10.95
1997	December	9.41	8.46	14.06	14.12	13.24	14.40	16.92	12.25	13.56	14.58	10.05
1998	December	15.81	10.00	16.06	16.22	11.73	13.04	14.28	11.15	6.96	8.29	5.92
1999	December	12.72	10.00	13.54	13.52	15.14	12.53	13.66	10.81	6.89	7.27	6.57
2000	January	12.38	10.00	15.32	15.33	13.76	12.76	13.11	11.02	6.73	6.94	6.45
	February	12.36	10.00	11.67	11.65	15.02	12.85	13.32	12.02	7.53	6.63	8.15
	March	12.57	10.00	12.94	12.93	13.81	12.17	13.26	10.40	7.14	7.21	7.06
	April	12.41	10.00	14.59	14.65	8.42	12.28	12.86	11.40	5.97	5.66	6.72
	May	11.31	7.89	12.52	12.52	13.15	12.18	12.96	11.29	7.22	7.35	7.05
	June	8.93	6.67	13.48	13.50	11.54	11.69	11.76	11.61	7.35	7.47	7.12
	July	8.34	5.02	11.46	11.48	8.39	11.30	11.87	10.85	6.36	6.14	7.25
	August	6.57	3.28	9.90	9.90	13.28	11.21	11.71	10.79	6.45	6.11	7.22
	September	5.63	3.51	10.73	10.73	11.53	11.64	12.38	11.16	6.85	6.56	8.09
	October	4.59	2.97	10.92	10.94	8.66	11.60	11.93	11.33	6.92	6.75	7.84
	November	6.64	5.06	10.90	10.90	11.65	11.34	11.32	11.36	6.96	6.68	8.04
	December	4.46	2.39	10.45	10.45	9.90	10.74	11.17	10.52	7.47	7.15	8.20
2001	January	3.81	2.24	10.81	10.82	10.72	10.26	9.99	10.53	7.40	7.22	7.76
	February	4.49	3.31	10.89	10.89	10.84	10.27	9.99	10.55	6.63	6.31	7.66
	March	3.61	2.71	8.98	8.97	9.99	9.82	9.82	9.83	6.94	6.77	7.50
	April	5.04	3.60	8.99	8.97	10.46	9.81	9.99	9.72	6.38	6.11	7.05
Relative significance ^a		7.46	7.04	58.12	57.1	1.01	24.36	7.70	16.66	3.02	2.13	0.89

^a This data represent percentages of related credits in total credits included in calculation of weighted averages of monthly interest rates (for the last month included in this table).

Table G1: Deposit Money Banks' Credit Rates

The table contains weighted averages of DMBs' monthly interest rates on credits in kuna and credits in foreign currency, reported on a yearly basis. Savings banks are not covered.

Columns 3 and 4 show interest rates on the interbank, daily and overnight money markets, according to information received from the Zagreb Money Market. Data on DMBs' interest rates on credits in kuna and credits in foreign currency are based on DMBs' periodic reports. Basis for calculation of weighted averages are amounts of credits bearing corresponding interest rates, which were disbursed during the reported month, with the exception of interest rates on giro and current accounts credit lines, for which weighted averages were calculated based on the balance of these loans at the end of the reported month.

Column 5 shows interest rates on total (short-term and long-term) kuna credits not indexed to foreign currency. Interest rates on

short-term kuna credits (shown in column 6) also include interest rates on discounted short-term securities (not indexed to foreign currency), weighted based on their face value.

Columns 8, 9, 10 show interest rates on total (short-term and long-term) kuna credits indexed to foreign currency, including interest rates on discounted short-term securities indexed to foreign currency.

Interest rates on foreign currency credits (columns 11, 12 and 13) refer to credits released in Deutsche Mark or US dollars in a reported month, while weighted averages are calculated based on their kuna equivalent using current exchange rate. Credits released in other currencies are not included in this table.

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

Table G2: Deposit Money Banks' Deposit Rates

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

Year	Month	Interest rates on deposits in kuna			Interest rates on time and savings deposits in kuna indexed to f/c	Interest rates on deposits in f/c		
		Total average	On demand deposits	On time and savings deposits		Total average	On demand deposits	On time and savings deposits
1	2	3	4	5	6	7	8	9
1992	December	434.47	184.69	1,867.18	6.04	....	....	....
1993	December	27.42	18.16	52.16	5.91	....	....	....
1994	December	5.03	3.55	9.65	6.95	....	....	....
1995	December	6.10	3.88	13.65	12.69	4.57	2.82	6.83
1996	December	4.15	2.19	10.19	9.46	5.09	1.44	7.77
1997	December	4.35	2.19	9.10	7.63	4.77	1.75	6.36
1998	December	4.11	2.31	7.73	7.47	3.98	2.09	4.89
1999	December	4.27	2.24	8.87	6.62	4.23	1.80	5.43
2000	January	4.32	2.23	8.88	4.02	4.18	1.81	5.35
	February	4.27	2.28	8.71	6.19	3.95	1.58	5.08
	March	4.10	2.01	8.64	6.81	3.96	1.44	5.11
	April	4.03	1.99	8.55	6.36	3.81	1.38	4.93
	May	3.91	1.96	8.48	6.00	3.83	1.37	4.95
	June	3.59	1.89	7.54	6.75	3.83	1.29	4.98
	July	3.34	1.75	7.47	6.40	3.78	1.25	4.92
	August	3.42	1.77	7.61	6.43	3.77	1.25	4.94
	September	3.47	1.71	7.37	6.67	3.59	1.20	4.67
	October	3.48	1.62	7.18	5.77	3.53	1.01	4.67
	November	3.57	1.64	7.38	5.64	3.51	1.19	4.55
	December	3.40	1.64	7.20	5.54	3.47	1.03	4.57
2001	January	3.45	1.52	7.17	5.19	3.13	1.01	4.05
	February	3.60	1.60	7.36	5.22	3.27	0.95	4.26
	March	3.60	1.59	7.07	5.64	3.26	0.93	4.23
	April	3.54	1.57	7.15	5.40	3.13	0.90	4.07

Table G2: Deposit Money Banks' Deposit Rates

The table shows weighted averages of monthly DMBs' interest rates on kuna and foreign currency deposits, reported on a yearly basis. Savings banks are not covered.

Data on interest rates on DMBs' deposits are obtained from DMBs' periodic reports.

Column 3 reports weighted averages of monthly interest rates on total kuna deposits (sight deposits, savings and time deposits) not indexed to foreign currency. Weighted averages of monthly interest rates on total kuna deposits indexed to foreign currency are reported in column 6.

Interest rates on foreign currency deposits refer to deposits received in Deutsche Mark or US dollars, while weighted averages are calcu-

lated based on their kuna equivalent using current exchange rate. Deposits received in other foreign currencies are not included in the data reported in this table.

The basis for calculation of weighted averages is the end-of-month balance of deposits. Kuna and foreign currency time and savings deposits are exceptions; for them weighted averages are calculated (since July 1995) based on the amounts of those deposits received during the reported month. Weighted averages of interest rates on total kuna and foreign currency deposits (columns 3 and 7) are weighted by the end-of-month balances of all categories included in the calculation.

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

Table G3: Commercial Banks' Trade with Foreign Exchange

Million EUR, current exchange rate

	1994	1995	1996	1997	1998	1999	2000	2001				
								Jan.	Feb.	Mar.	(Apr.)	(May.)
A. Purchase of foreign exchange												
1. Legal persons	1,463.0	1,685.2	2,011.2	2,506.4	3,186.0	2,924.9	3,316.4	261.7	228.8	308.7	317.7	332.6
2. Natural persons	1,728.2	1,815.0	2,124.9	2,093.4	2,273.5	2,170.0	2,549.2	152.1	166.2	197.3	220.7	268.4
2.1. Residents	1,284.8	1,487.4	1,749.7	1,695.5	1,854.5	1,794.7	2,021.1	136.7	149.8	180.2		
2.2. Non-residents	443.4	327.6	375.2	397.9	419.1	375.3	528.0	15.4	16.4	17.1		
3. Commercial banks	191.7	306.7	392.7	1,002.3	1,138.2	1,204.4	2,441.4	287.0	220.7	295.0	341.1	489.7
4. Croatian National Bank	221.9	170.8	61.4	57.1	582.2	934.8	168.2	45.0	–	19.1		
Total (1+2+3+4)	3,604.8	3,977.8	4,590.2	5,659.1	7,179.9	7,234.0	8,475.2	745.8	615.8	820.1	879.5	1,090.8
B. Sale of foreign exchange												
1. Legal persons	1,966.3	2,556.7	3,415.3	4,513.7	4,656.0	4,487.0	5,414.8	551.1	433.1	615.3	517.6	679.4
2. Natural persons	624.7	768.3	797.8	925.9	1,011.8	893.1	963.6	150.8	73.3	85.1	89.1	92.9
2.1. Residents	624.7	768.3	797.8	925.2	1,011.5	892.7	962.8	150.8	73.3	85.1		
2.2. Non-residents	–	–	–	0.7	0.3	0.4	0.6	–	–	–		
3. Commercial banks	191.7	306.7	391.7	1,002.3	1,138.2	1,204.4	2,441.4	287.0	220.7	295.0	341.1	489.7
4. Croatian National Bank	719.4	339.1	345.7	257.8	217.0	48.3	284.2	–	–	–	50.8	155.2
Total (1+2+3+4)	3,502.1	3,970.8	4,950.5	6,699.7	7,022.9	6,632.8	9,104.1	989.0	727.1	995.4	998.7	1,417.2
C. Net purchase (A-B)												
1. Legal persons	-503.4	-871.5	-1,404.1	-2,007.4	-1,470.1	-1,562.1	-2,098.4	-289.4	-204.2	-306.6	-199.9	-346.8
2. Natural persons	1,103.5	1,046.7	1,327.2	1,167.5	1,261.7	1,276.8	1,585.4	1.3	92.9	112.1	131.5	175.5
2.1. Residents	660.1	719.1	952.0	770.3	843.0	901.9	1,058.2	-14.1	76.5	95.0		
2.2. Non-residents	443.4	327.6	375.2	397.3	418.7	374.9	527.3	15.4	16.4	17.1		
3. Croatian National Bank	-497.5	-168.3	-284.3	-200.7	365.2	886.5	-116.0	45.0	–	19.1	-50.8	-155.2
Total (1+2+3)	102.7	6.9	-361.3	-1,040.6	156.8	601.2	-628.9	-243.1	-111.3	-175.4	-119.2	-326.4
Memo items: Other Croatian National Bank transactions												
Purchase of foreign exchange	–	–	–	–	–	106.5	61.4	–	25.0	–		
Sale of foreign exchange	–	–	–	–	171.0	97.7	61.1	–	–	–		

Table G3: Deposit Money Banks' Trade with Foreign Exchange

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

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

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

Million US dollars

	1993	1994	1995	1996	1997	1998	1999	2000			
								Q1	Q2	Q3	Q4 ^a
A. CURRENT ACCOUNT (1+6)	623.0	853.4	-1,441.5	-1,091.3	-2,325.1	-1,530.6	-1,522.6	-414.8	-336.1	785.0	-565.2
1. Goods, services, and income (2+5)	295.3	327.1	-2,243.8	-2,113.7	-3,194.5	-2,236.6	-2,022.9	-609.6	-519.9	585.2	-745.5
1.1. Credit	6,317.7	7,266.5	7,306.0	8,112.3	8,578.4	8,963.5	8,370.0	1,668.5	2,126.2	3,258.9	1,965.0
1.2. Debit	-6,022.4	-6,939.4	-9,549.8	-10,226.0	-11,772.9	-11,200.1	-10,392.9	-2,278.1	-2,646.2	-2,673.6	-2,710.5
2. Goods and services (3+4)	414.9	491.7	-2,215.0	-2,043.8	-3,172.0	-2,072.6	-1,673.4	-495.7	-419.3	693.8	-759.2
2.1. Credit	6,189.6	7,117.5	7,087.2	7,842.4	8,214.6	8,568.6	8,117.8	1,610.2	2,017.8	3,197.3	1,826.1
2.2. Debit	-5,774.7	-6,625.9	-9,302.2	-9,886.2	-11,386.6	-10,641.2	-9,791.1	-2,105.8	-2,437.1	-2,503.5	-2,585.3
3. Goods	-723.2	-1,141.6	-3,259.3	-3,623.5	-5,196.2	-4,147.4	-3,298.6	-547.7	-892.1	-802.0	-995.6
3.1. Credit	3,903.8	4,260.4	4,632.7	4,545.7	4,210.3	4,604.5	4,394.7	1,093.4	1,123.0	1,214.1	1,136.5
3.2. Debit	-4,627.0	-5,402.0	-7,892.0	-8,169.2	-9,406.5	-8,751.9	-7,693.3	-1,641.2	-2,015.1	-2,016.1	-2,132.1
4. Services	1,138.1	1,633.3	1,044.3	1,579.7	2,024.2	2,074.8	1,625.2	52.1	472.8	1,495.8	236.4
4.1. Credit	2,285.8	2,857.1	2,454.5	3,296.7	4,004.3	3,964.1	3,723.0	516.7	894.8	1,983.2	689.6
4.2. Debit	-1,147.7	-1,223.8	-1,410.2	-1,717.0	-1,980.1	-1,889.3	-2,097.8	-464.6	-422.0	-487.4	-453.2
5. Income	-119.6	-164.5	-28.8	-69.9	-22.4	-164.0	-349.5	-114.0	-100.6	-108.6	13.6
5.1. Credit	128.2	149.0	218.8	269.8	363.8	394.9	252.2	58.3	108.5	61.6	138.9
5.2. Debit	-247.7	-313.5	-247.6	-339.7	-386.2	-558.9	-601.7	-172.3	-209.1	-170.2	-125.2
6. Current transfers	327.7	526.3	802.3	1,022.4	869.4	706.0	500.3	194.9	183.8	199.8	180.4
6.1. Credit	507.5	669.1	971.1	1,173.2	964.0	919.1	835.2	238.2	233.8	249.2	245.2
6.2. Debit	-179.8	-142.8	-168.8	-150.8	-94.6	-213.1	-335.0	-43.4	-50.0	-49.4	-64.8
B. CAPITAL AND FINANCIAL ACCOUNT	-388.5	-262.0	1,095.6	1,995.3	2,651.6	1,469.0	1,484.2	624.3	-223.8	-475.6	412.9
B1. Capital account	0.0	0.0	0.0	16.2	21.5	19.1	24.9	6.2	6.4	3.7	4.3
B2. Financial account, excl. reserves	78.0	481.4	1,538.8	2,512.3	3,058.2	1,601.5	1,887.8	591.3	78.0	-183.8	413.9
1. Direct investment	101.7	110.2	108.8	486.4	346.7	834.9	1,444.6	406.1	269.8	115.4	36.6
1.1. Abroad	-18.5	-6.8	-5.4	-24.4	-186.1	-97.5	-34.4	7.9	8.5	-18.9	-21.3
1.2. In Croatia	120.2	117.0	114.2	510.8	532.9	932.4	1,479.0	398.2	261.3	134.3	57.9
2. Portfolio investment	0.0	10.9	4.9	628.3	577.0	14.9	574.0	444.4	5.6	303.0	-20.5
2.1. Assets	-0.4	1.0	0.3	6.2	11.1	-0.1	-0.3	0.0	0.0	0.0	0.0
2.2. Liabilities	0.4	10.0	4.6	622.1	565.9	15.1	574.3	444.4	5.7	303.0	-20.5
3. Other investment	-23.7	360.3	1,425.1	1,397.6	2,134.4	751.7	-130.8	-259.2	-197.4	-602.2	397.8
3.1. Assets	-165.8	-16.0	419.5	794.4	171.3	348.8	-588.4	111.5	-153.1	-1,004.7	-35.9
3.2. Liabilities	142.0	376.3	1,005.6	603.3	1,963.2	402.9	457.7	-370.7	-44.3	402.5	433.7
B3. Reserve assets (CNB)	-466.5	-743.4	-443.1	-533.3	-428.0	-151.5	-428.5	26.8	-308.2	-295.5	-5.3
C. NET ERRORS AND OMISSIONS	-234.5	-591.4	345.9	-904.0	-326.5	61.7	38.4	-209.6	559.9	-309.5	152.2

^a Preliminary data.

Table H1-H5: Balance of Payments

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

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

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

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

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

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

Million US dollars

	1993	1994	1995	1996	1997	1998	1999	2000			
								Q1	Q2	Q3	Q4 ^a
1. Goods	-723.2	-1,141.6	-3,259.3	-3,623.5	-5,196.2	-4,147.4	-3,298.6	-547.7	-892.1	-802.0	-995.6
1.1. Credit	3,903.8	4,260.4	4,632.7	4,545.7	4,210.3	4,604.5	4,394.7	1,093.4	1,123.0	1,214.1	1,136.5
1.1.1. Exports f.o.b. in trade statistics	3,903.8	4,260.4	4,632.7	4,511.8	4,170.7	4,541.1	4,302.5	1,069.0	1,096.5	1,160.6	1,105.6
1.1.2. Adjustments for coverage	0.0	0.0	0.0	33.9	39.6	63.4	92.2	24.4	26.5	53.5	31.0
1.2. Debit	-4,627.0	-5,402.0	-7,892.0	-8,169.2	-9,406.5	-8,751.9	-7,693.3	-1,641.2	-2,015.1	-2,016.1	-2,132.1
1.2.1. Imports c.i.f. in trade statistics	-4,666.4	-5,229.3	-7,509.9	-7,787.9	-9,104.0	-8,383.1	-7,798.6	-1,659.0	-2,048.4	-2,029.4	-2,185.9
1.2.2. Adjustments for coverage	-292.0	-544.0	-915.3	-934.3	-948.9	-964.0	-448.4	-100.0	-112.1	-130.8	-101.4
1.2.3. Adjustments for classification	331.3	371.3	533.2	552.9	646.4	595.2	553.7	117.8	145.4	144.1	155.2
2. Services	1,138.1	1,633.3	1,044.3	1,579.7	2,024.2	2,074.8	1,625.2	52.1	472.8	1,495.8	236.4
2.1. Transportation	314.4	321.0	313.8	310.0	282.5	227.6	83.8	27.1	33.5	58.1	59.3
2.1.1. Credit	646.2	665.1	707.3	710.6	681.5	565.7	484.0	109.9	130.7	160.3	156.3
2.1.2. Debit	-331.8	-344.0	-393.5	-400.6	-399.0	-338.1	-400.1	-82.8	-97.2	-102.2	-97.0
2.2. Travel	935.2	1,405.5	927.5	1,503.6	1,993.0	2,133.2	1,742.0	79.9	421.0	1,486.8	202.1
2.2.1. Credit	1,309.8	1,801.4	1,349.1	2,014.0	2,523.1	2,733.4	2,493.4	234.8	548.8	1,652.3	322.1
2.2.2. Debit	-374.6	-395.9	-421.6	-510.4	-530.1	-600.3	-751.4	-154.8	-127.8	-165.5	-120.0
2.3. Other services	-111.6	-93.2	-196.9	-233.9	-251.4	-286.0	-200.6	-55.0	18.3	-49.0	-25.0
2.3.1. Credit	329.7	390.7	398.2	572.1	799.6	665.0	745.7	172.1	215.3	170.6	211.1
2.3.2. Debit	-441.3	-483.9	-595.1	-806.0	-1,051.0	-951.0	-946.3	-227.0	-196.9	-219.7	-236.1
Total (1+2)	414.9	491.7	-2,215.0	-2,043.8	-3,172.0	-2,072.6	-1,673.4	-495.7	-419.3	693.8	-759.2

^a Preliminary data.

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

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

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

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

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

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

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

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

Income from transfers to other sectors includes data from the foreign payments statistics on the total value of foreign exchange transfers received from abroad. To this is added an estimate on unregistered transfers. This estimate is seen as 15% of the difference between the unexplained foreign exchange inflows and outflows of the household sector.

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

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

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

Million US dollars

	1993	1994	1995	1996	1997	1998	1999	2000			
								Q1	Q2	Q3	Q4 ^a
1. Income	-119.6	-164.5	-28.8	-69.9	-22.4	-164.0	-349.5	-114.0	-100.6	-108.6	13.6
1.1. Compensation of employees	17.1	35.3	38.7	38.9	55.6	69.7	60.3	15.2	15.0	17.7	21.2
1.1.1. Credit	17.1	35.3	38.7	46.7	70.2	81.0	75.2	17.7	18.5	21.1	24.9
1.1.2. Debit	0.0	0.0	0.0	-7.8	-14.6	-11.4	-14.9	-2.6	-3.4	-3.4	-3.7
1.2. Direct investment income	0.3	12.2	0.6	9.8	-52.0	-100.6	-69.5	-4.1	-98.8	-21.3	-6.9
1.2.1. Credit	0.4	13.2	7.0	17.5	16.9	5.3	4.2	0.7	0.9	1.9	1.9
1.2.2. Debit	-0.1	-1.0	-6.3	-7.6	-68.9	-105.9	-73.7	-4.9	-99.7	-23.3	-8.8
1.3. Portfolio investment income	0.0	0.1	-0.1	-2.0	-91.5	-102.6	-129.2	-84.5	-14.0	-73.6	-6.1
1.3.1. Credit	0.0	0.1	0.2	0.2	2.6	0.2	0.1	0.0	0.0	0.0	0.0
1.3.2. Debit	0.0	0.0	-0.3	-2.2	-94.1	-102.8	-129.3	-84.5	-14.0	-73.6	-6.1
1.4. Other investment income	-137.0	-212.2	-68.0	-116.6	65.6	-30.5	-211.1	-40.5	-2.9	-31.4	5.4
1.4.1. Credit	110.6	100.3	173.0	205.6	274.1	308.3	172.8	39.8	89.1	38.5	112.0
1.4.2. Debit	-247.6	-312.5	-240.9	-322.2	-208.6	-338.8	-383.9	-80.3	-92.0	-69.9	-106.6
2. Current transfers	327.7	526.3	802.3	1,022.4	869.4	706.0	500.3	194.9	183.8	199.8	180.4
2.1. General government	245.1	234.5	279.8	154.5	32.8	-9.2	-130.3	1.2	-1.9	11.2	-10.6
2.1.1. Credit	252.0	261.1	309.2	193.4	55.6	77.6	76.2	18.5	17.6	33.9	19.7
2.1.2. Debit	-6.9	-26.6	-29.3	-38.9	-22.8	-86.8	-206.5	-17.3	-19.6	-22.6	-30.4
2.2. Other sectors	82.6	291.8	522.4	86.9	836.5	715.2	630.5	193.7	185.7	188.6	191.0
2.2.1. Credit	255.5	408.0	661.9	979.7	908.4	841.5	759.0	219.7	216.1	215.4	225.5
2.2.2. Debit	-172.9	-116.2	-139.5	-111.9	-71.9	-126.3	-128.5	-26.0	-30.4	-26.8	-34.4
Total (1+2)	208.1	361.8	773.5	952.5	847.0	542.0	150.8	80.9	83.2	91.2	194.0

^a Preliminary data.

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

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

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

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

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

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

Item Assets – Currency and deposits – Banks shows the change in the total liquid foreign exchange of banks authorized to do business

abroad. Item Assets – Currency and deposits – Other sectors includes a part of the net foreign exchange inflows of the household sector which is not classified on the current account, and which amounts to 85% of the unexplained foreign exchange inflows to the household sector.

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

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

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

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

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

Million US dollars

	1993	1994	1995	1996	1997	1998	1999	2000			
								Q1	Q2	Q3	Q4 ^a
ASSETS	-165.8	-16.0	419.5	794.4	171.3	348.8	-588.4	111.5	-153.1	-1,004.7	-35.9
1. Trade credits	0.0	0.0	0.0	36.3	18.1	-19.5	-172.5	334.2	-235.3	-74.2	51.6
1.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1. Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2. Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2. Other sectors	0.0	0.0	0.0	36.3	18.1	-19.5	-172.5	334.2	-235.3	-74.2	51.6
1.2.1. Long-term	0.0	0.0	0.0	0.0	0.0	0.0	-13.8	0.7	-3.2	1.2	3.6
1.2.2. Short-term	0.0	0.0	0.0	36.3	18.1	-19.5	-158.6	333.5	-232.1	-75.4	48.0
2. Loans	0.0	0.0	0.0	0.0	0.0	0.0	-84.3	0.9	-3.7	-1.5	-5.2
2.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0
2.1.1. Long-term	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0
2.1.2. Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Banks	0.0	0.0	0.0	0.0	0.0	0.0	-85.4	0.9	-3.7	-1.5	-5.2
2.2.1. Long-term	0.0	0.0	0.0	0.0	0.0	0.0	-76.1	0.0	-3.1	-0.9	-1.3
2.2.2. Short-term	0.0	0.0	0.0	0.0	0.0	0.0	-9.3	0.9	-0.6	-0.5	-4.0
2.3. Other sectors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3.1. Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3.2. Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Currency and deposits	-165.8	-16.0	419.5	758.0	153.2	368.3	-331.7	-223.6	85.9	-929.0	-82.3
3.1. Banks	-210.6	-189.5	-467.1	-622.6	-341.1	383.8	340.6	-304.8	68.7	-494.0	-119.3
3.2. Other sectors	44.8	173.5	886.6	1,380.6	494.3	-15.5	-672.2	81.1	17.2	-435.0	37.0
LIABILITIES	142.0	376.3	1,005.6	603.3	1,963.2	402.9	457.7	-370.7	-44.3	402.5	433.7
1. Trade credits	0.0	0.0	0.0	390.1	217.9	-466.9	36.8	-161.3	-162.6	381.8	164.8
1.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.7	-0.7	-1.5	-0.6	-0.4
1.1.1. Long-term	0.0	0.0	0.0	0.0	0.0	0.0	-1.0	-0.1	-0.4	0.0	0.0
1.1.2. Short-term	0.0	0.0	0.0	0.0	0.0	0.0	1.6	-0.7	-1.1	-0.5	-0.4
1.2. Other sectors	0.0	0.0	0.0	390.1	217.9	-466.9	36.2	-160.5	-161.1	382.4	165.2
1.2.1. Long-term	0.0	0.0	0.0	0.0	0.0	0.0	-36.7	-10.6	2.2	-5.1	-17.4
1.2.2. Short-term	0.0	0.0	0.0	390.1	217.9	-466.9	72.9	-149.9	-163.4	387.5	182.7
2. Loans	-116.3	-29.6	425.6	666.6	1,474.1	1,045.7	385.2	-158.3	78.2	15.1	368.4
2.1. Monetary authorities	-24.0	105.5	97.6	-4.3	37.3	-8.9	-31.4	0.0	-14.6	0.0	-14.1
2.1.1. Use of Fund credit and loans	-24.0	105.5	97.6	-4.3	37.3	-8.9	-31.4	0.0	-14.6	0.0	-14.1
2.1.1.1. Drawings	0.0	114.2	103.0	0.0	39.5	0.0	0.0	0.0	0.0	0.0	0.0
2.1.1.2. Repayments	-24.0	-8.7	-5.4	-4.3	-2.2	-8.9	-31.4	0.0	-14.6	0.0	-14.1
2.1.2. General government	-119.3	-131.5	-47.2	268.6	95.7	-61.4	182.6	-29.2	-75.9	6.0	323.1
2.2.1. Long-term	-119.3	-131.5	-147.2	260.4	104.2	-12.2	229.8	43.9	-75.9	6.0	-36.9
2.2.1.1. Drawings	3.7	10.4	9.4	349.8	180.7	248.0	297.2	64.9	43.8	27.7	50.9
2.2.1.2. Repayments	-123.0	-141.9	-156.6	-89.4	-76.4	-260.2	-67.4	-21.1	-119.7	-21.8	-87.9
2.2.2. Short-term (net)	0.0	0.0	100.0	8.2	-8.6	-49.2	-47.2	-73.1	0.0	0.0	360.0
2.2.3. Banks	-20.6	6.3	218.3	200.4	399.2	311.6	-66.9	-69.3	-58.1	12.2	-73.6
2.3.1. Long-term	-38.0	-8.7	-52.1	64.4	337.3	362.3	-53.9	-60.0	-54.5	14.9	-73.0
2.3.1.1. Drawings	55.2	69.4	72.0	167.5	587.9	517.0	589.4	20.5	45.1	231.0	12.9
2.3.1.2. Repayments	-93.2	-78.1	-124.1	-103.1	-250.6	-154.7	-643.3	-80.5	-99.6	-216.2	-85.9
2.3.2. Short-term (net)	17.4	15.0	270.4	135.9	61.9	-50.7	-13.0	-9.3	-3.6	-2.7	-0.5
2.4. Other sectors	47.6	-9.8	156.9	202.1	942.0	804.3	300.9	-59.8	226.8	-3.1	132.9
2.4.1. Long-term	-32.2	-4.6	57.4	128.8	747.0	668.0	247.2	-54.3	187.8	20.9	141.6
2.4.1.1. Drawings	94.7	104.5	233.7	327.0	1,007.0	969.7	770.9	89.4	261.7	95.9	266.1
2.4.1.2. Repayments	-126.9	-109.1	-176.3	-198.2	-259.9	-301.8	-523.6	-143.8	-74.0	-75.0	-124.6
2.4.2. Short-term (net)	79.8	-5.2	99.5	73.3	194.9	136.4	53.7	-5.5	39.1	-24.0	-8.6
3. Currency and deposits	0.0	46.3	274.3	25.9	271.1	-175.9	35.6	-51.1	40.0	5.6	-99.4
3.1. Monetary authorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.2. Banks	0.0	46.3	274.3	25.9	271.1	-175.9	35.6	-51.1	40.0	5.6	-99.4
4. Other liabilities (short-term)	258.4	359.5	305.7	-479.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.1. General government	189.6	243.9	213.1	125.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.2. Banks	50.0	78.4	78.8	-604.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.3. Other sectors	18.8	37.3	13.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a Preliminary data.

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

Million kuna

	1993	1994	1995	1996	1997	1998	1999	2000			
								Q1	Q2	Q3	Q4 ^a
A. CURRENT ACCOUNT (1+6)	4,381.2	5,638.8	-7,823.3	-6,009.0	-14,078.7	-9,726.7	-10,642.1	-3,269.0	-2,794.7	6,550.8	-4,411.3
1. Goods, services, and income (2+5)	3,000.1	1,884.0	-12,017.4	-11,574.1	-19,421.5	-14,223.5	-14,269.4	-4,794.6	-4,308.6	4,882.7	-5,976.8
1.1. Credit	24,094.3	43,154.9	38,281.5	44,010.1	53,096.0	57,052.5	59,726.6	13,063.9	17,499.6	27,216.3	17,577.5
1.2. Debit	-21,094.2	-41,270.9	-50,299.0	-55,584.2	-72,517.4	-71,276.1	-73,996.1	-17,858.5	-21,808.2	-22,333.6	-23,554.3
2. Goods and services (3+4)	3,437.5	2,845.3	-11,864.0	-11,185.0	-19,349.8	-13,153.1	-11,828.1	-3,904.9	-3,489.3	5,790.5	-6,571.5
2.1. Credit	23,588.8	42,270.2	37,135.5	42,544.5	50,830.7	54,546.5	57,902.4	12,606.3	16,598.0	26,699.3	15,895.4
2.2. Debit	-20,151.4	-39,425.0	-48,999.6	-53,729.5	-70,180.5	-67,699.6	-69,730.5	-16,511.1	-20,087.3	-20,908.8	-22,466.9
3. Goods	-1,705.3	-6,687.4	-17,303.7	-19,692.1	-32,205.2	-26,422.2	-23,586.4	-4,313.9	-7,356.1	-6,673.7	-8,632.1
3.1. Credit	13,270.6	25,480.6	24,294.4	24,693.7	25,758.2	29,278.2	31,369.3	8,579.1	9,253.3	10,172.0	9,905.2
3.2. Debit	-14,975.9	-32,168.1	-41,598.1	-44,385.8	-57,963.4	-55,700.4	-54,955.8	-12,892.9	-16,609.5	-16,845.8	-18,537.2
4. Services	5,142.8	9,532.7	5,439.7	8,507.1	12,855.4	13,269.1	11,758.3	409.0	3,866.8	12,464.3	2,060.6
4.1. Credit	10,318.2	16,789.6	12,841.2	17,850.8	25,072.5	25,268.3	26,533.1	4,027.2	7,344.6	16,527.3	5,990.2
4.2. Debit	-5,175.4	-7,256.9	-7,401.5	-9,343.7	-12,217.1	-11,999.2	-14,774.7	-3,618.2	-3,477.8	-4,063.0	-3,929.6
5. Income	-437.3	-961.3	-153.4	-389.1	-71.7	-1,070.4	-2,441.3	-889.7	-819.3	-907.9	594.7
5.1. Credit	505.5	884.6	1,146.0	1,465.6	2,265.3	2,506.0	1,824.2	457.6	901.7	517.0	1,682.1
5.2. Debit	-942.8	-1,846.0	-1,299.4	-1,854.7	-2,336.9	-3,576.5	-4,265.6	-1,347.3	-1,721.0	-1,424.8	-1,087.4
6. Current transfers	1,381.1	3,754.9	4,194.2	5,565.1	5,342.8	4,496.8	3,627.3	1,525.6	1,513.9	1,668.1	1,565.5
6.1. Credit	2,055.6	5,064.7	5,076.3	6,387.5	5,925.4	5,846.2	5,882.5	1,865.4	1,924.3	2,078.7	2,120.5
6.2. Debit	-674.5	-1,309.8	-882.2	-822.5	-582.6	-1,349.4	-2,255.2	-339.8	-410.4	-410.5	-555.0
B. CAPITAL AND FINANCIAL ACCOUNT	-1,172.0	-1,322.1	5,590.8	13,528.0	17,169.7	9,222.5	10,913.9	5,032.6	-1,483.6	-3,762.9	3,831.4
B1. Capital account	0.0	0.0	0.0	87.3	132.4	121.9	173.6	48.3	52.7	31.2	37.3
B2. Financial account, excl. reserves	676.4	3,011.4	7,858.7	16,321.4	19,722.5	10,155.2	14,041.2	4,830.3	1,014.7	-1,422.5	3,835.2
1. Direct investment	224.0	643.5	573.2	2,641.9	2,135.2	5,349.3	10,333.9	3,111.7	2,212.4	948.3	318.5
1.1. Abroad	-90.7	-40.9	-28.6	-132.8	-1,149.7	-619.7	-250.4	60.7	70.1	-160.0	-183.2
1.2. In Croatia	314.8	684.4	601.8	2,774.7	3,284.8	5,969.1	10,584.3	3,051.0	2,142.3	1,108.3	501.7
2. Portfolio investment	-3.2	63.5	25.4	3,349.8	3,523.4	107.9	3,996.9	3,470.9	48.9	2,532.2	-178.5
2.1. Assets	-1.4	6.2	1.4	33.7	70.6	-0.9	-2.1	-0.1	-0.4	-0.3	0.0
2.2. Liabilities	-1.8	57.2	24.0	3,316.1	3,452.8	108.8	3,999.1	3,471.0	49.2	2,532.6	-178.4
3. Other investment	455.6	2,304.5	7,260.1	10,329.7	14,063.8	4,697.9	-289.6	-1,752.3	-1,246.6	-4,903.0	3,695.2
3.1. Assets	-152.9	120.5	2,151.7	4,323.2	649.9	2,134.6	-5,241.7	462.6	-1,483.4	-8,405.4	-562.2
3.2. Liabilities	608.6	2,184.0	5,108.4	6,006.5	13,414.0	2,563.3	4,952.0	-2,214.8	236.8	3,502.4	4,257.4
B3. Reserve assets (CNB)	-1,848.4	-4,333.5	-2,267.9	-2,880.7	-2,685.2	-1,054.5	-3,300.9	154.0	-2,551.0	-2,371.6	-41.1
C. NET ERRORS AND OMISSIONS	-3,209.3	-4,316.7	2,232.5	-7,519.0	-3,091.0	504.2	-271.8	-1,763.6	4,278.4	-2,787.9	579.9

^a Preliminary data.

Table H6: International Reserves and Banks' Foreign Exchange Reserves

End of period, million US dollars

Year	Month	International reserves of the Croatian National Bank			Foreign exchange			Banks' foreign exchange reserves
		Total	Special drawing rights	Reserve position in the Fund	Total	Currency and deposits	Bonds and notes	
1991	December	–	–	–	–	–	–	200.9
1992	December	166.8	–	–	166.8	166.8	–	502.3
1993	December	616.2	3.7	–	612.5	612.5	–	712.9
1994	December	1,405.0	4.5	–	1,400.5	1,400.5	–	902.4
1995	December	1,895.2	139.8	–	1,755.4	1,651.0	104.3	1,369.5
1996	December	2,314.0	125.6	–	2,188.4	2,016.6	171.8	1,992.1
1997	December	2,539.1	147.1	0.1	2,391.9	2,011.7	380.2	2,333.2
1998	December	2,815.7	231.2	0.2	2,584.4	1,927.0	657.4	1,949.4
1999	December	3,025.0	189.5	0.2	2,835.3	2,459.8	375.5	1,608.9
2000	January	2,853.1	186.8	0.2	2,666.1	2,288.9	377.1	1,647.0
	February	2,807.9	184.0	0.2	2,623.7	2,185.0	438.8	1,661.7
	March	2,925.1	184.9	0.2	2,739.9	2,184.0	556.0	1,913.6
	April	2,940.7	164.8	0.2	2,775.7	2,082.6	693.1	1,817.5
	May	3,100.8	165.9	0.2	2,934.7	2,240.5	694.2	1,830.4
	June	3,236.8	168.1	0.2	3,068.5	2,339.4	729.1	1,844.9
	July	3,511.3	165.1	0.2	3,346.0	2,645.5	700.5	2,102.2
	August	3,424.9	162.9	0.2	3,261.8	2,650.4	611.4	2,330.9
	September	3,378.7	161.2	0.2	3,217.3	2,583.6	633.7	2,338.9
	October	3,374.6	145.7	0.2	3,228.7	2,539.2	689.5	2,286.1
	November	3,336.9	144.9	0.2	3,191.8	2,536.1	655.7	2,368.7
	December	3,524.8	147.7	0.2	3,376.9	2,574.3	802.6	2,455.8
2001	January	3,394.1	146.7	0.2	3,247.2	2,347.6	899.7	2,274.2
	February	3,466.8	145.0	0.2	3,321.6	2,306.6	1,015.0	2,339.6
	March	3,514.1	139.5	0.2	3,374.4	2,362.1	1,012.3	2,429.5
	April	3,635.9	127.5	0.2	3,508.1	2,254.6	1,253.5	2,286.6
	May ^a	3,694.5	125.4	0.2	3,568.9	2,405.7	1,163.2	2,077.9

^a Preliminary data.

Table H6: International Reserves and Banks' Foreign Exchange Reserves

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

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

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

Table H7: International Reserves and Foreign Currency Liquidity

Million US dollars

	1999	2000				2001			
	Dec.	Mar.	June	Sept.	Dec.	Jan.	Feb.	Mar.	Apr.
I. Official reserve assets and other f/c assets (approximate market value)									
A. Official reserve assets	2,847.4	2,750.4	3,158.3	3,302.4	3,432.3	3,389.3	3,442.2	3,398.3	3,518.4
(1) Foreign currency reserves (in convertible f/c)	2,616.3	2,268.1	2,477.0	2,283.5	2,567.4	2,356.0	2,480.4	2,411.4	2,726.9
(a) Securities	375.5	556.0	729.1	633.7	802.6	899.7	1,015.0	1,012.3	1,253.5
o/w: issuer headquartered in reporting country but located abroad									
(b) Total currency and deposits with:	2,240.8	1,712.1	1,748.0	1,649.8	1,764.8	1,456.4	1,465.4	1,399.1	1,473.4
(i) other national central banks, BIS and IMF	712.3	514.1	454.3	361.9	545.7	523.7	522.0	506.4	516.4
(ii) banks headquartered in the reporting country									
o/w: located abroad									
(iii) banks headquartered outside the reporting country	1,528.6	1,198.0	1,293.7	1,288.0	1,219.1	932.7	943.4	892.6	957.0
o/w: located in the reporting country									
(2) IMF reserve position	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
(3) SDRs	189.5	184.9	168.1	161.2	147.7	146.7	145.0	139.5	127.5
(4) gold									
(5) other reserve assets	41.4	297.1	513.0	857.4	717.0	886.4	816.6	847.1	663.7
– reverse repo	41.4	297.1	513.0	857.4	717.0	886.4	816.6	847.1	663.7
B. Other foreign currency assets (specify)	177.6	174.7	78.4	76.3	92.5	4.8	24.6	115.9	117.5
– time deposits	177.6	174.7	78.4	76.3	92.5	4.8	24.6	115.9	117.5
C. Total (A+B)	3,025.0	2,925.1	3,236.8	3,378.7	3,524.8	3,394.1	3,466.8	3,514.1	3,635.9
II. Predetermined short-term net drains on f/c assets (nominal value)									
1. Predetermined short-term net drains on f/c assets (nominal value)	-932.6	-926.3	-891.0	-805.3	-1,210.8	-1,164.3	-1,496.8	-1,430.9	-1,398.6
(a) Croatian National Bank	-258.7	-183.2	-249.8	-253.8	-265.0	-243.5	-273.4	-270.7	-237.9
Up to 1 month									
Principal	-90.2	-87.4	-148.0	-114.9	-107.6	-114.3	-67.6	-119.2	-114.8
Interest	-5.0	-3.6	-4.8	-4.5	-4.3	-3.8	-2.9	-3.9	-3.6
More than 1 and up to 3 months									
Principal	-123.6	-69.2	-60.7	-107.7	-116.5	-99.1	-178.2	-118.5	-79.0
Interest	-2.7	-2.4	-2.4	-2.8	-2.8	-2.9	-2.0	-2.2	-2.2
More than 3 months and up to 1 year									
Principal	-29.9	-14.9	-30.9	-18.4	-29.0	-18.8	-17.7	-19.6	-33.7
Interest	-7.3	-5.7	-3.0	-5.4	-4.7	-4.6	-5.1	-7.2	-4.6
(b) Central government (excluding extrabudgetary funds) ⁹	-673.9	-743.0	-641.1	-551.5	-945.8	-920.8	-1,223.4	-1,160.2	-1,160.8
Up to 1 month									
Principal	-63.5	-103.8	-87.7	-4.3	-89.3	-2.3	-90.0	-4.0	-2.3
Interest	-58.3	-4.7	-66.9	-1.8	-69.0	-13.1	-62.5	-3.2	-3.2
More than 1 and up to 3 months									
Principal	-6.0	-14.7	-80.3	-14.6	-93.8	-94.2	-6.4	-16.8	-101.2
Interest	-42.9	-13.3	-15.0	-12.8	-77.1	-66.6	-6.9	-17.1	-76.5
More than 3 months and up to 1 year									
Principal	-384.6	-371.4	-225.3	-292.3	-497.1	-580.2	-880.0	-874.1	-791.4
Interest	-118.7	-235.2	-166.0	-225.7	-119.6	-164.5	-177.5	-245.0	-186.0
2. Aggregate short and long positions in forwards and futures in f/c vis-a-vis the domestic currency (including the forward leg of currency swaps)									
(a) Short positions (-)									
Up to 1 month									
More than 1 and up to 3 months									
More than 3 months and up to 1 year									
(b) Long positions (+)									
Up to 1 month									
More than 1 and up to 3 months									
More than 3 months and up to 1 year									
3. Other	-21.3	-9.7		-38.1	-40.7	-30.6	-29.8		-29.8
– outflows related to repos (-)	-21.3	-9.7		-38.1	-40.7	-30.6	-29.8		-29.8
Up to 1 month									
Principal	-21.3	-9.7		-38.1	-40.6	-30.5	-29.7		-19.8
Interest	0.0	0.0		-0.1	-0.1	-0.1	0.0		0.0
More than 1 and up to 3 months									
Principal									-10.0
Interest									0.0
More than 3 months and up to 1 year									
Principal									
Interest									
4. Total predetermined short-term net drains on foreign currency assets (1+2+3)	-954.0	-936.0	-891.0	-843.4	-1,251.5	-1,194.9	-1,526.6	-1,430.9	-1,428.4
III. Contingent short-term net drains on f/c assets (nominal value)									
1. Contingent liabilities in foreign currency	-869.9	-855.4	-935.1	-955.9	-969.3	-924.7	-943.2	-936.1	-954.4
(a) Collateral guarantees on debt falling due within 1 year	-263.6	-226.9	-261.1	-303.9	-296.0	-293.8	-298.3	-285.4	-267.8
– Croatian National Bank									
– Central government (excluding extrabudgetary funds) ⁹	-263.6	-226.9	-261.1	-303.9	-296.0	-293.8	-298.3	-285.4	-267.8
Up to 1 month	-37.3	-6.0	-39.8	-10.3	-48.4	-1.5	-9.6	-37.7	-5.5

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More than 1 and up to 3 months	-57.6	-36.2	-16.8	-59.2	-11.4	-47.3	-46.3	-35.7	-70.5
More than 3 months and up to 1 year	-168.7	-184.8	-204.5	-234.4	-236.2	-244.9	-242.4	-212.0	-191.7
(b) Other contingent liabilities	-606.2	-628.5	-674.0	-652.0	-673.2	-630.9	-644.9	-650.8	-686.6
– Croatian National Bank	-606.2	-628.5	-674.0	-652.0	-673.2	-630.9	-644.9	-650.8	-686.6
Up to 1 month									
More than 1 and up to 3 months	-606.2	-628.5	-674.0	-652.0	-673.2	-630.9	-644.9	-650.8	-686.6
More than 3 months and up to 1 year									
– Central government (excluding extrabudgetary funds) ^a									
2. F/c sec. issued with embedded options (puttable bonds)									
3. Undrawn, unconditional credit lines provided by	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	
– BIS (+)	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	
– IMF (+)									
4. Aggregate short and long positions of options in foreign currencies vis-a-vis the domestic currency									
5. Total contingent short-term net drains on f/c assets (1+2+3+4)	-789.9	-775.4	-855.1	-875.9	-889.3	-844.7	-863.2	-936.1	-954.4
IV. Memo items									
(a) short-term domestic currency debt indexed to the exchange rate o/w: central government (excluding extrabudgetary funds)									
(b) financial instruments denominated in foreign currency and settled by other means (e.g., in domestic currency)									
(c) pledged assets	177.0	173.3	72.8	67.5					
(d) securities lent and on repo									
– lent or repoed and included in Section I	-20.1	-10.0		-37.6	-40.0	-30.0	-30.0		-30.0
– lent or repoed but not included in Section I									
– borrowed or acquired and included in Section I									
– borrowed or acquired but not included in Section I	37.4	286.1	485.5	832.4	685.6	856.8	778.0	783.9	646.2
(e) financial derivative assets (net, marked to market)									
(f) currency composition of official reserves assets ^b									
– currencies in SDR basket	2,983.7	2,885.2	3,196.0	3,378.7	3,524.8	3,389.3	3,442.2	3,398.2	3,518.4
– currencies not in SDR basket	41.4	39.9	40.8	0.0	0.0	0.0	0.0	0.0	0.0
– by individual currencies									
USD	1,186.1	1,128.7	1,310.2	1,239.3	922.5	869.6	863.6	842.5	915.1
EUR	1,405.1	1,425.7	1,644.2	1,909.9	2,453.9	2,372.4	2,433.0	2,415.6	2,475.0
Other	433.8	370.7	282.4	229.5	148.4	147.3	145.6	140.2	128.2

^a Preliminary data for 2001; ^b Until January 2001: Currency structure of official reserve assets and other foreign currency assets.

Table H7: International Reserves and Foreign Currency Liquidity

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

The first part of the Template shows total assets of the Croatian National Bank in convertible foreign currency. Official reserve assets (I.A.) show only 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 less than 3 months, reserve position with the IMF, special drawing rights, gold, and reverse repos with foreign negotiable debt securities. Other foreign currency assets of the CNB (I.B.) include foreign currency time deposits with a maturity over 3 months.

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

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

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

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

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

Year	Month	HRK/EUR	HRK/ATS	HRK/FRF	HRK/100 ITL	HRK/CHF	HRK/GBP	HRK/USD	HRK/DEM
1992		0.340174	0.024304	0.050419	0.020916	0.190597	0.375277	0.264299	0.171018
1993		4.133563	0.305485	0.621058	0.224018	2.433869	5.369428	3.577417	2.155526
1994		7.087400	0.524804	1.079560	0.371475	4.381763	9.166192	5.995300	3.692018
1995		6.757758	0.518734	1.047969	0.321342	4.425311	8.252950	5.229967	3.649342
1996		6.804708	0.513722	1.062735	0.352150	4.404976	8.479850	5.433800	3.614536
1997		6.959708	0.505322	1.056355	0.361942	4.246962	10.081567	6.157050	3.555932
1998		7.136608	0.514421	1.079581	0.366683	4.395149	10.539883	6.362292	3.619321
1999		7.579622	0.550834	1.155501	0.391455	4.738375	11.504100	7.112441	3.875409
2000		7.634973	0.554855	1.163944	0.394313	4.901679	12.529639	8.276819	3.903700
2000	January	7.704981	0.559943	1.174617	0.397929	4.788507	12.440665	7.591486	3.939494
	February	7.729438	0.561720	1.178345	0.399192	4.811082	12.556233	7.841584	3.951999
	March	7.732695	0.561957	1.178842	0.399360	4.818371	12.644582	8.005323	3.953664
	April	7.725391	0.561426	1.177728	0.398983	4.907308	12.918253	8.158377	3.949930
	May	7.695526	0.559256	1.173175	0.397400	4.945350	12.849028	8.508858	3.934660
	June	7.656650	0.556430	1.167249	0.395433	4.904278	12.174320	8.075785	3.914783
	July	7.611087	0.553119	1.160303	0.393080	4.907463	12.201744	8.082124	3.891487
	August	7.575196	0.550511	1.154831	0.391226	4.885028	12.465103	8.353507	3.873136
	September	7.530710	0.547278	1.148049	0.388929	4.913555	12.389037	8.636115	3.850391
	October	7.521939	0.546641	1.146712	0.388476	4.969879	12.754030	8.777919	3.845906
	November	7.552528	0.548864	1.151376	0.390056	4.960171	12.600643	8.828263	3.861546
	December	7.585632	0.551269	1.156422	0.391765	5.009320	12.357001	8.459373	3.878472
2001	January	7.605594	0.552720	1.159465	0.392796	4.974222	11.987261	8.088795	3.888678
	February	7.697274	0.559383	1.173442	0.397531	5.013567	12.152421	8.351871	3.935554
	March	7.695090	0.559224	1.173109	0.397418	5.009254	12.215118	8.443783	3.934437
	April	7.615417	0.553434	1.160963	0.393303	4.984932	12.247077	8.528187	3.893701
	May	7.369043	0.535529	1.123403	0.380579	4.803162	11.992724	8.409159	3.767732

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

Year	Month	HRK/EUR	HRK/ATS	HRK/FRF	HRK/100 ITL	HRK/CHF	HRK/GBP	HRK/USD	HRK/DEM
1992		0.964508	0.070357	0.145244	0.054153	0.546218	1.206464	0.798188	0.495000
1993		7.262200	0.540504	1.120052	0.381300	4.471653	9.714800	6.561900	3.801812
1994		6.902400	0.516285	1.052510	0.346500	4.288893	8.784200	5.628700	3.632100
1995		6.812200	0.526742	1.085365	0.335800	4.618693	8.234500	5.316100	3.705900
1996		6.863600	0.506253	1.055662	0.362600	4.098835	9.359000	5.539600	3.562200
1997		6.947200	0.499445	1.050510	0.357700	4.332003	10.475600	6.303100	3.511000
1998		7.329100	0.531546	1.114954	0.377700	4.567584	10.451000	6.247500	3.739700
1999		7.679009	0.558055	1.170657	0.396588	4.784268	12.340257	7.647654	3.926215
2000		7.598334	0.552192	1.158359	0.392421	4.989712	12.176817	8.155344	3.884966
2000	January	7.720042	0.561037	1.176913	0.398707	4.787103	12.743675	7.838402	3.947195
	February	7.730457	0.561794	1.178501	0.399245	4.813500	12.688523	7.982711	3.952520
	March	7.727280	0.561563	1.178016	0.399081	4.853889	12.858869	8.081238	3.950896
	April	7.710201	0.560322	1.175413	0.398199	4.910521	13.318940	8.494217	3.942163
	May	7.683790	0.558403	1.171386	0.396835	4.904236	12.334838	8.286196	3.928659
	June	7.639108	0.555156	1.164575	0.394527	4.910084	12.204998	8.046248	3.905814
	July	7.600773	0.552370	1.158730	0.392547	4.908158	12.369037	8.195787	3.886214
	August	7.559582	0.549376	1.152451	0.390420	4.885029	12.292003	8.509210	3.865153
	September	7.511311	0.545868	1.145092	0.387927	4.924481	12.500102	8.528796	3.840472
	October	7.535421	0.547620	1.148768	0.389172	4.948723	12.994346	8.890303	3.852800
	November	7.567727	0.549968	1.153693	0.390840	5.004779	12.487998	8.773159	3.869317
	December	7.598334	0.552192	1.158359	0.392421	4.989712	12.176817	8.155344	3.884966
2001	January	7.675722	0.557816	1.170156	0.396418	5.048821	12.203056	8.376866	3.924534
	February	7.703111	0.559807	1.174332	0.397832	5.014393	12.157688	8.418701	3.938538
	March	7.680701	0.558178	1.170915	0.396675	5.034874	12.436368	8.722122	3.927080
	April	7.526926	0.547003	1.147472	0.388733	4.898110	12.060449	8.358607	3.848456
	May	7.278507	0.528950	1.109601	0.375904	4.767165	12.068491	8.504916	3.721442

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

Indices 1995=100

Year	Month	Nominal effective exchange rate of the kuna	Real effective exchange rate of the kuna; deflator	
			Indices of producers' prices	Retail price index
1997	December	107.96	104.89	103.27
1998	December	111.87	108.03	102.41
1999	September	120.33	115.83	107.62
	October	119.92	115.26	106.97
	November	121.40	115.15	108.50
	December	122.56	116.29	109.50
2000	January	123.07	115.17	109.21
	February	124.58	116.54	110.72
	March	125.42	116.56	111.15
	April	126.15	116.68	111.00
	May	127.47	119.04	112.07
	June	124.91	116.61	108.32
	July	124.45	116.85	107.59
	August	125.34	117.52	108.38
	September	126.15	118.37	108.32
	October	126.75	118.28	108.26
	November	127.29	114.98	108.76
	December	125.97	113.54	107.66
2001	January	124.42	113.72	106.35
	February	126.69	114.32	108.30
	March	127.10	116.48	108.89
	April	126.60	116.37 ^a	107.37 ^a
	May	123.23	–	–

^a Preliminary data.

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

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

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

a basket of currencies. An increase in the index of the nominal effective exchange rate of the kuna in a certain period indicates that the kuna has depreciated against the basket of currencies. The index of the real effective exchange rate is a weighted geometric average of the index of bilateral exchange rates of the kuna corrected for the relevant relative price indices (the ratio of price indices in partner countries and domestic prices). Producer price and retail price indices are used, in particular the total harmonized retail price index for the Economic and Monetary Union member countries. Data for the last two months are preliminary.

Table H11: External Debt by Domestic Sectors

Million US dollars

	1993	1994	1995	1996	1997	1998	1999	2000	2001			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.*	Dec.*	Jan.	Feb.	Mar.	Apr.
1. Direct investment	0.0	0.0	0.0	0.0	0.0	476.5	539.9	1,039.6	1,022.3	1,066.2	1,062.8	1,188.9
2. Government	123.1	134.0	240.7	2,397.3	2,905.7	3,395.3	3,973.0	4,796.8	4,630.2	4,883.4	5,200.7	5,251.5
2.1 Portfolio investment	0.0	0.0	0.0	1,462.2	1,954.5	2,049.3	2,522.9	3,141.2	3,041.2	3,295.6	3,562.0	3,600.3
Bonds	0.0	0.0	0.0	1,462.2	1,954.5	2,049.3	2,522.9	3,141.2	3,041.2	3,295.6	3,562.0	3,600.3
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2 Other investment	123.1	134.0	240.7	935.1	951.2	1,346.0	1,450.2	1,655.6	1,589.0	1,587.8	1,638.7	1,651.2
2.2.1 Trade credits	1.4	2.6	5.4	12.2	18.1	2.7	3.4	0.1	0.1	0.1	0.1	1.2
Long-term	0.1	2.6	5.4	3.6	18.1	1.8	0.7	0.1	0.1	0.1	0.1	1.2
Short-term	1.3	0.0	0.0	8.6	0.0	0.8	2.7	0.0	0.0	0.0	0.0	0.0
2.2.2 Credits	121.7	131.4	235.3	922.9	933.1	1,343.3	1,446.8	1,655.5	1,588.9	1,587.8	1,638.6	1,649.9
Long-term	121.7	131.4	134.9	822.9	833.1	1,293.3	1,371.5	1,295.5	1,228.9	1,227.8	1,278.6	1,289.9
Short-term	0.0	0.0	100.4	100.0	100.0	50.0	75.3	360.0	360.0	360.0	360.0	360.0
3. Croatian National Bank	20.6	126.1	222.5	208.3	231.8	233.9	196.6	158.7	157.6	156.9	151.7	139.9
o/w: IMF	20.6	126.1	222.5	208.3	231.8	233.9	196.6	158.7	157.6	156.9	151.7	139.9
4. Banks	1,876.7	2,066.6	2,434.9	1,251.8	2,215.6	2,265.6	1,954.5	1,596.7	1,779.4	1,561.8	1,601.3	1,604.2
4.1. Portfolio investment	941.1	992.9	999.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	941.1	992.9	999.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.2 Other investment	935.6	1,073.7	1,435.0	1,251.8	2,215.6	2,265.6	1,954.5	1,596.7	1,779.4	1,561.8	1,601.3	1,604.2
4.2.1 Currency and deposits	151.9	198.3	472.7	499.2	789.9	614.6	537.7	432.8	638.1	423.8	509.5	506.0
4.2.2 Credits	783.7	875.4	962.3	752.6	1,425.7	1,651.0	1,416.8	1,163.9	1,141.3	1,138.0	1,091.8	1,098.2
Long-term	782.1	871.9	957.0	630.2	1,382.0	1,616.1	1,385.6	1,149.7	1,128.4	1,122.4	1,076.2	1,085.6
Short-term	1.6	3.5	5.3	122.4	43.7	34.9	31.2	14.3	12.9	15.6	15.6	12.6
5. Other sectors	617.4	693.1	911.0	1,450.2	2,098.5	3,214.9	3,208.3	3,285.3	3,232.9	3,217.0	3,135.4	3,148.4
5.1 Portfolio investment	0.0	0.0	0.0	0.0	0.0	8.7	48.5	38.4	37.8	28.4	41.3	55.5
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	31.1	28.9	28.4	28.4	27.3	27.9
Money market instruments	0.0	0.0	0.0	0.0	0.0	8.7	17.4	9.5	9.4	0.0	14.0	27.6
5.2 Other investment	617.4	693.1	911.0	1,450.2	2,098.5	3,206.2	3,159.8	3,247.0	3,195.1	3,188.6	3,094.1	3,092.9
5.2.1 Trade credits	160.4	216.7	356.7	419.2	608.4	441.1	373.8	333.4	316.5	316.4	301.7	304.8
Long-term	117.9	182.0	268.5	296.7	442.8	323.4	274.3	229.2	217.6	217.0	205.8	202.7
Short-term	42.5	34.7	88.2	122.5	165.6	117.7	99.5	104.3	98.9	99.4	95.9	102.1
5.2.2 Credits	457.0	476.4	554.3	1,031.0	1,490.1	2,765.1	2,786.0	2,913.5	2,878.6	2,872.2	2,792.4	2,788.1
Long-term	447.9	464.1	523.1	973.3	1,260.9	2,373.1	2,535.7	2,690.0	2,643.3	2,636.2	2,573.8	2,618.9
Short-term	9.1	12.3	31.2	57.7	229.2	392.0	250.3	223.6	235.3	236.0	218.6	169.2
Total (1+2+3+4+5)	2,637.8	3,019.8	3,809.1	5,307.6	7,451.6	9,586.2	9,872.3	10,877.2	10,822.5	10,885.4	11,151.9	11,332.9

Table H11: External Debt by Domestic Sectors

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

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

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

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

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

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

Table H12: External Debt Structured by Creditors

Million US dollars

	1993	1994	1995	1996	1997	1998	1999	2000	2001			
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.*	Dec.*	Jan.	Feb.	Mar.	May
1. Portfolio investment	941.1	992.9	999.9	1,462.2	1,954.8	2,058.0	2,571.4	3,179.6	3,079.0	3,323.9	3,603.3	3,655.8
Bonds	941.1	992.9	999.9	1,462.2	1,954.8	2,049.3	2,554.0	3,170.1	3,069.6	3,323.9	3,589.3	3,628.2
o/w: London Club	941.1	992.9	999.9	1,462.2	1,428.4	1,404.7	1,380.9	1,255.4	1,180.7	1,180.7	1,180.7	1,180.7
Money market instruments	0.0	0.0	0.0	0.0	0.0	8.7	17.4	9.5	9.4	0.0	14.0	27.6
2. Other investment	1,696.7	2,026.9	2,809.2	3,845.4	5,496.8	7,528.1	7,301.0	7,697.6	7,743.4	7,561.4	7,548.6	7,677.1
2.1. Currency and deposits	151.9	198.3	472.7	499.2	789.9	614.6	537.7	432.8	638.1	423.8	509.5	506.0
2.2. Long-term	1,490.2	1,778.1	2,111.4	2,935.0	4,168.4	6,249.1	6,221.9	6,449.9	6,203.7	6,189.3	6,094.1	6,309.0
2.2.1. Public creditors	1,047.2	1,202.2	1,340.2	1,889.6	1,867.0	2,196.7	2,162.4	2,229.9	2,183.3	2,178.0	2,115.0	2,123.8
a) International financial organizations	319.6	404.0	493.7	673.1	851.0	1,039.2	1,013.9	1,114.0	1,104.6	1,099.9	1,065.9	1,060.6
– IMF	20.6	126.1	222.5	208.3	231.8	233.9	196.6	158.7	157.6	156.9	151.7	139.9
– IBRD	88.8	71.4	59.6	188.4	294.5	344.1	395.0	411.7	412.6	413.1	408.5	408.9
– IFC	2.1	2.3	2.5	0.0	0.0	30.9	28.6	71.9	71.4	71.4	68.7	69.3
– EBRD	0.0	0.0	16.2	108.4	171.2	251.3	218.8	296.7	292.5	288.8	275.5	277.9
– EUROFIMA	59.6	48.1	38.9	32.8	42.9	72.6	78.5	85.6	84.2	83.5	80.8	82.1
– EIB	138.6	145.7	143.7	131.0	108.3	105.2	81.0	65.6	62.6	62.5	57.7	59.0
– CEB	9.9	10.4	10.3	4.2	2.3	1.1	15.4	24.0	23.7	23.7	23.1	23.4
b) Governments and government agencies	727.6	798.2	846.5	1,216.5	1,016.0	1,157.5	1,148.5	1,115.9	1,078.7	1,078.1	1,049.0	1,063.2
– Paris Club	666.2	709.5	750.6	1,014.1	852.5	884.8	770.8	686.4	656.2	655.3	641.2	648.6
– Other	61.4	88.7	95.9	202.4	163.5	272.7	377.7	429.5	422.5	422.8	407.8	414.6
2.2.2. Private creditors	443.0	575.9	771.2	1,045.4	2,301.4	4,052.5	4,059.5	4,220.0	4,020.4	4,011.4	3,979.1	4,185.2
a) Banks	319.6	385.5	486.7	736.0	1,833.3	3,257.5	3,311.9	3,298.8	3,222.7	3,205.8	3,210.4	3,307.8
o/w: guaranteed by government agencies	244.9	301.9	297.3	191.8	167.0	213.7	330.7	482.6	431.9	434.2	470.9	481.1
b) Other sectors	123.4	190.4	284.5	309.4	468.1	794.9	747.6	921.2	797.7	805.5	768.7	877.4
o/w: guaranteed by government agencies	18.0	29.5	37.5	21.9	17.6	28.5	17.8	13.8	12.9	12.9	11.9	11.9
2.3. Short-term	54.6	50.5	225.1	411.2	538.5	664.4	541.3	814.9	901.6	948.3	945.0	862.0
2.3.1. Public creditors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3.2. Private creditors	54.6	50.5	225.1	411.2	538.5	664.4	541.3	814.9	901.6	948.3	945.0	862.0
a) Banks	10.5	15.7	136.2	278.6	370.1	381.1	246.1	514.4	514.9	516.4	504.3	451.9
o/w: guaranteed by government agencies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b) Other sectors	44.1	34.8	88.9	132.6	168.4	283.3	295.2	300.5	386.7	431.9	440.7	410.1
o/w: guaranteed by government agencies	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total (1+2)	2,637.8	3,019.8	3,809.1	5,307.6	7,451.6	9,586.2	9,872.3	10,877.2	10,822.5	10,885.4	11,151.9	11,333.0

Table H12: External Debt by Creditors

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

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

Million US dollars

	Outstanding debt 30/04/2001	Nonreported principal payments	Projected future principal payments									
			Q2/2001	Q3/2001	Q4/2001	2001	2002	2003	2004	2005	2006	Other
1. Direct investment	1,188.9	24.6	97.3	68.1	97.4	262.7	195.2	149.1	101.8	135.5	119.6	200.5
2. Government	5,251.5	3.9	18.3	506.8	37.7	562.9	618.4	301.9	694.5	721.3	747.6	1,601.1
2.1. Portfolio investment	3,600.3	0.0	0.0	74.7	0.0	74.7	495.1	161.2	539.6	611.5	633.2	1,085.1
Bonds	3,600.3	0.0	0.0	74.7	0.0	74.7	495.1	161.2	539.6	611.5	633.2	1,085.1
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	0.0
2.2 Other investment	1,651.2	3.9	18.3	432.2	37.7	488.2	123.3	140.7	154.8	109.8	114.4	516.0
2.2.1 Trade credits	1.2	0.0	0.0	0.0	0.0	0.1	0.4	0.4	0.4	0.0	0.0	0.0
Long-term	1.2	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.0	0.0	0.0
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2 Credits	1,649.9	3.9	18.3	432.2	37.7	488.2	122.9	140.3	154.4	109.8	114.4	516.0
Long-term	1,289.9	3.9	18.3	72.2	37.7	128.2	122.9	140.3	154.4	109.8	114.4	516.0
Short-term	360.0	0.0	0.0	360.0	0.0	360.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Croatian National Bank	139.9	0.0	0.0	3.0	13.8	16.8	33.7	33.7	33.7	13.0	6.1	3.0
o/w: IMF	139.9	0.0	0.0	3.0	13.8	16.8	33.7	33.7	33.7	13.0	6.1	3.0
4. Banks	1,604.2	57.2	28.3	69.5	28.4	126.2	302.3	283.9	63.4	57.4	49.7	664.0
4.1 Portfolio investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.2 Other investment	1,604.2	57.2	28.3	69.5	28.4	126.2	302.3	283.9	63.4	57.4	49.7	664.0
4.2.1 Currency and deposits	506.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	506.0
4.2.2 Credits	1,098.2	57.2	28.3	69.5	28.4	126.2	302.3	283.9	63.4	57.4	49.7	158.0
Long-term	1,085.6	49.7	25.6	68.4	28.1	122.1	301.3	283.9	63.4	57.4	49.7	158.0
Short-term	12.6	7.6	2.7	1.1	0.3	4.1	1.0	0.0	0.0	0.0	0.0	0.0
5. Other sectors	3,148.4	321.3	236.5	175.9	207.5	619.9	581.8	358.4	333.9	233.1	218.1	481.8
5.1 Portfolio investment	55.5	0.0	0.0	0.0	13.6	13.6	14.0	0.0	27.9	0.0	0.0	0.0
Bonds	27.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.9	0.0	0.0	0.0
Money market instruments	27.6	0.0	0.0	0.0	13.6	13.6	14.0	0.0	0.0	0.0	0.0	0.0
5.2 Other investment	3,092.9	321.3	236.5	175.9	193.9	606.3	567.8	358.4	306.0	233.1	218.1	481.8
5.2.1 Trade credits	304.8	73.3	31.2	39.9	38.2	109.4	66.9	30.6	16.9	6.3	0.9	0.4
Long-term	202.7	40.5	12.9	16.8	19.4	49.1	57.9	30.6	16.9	6.3	0.9	0.4
Short-term	102.1	32.8	18.4	23.1	18.8	60.3	9.0	0.0	0.0	0.0	0.0	0.0
5.2.2 Credits	2,788.1	248.0	205.2	136.0	155.7	496.9	500.9	327.8	289.1	226.7	217.2	481.4
Long-term	2,618.9	154.1	189.2	98.8	136.2	424.1	498.3	327.8	289.2	226.7	217.2	481.4
Short-term	169.2	93.9	16.1	37.3	19.5	72.8	2.6	0.0	0.0	0.0	0.0	0.0
Total (1+2+3+4+5)	11,332.9	407.0	380.4	823.4	384.8	1,588.6	1,731.3	1,126.9	1,227.2	1,160.3	1,141.1	2,950.5
Supplement: Projected interest payments		49.2	79.6	150.6	94.5	324.6	495.7	409.8	339.3	267.8	196.8	401.3
Note:												
Publicly guaranteed debt	1,507.1											
o/w: Banks and other sectors	1,005.0											

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

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

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

able interest rates.

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

Table I1: Consolidated Central Government

Million kuna

	1994	1995	1996	1997	1998	1999	2000	2001			
								Jan.	Feb.	Mar.	Apr.
TOTAL REVENUE AND GRANTS											
1. Budgetary central government	23,142.6	27,980.8	31,367.5	33,846.1	43,808.6	46,355.5	44,635.7	2,953.7	2,767.6	3,314.2	3,487.0
2. Extrabudgetary funds	13,739.6	15,302.3	17,029.1	19,499.1	21,302.1	21,185.5	22,099.3	1,868.2	1,745.5	1,759.2	1,863.9
2.1. Pension Fund	7,165.1	8,720.4	9,584.7	11,022.2	10,713.4	10,799.8	11,254.2	943.4	906.4	910.2	961.9
2.2. Health Insurance Fund	3,775.2	4,558.1	5,196.3	5,824.2	8,269.0	8,686.4	8,967.4	729.8	726.4	720.1	764.4
2.3. Employment Fund	556.7	691.2	676.1	638.3	718.2	760.6	822.4	69.8	67.7	71.6	74.9
2.4. Child Benefit Fund	689.4	782.1	878.5	976.7	542.8	9.1	7.1	0.6	0.3	0.7	0.3
2.5. Croatian Roads Administration ^a	1,117.5	-	-	-	-	-	-	-	-	-	-
2.6. Croatian Waters	435.7	550.5	693.5	1,037.7	1,058.6	929.6	1,048.2	124.6	44.8	56.6	62.3
A. Total (1+2)	36,882.3	43,283.1	48,396.6	53,345.3	65,110.7	67,541.0	66,735.0	4,821.9	4,513.2	5,073.5	5,350.9
TOTAL EXPENDITURE AND NET LENDING (minus repayments)											
3. Budgetary central government	20,732.4	26,189.3	27,591.9	29,409.4	34,125.4	35,979.1	36,730.8	2,530.7	2,251.1	3,483.7	2,538.9
4. Extrabudgetary funds	14,736.9	17,976.8	21,282.1	25,522.5	30,103.1	34,363.9	37,701.4	2,988.4	3,213.0	3,285.3	3,143.0
4.1. Pension Fund	6,685.6	8,860.7	10,459.8	13,795.1	16,170.4	18,998.5	20,180.8	1,618.1	1,955.9	1,908.5	1,997.2
4.2. Health Insurance Fund	5,255.7	7,083.1	8,357.5	8,742.8	10,776.0	11,919.6	13,918.1	977.6	895.5	1,024.7	995.6
4.3. Employment Fund	416.1	445.9	676.2	714.1	571.2	824.9	995.5	82.9	84.2	77.7	82.0
4.4. Child Benefit Fund	665.2	820.6	853.2	1,003.7	1,032.1	1,136.2	1,250.6	161.8	200.9	215.4	1.5
4.5. Croatian Roads Administration ^a	1,207.0	-	-	-	-	-	-	-	-	-	-
4.6. Croatian Waters	507.4	766.6	935.5	1,266.8	1,553.3	1,484.8	1,356.4	148.1	76.6	59.0	66.6
B. Total (3+4)	35,469.3	44,166.1	48,874.0	54,931.9	64,228.6	70,343.0	74,432.3	5,519.2	5,464.1	6,769.0	5,682.0
C. Overall surplus/deficit (A-B)	1,413.0	-883.0	-477.4	-1,586.7	882.1	-2,802.1	-7,697.3	-697.3	-950.9	-1,695.5	-331.1
5. Budgetary central government (1-3)	2,410.3	1,791.5	3,775.6	4,436.7	9,683.1	10,376.4	7,904.8	423.0	516.5	-169.5	948.1
6. Extrabudgetary funds (2-4)	-997.3	-2,674.6	-4,253.0	-6,023.4	-8,801.1	-13,178.4	-15,602.1	-1,120.3	-1,467.4	-1,526.1	-1,279.2

^a In 1995 included in government budget; Source: Ministry of Finance

Table I2: Budgetary Central Government Operations

Million kuna

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001			
										Jan.	Feb.	Mar.	Apr.
1. Total revenue	547.4	8,382.2	23,142.6	27,880.8	31,367.5	33,846.1	43,808.6	46,355.5	44,635.7	2,953.7	2,767.6	3,314.2	3,487.0
1.1. Current revenue	547.0	8,371.2	22,788.9	27,287.1	30,244.3	33,385.0	42,019.4	40,044.6	41,535.0	2,933.6	2,750.9	3,297.2	3,474.1
1.1.1. Tax revenue	502.1	7,891.8	22,377.5	26,505.4	28,530.4	31,338.2	39,899.7	38,317.6	39,939.0	2,764.5	2,743.4	3,203.4	3,380.3
1.1.2. Nontax revenue	45.0	479.3	411.4	781.8	1,713.9	2,046.8	2,119.7	1,727.0	1,595.9	169.1	7.5	93.8	93.8
1.2. Capital revenue	0.3	11.0	353.8	593.7	1,123.1	461.1	1,789.2	6,310.9	3,100.7	20.1	16.7	17.0	12.9
2. Grants	0.0	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1. Current	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Capital	0.0	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
A. Total revenue and grants (1+2)	547.4	8,382.2	23,142.6	27,980.8	31,367.5	33,846.1	43,808.6	46,355.5	44,635.7	2,953.7	2,767.6	3,314.2	3,487.0
3. Total expenditure	564.6	8,403.4	22,282.8	28,475.6	30,972.8	34,395.2	41,390.4	47,379.6	49,567.5	3,513.2	3,753.9	4,932.9	3,835.4
3.1. Current expenditure	519.8	7,738.1	20,360.5	25,495.2	25,930.1	29,579.7	34,883.0	38,476.1	44,237.4	3,407.1	3,476.1	4,973.2	3,249.5
3.2. Capital expenditure	44.5	661.3	1,922.3	2,980.4	5,042.7	4,815.5	6,507.3	8,903.5	5,330.1	106.1	277.8	229.7	315.9
4. Lending minus repayments	-9.7	-88.8	316.0	220.6	528.7	611.1	1,161.5	1,499.2	1,176.1	60.3	-58.1	84.1	10.0
B. Total expenditure and net lending (3+4)	554.9	8,314.6	22,598.8	28,696.2	31,501.5	35,006.3	42,551.9	48,878.8	50,743.5	3,573.5	3,695.8	5,017.0	3,845.4
5. Current account surplus without grants (1.1.-3.1.)	27.3	633.1	2,428.4	1,791.9	4,314.3	3,805.3	7,136.4	1,568.5	-2,702.4	-473.5	-725.2	-1,406.0	-45.5
6. Current account surplus with current grants (5+2.1.)	27.3	633.1	2,428.4	1,791.9	4,314.3	3,805.3	7,136.4	1,568.5	-2,702.4	-473.5	-725.2	-1,406.0	-45.5
7. Gross fixed capital formation ^a	44.2	650.3	1,235.0	1,040.5	1,113.9	1,516.4	976.1	-2,216.9	-395.4	57.1	74.2	63.6	83.9
8. Gross capital formation ^b	44.2	650.3	1,415.0	1,040.5	1,113.9	1,516.4	976.1	-2,216.9	-395.4	57.1	74.2	63.6	83.9
C. Overall surplus/deficit (A-B)	-7.5	67.6	543.9	-715.4	-134.0	-1,160.2	1,256.7	-2,523.3	-6,107.9	-619.8	-928.2	-1,702.8	-358.4
9. Foreign financing	0.0	0.0	47.3	686.0	803.9	2,985.9	-9.1	4,615.1	6,921.5	-506.4	176.4	3,265.4	87.4
10. Domestic financing	7.5	-67.6	-591.2	29.4	-669.9	-1,825.7	-1,247.6	-2,091.8	-813.6	1,126.2	752.0	-1,562.7	271.0
10.1. From other government	0.0	-18.5	0.0	0.0	0.0	0.0	190.0	-87.0	-92.0	0.0	0.0	0.0	0.0
10.2. From monetary authorities	0.0	67.0	-617.3	396.0	-152.7	-354.8	112.4	2.0	-12.5	-247.0	193.0	-197.0	170.1
10.3. From deposit money banks	-4.0	-106.2	-63.8	0.0	-308.4	-1,357.3	-1,638.6	-1,859.4	-288.8	1,473.2	558.9	-1,239.2	106.7
10.4. Other domestic financing	11.5	-9.9	89.9	-366.6	-208.8	-113.6	88.7	-147.4	-420.3	-100.0	0.0	-126.4	-5.8
D. Total financing (9+10)	7.5	-67.6	-543.9	715.4	134.0	1,160.2	-1,256.7	2,523.3	6,107.9	619.8	928.2	1,702.8	358.4

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

Table I3: Central Government Debt

End of period, million kuna

	1993	1994	1995	1996	1997	1998	1999	2000	2001				
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.*	Apr.	
1. Domestic debt of central government	22,865.2	18,674.1	17,741.2	17,263.0	15,538.4	15,047.8	16,754.6	21,344.7	23,298.3	22,824.1	22,551.6	22,900.2	
1.1. Domestic debt of the Republic of Croatia	22,542.3	18,410.0	17,631.2	17,260.7	15,467.1	14,582.9	16,012.1	18,509.7	20,386.5	19,833.3	19,595.3	19,872.1	
Treasury bills	–	–	–	272.1	449.6	565.8	776.7	2,564.6	3,194.3	3,752.0	4,418.0	4,532.8	
Money market instruments	–	141.6	134.5	254.3	44.0	96.8	153.3	14.2	130.5	17.6	11.8	10.2	
Bonds	21,036.7	17,269.1	16,019.5	16,055.2	14,159.2	13,035.8	13,720.7	14,082.5	13,931.1	13,715.0	13,631.2	13,636.9	
Credits from the CNB	517.2	250.6	390.1	218.8	–	–	24.1	0.0	0.0	5.6	–	–	
Credits from DMBs	988.4	748.7	1,087.1	460.2	814.3	884.4	1,337.3	1,848.4	3,130.5	2,343.2	1,534.2	1,692.1	
1.2. Domestic debt of central government funds	322.9	264.1	110.0	2.3	71.3	465.0	742.5	2,835.0	2,911.9	2,990.8	2,956.3	3,028.0	
Money market instruments	–	–	–	–	–	–	–	20.5	20.8	20.9	21.0	20.9	
Bonds	–	–	–	–	–	–	–	1,686.8	1,704.0	1,710.1	1,705.1	1,692.0	
Credits from DMBs	322.9	264.1	110.0	2.3	71.3	465.0	742.5	1,127.6	1,187.1	1,259.8	1,230.2	1,315.1	
2. External debt of central government	833.4	754.2	1,279.6	13,477.8	18,314.9	21,049.7	29,962.5	38,646.7	38,299.8	40,622.4	44,875.0	43,430.3	
2.1. External debt of the Republic of Croatia	19,920.0	28,598.2	36,560.8	36,180.1	38,156.0	42,059.6	40,674.3
Money market instruments	....	....	....	....	....	....	–	–	–	–	–	–
Bonds	12,431.1	18,903.3	25,231.2	25,085.5	27,028.4	30,341.6	29,388.9
Credits	7,489.0	9,694.9	11,329.7	11,094.6	11,127.6	11,718.0	11,285.3
2.2. External debt of central government funds	1,129.7	1,364.3	2,085.9	2,119.8	2,466.4	2,815.4	2,756.0
Money market instruments	....	....	....	....	....	....	–	–	–	–	–	–
Bonds	372.1	390.6	386.5	390.5	716.0	726.5	704.7
Credits	757.6	973.7	1,699.3	1,729.3	1,750.4	2,088.9	2,051.3
3. Total (1+2)	23,698.6	19,428.3	19,020.8	30,740.9	33,853.3	36,097.5	46,717.1	59,991.4	61,598.2	63,446.6	67,426.6	66,330.4	
Supplement: Central government guaranteed debt													
– guarantees for domestic debt	....	....	....	....	....	....	....	4,104.5	5,105.3	5,118.6	5,492.0	6,257.6
– guarantees for external debt	....	....	....	....	....	....	....	12,374.9	12,384.4	12,767.0	13,193.1	12,597.3

Table I3: Central Government Debt

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

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

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

Year	Month	Chain indices			Monthly year-on-year indices			Cumulative year-on-year indices		
		Retail prices	Costs of living	Producer prices	Retail prices	Costs of living	Producer prices	Retail prices	Costs of living	Producer prices
1992	December	122.4	125.3	129.1	1,053.4	1,026.3	1,120.9	745.4	694.7	846.6
1993	December	99.5	100.6	98.5	1,249.7	1,225.1	1,175.6	1,616.6	1,591.3	1,610.4
1994	December	100.2	100.9	100.2	97.0	102.5	94.5	197.5	207.2	177.7
1995	December	100.2	100.7	100.5	103.7	104.6	101.6	102.0	104.0	100.8
1996	December	100.0	100.4	100.3	103.4	103.7	101.5	103.5	104.3	101.4
1997	December	100.7	101.2	99.9	103.8	104.9	101.6	103.6	104.1	102.3
1998	December	100.2	100.7	100.0	105.4	105.3	97.9	105.7	106.4	98.8
1999	December	100.3	101.0	100.3	104.4	103.6	105.9	104.2	103.5	102.6
2000	January	100.8	101.0	101.9	104.6	103.8	107.6	104.6	103.8	107.6
	February	100.3	100.6	100.8	104.6	103.7	107.8	104.6	103.7	107.7
	March	100.8	100.6	101.4	105.1	103.9	110.2	104.8	103.8	108.5
	April	100.8	100.8	100.5	105.6	104.3	110.2	104.9	103.9	108.9
	May	100.2	100.7	99.8	105.0	104.2	110.1	105.0	104.0	109.1
	June	101.9	100.7	100.7	107.0	105.6	110.6	105.4	104.3	109.5
	July	100.5	100.1	99.8	106.5	105.3	109.4	105.4	104.4	109.4
	August	100.0	99.7	100.2	106.5	105.6	108.7	105.5	104.6	109.3
	September	101.2	101.2	100.9	107.1	106.6	108.9	105.7	104.7	109.2
	October	100.6	100.7	101.1	107.3	107.0	109.7	105.9	105.0	109.4
	November	100.2	100.2	103.4	107.7	107.4	111.3	106.0	105.2	109.4
	December	100.0	100.5	100.2	107.4	106.8	111.2	106.2	105.3	109.7
2001	January	100.1	100.5	99.3	106.6	106.4	108.2	106.6	106.4	108.2
	February	100.5	100.3	100.9	106.8	106.0	108.3	106.7	106.3	108.2
	March	100.1	100.1	98.4	106.0	105.6	105.5	106.5	105.9	107.3
	April	101.4	101.4	100.0	106.8	106.4	105.1	106.6	106.1	106.7
	May	100.6	101.2	100.0	107.2	106.9	105.2	106.8	106.3	106.4

Source: Central Bureau of Statistics

Table J2: Core Retail Prices Indices

Year	Month	Chain indices			Monthly year-on-year indices		
		Total	Goods	Services	Total	Goods	Services
1999	January	0.3	0.3	0.4	3.1	3.3	2.1
	February	0.3	0.2	0.3	3.3	3.4	2.0
	March	0.4	0.6	0.1	3.6	3.9	2.0
	April	0.3	0.3	0.0	3.8	4.2	1.2
	May	0.4	0.3	0.6	4.1	4.4	1.7
	June	0.2	0.2	0.2	4.2	4.6	1.9
	July	1.1	1.2	0.6	5.1	5.4	2.8
	August	0.2	0.2	0.0	5.1	5.4	2.8
	September	0.7	0.8	0.2	4.7	5.0	2.7
	October	0.5	0.4	1.7	4.7	4.8	4.4
	November	-0.2	-0.4	0.0	4.2	4.1	4.2
	December	0.1	0.2	0.0	4.2	4.2	4.1
2000	January	0.1	0.0	0.1	3.9	3.9	3.6
	February	0.2	0.3	0.1	3.9	4.0	3.4
	March	0.2	0.2	0.2	3.7	3.7	3.5
	April	0.2	0.2	0.5	3.5	3.5	4.0
	May	0.2	0.2	0.0	3.4	3.4	3.4
	June	0.9	1.0	0.2	4.1	4.2	3.5
	July	0.8	0.8	0.7	3.8	3.8	3.6
	August	0.1	0.2	-0.1	3.7	3.9	3.4
	September	1.4	1.4	1.4	4.5	4.5	4.8
	October	0.3	0.3	0.0	4.2	4.4	3.1
	November	0.1	0.1	0.2	4.6	4.9	3.3
	December	0.1	0.1	0.2	4.6	4.8	3.5
2001	January	0.0	0.0	0.2	4.5	4.8	3.6
	February	0.2	0.2	0.0	4.5	4.7	3.4
	March	0.3	0.1	0.9	4.6	4.6	4.1
	April	0.5	0.5	0.6	4.9	4.9	4.3

Source: Central Bureau of Statistics

Table J3: Average Monthly Net Wages

In current prices, in kuna

Year	Month	Nominal amount in kuna	Chain indices	Monthly year-on-year indices	Cumulative year-on-year indices
1992	December	74.4	120.2	681.7	409.4
1993	December	1,073.2	105.2	1,442.1	1,605.3
1994	December	1,646.0	119.0	153.4	233.2
1995	December	1,883.0	99.4	114.4	145.7
1996	December	2,217.0	104.4	117.7	111.8
1997	December	2,544.0	100.8	114.8	116.9
1998	December	2,935.0	104.6	115.4	112.8
1999	September	3,041.0	99.3	111.4	114.7
	October	3,041.0	100.0	108.9	114.1
	November	3,232.0	106.3	115.2	114.2
	December	3,262.0	100.9	111.2	114.0
2000	January	3,191.0	97.8	108.3	108.3
	February	3,179.0	99.7	110.2	109.3
	March	3,303.0	103.9	110.4	109.7
	April	3,207.0	97.1	105.3	108.5
	May	3,367.0	105.0	110.8	109.0
	June	3,329.0	98.9	108.3	108.9
	July	3,274.0	98.3	107.6	108.7
	August	3,369.0	102.9	110.0	108.9
	September	3,303.0	98.0	108.6	108.9
	October	3,369.0	102.0	110.8	109.1
	November	3,503.0	104.0	108.4	109.0
	December	3,499.0	99.9	107.3	108.9
2001	January	3,546.0	101.3	111.2	111.2
	February	3,395.0	95.7	106.8	109.0
	March	3,535.0	104.1	107.0	108.3

Source: Central Bureau of Statistics

Table J2: Core Retail Price Index

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

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

List of Deposit Money Banks & Savings Banks

June 1, 2001

Licensed Banks

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

1. Bank Austria Creditanstalt Croatia d.d., Zagreb
2. Bayerische Hypo- und Vereinsbank AG Glavna podružnica Zagreb
3. BNP-Dresdner Bank (Croatia) d.d., Zagreb
4. Brodsko-posavska banka d.d., Slavonski Brod
5. Cassa di Risparmio di Trieste – Banca d.d., Zagreb
6. Centar banka d.d., Zagreb
7. Convest banka d.d., Zagreb
8. Credo banka d.d., Split
9. Croatia banka d.d., Zagreb
10. Dalmatinska banka d.d., Zadar
11. Dubrovačka banka d.d., Dubrovnik
12. Erste & Steiermärkische Bank d.d., Zagreb¹
13. Gospodarsko kreditna banka d.d., Zagreb
14. Hrvatska poštanska banka d.d., Zagreb
15. Hypo Alpe-Adria-Bank d.d., Zagreb
16. Imex banka d.d., Split
17. Istarska banka d.d., Pula
18. Istarska kreditna banka Umag d.d., Umag
19. Jadranska banka d.d., Šibenik
20. Karlovačka banka d.d., Karlovac
21. Kreditna banka Zagreb d.d., Zagreb
22. Kvarner banka d.d., Rijeka
23. Međimurska banka d.d., Čakovec
24. Partner banka d.d., Zagreb
25. Podravska banka d.d., Koprivnica
26. Požeška banka d.d., Požega
27. Privredna banka – Laguna banka d.d., Poreč
28. Privredna banka Zagreb d.d., Zagreb²
29. Raiffeisenbank Austria d.d., Zagreb
30. Riadria banka d.d., Rijeka
31. Riječka banka d.d., Rijeka
32. Sisačka banka d.d., Sisak
33. Slatinska banka d.d., Slatina
34. Slavonska banka d.d., Osijek
35. Splitska banka d.d., Split
36. Štedbanka d.d., Zagreb
37. Varaždinska banka d.d., Varaždin
38. Volksbank d.d., Zagreb
39. Zagrebačka banka d.d., Zagreb³

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

40. Hypobanka d.d., Zagreb
41. Nava banka d.d., Zagreb

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

42. Samoborska banka d.d., Samobor

d) banks not yet licensed in accordance with Articles 35, 36 and 37 of the Banking Law

43. Razvojna banka "Dalmacija" d.o.o., Split

Licensed Savings Banks

1. Banica Credo štedionica d.d., Split⁴
2. Gospodarska štedionica d.d., Vrbovec⁴
3. Krapinska štedionica d.d., Krapina
4. Križevačka štedionica d.d., Križevci
5. Marvil štedionica d.d., Zagreb
6. Međimurska štedionica d.d., Čakovec⁴
7. Primorska štedionica d.d., Rijeka⁴
8. Prva obrtnička štedionica d.d., Zagreb⁴
9. Slavonska štedionica d.d., Zagreb
10. Štedionica Brod d.d., Slavonski Brod⁴
11. Štedionica Dora d.d., Zagreb⁴
12. Štedionica More d.d., Zagreb⁴
13. Štedionica Sa-ga d.d., Zagreb⁴
14. Štedionica Sonic d.d., Zagreb⁴
15. Štedionica splitsko-dalmatinska d.d., Split⁴
16. Štedionica Zagišted d.d., Zagreb
17. Štedionica Zlatni vrutak d.d., Zagreb
18. Trgovačka štedionica d.o.o., Zagreb
19. Varaždinska štedionica Kovanica d.d., Varaždin^{4, 5}
20. ViD štedionica d.d., Zagreb⁴

Licensed Housing Savings Banks

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

¹ Bjelovarska banka d.d. Bjelovar took over Trgovačka banka d.d., Zagreb and Čakovečka banka d.d., Čakovec on September 1, 2000 and from this date on they operate under the new name.

² The bank took over Krapinsko zagorska banka d.d. Krapina at the beginning of July 2000.

³ The bank took over Zagrebačka banka – Pomorska banka d.d. Split at the beginning of July 2000.

⁴ Operating license includes collection of households' foreign exchange savings and exchange operations.

⁵ The savings bank took over Štedionica Zlatnica d.d. Zagreb on the January 19, 2001.

Other Licensed Institutions with Full Authorization

1. Hrvatska banka za obnovu i razvitak, Zagreb

Representative Offices of Foreign Banks

1. Bank für Kärnten und Steiermark AG, Zagreb
2. Cassa di Risparmio di Udine e Pordenone S.p.A., Zagreb
3. Commerzbank Aktiengesellschaft, Zagreb
4. Deutsche Bank AG, Zagreb
5. Kreditna banka d.d. Tuzla, Zagreb
6. LHB Internationale Handelsbank AG, Zagreb

Banks and Savings Banks Under Bankruptcy Proceedings

Name of bank/savings bank	Date of bankruptcy proceedings initiation
1. Adria štedionica d.o.o., Zagreb	12/10/2000
2. Agroobrtnička banka d.d., Zagreb	14/06/2000
3. Cibale banka d.d., Vinkovci	20/10/2000
4. Glumina banka d.d., Zagreb	30/04/1999
5. Gradska banka d.d., Osijek	03/05/1999
6. Građanska štedionica d.o.o., Karlovac	03/11/1998
7. Hrvatsko gospodarska banka d.d., Zagreb	19/04/2000

8. Ilirija banka d.d., Zagreb	06/04/1999
9. Invest štedionica d.o.o., Zagreb	30/06/1999
10. Komercijalna banka d.d., Zagreb	30/04/1999
11. Neretvansko gospodarska banka d.d., Ploče	10/05/1999
12. Promdei banka d.d., Zagreb	22/12/1999
13. Štedionica Dugi pogled d.o.o., Zagreb	19/01/2001
14. Štedionica Groš banak d.o.o., Zagreb	23/04/2001
15. Trgovačko-turistička banka d.d., Split	08/09/2000
16. Vukovarska banka d.d., Vukovar	25/02/1998
17. Županjska banka d.d., Županja	03/05/1999

Banks and Savings Banks whose License Was Revoked

Name of bank/savings bank	Date of revoking operating license
1. Alpe Jadran banka d.d., Split	06/12/2000
2. Gold štedionica d.o.o., Split	22/03/2000
3. Hibis štedionica d.d., Zagreb	07/03/2001
4. Investicijsko-komercijalna štedionica d.d., Zagreb	22/03/2000
5. Kaptol banka d.d., Zagreb	07/03/2001
6. Štedionica Mediteran d.o.o., Split	22/03/2000
7. Štedionica za razvoj i obnovu d.o.o., Zagreb	22/03/2000
8. Zagrebačka štedionica d.d., Zagreb	22/03/2000

Management of the Croatian National Bank

June 1, 2001.

Members of the Council of the Croatian National Bank

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

Management of the CNB

Governor	Željko Rohatinski
Deputy Governor	Boris Vujčić
Vicegovernor	Relja Martić
Vicegovernor	Tomislav Presečan
Vicegovernor	Čedo Maletić

Executive Directors

Research and Statistics Area	Ljubinko Jankov
Area of Central Banking Operation	Adolf Matejka
International Affairs and External Relations Area	Jadranka Granić
Area of Control and Supervision	Marija Mijatović
Planning, Analysis and Accounting Area	
Payment Operations Area	
Organization Planning and Information Technology Area	Petar Ćurković
Legal, Personnel and General Services Area	

List of Abbreviations & Symbols

avg.	– average
b.p.	– basis points
CBS	– Central Bureau of Statistics
CEI	– Croatian Employment Institute
CIHI	– Croatian Institute for Health Insurance
CLVPS	– Croatian Large Value Payment System
CNB	– Croatian National Bank
count.	– country
CPI	– consumer price index
CPII	– Croatian Pension Insurance Institute
CPF	– Croatian Privatization Fund
CZ	– Czech Republic
dep.	– deposit
DMB	– deposit money bank
EMU	– European Monetary Union
EU	– European Union
excl.	– excluding
f/c	– foreign currency
FDI	– foreign direct investment
GDP	– gross domestic product
GNP	– gross national product
HICP	– harmonized index of consumer prices
HR	– Croatia
HU	– Hungary
ILO	– International Labor Organization
IMF	– International Monetary Fund
indebt.	– indebted
IPT	– Institute for Payment Transactions
MEFP	– Memorandum of Economic and Financial Policies
MoF	– Ministry of Finance
NCEA	– National Classification of Economic Activities
NCS	– National Clearing System
NFA	– net foreign assets
NUR	– net usable reserves
OTC	– over-the-counter
o.w.	– of which
PBZ	– Privredna banka Zagreb d.d.
PIF	– Privatization Investment Fund
PL	– Poland
PPI	– producer price index
Q	– quarterly

res.	– reserve
RPI	– retail price index
RR	– reserve requirement
SDR	– special drawing rights
sec.	– securities
SITC	– Standard International Trade Classification
SI	– Slovenia
SK	– Slovakia
theoret.	– theoretical
transit.	– transition
util.	– utilities
VAT	– value-added tax
ZIBOR	– Zagreb Interbank Offered Rate
ZMM	– Zagreb Money Market
WTO	– World Trade Organization

Abbreviations for Currency

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

Symbols

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

