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General information on Croatia

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Area (square km)	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538
Population (million)	4.426	4.440	4.440	4.440	4.439	4.442	4.440	4.436	4.434	4.429
GDP (million HRK, current prices) ^a	176,690	190,796	208,223	227,012	245,550	264,367	286,341	314,223	342,159	333,063
GDP (million EUR, current prices)	23,146	25,538	28,112	30,011	32,759	35,725	39,102	42,833	47,370	45,379
GDP per capita (in EUR)	5,229	5,752	6,331	6,759	7,380	8,043	8,807	9,656	10,683	10,245
GDP – year-on-year rate of growth (in %, constant prices)	3.0	3.8	5.4	5.0	4.2	4.2	4.7	5.5	2.4	-5.8
Average year-on-year inflation rate ^b	4.6	3.8	1.7	1.8	2.1	3.3	3.2	2.9	6.1	2.4
Current account balance (million EUR)	-568	-821	-2,099	-1,889	-1,434	-1,976	-2,717	-3,236*	-4,338*	-2,448*
Current account balance (as % of GDP)	-2.5	-3.2	-7.5	-6.3	-4.4	-5.5	-6.9	-7.6*	-9.2*	-5.4*
Exports of goods and services (as % of GDP)	40.7	42.3	39.6	43.8	43.5	42.8	43.5	42.7	42.0	35.6*
Imports of goods and services (as % of GDP)	45.1	47.4	49.1	50.6	49.4	48.9	50.2	50.1	50.1	39.4*
External debt (million EUR, end of year) ^c	12,264	13,609	15,144	19,884	22,933	25,761	29,274	32,929	39,125	43,081*
External debt (as % of GDP)	53.0	53.3	53.9	66.3	70.0	72.1	74.9	76.9	82.6	94.9*
External debt (as % of exports of goods and services)	130.2	125.9	136.1	151.3	161.0	168.7	172.3	179.9	196.6	266.8*
External debt service (as % of exports of goods and services) ^{c,d}	25.5	27.5	27.5	21.3	22.5	25.0	35.8	33.3	28.2	46.2*
Gross international reserves (million EUR, end of year)	3,783	5,334	5,651	6,554	6,436	7,438	8,725	9,307	9,121	10,376
Gross international reserves (in terms of months of imports of goods and services, end of year)	4.3	5.3	4.9	5.2	4.8	5.1	5.3	5.2	4.6	7.0
National currency: Croatian kuna (HRK)										
Exchange rate on 31 December (HRK : 1 EUR)	7.5983	7.3700	7.4423	7.6469	7.6712	7.3756	7.3451	7.3251	7.3244	7.3062
Exchange rate on 31 December (HRK : 1 USD)	8.1553	8.3560	7.1457	6.1185	5.6369	6.2336	5.5784	4.9855	5.1555	5.0893
Average exchange rate (HRK : 1 EUR)	7.6339	7.4710	7.4070	7.5642	7.4957	7.4000	7.3228	7.3360	7.2232	7.3396
Average exchange rate (HRK : 1 USD)	8.2874	8.3392	7.8725	6.7044	6.0312	5.9500	5.8392	5.3660	4.9344	5.2804
Consolidated general government balance (as % of GDP) ^e	-6.5	-5.9	-4.3	-5.4	-4.2	-3.5	-2.6	-2.0	-1.8	-4.3
Public debt (as % of GDP) ^f	34.5	35.5	34.9	35.7	37.9	38.5	36.0	33.4	29.3	35.3
Unemployment rate (ILO, persons above 15 years of age)	16.1	15.8	14.8	14.3	13.8	12.7	11.2	9.6	8.4	9.1
Employment rate (ILO, persons above 15 years of age)	42.6	41.8	43.3	43.1	43.5	43.3	43.6	44.2	44.5	43.3

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

^b CPI inflation rate.

^c In accordance with the obligations assumed during the pre-accession negotiations with the European Commission, the new legislative provisions governing the monitoring of foreign borrowing entered into force early in 2008. The external debt balance at end-2007 is reported in accordance with the old system. In order to provide for the comparability of annual data, the external debt is also calculated in accordance with the new system which shows an upward adjustment in the end-2007 balance, increasing it by EUR 325m or to EUR 33,254m. The advanced data processing system is in use since early 2009. For comparability reasons, the external debt balance at end-2008 is also calculated in accordance with the advanced system which shows an upward adjustment in the end-2008 balance, increasing it by EUR 366m or to EUR 39,491m. Data on round tripping, which stood at EUR 826m at end-2008 and EUR 1,499m at end-2009, are excluded from this figure.

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

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

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

Sources: CBS, MoF and CNB.

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A faint, light gray architectural drawing of a classical building facade, featuring a central pedimented entrance, a large circular window, and various columns and decorative elements. The drawing is oriented diagonally, with the top right corner of the image being the top of the drawing.

Quarterly report

Summary

Due to negative international developments and a noticeable decline in domestic demand, real GDP had fallen by as much as 5.8% in the previous year. Monthly economic indicators for the first quarter of 2010 show conflicting trends. However, the changes were predominantly negative, as confirmed by the first estimate of annual real GDP, suggesting a drop of 2.5% in the period from January to March 2010. Industrial production grew slightly in that period over the previous quarter as exports started to increase. However, the increase in exports was considerably below the average in Central and Eastern European and Baltic countries. In contrast, real retail trade turnover stagnated at the end-2009 level in the first quarter of 2010, while construction continued to drop sharply.

Export growth, coupled with a decline in imports, resulted in a further contraction of the goods trade deficit, a major contributor to the reduction of current account imbalances in the observed period. However, notwithstanding the significant contraction, the current account deficit remained relatively high in comparison with those of peer countries, signifying a need for its further adjustment.

Unfavourable economic developments continued to affect the labour market, leading to a further decrease in employment and increase in unemployment. Nevertheless, the rate of increase in unemployment seems to have gradually decelerated; and employment from the CES records increased, as did the number of reported vacancies. In contrast, continuing to adjust to recessionary conditions, net and gross wages dropped in the first quarter from the end of the previous year, both in nominal and real terms.

Weak domestic demand, a decrease in the unit labour cost in industry and a favourable base effect resulted in the continued slowdown in Croatia's overall annual consumer price inflation rate, which stood at 0.6% in April 2010, while core inflation remained negative. An analysis of the five major CPI components shows that the largest contribution to the slowdown in the annual consumer price growth in the first four months of 2010 came from a decrease in the annual rates of change in the prices of processed and unprocessed food products and the prices of services. In contrast, upward pressures on consumer price inflation stemmed from an increase in energy prices (refined petroleum products and gas). Refined petroleum product prices were boosted by the growth of world crude oil prices and the kuna's depreciation against the US dollar.

The kuna/euro exchange rate was rather stable in the first five months of 2010, the domestic currency strengthening only 0.6% versus the euro. The central bank held no foreign exchange auctions, participating in the foreign exchange market just by selling a net EUR 206.5m to the MoF. Continuing a trend started in December 2009, the euro weakened against the US dollar, primarily because of mounting investor concern over high budget deficits in some eurozone countries.

The kuna/euro exchange rate stability was attained under conditions of high kuna liquidity and favourable foreign currency liquidity of banks. High liquidity was predominantly reflected

in the daily, record-breaking use of overnight deposits with the CNB, whose average daily balance was HRK 5.2bn in the first four months of 2010. Due to good liquidity of the banking system in the first quarter of 2010, banks' needs for financing primary liquidity through the money market were lower and so was the total money market turnover. For example, the weighted interest rates on overnight interbank loans fell in the first quarter of 2010 below the five-year minimum of approximately 1.0%, reached at the end of the previous year. These trends contributed to a decrease in interest rates on short-term loans, while interest rates on long-term loans did not fall, remaining at higher levels. In line with this, short-term corporate loans increased and long-term corporate loans decreased at the beginning of 2010.

The central bank continued to support the high banking system liquidity in order to revive bank lending in general and in particular to boost lending to the corporate sector. Corporate lending grew at a rate of 2.8% in the first four months of 2010. This, and a decrease in corporate savings and time deposits, caused probably by a slight drop in deposit interest rates, resulted in the growth of demand deposits and money (M1). Bank placements to the central government grew at a higher rate, while household lending stagnated. Banks raised the bulk of the required funds by drawing on their deposits abroad, the result being that in this period the foreign position of commercial banks deteriorated appreciably.

A decline in foreign assets of domestic sectors was the main factor determining foreign capital inflows, which were noticeably lower in the first quarter of 2010 than in 2009. The liabilities of domestic sectors reduced slightly, with equity investment rising and debt liabilities decreasing, mostly following the February repayment of government eurobonds. The eurobond repayment was financed by the funds deposited with the CNB, raised through bond issues in the US market last year and new borrowing from the World Bank.

In addition, with significant new borrowing, predominantly in the domestic market, the government secured HRK 5.5bn for budget deficit financing in the first quarter of 2010 (on a cash basis, GFS 2001). The low level of economic activity, growing illiquidity in the economy and accelerated fall of the nominal gross wage bill resulted in weak budget revenue collection in the first quarter of 2010. Revenues from social contributions were considerably lower than in the same period in 2009, while VAT revenues, despite the increase in the basic VAT rate in August 2009, stagnated. The unfavourable trends in total revenues also derived from a drop in revenues from quasi-corporations, i.e., the fact that the portion of the CNB's operating surplus allocated to the government budget was lower than in 2009. These trends were to some extent alleviated by revenues from the special tax on salaries, pensions and other income and by revenues from collected excises due on refined petroleum products (inclusive or road fees). In contrast, all expenditure items, with the exception of compensation to employees, increased from the first three months in the previous year.

International environment

Global economic recovery at the beginning of 2010 surpassed all expectations, although its uneven distribution between developed and developing countries and between individual countries within these groups grew even more distinct. Thus, of the developed countries that witnessed the beginning of a mild economic recovery in the second half of 2009, the USA stood out as the economy with the most favourable developments, while the economies of Japan and the eurozone grew at a much slower rate. The developing countries, particularly large Asian economies, additionally strengthened their economic activity, making a large contribution to global economic recovery with their high real growth rates.

The first estimates for the first quarter of 2010 point to a slight economic growth in the eurozone (0.2% on a quarterly level), which is in line with the expectations and represents an improvement compared to the stagnation in the previous quarter. Such a result is in line with similar positive developments in the largest member states, most notably Germany, France, and Italy and recovery is also reflected in the fact that only two

member states, Greece and Cyprus, registered a fall in the real GDP. It should be noted that any significant recovery in countries such as Greece, Spain, Ireland and Portugal has been somewhat slowed down by the fiscal consolidation necessary to bring these countries' budget deficits to sustainable levels that will not generate additional needs for financing in conditions characterised by a very large level of public debt. These difficulties and the possibility that they might spill over to other member states and affect the stability of the common currency are the key risks capable of undermining economic recovery in the eurozone in the next period.

Real GDP growth was boosted mainly by exports, which in turn were boosted by foreign demand recovery. In addition, the first quarter of the year, most notably March, saw an increase in industrial production. Investments and personal consumption continued to be slow in the eurozone, causing a further fall in retail trade in the first three months of the year compared to the previous quarter. The average annual rate of change in the consumer price index rose considerably in the first quarter (1.1%),

Table 1 Real GDP in selected countries
rate of change from the previous quarter

	Q1/2008	Q2/2008	Q3/2008	Q4/2008	Q1/2009	Q2/2009	Q3/2009	Q4/2009	Q1/2010
USA	-0.2	0.4	-0.7	-1.4	-1.6	-0.2	0.6	1.4	0.8
Eurozone	0.8	-0.3	-0.4	-1.9	-2.5	-0.1	0.4	0.1	0.2
Germany	1.6	-0.6	-0.3	-2.4	-3.5	0.4	0.7	0.2	0.2
France	0.5	-0.6	-0.3	-1.7	-1.4	0.2	0.3	0.5	0.1
Italy	0.4	-0.7	-1.1	-2	-2.9	-0.3	0.4	-0.1	0.5
Spain	0.4	0.0	-0.6	-1.1	-1.7	-1.0	-0.3	-0.1	0.1
Austria	1.2	0.2	-0.8	-1.2	-2.2	-0.5	0.7	0.3	0.0
Greece	0.7	0.6	0.1	-0.7	-1.0	-0.3	-0.5	-0.8	-0.8
Portugal	0.1	0.2	-0.5	-1.7	-1.9	0.5	0.5	-0.3	1.0
EU-27	0.7	-0.2	-0.5	-1.9	-2.4	-0.3	0.3	0.1	0.2
Great Britain	0.7	-0.1	-0.9	-1.8	-2.6	-0.7	-0.3	0.4	0.2

Note: Grey-shaded quarters are those in which real GDP increased or held steady (according to seasonally adjusted data), while yellow-shaded quarters are those in which real GDP declined.

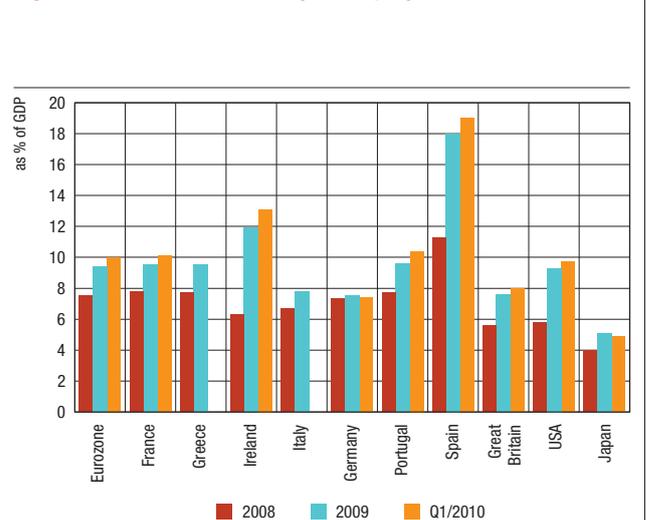
Sources: Bureau of Economic Analysis, OECD and Eurostat.

Figure 1 General government balance in selected eurozone countries



Source: EC.

Figure 2 Labour Force Survey unemployment rate



Note: Data for the first quarter of 2010 are not available for Greece and Italy.
Sources: Eurostat, Bureau of Labor Statistics and OECD.

mainly as a result of accelerated growth in March, associated with developments in energy prices.

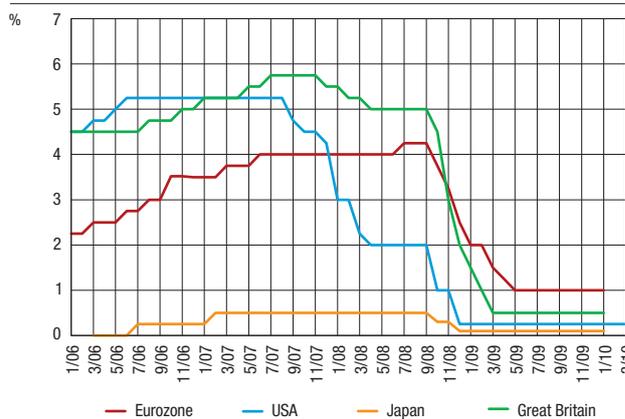
Gradual strengthening of economic activity did not have an immediate impact on labour market developments, which deteriorated steadily, resulting in an average unemployment rate of 10% in the eurozone, its highest level since mid-1998. Since the end of last year, however, the fall in employment has slowed down. The very weak indications of economic recovery and the serious difficulties associated with the budget deficits of some member states and the associated uncertainties in the financial markets are the main reasons why the ECB has decided to keep its key interest rate at 1%, a level maintained since the end of the second quarter of 2009.

Developments in EU countries outside the eurozone differed greatly from country to country. While Great Britain recorded only a slight growth, Sweden witnessed a noticeably accelerated expansion. Of the new EU member states, Poland continues to achieve the best results and also stands out as the only EU country that did not fall into recession in 2009. Of the remaining countries in this group, Estonia, Lithuania and Romania were the hardest hit. They all saw further contraction in real GDP (developments in this group of countries are described in more detail in the Comparison between Croatia and selected Central and Eastern European countries).

The world's biggest economy, that of the United States, recorded a positive real growth rate for the third consecutive quarter. In the first three months of the current year, it stood at 0.8% on a quarterly level, a slight decline compared to the last quarter of 2009. A gradual recovery in personal consumption, dynamic goods and services exports and gross fixed capital formation made a positive contribution to economic growth. In addition to economic activity recovery, positive developments were also seen in the labour market as evidenced by indications of stable employment growth and a fall in the unemployment rate to below 10%. The observed period also saw an increase in consumer prices whose annual rate of change rose to 2.4%, mainly as a result of a noticeable increase in energy prices. Nevertheless, in an effort to maintain the momentum created by economic recovery, the Fed decided to keep its key interest rates at the level maintained since end-2008 (0% – 0.25%).

The economies of the developing countries and those of the emerging markets made the largest contribution to global economic recovery. More favourable economic developments and

Figure 4 Benchmark rates in selected countries

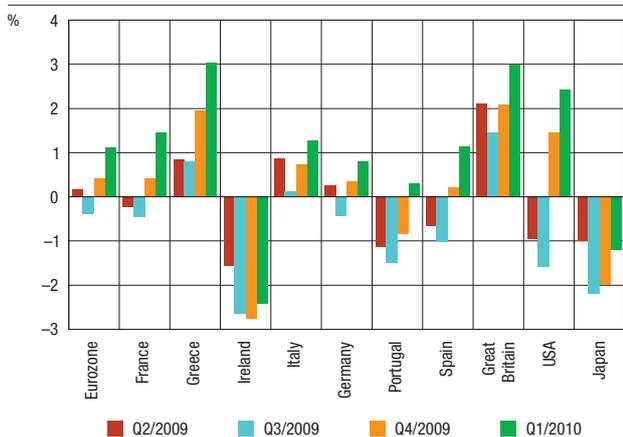


Note: For interest rates set within a band, the figure shows the band's ceiling.
Sources: ECB, Fed, Bank of Japan and Bank of England.

low interest rates in developed countries attracted capital inflows to this group of countries. The largest countries in this group, China and India, recorded high real growth rates in the observed three months of 2010, similar to those before the crisis, largely fuelled by domestic demand and comprehensive macroeconomic policy incentives. In the case of China, fast exports growth following recovery in foreign demand and rekindled growth in the volume of global trade contributed greatly to the economic expansion.

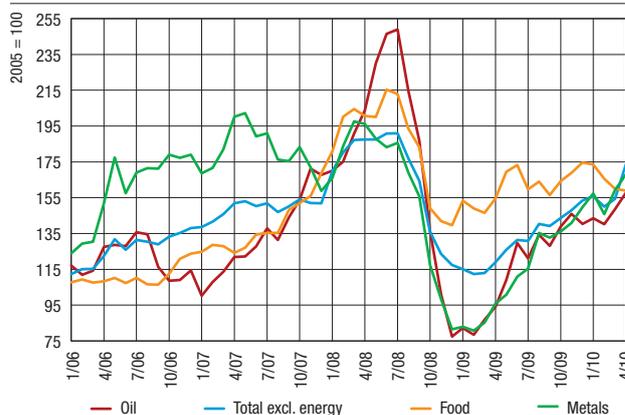
The beginning of 2010 was marked by a further increase in crude oil prices in the world market, with the average crude oil price per barrel increasing in April by 12.4% from December 2009 and standing at USD 84.2. The growth of oil prices during the observed period was largely boosted by rising optimism and expectations that global economic recovery would increase demand for crude oil. As regards demand, it should be noted that the International Energy Agency revised upwards its forecasts for this year, mainly due to economic indicators for non-OECD member countries which are better than expected. It is estimated that the growth in demand for oil this year will be boosted largely by strong demand from China and the Near East. However,

Figure 3 Consumer price index year-on-year rate of change



Sources: Eurostat and OECD.

Figure 5 Prices of crude oil and other raw materials^a on the world market



^a The HWWI index constructed by the Hamburg Institute of International Economics is an indicator of movements in the cost of raw materials (excluding energy), food and metals. The index is calculated on the basis of raw materials prices expressed in US dollars.
Sources: Bloomberg and HWWI.

any bigger increase in prices is still restrained by relatively large stocks of crude oil.

The prices of other raw material prices also increased in the world market. The HWWI index, which measures commodity price trends in the world market (excluding energy, in US dollar

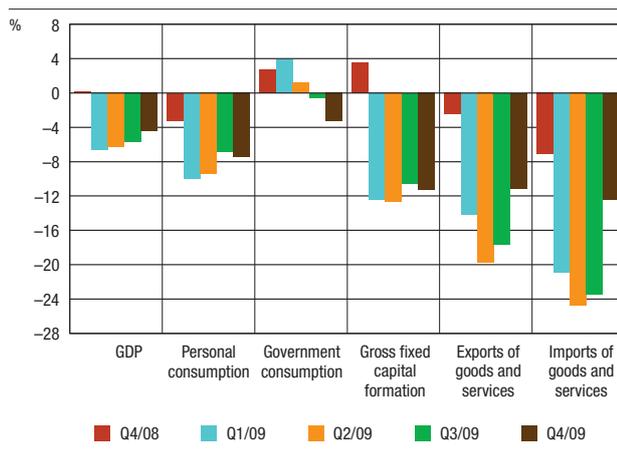
terms), rose by 13.2% in April compared to December 2009. The prices of industrial raw materials, most notably iron ores, metal and textiles, rose in particular. At the same time, food product prices, particularly those of cereals and sugar, fell.

Demand

As shown by the CBS quarterly GDP estimate, total economic activity weakened by 4.5% annually over the last quarter of 2009. According to seasonally adjusted data, a decline in the negative annual rate of change in GDP relative to that in the previous quarter (-5.7%) was due to a favourable base effect, but also to a boost in economic activity. However, these data should be interpreted with extreme caution, as the large positive contribution to GDP movements at end 2009 came from changes in inventories, a category including a statistical discrepancy in GDP between the production and expenditure calculation approaches.

Figure 6 Gross domestic product and aggregate demand components

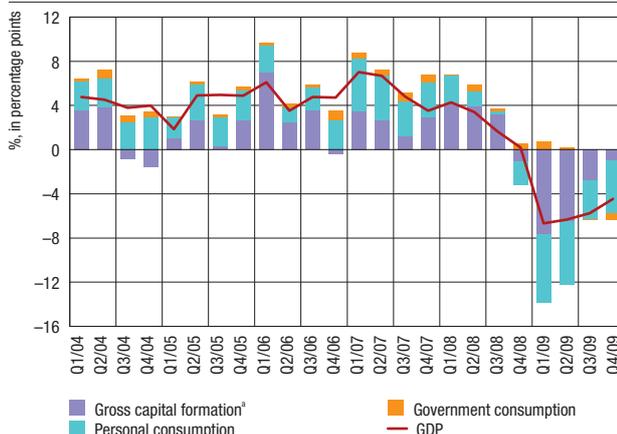
original data, real year-on-year rate of growth



Source: CBS.

Figure 7 Real GDP growth rates (in %) and relative contribution of domestic demand categories (in percentage points)

original data



^a Gross capital formation is composed of gross fixed capital formation and changes in stocks.
Source: CBS.

At the entire-2009 level, real GDP dropped by 5.8% from the previous year.¹ These developments were due to the contraction of both domestic and foreign demand, stemming mostly from the global economic crisis. The analysis of individual GDP components by the expenditure approach points to goods and services exports as the largest negative contributor to total economic activity movements last year. A substantial contribution to a fall in real GDP also came from negative changes in personal consumption and gross fixed capital formation, as well as changes in inventories. By contrast, the contribution of government consumption to economic activity changes was neutral in 2009. Moreover, as the contraction of domestic demand mostly related to foreign goods (durable consumer goods, cars, machinery and equipment), and as the domestic products intended for export incorporated a substantial quantity of imported components, total imports recorded an exceptionally sharp fall last year.

The available economic activity indicators for the first quarter of 2010 do not show a clear course of change in aggregate demand. A noticeable nominal increase in goods exports and the data on real output and turnover structure in industry by market (domestic and foreign markets) point to the strengthening of real goods exports. On the other hand, the continued sharp fall in works at building sites and in nominal capital goods imports suggests a further contraction of gross fixed capital formation. Moreover, as suggested by the data on real retail trade turnover, household consumption stagnated at the level of end-2009 in the observed period, despite the negative movements in the sources of its financing and the continued low levels of consumer optimism. The first quarterly GDP estimate for the period January-March 2010 points to an annual fall of 2.5%, suggesting that the decline in investment activity (including changes in inventories) and personal consumption, relative to the same period last year, considerably outpaced the positive effects of the growth in foreign demand on total economic activity.

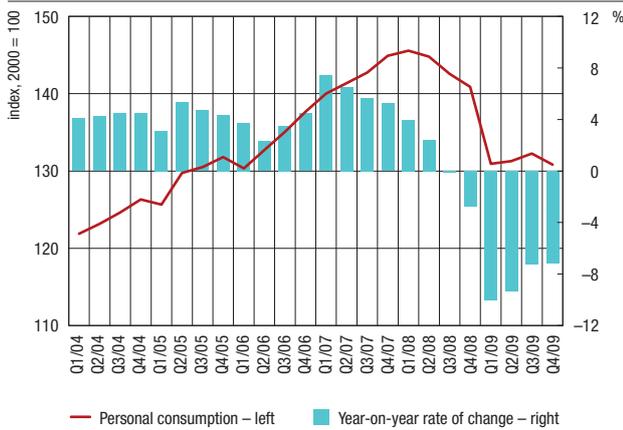
Personal consumption

According to seasonally adjusted data, household consumption weakened again during the last quarter of 2009, primarily due to a continued fall in the real disposable household income caused by adverse movements in the labour market. Furthermore, a high level of uncertainty about the future movements of income and relatively high bank interest rates on new borrowing led to a further decrease in household loans and consequently reduced consumption.

According to the data on real retail trade turnover for the period January-March 2010, personal consumption of goods stagnated at the level of end-2009. The real net wage bill continued downwards, as a result of employment and real wage contraction, accompanied by a continuation of extremely low levels of consumer optimism. Household borrowing from banks in the form of consumer loans continued to decrease in the observed period, whereas savings deposits increased.

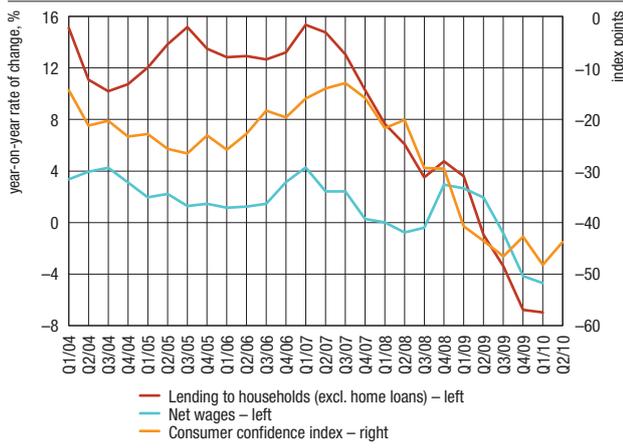
¹ The data for the period from the first quarter of 2006 to the fourth quarter of 2009 are preliminary and are based on the CBS's quarterly GDP estimate.

Figure 8 Personal consumption
seasonally adjusted



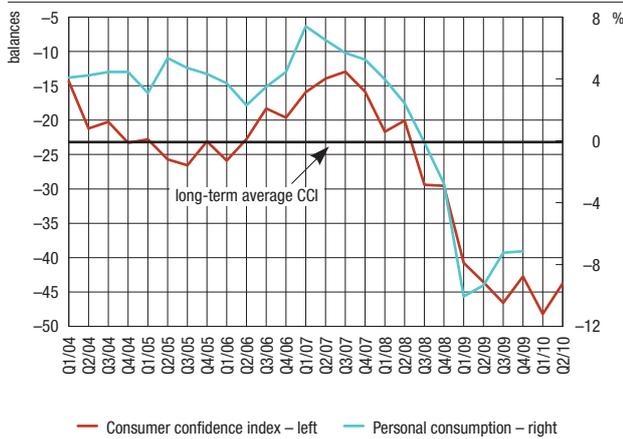
Source: CBS.

Figure 9 Personal consumption components
original data



Sources: CBS and CNB.

Figure 10 Consumer optimism and personal consumption
seasonally adjusted data, year-on-year rate of change and balances



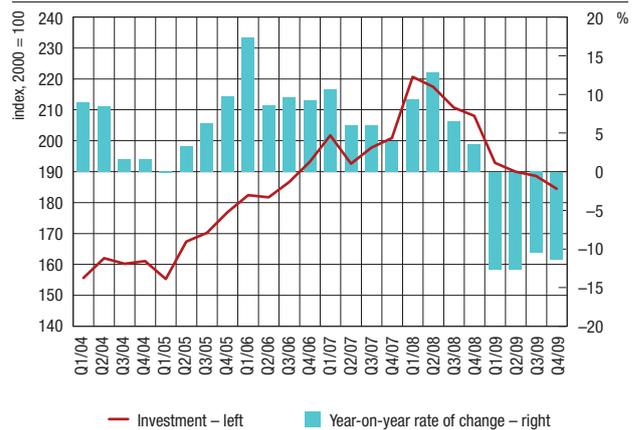
Sources: CBS and CNB.

Gross fixed capital formation

Seasonally adjusted data point to a continued drop in capital investment in the period October-December 2009. This period also saw a further fall in corporate investments in machinery and equipment, accompanied by a decline in investment in all types of construction activity. Private sector construction was mostly hampered by a considerable excess supply of residential units in the market and by growing uncertainty about the chances of their sale, while the government strongly reduced investments in traffic infrastructure in order to curb the growth in the government deficit.

Investment activity indicators for the first quarter of 2010 warn of continued negative movements in this aggregate demand component. Construction activity continued to decline in the observed period, due to dwindling demand from all institutional sectors. The halting of the downtrend in construction investment was inhibited by numerous factors, notably the excess supply of residential real estate, uncertainty about the future economic situation and generally unfavourable financing terms for new construction project investments. In addition to this, CBS data on foreign trade in goods suggest a continuation of

Figure 11 Gross fixed capital formation
seasonally adjusted



Source: CBS.

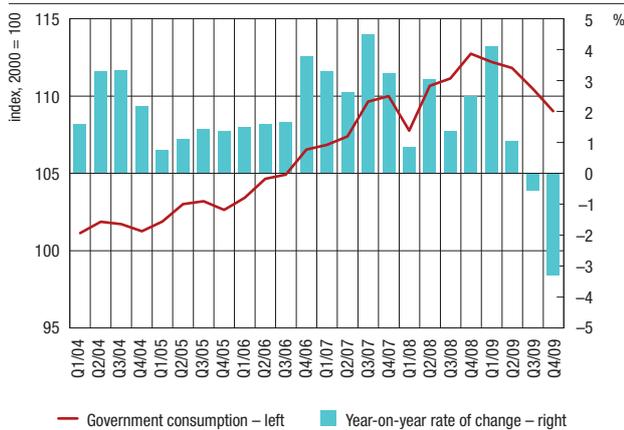
the downturn in corporate investments in machinery and equipment in the observed period.

Government consumption

Seasonally adjusted data for the period October-December 2009 point to a further decrease in government consumption relative to the previous quarter. This was entirely due to a decrease in government real expenditures for goods and services, given that the real expenditures for compensation of employees went up, as indicated by data on the number of civil servants and other government employees in the observed period.

Preliminary, seasonally adjusted CBS data on the number of employed persons by activity in the first quarter of 2010 point to a slight decline in the number of civil servants and other government employees from the previous quarters, which is why real expenditures for compensation of employees also went down. Concurrently, the Ministry of Finance data suggest an increase in central government expenditures for the use of goods and services.

Figure 12 Government consumption
seasonally adjusted



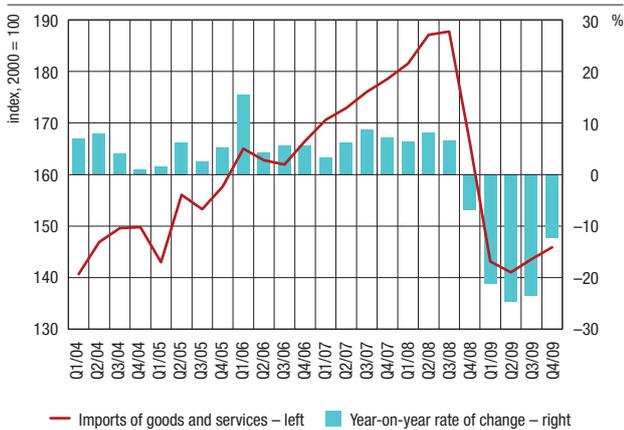
Source: CBS.

Imports of goods and services

According to seasonally adjusted data, real goods and services imports increased over the last quarter of 2009 relative to the July-September period. The growth of total imports is likely to be connected with the renewal of corporate inventories and, given the import dependence of the domestic economy, with total exports growth over the same period.

Seasonally adjusted data confirm a decrease in goods imports

Figure 13 Imports of goods and services
seasonally adjusted



Source: CBS.

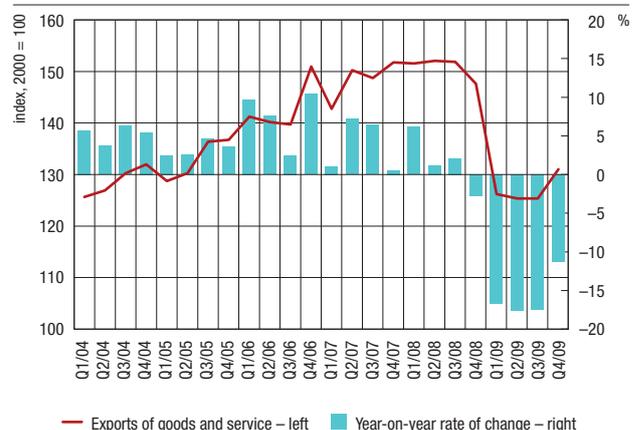
over the first quarter of 2010 relative to their average level in the previous quarter. This is likely to be mostly the result of continued negative changes in capital goods imports (machinery and road vehicles). However, it should be noted that the CBS data on the movements in both import and export components of the trade in goods are nominal, so that their changes may considerably differ from the real data. More specifically, as foreign enterprises accommodate themselves to the reduced demand caused by the economic crisis, among other things, by cutting the prices of their products, it is difficult to make any conclusions about the movements of domestic demand for foreign goods on the basis of these data.

Exports of goods and services

Real goods and services exports, seasonally adjusted, went up over the fourth quarter of 2009 relative to the previous quarter. This increase seems to be entirely ascribable to the growth of foreign demand for domestic goods stimulated by the recovery of economic activity on the foreign markets. In contrast to this, demand for services continued to fall.

The nominal data on total goods exports during the first quarter of 2010 point to a marked increase in foreign demand. Yet it is worth noting that the observed growth of exports was mostly due to the sale of ships. As suggested by the movements in foreign tourist overnight stays in commercial accommodation facilities, demand for domestic tourist services rose slightly in this period. However, this conclusion cannot be confirmed before the publication of the balance of payments for the first quarter of 2010.

Figure 14 Exports of goods and services
seasonally adjusted



Source: CBS.

Output

The calculation of GDP by the production approach shows a 4.2% decrease in real GVA² in the economy during the last quarter of 2009 relative to the same period in the preceding year, whereas the seasonally adjusted data point to a slight acceleration of its fall from the previous quarter. A decrease in real GVA in the fourth quarter relative to the third quarter of 2009, observed in most economic activities, was the sharpest in construction, trade and in hotels and restaurants. By contrast, GVA went up in agriculture and financial intermediation. The described movements were due to a continued weakening of domestic demand.

At the entire-2009 level, real gross value added fell by 4%. Trade saw the sharpest slowdown in GVA growth relative to the previous year, as a result of low household consumption and

reduced tourism consumption. Pronouncedly negative annual rates of change in GVA were recorded in industry and construction, while the negative annual rate of change in GVA in hotels and restaurants reflected adverse movements in the real exports of tourist services. By contrast, value added formation in agriculture, financial intermediation and public sector services increased annually during 2009.

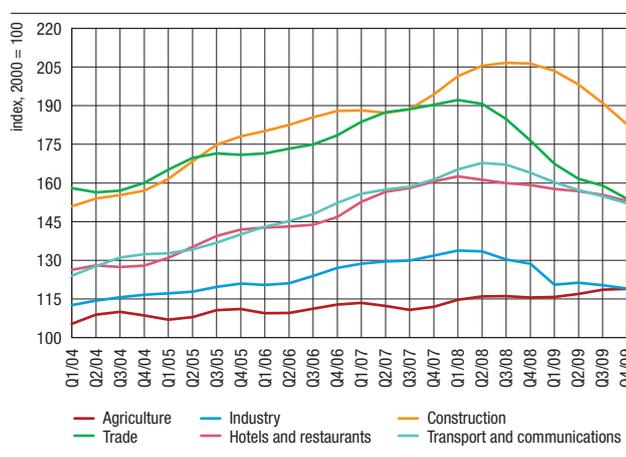
The available monthly data for the first quarter of 2010 suggest divergent movements of activity in individual economic sectors. Industrial production volume data, seasonally and calendar adjusted, point to an increase in output from the previous quarter, whereas real retail trade turnover in trade stagnated at the level of end-2009. By contrast, the construction work volume continued to fall during the first two months of the current year relative to the period October-December 2009, and registered tourist nights in commercial accommodation facilities also declined in the first quarter. Moreover, the negative trend in transport, storage and communications continued.

Industry

Seasonally adjusted data point to a slight decline in gross value added in industry during the last quarter of 2009 relative to the July-September period. When viewed on an annual basis, GVA in this sector decreased by 7.0% during the observed period. Given that GVA in industry accounts for around one fifth of GVA in the economy, its contraction was one of the main causes of total GVA fall in the observed period.

After the stagnation of current output during the last quarter of 2009, industrial production volume increased in early 2010, as indicated by seasonally and calendar adjusted data. This was mostly due to high levels of production in January. In view of the favourable base period effect, the annual fall in industrial production slowed down markedly over the first quarter of 2010, to a low of 0.8%. According to the nominal data on industrial turnover in the domestic and foreign markets, and on trade in goods, these movements are likely to be the consequence of a

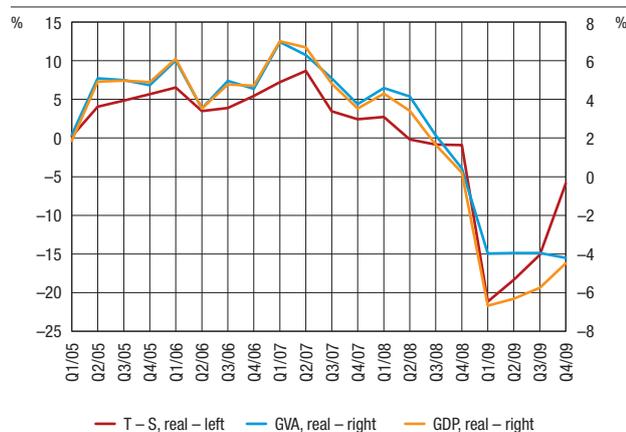
Figure 15 Gross value added in selected activities trend-cycle



Source: CBS.

Figure 16 GVA, GDP and taxes on goods minus subsidies (T - S)

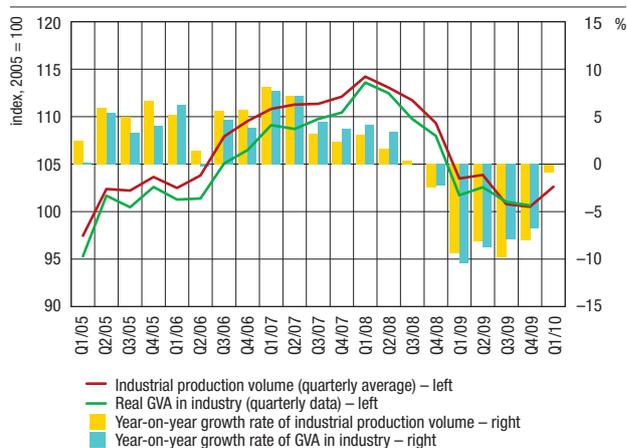
original data, year-on-year rate of change



Source: CBS.

Figure 17 Industry

seasonally adjusted



Source: CBS.

2 In the national accounts, gross value added (GVA) in the economy is expressed in so-called basic prices, whereas gross domestic product (GDP) is expressed in market prices. The difference between these two values is the total amount of tax on products reduced by subsidies (net indirect taxes). As the 'net indirect taxes' category is not included in the CBS calculation of GDP in previous-year prices, this value can be calculated as a GDP and GVA residual in previous-year prices (with year 2000 as the benchmark year).

concurrent increase in foreign demand and a decrease in domestic demand.

Viewed by main industrial groupings, the current output growth was mostly fuelled by an increase in the output of capital goods, due to stronger activity in the repair and installation of machinery and equipment. These movements can be accounted for by postponing the replacement of worn-out parts of machinery and equipment, with a view to making financial savings in an adverse economic environment. Positive contributions were also made by the output of consumer goods, due markedly to an increase in the output of furniture (on the durable consumer goods side), and basic pharmaceutical products and preparations (on the non-durable consumer goods side), as well as by energy production. By contrast, the movements of total industrial production were adversely affected by a fall in the output of intermediate goods, particularly the reduced production of other non-metallic mineral products and fabricated metal products, and construction-related products.

Trade

Seasonally adjusted data for the fourth quarter of 2009 warn of an accelerated quarterly decline in gross value added in trade, a –13.3% decrease being recorded at the annual level. These unfavourable changes largely arose from a fall in the real disposable household income and a continuation of consumer pessimism. The contraction of value added in this activity made the largest contribution to the total GVA fall in the economy.

According to seasonally and calendar adjusted data, real retail trade was stagnant over the first quarter of 2010. Households continued to refrain from the purchase of durable consumer goods and motor vehicles, as confirmed by the CBS data

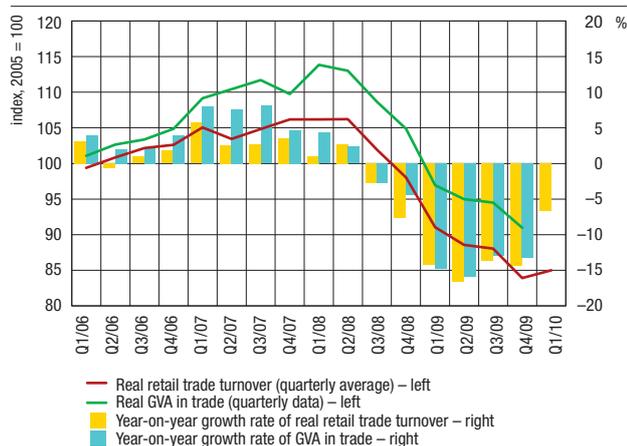
on turnover by branches and the Ministry of the Interior data on the number of newly registered passenger cars.

Construction

In the last quarter of 2009, as suggested by seasonally adjusted data, gross value added in construction declined additionally at the quarterly level, by as much as 13.4% relative to the same period last year. The increasingly negative trend in this activity was due to reduced investment by all institutional sectors in construction projects, notably as a result of a fall in government investment in infrastructure projects. However, the negative impact of households refraining from investment in real estate is also worth noting.

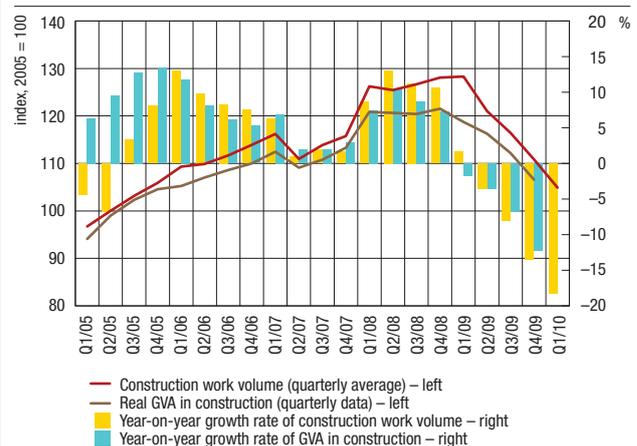
The volume index of construction works, seasonally adjusted, declined additionally in January and February relative to the previous quarter, and was as much as 19.0% lower than in the same period in 2009. Further acceleration of negative quarterly changes was due to a fall in the number of working hours done on buildings and civil engineering works. The described changes arose from the weakening of investment activity in all institutional sectors. The corporate sector thus reduced its investment activity on account of tougher terms of new capital project financing and uncertain operating conditions (high illiquidity and low profit realisation). Efforts to prevent the fiscal deficit widening led to a fall in government investments. A surplus supply of residential real estate continued to inhibit any halt being made to the downtrend in residential construction caused by increased uncertainty about the future movements of household income, relatively unfavourable home loans and expectations of a further drop in real estate prices.

Figure 18 Trade
seasonally adjusted



Source: CBS.

Figure 19 Construction
seasonally adjusted



Source: CBS.

Labour market

The unfavourable labour market trend continued into the first quarter of 2010. According to seasonally adjusted data, employment fell continuously and unemployment rose in the observed period. Concurrently, wage adjustment intensified, with both gross and net wages falling nominally at the annual level. It should be noted that the annual fall in wages was much more pronounced in civil and government services than in other economic sectors. The decline in nominal net wages, additionally accelerated by the introduction of the special tax on salaries, pensions and other income, also led to negative changes in real net wages.

Employment and unemployment

According to preliminary CBS data, employment continued downwards in the first quarter of 2010. However, seasonally adjusted data suggest a gradual slowdown of this decline. The total employment contraction was more pronounced in crafts and trades and freelance occupations, as well as in individual

farmers actively insured with the CPIA. However, as in previous periods, the largest negative contributor to this trend was employment in legal persons, given its largest share in total employment. The number of persons insured with the CPIA, which is not subject to revision and is used as a reliable short-term indicator of employment, also corroborates negative movements in employment.

The total employment by NCEA shows that only the public administration maintained the level of employment from the same period last year, whereas all other activities reported an employment fall. Concurrently, industry was the activity generating the largest number of jobless persons (thus being the main contributor to the negative trend in total employment), whereas construction saw the highest negative annual rate of change in the observed period. As regards the services sector, accounting for over 40% of total employment, the sharpest fall in employment continued to be recorded in trade, with unfavourable movements seen in other services as well.

Despite the CBS and CPIA data suggesting a decline in employment during the first quarter of 2010, the CES data point to a rise in employment over the same period. CES-mediated hiring increased by 14.4% in the observed period relative to the same period last year (this rate was also due to a low employment rate in the same period of 2009). Stronger demand for labour is also indicated by the data on job vacancies reported by employers to the CES, which went up from the same period last year, following negative annual rates of change throughout 2009. The number of clearings from the records for other reasons also increased. As well as stronger outflows, the observed period also saw high inflows of newly unemployed persons into the CES register, most of them coming directly from employment.

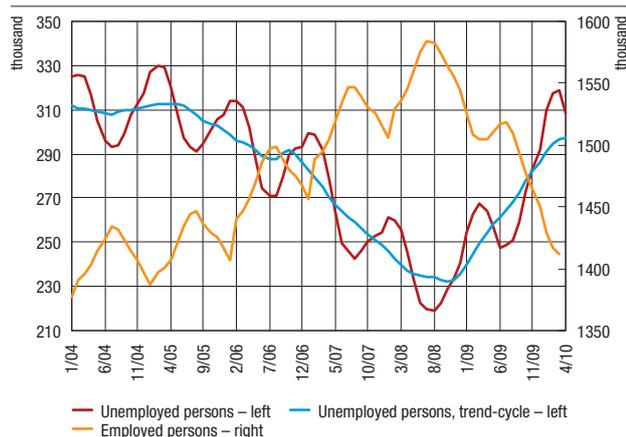
The increase in outflows from the CES register was insufficient to offset the concurrent increase in the number of registered unemployed persons, which finally led to a rise in registered unemployment. However, the unemployment growth dynamics were slightly slower. Hence, there were 318,658 unemployed persons registered with the CES at the end of March, an increase of 19.2% over the same month in the previous year. For the entire first quarter, unemployment went up in all age groups, particularly in the group between 20 and 29 years of age, which made the largest contribution to total unemployment growth.

As a result of these movements, the average registered unemployment rate increased by 3.4 percentage points in the first quarter of 2010 relative to the same period last year, standing at 18.1%. The Labour Force Survey unemployment rate, standing at 9.2% in the last quarter of 2009, increased annually to 9.1% (from 8.4% in 2008).

Wages and labour costs

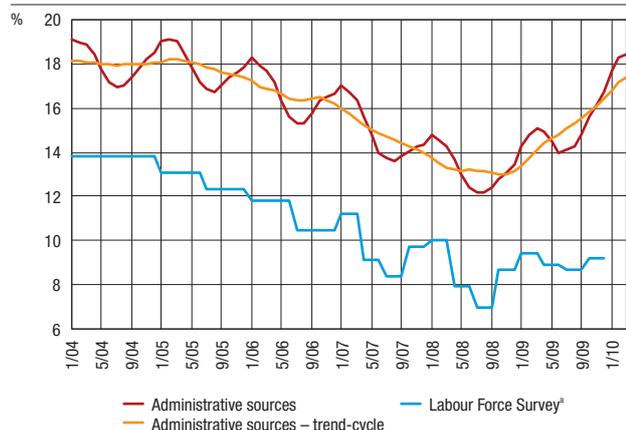
Unfavourable economic movements started to have an increasingly strong impact on wages at the end of 2009, much later than on employment and unemployment. The last quarter of 2009 saw the first negative annual rates of change in wages, whereas the nominal wages paid during the first three months of the current year decreased annually by 1.4% and 1.1% in gross and net terms respectively. The delayed wage adjustment indicates that employers initially responded to the crisis conditions mainly through employment adjustments, and only later through the adjustment of wages. It should be noted, however, that a fall in net monthly wages was recorded as early as August 2009, following the introduction of the special tax on salaries, wages

Figure 20 Unemployed persons registered with the Croatian Employment Service



Sources: CBS and CES.

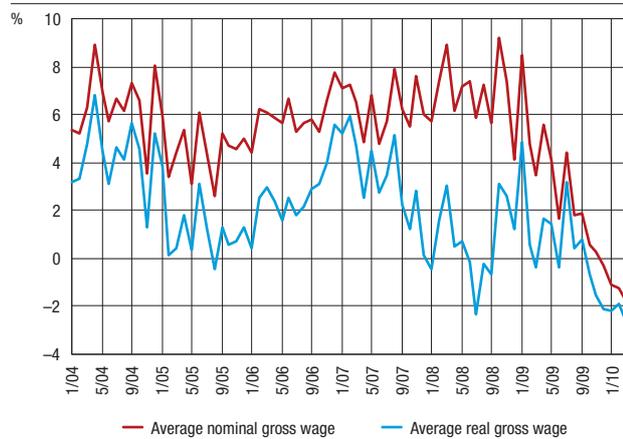
Figure 21 Administrative and Labour Force Survey unemployment rates



* The Labour Force Survey is published quarterly since the beginning of 2007.

Source: CBS.

Figure 22 Average gross wages
year-on-year rate of change

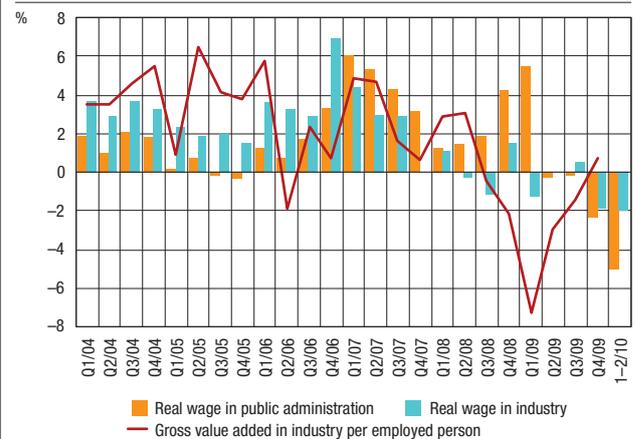


Note: Data relate to wages paid in the current period.
Source: CBS.

and other income.³ According to a CBS calculation, the special net wage tax led to a decrease in the average net wage paid in the first quarter by 2.8%, with the greatest impact of the special tax on net wages recorded in financial and insurance activities, and the smallest in administrative and support service activities. When the effect of the special tax is included, the average nominal net wage paid during the third quarter decreased annually by 3.8%.

As a result of the nominal gross wage movements during the first quarter of 2010, and a slightly higher annual level of consumer prices, real gross wages dropped in almost all activities. Due to the effects of the special tax, the fall in real net wages was even sharper.

Figure 23 Average real gross wage in public administration and industry and gross value added in industry per employed person
year-on-year rate of change



Note: Data relate to wages calculated in the current period.
Source: CBS.

In the last quarter of 2009, real gross wages in industry showed negative annual rates of change. Influenced by a further decline in wages in all economic activities except electricity and gas supply, this indicator again decreased annually during the first quarter of the current year. As a result of stagnancy in real GVA in industry over the last quarter of 2009, and a strong adjustment in the number of persons employed in industry, labour productivity in this sector increased for the first time after mid-2008. Moreover, given a considerable decrease in the number of employed persons in industry during the first quarter, and stagnation in the volume of industrial production, the improvement in labour productivity due to reduced employment could clearly continue into early 2010.

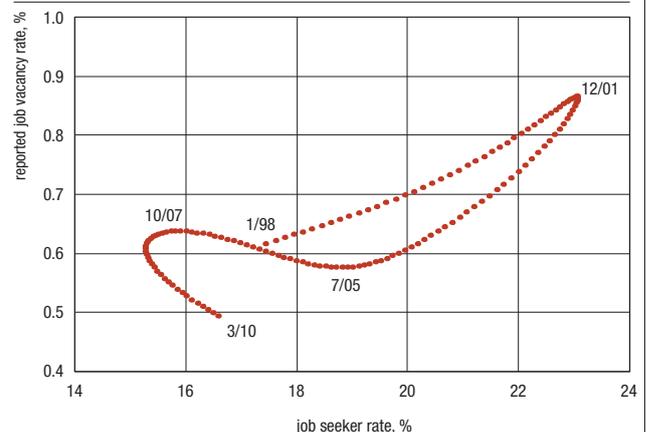
Box 1 Beveridge curve in Croatia

The Beveridge curve depicts an empirical negative relationship between the unemployment rate⁴ and the job vacancy rate.⁵ William Beveridge, after whom the curve was named, was the first to implicitly express this negative relationship in 1944, and Christopher Pissarides made its first graphical presentation in 1986, using the example of the labour market in Great Britain in the period from 1967 to 1983.

The aim of the Beveridge curve is to separate the impact of structural factors in the labour market from that of cyclical factors, both of them affecting the curve's shape and position. For example, a shift in the curve towards or away from the root indicates either an improvement or deterioration in the effectiveness of the employment process, spontaneously linking job seekers to employers in search of workers. On the other hand, the business cycle affects the movements along a fixed Beveridge curve, so that during a period of increasing aggregate demand, as new job vacancies become available and unemployment

drops, the movement along the curve is to the left upwards. An opposite effect is produced by recessionary trends in the

Figure 24 Beveridge curve in Croatia



Sources: CES and CNB calculations.

³ According to the Act on the Special Tax on Salaries, Pensions and Other Income (OG 94/2009), the special tax at a rate of 2% is paid on a total monthly amount of income between HRK 3,000 and HRK 6,000, and at a rate of 4% on a total monthly amount of income exceeding HRK 6,000.

⁴ The unemployment to labour force ratio.

⁵ The job vacancies to labour force ratio.

economy, typically moving along the Beveridge curve towards its right lower end.

The Beveridge curve in Croatia is shown for the period from January 1998 to March 2010. The graphical presentation of the curve was affected by some specificities of the data used: as job vacancies reported to the CES form a flow variable, the unemployment level (a stock variable) needs to be transformed into a corresponding flow variable: the number of job seekers. The number of job seekers in a specific month is equivalent to the sum of the number of unemployed persons at the end of the previous month and the number of newly registered unemployed persons in the observed month. The variables of the job seeker rate⁶ and the reported job vacancy rate were therefore used in the graphical presentation.

The shape and position of the Beveridge curve in Croatia indicate that the sub-period⁷ from the beginning of 1998 to the end of 2001 is marked by a deterioration of the employment process, while the opposite applies to the sub-period from 2002 to mid-2005. This is followed by a sub-period in which an increase in the economic activity results in the movement along a fixed curve towards its left upper end, lasting almost until the end of 2007. The Beveridge curve starts turning counter clockwise, moving, characteristically for recession periods, towards its right lower end.

It should be noted that the sub-period in which the employment process deteriorates corresponds with the period of the

impact of recessionary trends in the Croatian economy, while the sub-period when the employment process improves is comprised by the period of significant economic growth. This leads to the conclusion that the graphical presentation of the Beveridge curve is inadequate for a precise separation of the impact of structural factors in the labour market from that of cyclical factors. However, the structural factors that could have had an effect on the noted sub-periods in which the effectiveness of the employment process changed probably included the changes in the level of educational or regional mismatch between the supply and demand in the labour market.

When analysing the Beveridge curve, several important limitations in the data used should also be taken into account. The important role of the CES as an employment intermediary prompted the use of administrative data on unemployment, which, in contrast with Labour Force Survey data, overestimate actual unemployment in the economy. Administrative data were strongly affected by legislative changes, specifically by the Act on Employment Mediation and Unemployment Rights,⁸ enacted in 2002, introducing the obligation of active job seeking and relieving employers from the obligation to report job vacancies to the CES. Since both the level of unemployment and the number of reported job vacancies dropped as a result, the legislative changes probably had an effect on the sub-period in which the employment process improved.⁹

Prices

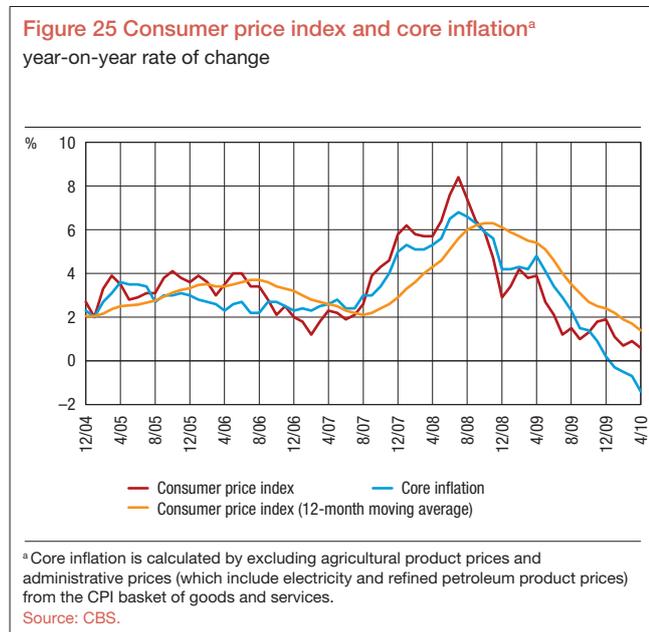
The first quarter of 2010 was marked by a continued slowdown in overall consumer price inflation in Croatia, with the average annual rate of change in prices down from 1.6% in the last quarter of 2009 to 0.9% in the first quarter of 2010. Consumer price trends were predominantly influenced by domestic factors, above all by weak domestic demand. Against a background of an annual decline in compensation per employee and labour productivity growth (because of the decrease in employment exceeding the decrease in output), unit labour costs also declined.¹⁰ Furthermore, a stable kuna/euro exchange rate also kept inflation low and stable. In contrast, upward pressures on

consumer price inflation in the first quarter came from an increase in energy prices (refined petroleum products and gas). The prices of refined petroleum products were boosted by an increase in world crude oil prices and the kuna's depreciation against the US dollar.

Consumer prices

In the first quarter of 2010, the annual consumer price inflation rate fell from 1.9% in December 2009 to 0.9% in March 2010, primarily because of a favourable base effect related to a sharp increase in administrative prices in early 2009, and partly due to a drop in the prices of some food products (meat) in the first quarter of this year. Core inflation continued to trend downwards, its annual rate of change dropping from 0.2% in December 2009 to -0.7% in March 2010. One of the main causes for this is the continued low level of personal consumption, resulting from the continuing decline in disposable household income and consumer pessimism.

Most alternative indicators of consumer price inflation showed similar trends. Monthly overall and core inflation rates increased annually in the first quarter of 2010, albeit remaining relatively low.



6 The number of job seekers to labour force ratio.

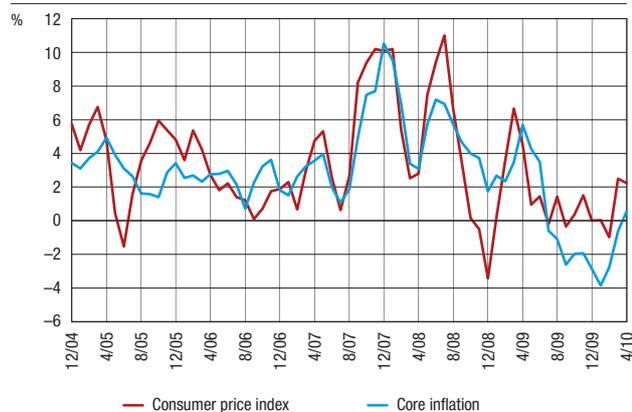
7 The months indicating the beginning and end of some sub-periods, due to considerable adjustments of the original data, are used only for illustrative purposes.

8 OG 32/2002.

9 As estimated by the CES, the effect of the legislative changes on the labour market disappeared in 2004.

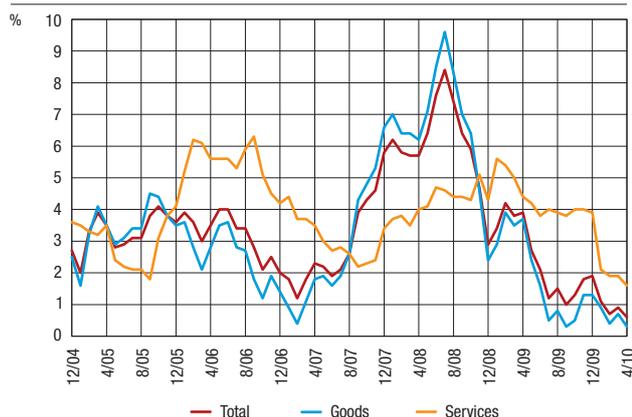
10 According to the latest available data, the annual rate of change in unit labour costs in industry fell from 3.5% in the third quarter to -1.2% in the fourth quarter of 2009, as shown by seasonally adjusted data. In the same period, the annual rate of change in unit labour costs for the whole economy fell from 2.9% to -1.0%.

Figure 26 Consumer price index and core inflation
annualised rate of change



Note: Annualised rate of change is calculated based on the monthly change in the moving quarterly average of seasonally adjusted base price indices.
Sources: CBS and CNB calculations.

Figure 27 Consumer price index, total and by components
year-on-year rate of change



Source: CBS.

Table 2 Consumer price index and its components
year-on-year rate of change

	Weight 2010	12/09	2010			
			1	2	3	4
Total index	100.0	1.9	1.1	0.7	0.9	0.6
Energy	13.8	7.9	9.5	7.0	10.1	10.8
Unprocessed food	14.2	-1.6	-3.1	-4.4	-4.7	-3.9
Processed food (incl. alcoholic drinks and tobacco)	23.2	1.8	0.4	0.2	0.3	-1.8
Industrial non-food without energy	27.7	-0.5	-0.7	-0.2	-0.5	-0.5
Services	21.2	3.9	2.1	1.9	1.9	1.6

Source: CBS.

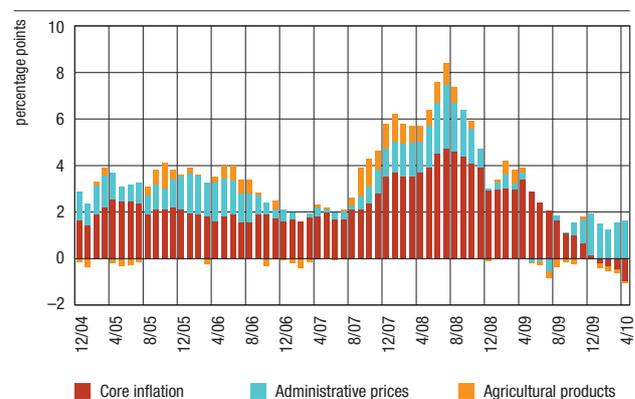
Out of the five major CPI components, the largest contribution to the slowdown in the annual consumer price growth in the first quarter of 2010 came from a decrease in the annual rates of change in unprocessed and processed food products and in prices of services. The annual rate of change in unprocessed food products, negative since mid-2009, dropped further from -1.6% in December to -4.7% in March 2010, primarily due to the already mentioned decrease in the annual rate of change in the prices of meat and fruit and vegetables. In addition, the annual rate of change in processed food products (including alcohol and tobacco) declined from 1.8% in December 2009 to 0.3% in March 2010, primarily because the calculation of these prices for January 2010 no longer included the contribution of a price increase in tobacco products¹¹ caused by an increase in excises in early 2009. The inflation of the prices of services also decelerated noticeably, its annual growth rate down from 3.9% in December 2009 to 1.9% in March 2010, primarily because the contribution of a marked increase in the prices of medical and hospital services in early 2009 was no longer included in the calculation of the services price index.

Industrial products excluding food and energy, accounting for about 28% of the overall CPI basket, continued to decrease annually, recording the annual rate of change of -0.5% in March 2010, the same as in December 2009. The structure of these products shows that the prices of clothing and footwear and cars continued to make the largest contribution to the negative annual rate of change in their prices.

As already mentioned, the continued increase in energy prices put upward pressures on overall consumer price inflation, with the annual rate of change of energy prices increasing from 7.9% in December 2009 to 10.1% in March 2010 due to a rise in the prices of gas and refined petroleum products stemming from the increase in world crude oil prices.

The deceleration in the overall consumer price inflation in Croatia continued early in the second quarter of 2010 as the annual rate of change decreased from 0.9% in March to 0.6% in April. The largest contribution came from an annual decrease in the prices of processed food products, primarily caused by the fact that the contribution of a sharp increase in tobacco product

Figure 28 Contribution^a of CPI components to year-on-year inflation rate

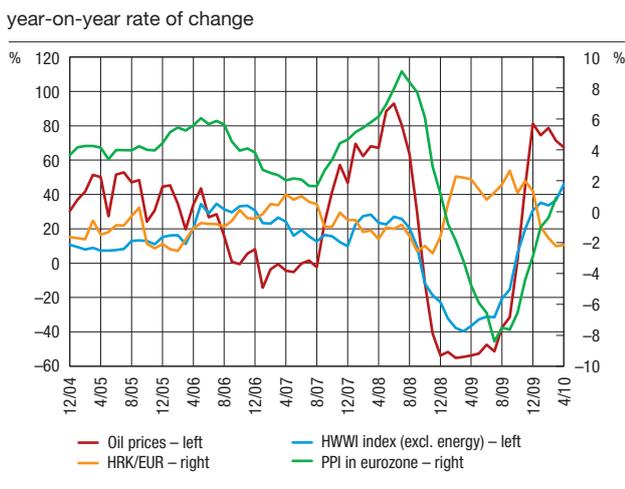


^a The contribution is defined as the relative importance of a CPI component for total inflation. The sum of contributions of all components expressed in percentage points in a relevant month is the amount of the annual consumer price inflation rate.

Sources: CBS and CNB calculations.

¹¹ However, tobacco products made a relatively large contribution (2.1 percentage points) to the annual rate of change in processed food products in March 2010. This contribution completely disappeared in April 2010, a year after these products' prices had increased for the second time.

Figure 29 Imported inflation: oil prices, the HWWI index,^a the average kuna/euro exchange rate and producer prices in the eurozone



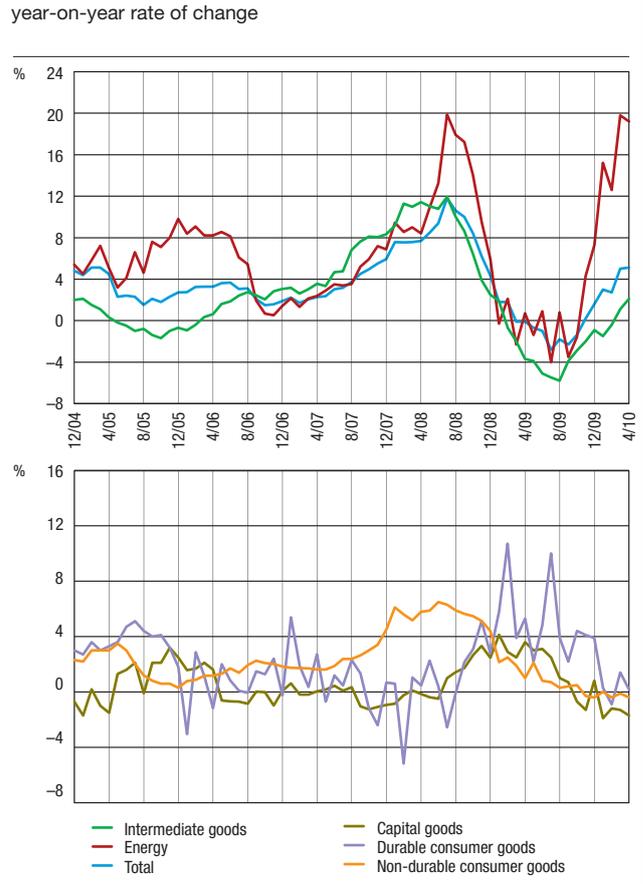
^a The index is calculated on the basis of raw materials prices expressed in US dollars. Sources: Bloomberg, HWWI, Eurostat and CNB.

prices in April 2009 was no longer included in their calculation. Trends in other major CPI components in April 2010 made no significant contribution to changes in the overall consumer price inflation. Core inflation continued to record a negative annual rate of change: standing at -1.4% in April, it was markedly lower than the rate of -0.7% in March, mainly because of the described developments in tobacco product prices.

Industrial producer prices

Trends in industrial producer prices in the first quarter of 2010 were primarily affected by the annual rate of change in energy prices increasing from 7.3% in December 2009 to 19.8% in March 2010. This can mainly be attributed to a rise in gas prices and an increase in the producer prices of refined petroleum products caused by the increase in world crude oil prices. Specifically, the upward trend in the total annual rate of change in industrial product prices, started in the last quarter of 2009, continued, primarily due to external factors, with the rate rising from 1.6% in December 2009 to 5.0% in March 2010. This is confirmed by trends in the index excluding energy, which was 0.3% lower in March 2010 than in the same period in the previous year. As a result, the prices of non-durable consumer goods were on average somewhat lower than in

Figure 30 Producer prices of industrial products by main industrial groupings



Source: CBS.

the same period in the previous year, while durable consumer goods prices increased slightly.

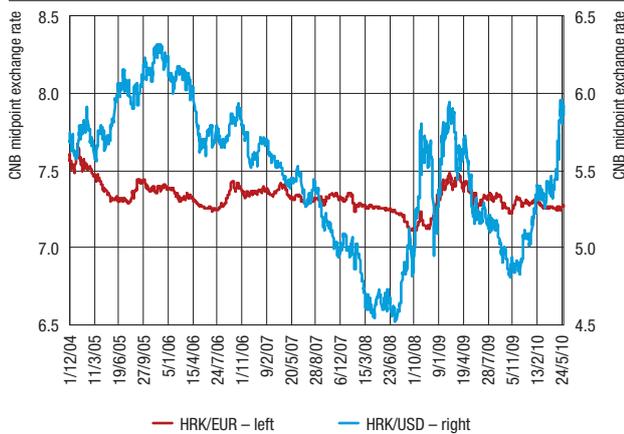
Boosted by an increase in the prices of intermediate goods in April 2010, the annual rate of change in the prices of industrial products edged up to 5.1%. The prices in the manufacture of metals increased at the highest rate, which can be attributed to an increase in metal prices in the world market. In contrast, the annual rates of change in the prices of other major PPI components reduced in April from the previous month.

Exchange rate

The kuna/euro exchange rate was stable in the first five months of 2010. The kuna strengthened by 0.6% in the first quarter and weakened slightly by 0.1% in the first two months of the second quarter, with the euro dropping from HRK 7.31 on 31 December 2009 to HRK 7.26 on 31 May 2010. The exchange rate variability, measured by the average absolute change in the daily exchange rate, was small (0.07%) and considerably lower than in the same period in the previous year. The stability of the exchange rate was achieved against a background of high kuna liquidity and favourable foreign currency liquidity of banks. The CNB held no foreign exchange auctions in the first five months of this year. The central bank participated in the foreign exchange market only by conducting transactions with the MoF, comprising a net sale of EUR 206.5m and resulting in the withdrawal of HRK 1.5bn from circulation.

Heightened investor risk aversion, arising from concerns over high budget deficits in some eurozone countries, resulted in a sizeable drop in the value of the euro in the world foreign exchange market in the first five months of 2010. The drop in the euro was also due to data indicating a faster economic recovery in the US than in the eurozone. The US dollar/euro exchange rate strengthened by 13.6%, up from USD 1.44/EUR on 31 December 2009 to USD 1.24/EUR on 31 May 2010. Investor confidence in the euro was at its weakest in the second half of April and in early May. On 9 May, it was announced that eurozone finance ministers and central bankers and the International Monetary Fund had reached an agreement on setting up a fund worth EUR 750bn to preserve financial stability in the eurozone and assist ailing eurozone members. The bulk of this amount was to be provided by EU member states through new loans and

Figure 31 Daily nominal exchange rate – HRK vs. EUR and USD

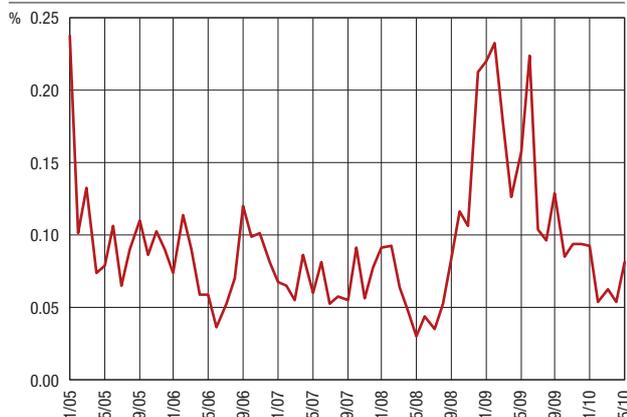


Source: CNB.

guarantees, and by means of the existing assistance mechanisms for member states in difficulties, the IMF participating with an additional EUR 250bn. In addition, the European Central Bank announced new measures to normalise financial market conditions. A key measure was the agreement to launch a private and government bond repurchase program in order to ensure depth and liquidity in problematic segments of the financial market. Under such conditions, in addition to weakening against the US dollar, the euro also weakened versus other currencies, including the Swiss franc and pound sterling, with the result that the kuna depreciated by 2.5% versus a basket of currencies from 31 December 2009 to 31 May 2010.

The indicators of export price competitiveness in Croatia improved: the real effective exchange rate of the kuna decreased by 1.1% deflated by consumer prices and by 1.4% deflated by producer prices relative to the average value in the previous quarter. This was due to the nominal depreciation of the kuna against a basket of currencies (1.6%), predominantly resulting from its depreciation versus the US dollar. In the same period, domestic prices grew at a faster pace than foreign prices, so that the kuna depreciated slightly less in real than in nominal terms against a

Figure 32 Exchange rate variability^a

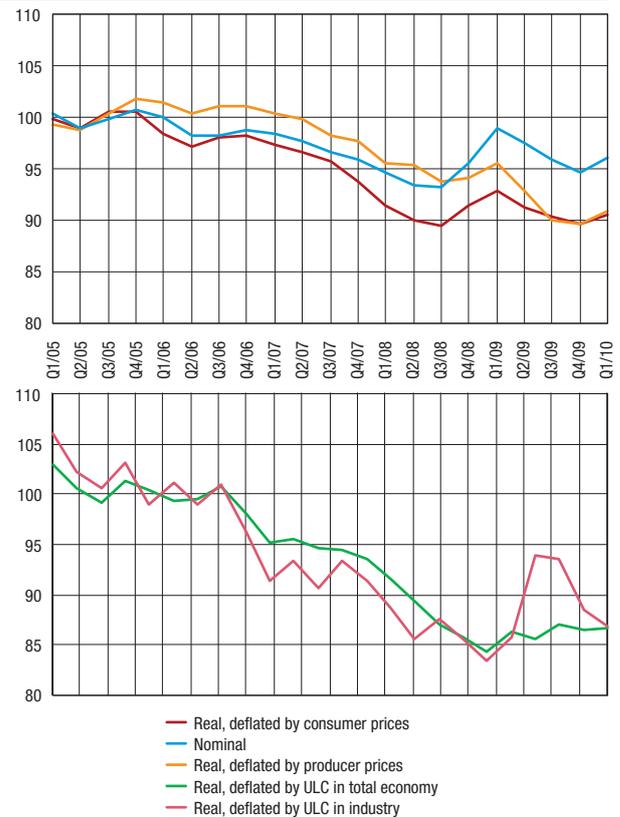


^a The monthly exchange rate variability is measured by the average absolute change in the daily kuna/euro exchange rate.

Source: CNB.

Figure 33 Indices^a of the nominal and real effective kuna exchange rate

deflated by consumer prices, producer prices and unit labour costs, 2005 = 100



^a The fall in the index denotes an appreciation of the kuna.

Source: CNB calculations.

basket of currencies.

The recent data on the developments in the real effective exchange rate of the kuna deflated by unit labour costs, available for the fourth quarter of 2009, point to a mild real effective depreciation of the kuna in the whole economy (0.1%) relative to the previous quarter. The depreciation occurred despite the kuna appreciating by 1.4% in nominal terms versus a currency basket due to a steeper decrease in unit labour costs in Croatia than in its trading partners. Specifically, GDP for the whole economy slightly increased in Croatia in the fourth quarter of 2009 relative to the previous quarter,¹² this, together with a drop in employment, resulted in an increase in labour productivity. With employee compensation stagnating in that period, unit labour costs came down from the previous quarter. In contrast, the index of the real effective exchange rate of the kuna deflated by unit labour costs in industry appreciated by 1.8% in the fourth quarter of 2009 compared with the previous quarter, due to the nominal effective appreciation of the kuna and the fact that the decrease in unit labour costs in industry was less marked in Croatia than that in its trading partners.

¹² According to seasonally adjusted data.

Monetary policy and instruments

Monetary environment

A high level of primary liquidity, low interest rates in the money market and the stable exchange rate of the kuna were the main determinants of the monetary environment in the first quarter of 2010 and at the beginning of the second quarter. The CNB steadily supported the high liquidity of the monetary system in order to spur bank lending, particularly to the corporate sector, and the transfer of free funds from the banking sector to the real sector. The central bank has not moved away from its policy of maintaining a stable exchange rate for the domestic currency; liquidity will be maintained at high levels as long as this does not threaten the stability of the exchange rate and prices. Notwithstanding these circumstances, no significant recovery in bank lending to the private sector has been recorded. Still, corporate loans grew slightly while household loans held steady in the first four months. In addition, the CBRD started holding auctions to promote corporate lending. Their impact on credit aggregates, as well as that of future auctions, should be felt in the remainder of the year.

Uses of instruments of monetary policy

Foreign exchange transactions of the central bank in the fourth quarter of 2009 and the cut in the reserve requirement rate from 14% to 13% in February 2010 resulted in substantial excess liquidity in the monetary system, which affected the use of monetary policy instruments in the first four months of 2010. There was still no need for liquidity creation through reverse repo auctions, and with the stable exchange rate there was no call for foreign exchange operations with commercial banks. Some turnover was recorded only in foreign exchange transactions with the central government; the CNB sold a net worth of EUR 206.8m and thus withdrew HRK 1.5bn from the system between January and April. However, it had no major effect on the very comfortable kuna liquidity of the system.

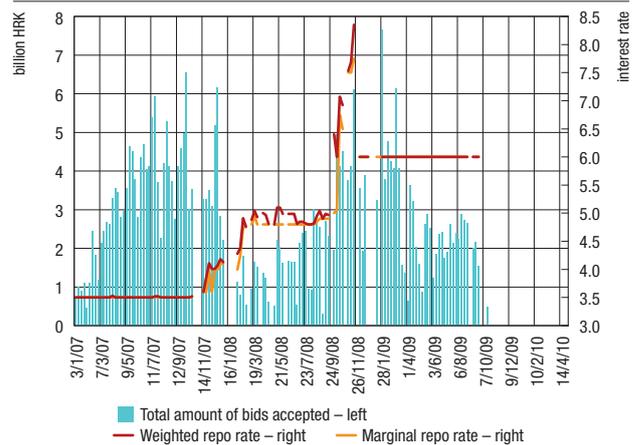
The liquidity surplus in banks' accounts was reflected mostly in the every day and record high use of the overnight deposit facility with the CNB on which banks receive 0.5% interest, only slightly less than the overnight rate in the interbank money market. The average daily balance of overnight deposits was HRK 5.2bn in the first four months of 2010, while total daily surplus

liquidity, including the funds deposited with the CNB as overnight deposits, stood at HRK 5.7bn. This evidences that banks have rather passively managed most of their free reserves, by depositing them with the central bank. This may be attributed to the lack of good opportunities to place free reserves and increased aversion to new risks.

Total calculated reserve requirements of banks decreased in February due to the lowering of the reserve requirement rate. In the months that followed, movements in the funds sterilised through this monetary policy instrument were quite stable. Observing the first five months of 2010, total calculated reserve requirements of banks dropped by HRK 2.6bn and stood at HRK 37.8bn in the May calculation. The fall in kuna reserve requirements (-6.9%) outpaced the decrease in foreign currency reserve requirements (-4.9%).

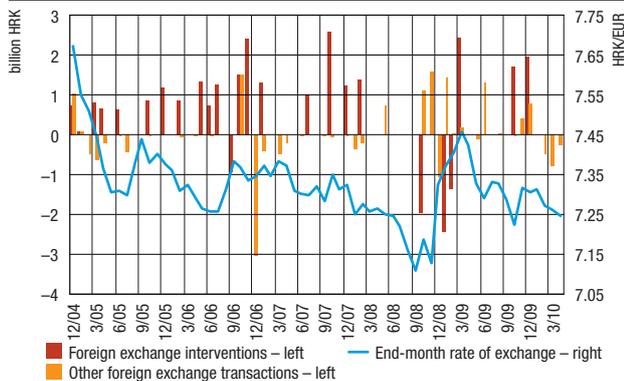
The foreign currency liquidity of banks, measured as the ratio of total liquid foreign currency claims to total foreign currency liabilities, was stable at comfortable levels in the first quarter

Figure 35 Regular reverse repo operations



Source: CNB.

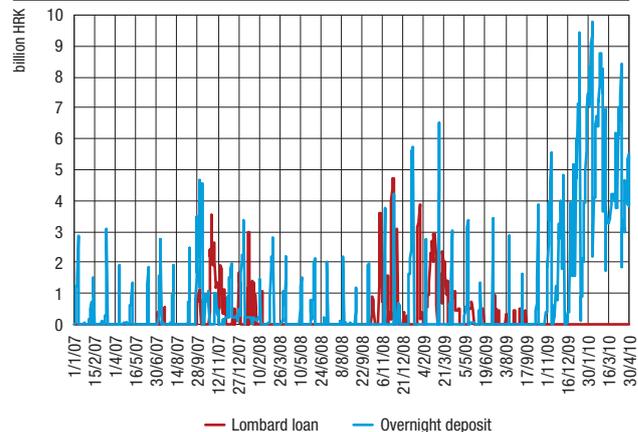
Figure 34 Foreign exchange transactions of the Croatian National Bank and midpoint HRK/EUR rate of exchange at current rate of exchange



Note: The positive value of foreign exchange interventions and foreign exchange transactions relates to the repurchase of foreign exchange by the CNB. Other foreign exchange transactions include the purchase of foreign exchange from and the sale of foreign exchange to the MoF and foreign currency swaps with banks.

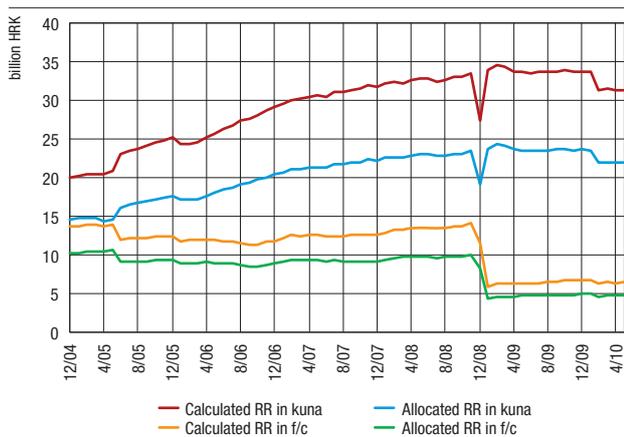
Source: CNB.

Figure 36 Use of standing facilities



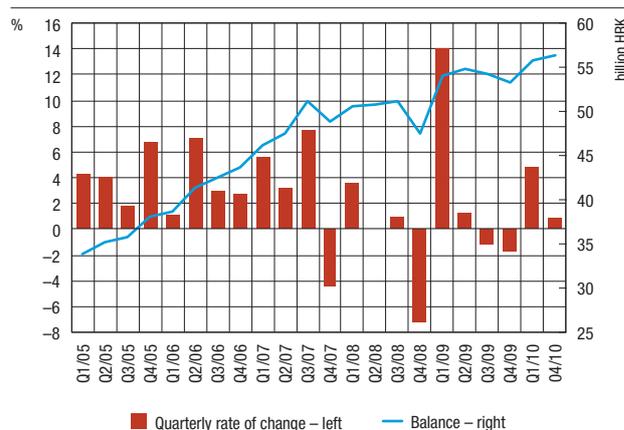
Source: CNB.

Figure 37 Reserve requirements with the CNB at current rate of exchange



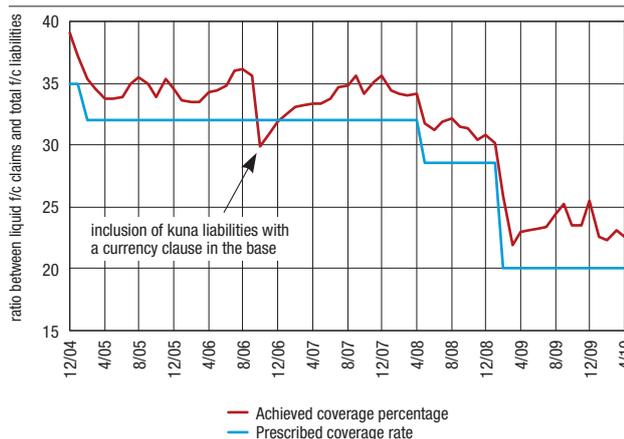
Source: CNB.

Figure 39 Reserve money seasonally adjusted



Source: CNB.

Figure 38 Minimum required f/c claims



Source: CNB.

and in April of 2010. Banks' foreign currency liquidity surpluses averaged EUR 0.7bn, while their foreign currency liquidity ratio stood at 22.5% at end-April, 2.5 percentage points above the prescribed minimum. In the structure of bank liabilities, foreign-currency indexed liabilities continued to trend down; their share in total foreign currency liabilities, which stood at HRK 202.7bn at end the end of April, dropped to less than 3.0%.

Reserve money and international reserves

Reserve money (M0) contracted by 3.7% in the first four months of 2010, mostly due to the February cut in the reserve requirement rate. Commercial banks used the funds so released to grant a HRK 2.0bn loan to the CBRD within the government's incentive programme to spur corporate lending. The CBRD deposited these funds in a special account with the CNB. This is reported as an increase in central government deposits with the CNB and an outflow of the system's liquidity, so that reserve money recorded a one-off decrease. As the remainder of the year should see the granting of corporate credit lines to be allocated by the CBRD at auctions, the funds in this account will be withdrawn gradually, which will again increase liquidity.

As regards other reserve money components, currency outside banks decreased slightly while banks' overnight deposits with the CNB recorded the strongest growth in the first four months of 2010. Monetary aggregate M0 continued to record an annual growth, of 3.1% at end-April, as confirmed by the trends in its seasonally adjusted value.

Due to the high level of liquidity and exchange rate stability there was no need for intensive use of monetary policy instruments so that the international reserves of the CNB stayed almost the same. Their slight decrease in the period from January to April 2010 was largely due to the withdrawal of government foreign currency deposits with the CNB, which are included in gross international reserves. Gross international reserves were also affected by the sales of foreign currency to the Ministry of Finance, EUR 170.8m in the first quarter and EUR 36.0m in April, while foreign currency reserve requirements held steady. At end-April 2010, gross international reserves stood at EUR 10.0bn, rising by 12.9% from April 2009. Although net usable international reserves levelled off in the first four months of 2010 and stood at EUR 9.0bn at end-April, they recorded a 13.3% growth on an annual level.

Figure 40 International reserves of the CNB at current rate of exchange



^a Net usable international reserves are defined as international reserves net of foreign liabilities, reserve requirements in f/c, general and special SDR allocations in 2009, government foreign currency deposits and off-balance sheet liabilities (swaps).
Source: CNB.

Monetary developments

Monetary developments in the first quarter of 2010 were marked by a fall in the net foreign assets of the monetary system and a more moderate growth in net domestic assets, which led to a slight decrease in total liquid assets (M4). Bank placements to the central government grew sharply, while bank placements to the private sector grew moderately, exclusively, however, due to placements to the corporate sector. Within the structure of M4, kuna deposits continued to trend down while foreign currency deposits continued to trend up, albeit at a slower pace than in the previous period. Similar developments in monetary and credit aggregates were recorded at the beginning of the second quarter 2010.

Total liquid assets

Total liquid assets decreased by HRK 1.1bn or 0.5% in the first quarter of 2010 and held steady in April. The absence of their strong seasonal decrease at the beginning of the calendar year had a favourable impact on their annual rate of change; this rate turned positive from the beginning of the year and was 1.5% at the end of April.

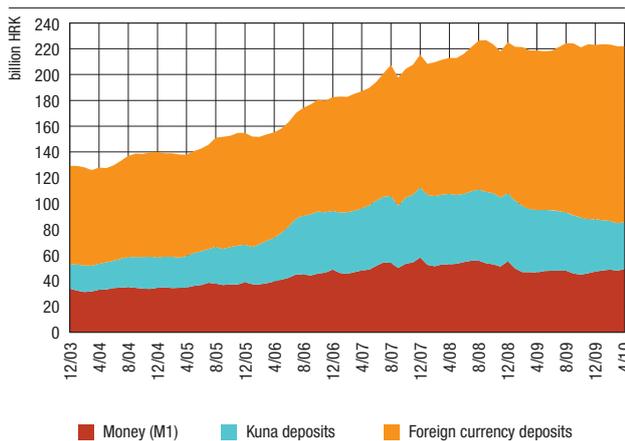
Money

Money (M1) increased by HRK 0.5bn (1.2%) in the first quarter of 2010. This was largely due to an increase in corporate demand deposits, of more than HRK 1.0bn, which may be explained by the rise in corporate loans and the fall in corporate savings and time deposits triggered by a slight drop in deposit interest rates. Balances in current and giro accounts of other domestic sectors almost stagnated, while currency outside banks dropped by HRK 0.5bn. Money continued to grow at the beginning of the second quarter; boosted by strong base effects, its annual rate of change also increased, to 5.5% at end-April.

Non-monetary deposits

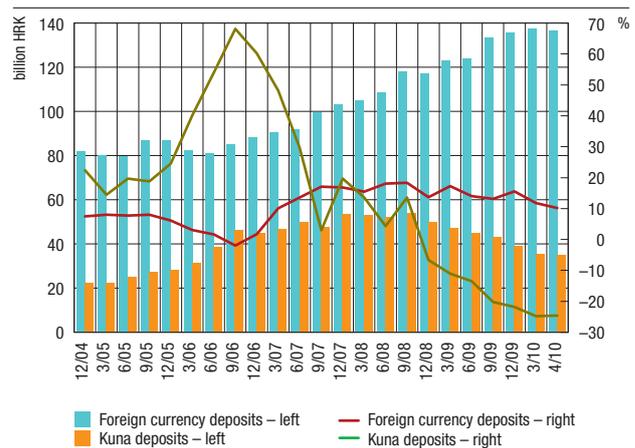
The growth in savings and time deposits of domestic sectors steadily lost momentum throughout 2009 and turned to a decline early in 2010. These trends resulted from a fall in kuna deposits and slower growth in foreign currency deposits. Kuna deposits went down by HRK 3.6bn in the first three months of 2010, while foreign currency deposits went up by HRK 1.9bn, almost three times less than in the same period in the previous year. The decline in savings and time deposits was a

Figure 41 Monetary aggregate M4



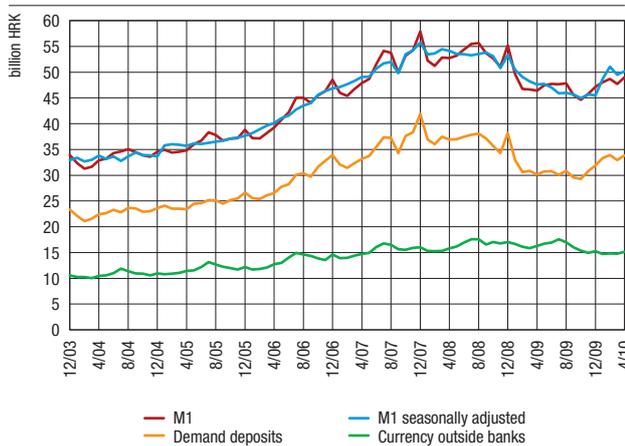
Note: Kuna deposits include bonds and money market instruments.
Source: CNB.

Figure 43 Kuna and foreign currency deposits



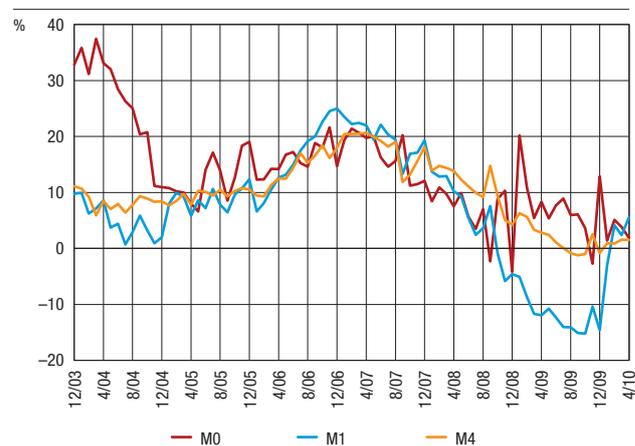
Source: CNB.

Figure 42 Money (M1)



Source: CNB.

Figure 44 Monetary aggregates year-on-year rate of change



Source: CNB.

consequence of trends in the real sector.

Broken down by sector, corporate savings and time deposits decreased by HRK 2.3bn, almost entirely due to their kuna deposits. A sharp fall in deposits was recorded by other banking and non-banking financial institutions and local government (of HRK 1.0bn), while household deposits grew by HRK 1.6bn in the same period. At the onset of the second quarter, savings and time deposits dropped by another HRK 1.2bn, due exclusively to the fall in corporate deposits. Observed on an annual basis, kuna non-monetary deposits of all domestic sectors decreased by one quarter in the period between end-April 2009 and end-April 2010, while the year-on-year increase in foreign currency deposits slowed to 10.2%.

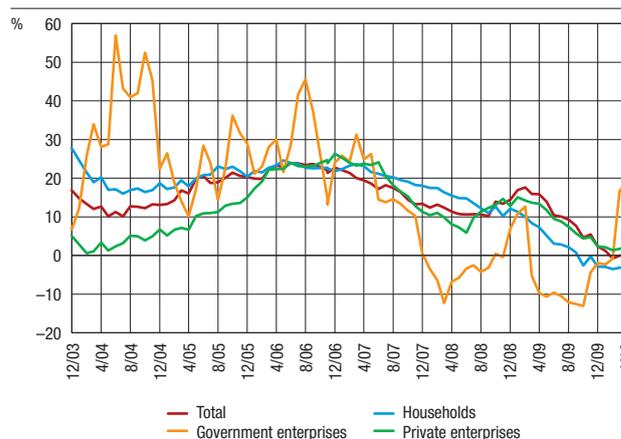
Placements

While 2009 was marked by a fall in bank lending, placements to the private sector slightly increased in the first quarter of 2010 and continued growing at a similar pace early in the second quarter. Bank placements to the non-banking sector grew by a total of HRK 3.1bn or 1.3% in the first four months of 2010. The positive trends in placements were certainly favoured by a slight decrease in lending rates and the quite comfortable liquidity position of the banking system in the observed period. However, due to weak loan demand, no significant recovery in bank lending has yet been recorded.

The growth in bank loans was almost exclusively associated with the corporate sector. Corporate placements grew by HRK 2.2bn in the first quarter of 2010 and by additional HRK 0.7bn in April, while their annual growth rate rose to 3.0%. It should be noted that, in contrast with the last quarter of 2009 when almost one half of the loan growth was accounted for by lending to government enterprises, the growth in the first four months of 2010 was mostly due to loans to private enterprises. The breakdown of corporate loans by maturity shows that the share of short-term loans increased in early 2010. This may be associated with the interest rate decline, which was most pronounced for this type of loans, while interest rates on long-term corporate loans stayed high. A greater impetus to corporate credit growth may be seen in the remainder of the year, particularly if the approval of CBRD-intermediated loans within the Croatian government's measures for corporate funding gains momentum.

In contrast with corporate placements, household lending continued to decline. Household loans dropped by HRK 0.5bn

Figure 46 Bank loans
year-on-year rate of change



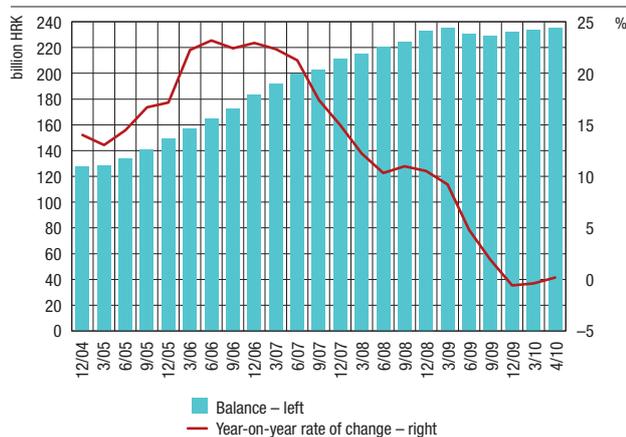
Note: Total bank loans also include loans to the central government.
Source: CNB.

in the first four months of 2010 and were 3.0% less at end-April 2010 than at end-April 2009. Within the structure of household loans, the sharpest fall was recorded in car purchase loans, credit card loans and other any-purpose loans.

Bank placements to the central government

Central government continued to rely on domestic banks to meet its funding needs in the first quarter of 2010, so that bank placements to the government increased by HRK 3.7bn (of which HRK 2.0bn was accounted for by a syndicated bank loan to the CBRD). With a HRK 2.8bn decline in government deposits with banks and the CNB, the government's overall net position in relation to banks deteriorated by HRK 6.5bn. Apart from bank loans, the government raised substantial funds by issuing kuna and euro bonds in the domestic market, most of which was used for refinancing. Bank placements to the government increased further at the beginning of the second quarter. However, the government's overall net position improved in April due to stronger growth in deposits. Nevertheless, banks' net claims on the central government rose by 27.1% from end-2009 to end-April 2010.

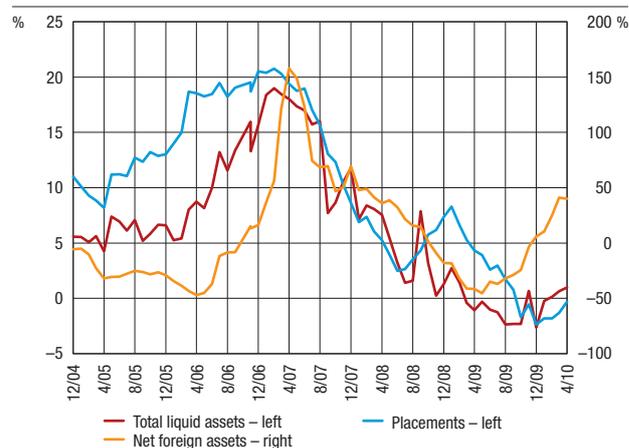
Figure 45 Bank placements to the non-banking sector



Source: CNB.

Figure 47 Net foreign assets, total liquid assets and bank placements to the private sector

real rate of change relative to the same month of the previous year



Source: CNB.

Foreign assets and liabilities

The first quarter of 2010 was marked by a sharp decrease in the net foreign assets of commercial banks, of HRK 4.1bn, which was almost entirely due to a fall in bank deposits held abroad. The banks had used these funds to finance the rise in placements to the government and enterprises. Developments in total foreign assets and liabilities were also strongly influenced by the policy pursued by some banks; they increased their foreign liabilities and simultaneously placed these funds abroad at the end of calculation periods, thus temporarily increasing their

balance sheet assets. Foreign assets and liabilities of banks decreased by HRK 2.0bn in April, after growing in late March, but it did not affect the banks' overall net foreign position.

Annual rates of change in real values of main monetary aggregates suggest that their downward trend has gradually reversed. The real value of total liquid assets has recorded a positive real annual growth rate since February, while the real year-on-year decline in bank placements to the private sector slowed down. Still, it should be said that these trends were to some extent a result of weaker inflationary pressures.

Money market

The turn of 2009-2010 and early 2010 were marked by high banking system liquidity and a sharp fall in interest rates on the money market. As a result of the good liquidity, bank lending and deposit interest rates continued the fall that had started in mid-2009. Short-term fell more than long-term interest rates. Similar changes were seen in yields on government securities (Figure 48). The differences in the intensity of reduction in bank interest rates led to an increase in interest rate spread on foreign-currency indexed kuna loans and foreign currency deposits (which reached almost 5.0 percentage points) in the first quarter while interest rate spread on the so called "pure" kuna loans and deposits decreased.

Money market interest rates

High banking system liquidity in the first quarter of 2010 significantly decreased the banks' need for primary liquidity financing on the money market. The turnover in the first quarter of 2010 totalled HRK 85.3bn or HRK 1.3bn on a daily average, which is a decrease of HRK 46.0bn compared to the last quarter of 2009.

The fall in the total turnover resulted in an observable change in the structure of trading on the money market with demand deposit trading accounting for the first time for less than 80.0% of total trading, while the remaining financing involved mainly repo transactions. Demand deposits trading of banks fell the most (by approximately HRK 29.0bn) while non-banking financial institutions trading and bank trading with other legal persons fell by approximately HRK 9.0bn each.

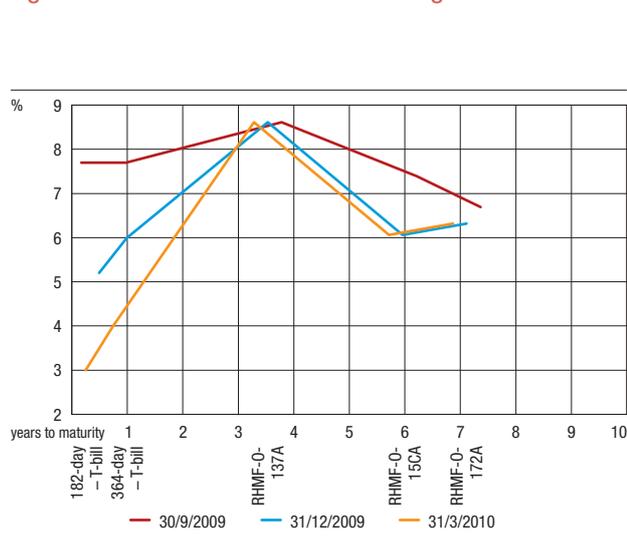
The volume of demand deposit trading of banks kept steadily declining at the beginning of the year and stood at only HRK 15.0bn in the first quarter of the year, a level similar to that reached in mid-2003. A total decline in turnover was mostly due to a fall in turnover in direct interbank trading in reserve money. This led to an increase in the share of trading with Zagreb Money Market (ZMM) intermediation, which accounted for almost one quarter of the total turnover.

Overnight loans were the most liquid instrument in direct interbank trading in reserve money, although their share in total direct trading kept trending downwards, so that at the beginning of 2010 they accounted for a little over one half of total trading. A decline in the volume of lending during that period was also visible in the segment of longer maturity loans but the most evident decline was seen in the segment of 1 or 2-week loans (by a little over HRK 4.0bn on average).

Very good banking system liquidity in the first quarter of this year additionally reduced weighted interest rates on overnight loans in direct interbank trading. After falling to their five-year low towards the end of the year (approximately 1.0%), in the first three months of this year these interest rates kept falling further, reaching 0.61% in January, 0.53% in February and 0.71% in March.

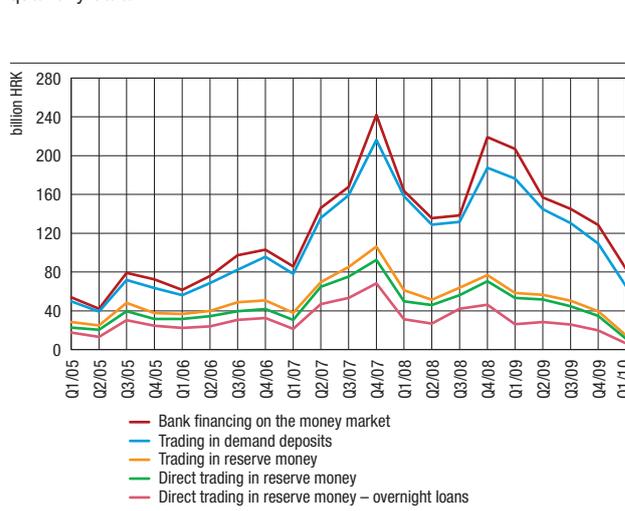
At the beginning of the year, the government relied mainly on current borrowing from the banks or on the funds raised by means of previously issued bonds to finance its budget deficit. As government needs for additional liquidity were reduced, no T-bill auctions were held in January. However, investor interest in

Figure 48 Yield curves of kuna T-bills and government bonds



Sources: CNB and ZSE.

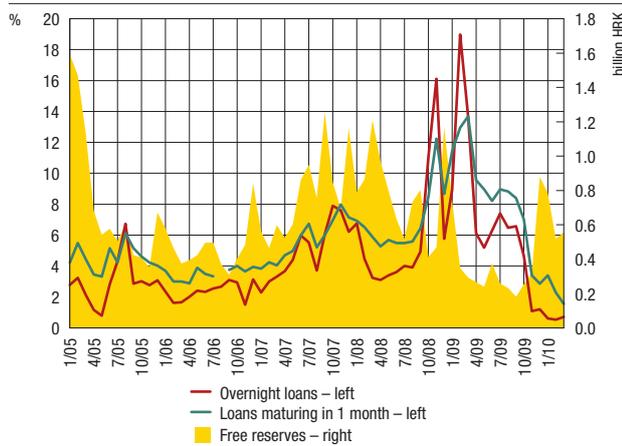
Figure 49 Money market turnover quarterly data



Source: CNB.

Figure 50 Interest rates in direct interbank trading and bank free reserves

monthly average on the basis of daily data



Source: CNB.

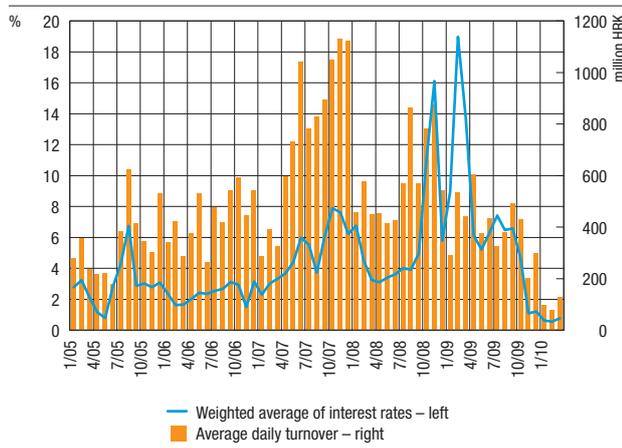
these short-term securities did not wane, which can be explained by the high level of liquidity. Thus, investor bids at the February and March auctions largely surpassed the planned amounts of T-bill issues. At eight auctions held in these two months, the MoF raised a total of HRK 6.2bn, with the March issue of kuna T-bills accounting for the largest share of this amount.

The supply and demand ratios at T-bill auctions in the first quarter of 2010 led to an additional reduction in the required yields on all-maturity T-bills. In March 2010, interest rates on the shortest maturity T-bills (91 days) were the lowest, falling from 5.30% in December to 2.20% in March. Interest rates on longer maturity T-bills fell somewhat less. The weighted interest rates on 182-day T-bills fell from 5.55% in December 2009 to 3.04% in March 2010, while interest rates on one year kuna T-bills fell from 6.06% to 3.68%. Interest rates on one-year euro T-bills fell the least during that period, from 4.72% to 3.52%.

The stock of total subscribed T-bills fell by approximately HRK 600.0m towards the end of March this year compared to February and stood at HRK 23.2bn, an increase of HRK 1.1bn compared to the debt stock under T-bills at the end of the previous year. The March fall in the stock of subscribed T-bills was

Figure 51 Direct interbank trading in overnight loans

monthly average on the basis of daily data



Source: CNB.

the result of smaller issues of euro T-bills, while the stock of debt under kuna T-bills rose slightly, from HRK 13.1bn to HRK 13.3bn.

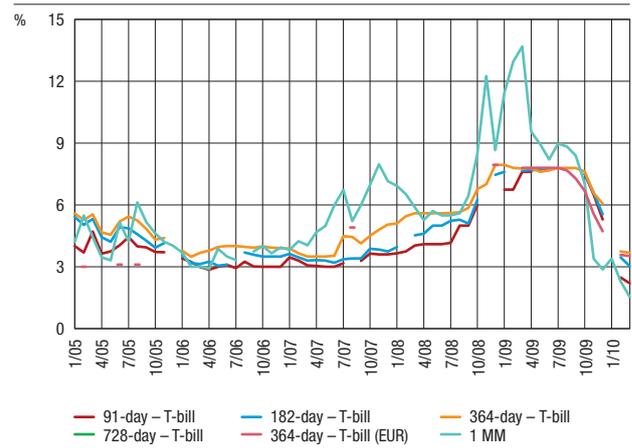
Bank interest rates

Good banking system liquidity and the fall of interest rates on the money market at the beginning of this year contributed to further reduction in the interest rates of banks. This is primarily true of interest rates on deposits and short-term loans. By contrast, long-term interest rates held steady throughout the first three months of this year. The same period saw an increase in the interest rate spread on foreign-currency indexed kuna loans and foreign currency deposits while the interest rate spread on "pure" kuna loans and deposits decreased, particularly in March.

There was a particularly sharp fall in interest rates on short-term corporate kuna loans without a currency clause at the beginning of this year, down to 7.24% in March (from 8.32% in February, and 8.31% in January). Interest rates on short-term household loans without a currency clause held steady at their last year's level of 12.6%. Two main components in the structure of the mentioned short-term interest rates, those on credit card

Figure 52 Interest rates on T-bills and in direct interbank trading

maturity structure



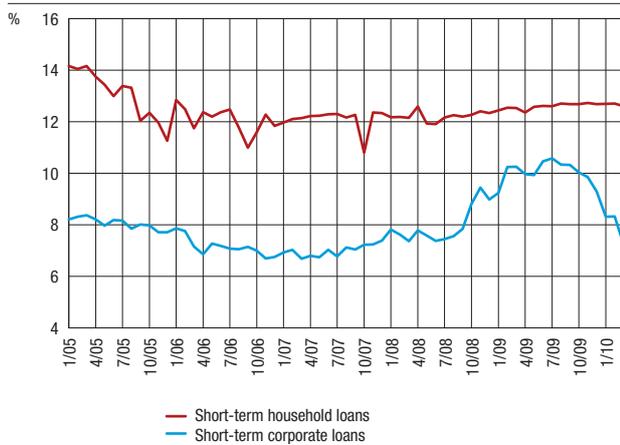
Sources: MoF and CNB.

loans and overdraft facilities, remained very stable.

Interest rates on long-term household loans with a currency clause fell only slightly in the first three months of this year, standing at a high 8.96% in January and February and 8.82% in March. The decline in interest rates on long-term loans was exclusively the result of lower interest rates on car purchase and other long-term loans. Interest rates on long-term corporate loans rose slightly from 7.31% in December 2009 to 7.67% in March 2010.

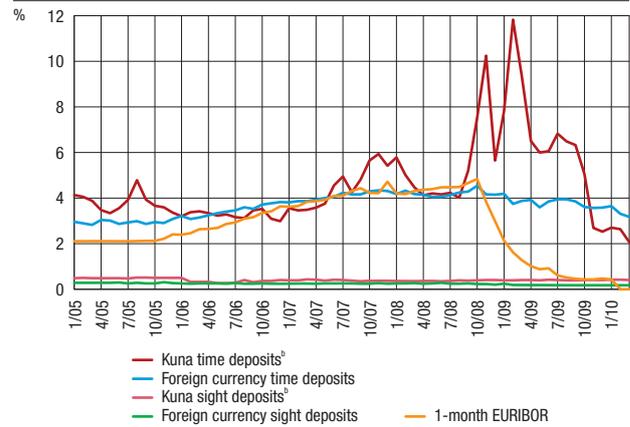
The trend of declining interest rates on kuna time deposits without a currency clause, which had marked a major part of 2009, continued slowly into 2010, with these interest rates falling to their lowest level ever (approximately 2.0%) in March. The developments in these interest rates reflect a sharp fall in interest rates on 1-month corporate time deposits, whose dynamics is closely correlated with developments in the money market, and to a lesser extent, with a fall in interest rates on 1-2 year corporate time deposits. Interest rates on foreign currency time deposits fell slightly, from 3.65% at the beginning of the year to 3.31% in February and to 3.17% in March. Interest rates on sight deposits and kuna deposits without a currency clause

Figure 53 Average bank interest rates^a on short-term loans without a currency clause



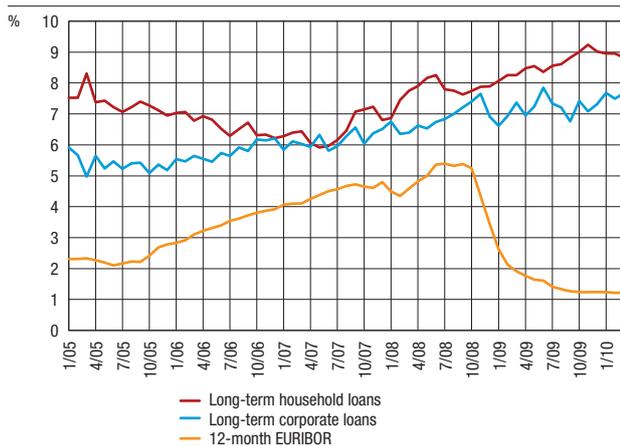
^a The average weighted interest rate on newly granted loans in the reporting month.
Source: CNB.

Figure 55 Average bank deposit interest rates^a



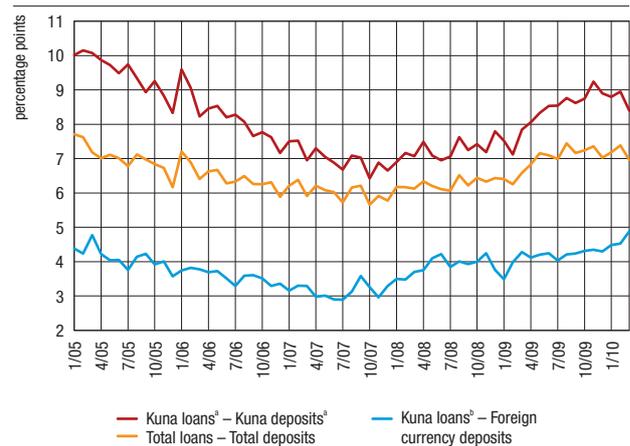
^a The average weighted interest rate on newly received deposits in the reporting month.
^b Without a currency clause.
Source: CNB.

Figure 54 Average bank interest rates^a on long-term loans with a currency clause



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

Figure 56 Spread between average bank interest rates on loans and deposits



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

remained relatively stable (0.41% and 0.18%, respectively).

Such developments in lending and deposit interest rates caused the interest rate spread on foreign-currency indexed kuna loans and foreign currency deposits to rise from 4.30 percentage points in December 2009 to 4.88 percentage points

in March 2010. The interest rate spread on “pure” kuna loans and deposits declined from 8.90 percentage points in December 2009 to 8.40 percentage points in March 2010, thus stabilising the general interest rate spread, which continued to fluctuate around 7.0 percentage points.

Capital market

The European and world equity markets were characterised in January and February by a fall in the stock exchange indices below levels recorded at the beginning of the year, largely as a result of concerns regarding the measures taken by the Chinese government to slow down rapid credit expansion. Important for the European markets, particularly bond markets, were the events related to Greek plans to curb the country’s budget deficit and achieve fiscal sustainability and the ensuing uncertainty surrounding negotiations on a Greek aid package. The world markets recovered by end-March, as positive news on growing consumer confidence index in the eurozone and consumption in the

USA and relatively low inflation kept coming in. Regional markets saw a sharp increase in share prices in January, a smaller correction in February, and stagnation at the end of the quarter, which were all reflected in the CROBEX. The optimism marking the beginning of the year maintained a positive climate in the regional markets and led to an increase in share prices throughout the quarter. By end-March, the CROBEX had grown 6.9%, while CROBEX10, an index of the most-widely traded shares with a large market capitalisation, grew by a high 9.8%, which points to price growth concentration in the more liquid shares segment. This recovery was additionally boosted in April by news on

positive developments in US companies' profitability, encouraging further positive trends in the foreign and domestic markets. At the end of April, CROBEX rose 7.8% and CROBEX10 rose 10.2%, compared to the beginning of the year.

The trends in the domestic debt securities market were also positive in the first quarter of 2010. The 1.2% ZSE bond index growth, CROBIS, during that period does not include a sharp increase in the price of newly-issued 10-year bonds of the Republic of Croatia shortly after their issue. The price of the new bond with a euro currency clause rose 5.6%, while the price of the kuna bond rose 4.5% from issue until end-March. The two newly-issued bonds made a large contribution to an increase in bond trading in March. Positive developments in the bond market continued into April, with the CROBIS rising by 1.7% at the end of April, compared to the beginning of the year.

Equity securities market

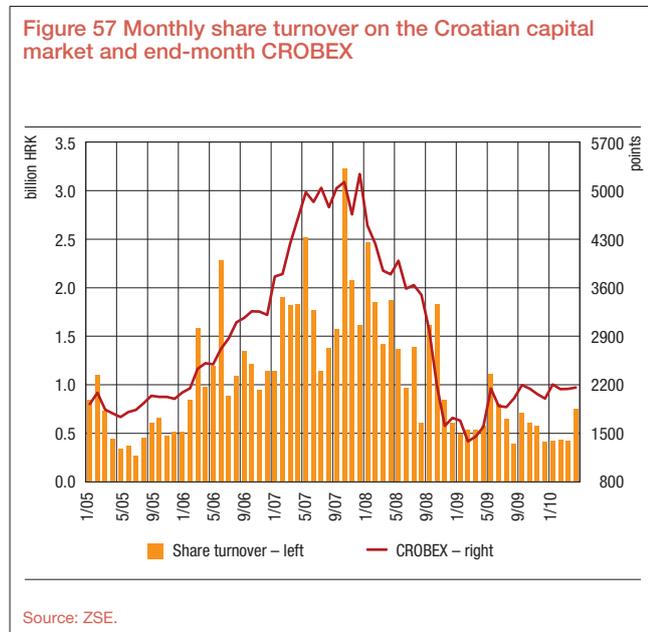
In the first quarter of 2010, the quarterly turnover of shares¹⁵ rose significantly and stood at HRK 3.4bn, which is an increase of HRK 0.8bn compared to the previous quarter. Accounting for 18.6% of the total quarterly share turnover, T-HT shares were

the most traded shares in the observed quarter. They were followed by shares of INA d.d. (12.5%) and Zagrebačka banka (11.5%). Next to T-HT (31.6%), the most traded shares in April 2010 were those of Zagrebačka pivovara d. d. (25.2%) and Atlantska plovdba (4.9%).

The January 2010 price growth was halted in February, after which the CROBEX¹⁴ continued to hold steady until end-March. The quarterly growth of 6.9%, which raised the level of CROBEX to 2142.8 points, was due mainly to its January growth. In April the CROBEX rose to 2161.3 points, an increase of 0.9% compared to March.

Owing to a slight recovery in the domestic capital market in the first quarter of 2009, the total net assets of open-end investment funds with a public offering continued to increase, standing at HRK 12.2bn at end-March 2010, an increase of HRK 0.8bn compared to the end of the previous quarter. The increase in net assets of investment funds in 2010 was mostly due to the inflow of funds into the least risky money market funds. Net assets of bond and equity funds also rose, mainly as a result of payments during the observed period, and to a lesser extent as a result of an increase in security prices.

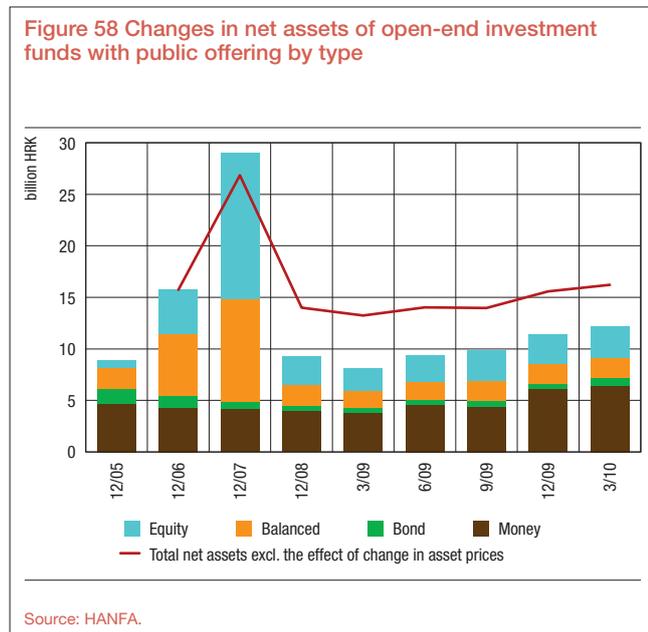
As a result of an increase in the prices of most of the shares listed on the ZSE, market capitalisation¹⁵ stood at HRK 141.9bn at the end of March 2010, rising by 4.8%, compared to the end of the previous quarter. Market capitalisation in April was down to HRK 139.5bn, still an increase of 3.0% compared to the beginning of 2010.



Debt securities market

In the first quarter of 2010, three new debt issues were listed on the domestic debt securities market and a government bond issued in 2005, of nominal value of HRK 3bn, fell due in March. To refinance this issue and obtain new funds, the MoF issued two new bonds at the beginning of March, and listed them on the ZSE. The two new listed bonds were a 10-year kuna bond of HRK 3.5bn and a yield of 6.95% and a 10-year kuna bond with a currency clause in euro of EUR 350m and a yield of 6.7%. The bond of Hrvatska pošta d.d., with a nominal value of EUR 41m, issued in July of the previous year, was also listed. Thus on the last day of April 2010, 35 bonds were listed on the ZSE, nine of which were government bonds, eight municipal bonds, one a CBRD bond and 17 were corporate bonds. In addition, at the end of January 2010, 37 issues of commercial bills of the total of 21 issuers were listed on the ZSE, which is one commercial bill and one issuer fewer than at the end of 2009.

In the first quarter of 2010, bond turnover was more than twice as high as that in the previous quarter and stood at HRK 2.1bn, mainly owing to newly-listed government bonds which accounted for 37.5% of the turnover. A kuna government bond maturing in 2017 accounted for the largest share of the total bond turnover during the observed period (25.0%). Two newly-issued bonds of the Republic of Croatia maturing in 2020 accounted for the next largest shares of the total bond turnover;



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

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

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

pure kuna bonds accounted for 21.5% and bonds with a currency clause accounted for 16.5% of the total bond turnover. A kuna government bond maturing in 2013 accounted for 9.8% of the total bond turnover. Increased demand for debt financial instruments in the first quarter of the year largely concerned government bonds, so their share in total turnover of debt securities increased compared to the previous quarter and stood at 92.3%. The period of somewhat higher turnover in bonds on the domestic market continued into April 2010, though with a smaller volume of trading than in March. Increased demand for government bonds during the fourth quarter of 2009 increased the value of the ZSE CROBIS index, which stood at 97.0 points at the end of March. With positive trends continuing into April,

CROBIS rose to 97.5 points until the end of the month.

The listing of the two new government bonds and a price increase in the first quarter of 2010 increased market capitalisation of government bonds, municipal bonds and CBRD bonds by 26.3% compared to the end of 2009, so that it stood at EUR 5.2bn at end-December or approximately 11.5% of GDP. Market capitalisation of corporate bonds also increased (20.6%) compared to the end of the previous quarter and stood at EUR 608m or 1.34% of the realised GDP. In April 2010, market capitalisations of government bonds, municipal bonds, CBRD bonds and corporate bonds rose only slightly, remaining almost equal to their end-March values.

After a EUR 500m eurobond fell due towards the end of

Table 3 Bond issues in the domestic market

stock as at 30 April 2010

Series	Issuer	Issue date	Maturity	Currency	Issue nominal value	Nominal interest rate	Last price ^a	Current yield 30/4/2010
RHMF-O-125A	Republic of Croatia	23/5/2002	23/5/2012	EUR	500,000,000	6.875%	104.50	6.579%
RHMF-O-142A	Republic of Croatia	10/2/2004	10/2/2014	EUR	650,000,000	5.500%	101.00	5.446%
RHMF-O-19BA	Republic of Croatia	29/11/2004	29/11/2019	EUR	500,000,000	5.375%	89.10	6.033%
RHMF-O-157A	Republic of Croatia	14/7/2005	14/7/2015	EUR	350,000,000	4.250%	89.45	4.751%
RHMF-O-15CA	Republic of Croatia	15/12/2005	15/12/2015	HRK	5,500,000,000	5.250%	98.00	5.357%
RHMF-O-137A	Republic of Croatia	11/7/2006	11/7/2013	HRK	4,000,000,000	4.500%	86.95	5.175%
RHMF-O-172A	Republic of Croatia	8/2/2007	8/2/2017	HRK	5,500,000,000	4.750%	93.20	5.097%
RHMF-O-203A	Republic of Croatia	5/3/2010	5/3/2020	HRK	3,500,000,000	6.750%	103.30	6.534%
RHMF-O-203E	Republic of Croatia	5/3/2010	5/3/2020	EUR	350,000,000	6.500%	105.60	6.155%
GDKC-O-116A	City of Koprivnica	29/6/2004	29/6/2011	HRK	60,000,000	6.500%	93.52	6.950%
GDZD-O-119A	City of Zadar	1/9/2004	1/9/2011	EUR	18,500,000	5.500%	98.10	5.607%
GDRI-O-167A	City of Rijeka	18/7/2006	18/7/2016	EUR	24,574,513	4.125%	–	–
GDST-O-137A	City of Split	24/7/2006	24/7/2013	EUR	8,000,000	4.563%	102.30	4.460%
GRVI-O-17AA	City of Vinkovci	23/10/2007	23/10/2017	HRK	42,000,000	5.500%	–	–
GROS-O-17AA	City of Osijek	30/10/2007	30/10/2017	HRK	25,000,000	5.500%	–	–
GDST-O-15BA	City of Split	27/11/2007	27/11/2015	EUR	8,100,000	4.750%	–	–
GDST-O-177A	City of Split	8/7/2008	8/7/2017	EUR	8,200,000	6.000%	–	–
HBOR-O-112A	CBRD	11/2/2004	11/2/2011	EUR	300,000,000	4.875%	–	–
RBA-O-112A	Raiffeisenbank Austria d.d.	10/2/2006	10/2/2011	HRK	600,000,000	4.125%	100.36	4.110%
PODR-O-115A	Podravka d.d.	17/5/2006	17/5/2011	HRK	375,000,000	5.125%	96.20	5.327%
NEXE-O-116A	Nexe grupa d.d.	14/6/2006	14/6/2011	HRK	750,000,000	5.500%	87.25	6.304%
HEP-O-13BA	Hrvatska elektroprivreda d.d.	29/11/2006	29/11/2013	HRK	500,000,000	5.000%	91.70	5.453%
ATGR-O-11CA	Atlantic grupa d.d.	6/12/2006	6/12/2011	HRK	115,000,000	5.750%	87.82	6.547%
INGR-O-11CA	Ingra d.d.	6/12/2006	6/12/2011	HRK	200,000,000	6.125%	83.00	7.380%
OPTE-O-142A	Optima telekom d.o.o.	1/2/2007	1/2/2014	HRK	250,000,000	9.125%	61.00	14.959%
JDGL-O-126A	Jadran Galenski laboratorij d.d.	11/6/2007	11/6/2012	HRK	125,000,000	5.650%	–	–
JDRA-O-129A	Jadranka d.d.	13/9/2007	13/9/2012	HRK	75,000,000	6.475%	99.07	–
JRLN-O-12AA	Jadrolinija d.d.	25/10/2007	25/10/2012	HRK	70,000,000	6.500%	100.50	6.468%
OIV-O-14BA	Odašiljači i veze d.o.o.	20/11/2007	20/11/2014	HRK	100,000,000	7.250%	95.00	7.632%
HEP-O-17CA	Hrvatska elektroprivreda d.d.	7/12/2007	7/12/2017	HRK	700,000,000	6.500%	94.88	6.851%
RPRO-O-181A	Rijeka promet d.d.	25/1/2008	25/1/2018	HRK	192,000,000	6.813%	–	–
PLOR-O-133A	Plodine d.d.	4/3/2008	4/3/2013	HRK	100,000,000	9.000%	85.00	10.588%
MTEL-O-137A	Metronet telekomunikacije d.d.	17/7/2009	17/7/2013	EUR	19,800,000	12.000%	–	–
SCVI-O-14CA	Športski centar Višnjik d.o.o.	23/12/2008	23/12/2014	EUR	9,600,000	8.813%	–	–
HP-O-127A	HP-Hrvatska pošta d.d.	1/7/2009	1/7/2012	EUR	41,000,000	9.000%	–	–

^a Regularly traded shares.

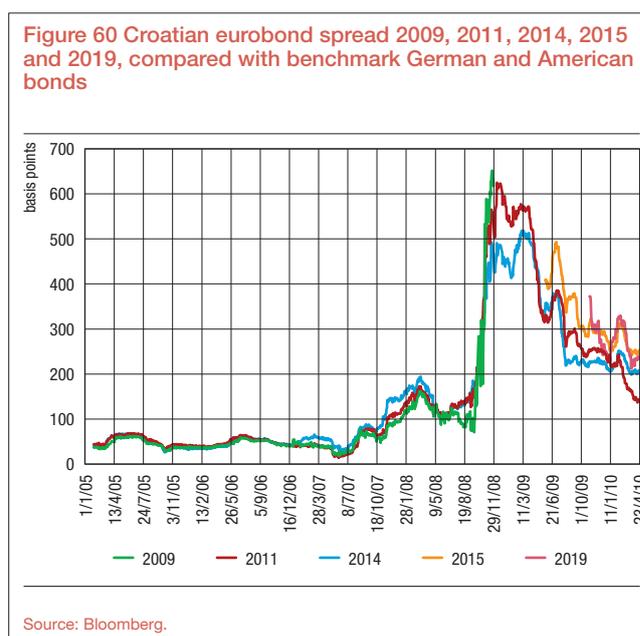
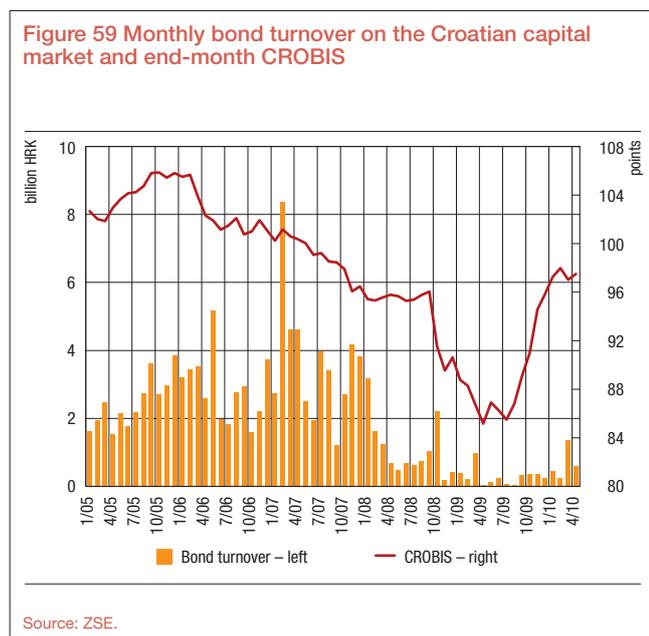
Source: ZSE.

Table 4 Republic of Croatia international bond issues
stock as at 31 March 2010

Bonds	Issue date	Currency	Amount	Nominal interest rate	Yield on issue date	Spread on issue date	Spread ^a 30/6/2009	Spread ^a 30/9/2009	Spread ^a 31/12/2009	Spread ^a 31/3/2010
London Club A, 2010	31/7/1996	USD	857,796,000	6-month LIBOR + 81.25 b.p.			333	234	302	162
Eurobonds, 2011	14/3/2001	EUR	750,000,000	6.75%	6.90%	215	363	258	233	150
Eurobonds, 2010	14/2/2003	EUR	500,000,000	4.625%	4.65%	102	306	134	223	
Eurobonds, 2014	15/4/2004	EUR	500,000,000	5.000%	5.11%	101	371	226	215	205
Eurobonds, 2015	27/5/2009	EUR	750,000,000	6.500%	6.57%	406	470	300	274	251
Eurobonds, 2019	5/11/2009	USD	1,500,000,000	6.750%	7.01%	324			239	231

^a In relation to benchmark bond.

Source: Bloomberg.



February, at the end of April 2010, a total of five issues of Croatian bonds were listed on foreign markets, three of which were denominated in euro and two in US dollars. Their total nominal value at the end of April 2010 was EUR 3.8bn, a decline of EUR 0.4bn compared to the end of 2009. The decline in the total nominal value of issued international bonds in euro terms was smaller than the amount of due bonds as a result of strengthening of the exchange rate of the US dollar against the euro.

The fall in the required yields on Croatian eurobonds that started in the second quarter of 2009 continued into the first three months of 2010. The spreads between the required yields

on Croatian eurobonds maturing in 2011, 2014, and 2015 and the yields on benchmark German bonds were 150, 205 and 251 basis points, which is somewhat lower than at the end of December, when these spreads stood at 233, 215 and 238 basis points. The yield spread on the new Croatian eurobond maturing in 2019 and the benchmark American bond stood at 231 basis point at the end of March, which is also a slight decline compared to the 238 basis points the end of 2009. The required yields on all Croatian eurobonds rose at the end of April 2010, reflecting market concerns regarding plans for fiscal adjustments and the ability of Greece to achieve fiscal sustainability.

International transactions

The current account imbalance continued to decline in the first quarter of 2010, largely supported by a further contraction of the trade deficit. Inflows to the financial and capital account were almost entirely determined by the change in international reserves, with a concurrent decrease being observed in other foreign assets and liabilities. Debt liabilities fell, mostly due to the February repayment of the government eurobond, which is also to be seen in the change in Croatia's gross external debt, which declined negligibly.

Current account

According to the preliminary data for the first quarter of 2010, the current account deficit declined by one fifth compared with the first quarter of 2009, the key contributor being the continued contraction of the goods deficit. It was driven by a 4.6 % increase in exports of goods and a decline in imports of goods that was somewhat weaker than in the previous four quarters. Current transfers also made a positive contribution to the overall current account deficit. Their positive balance increased by almost one fourth relative to the same period in 2009, largely due to increased household revenues. The developments in the factor income account and the account of services produced the opposite effects, contributing to the increase in the current account deficit. The positive balance in the account of services decreased modestly, fuelled mostly by a much stronger growth in expenditures than in revenues, while the somewhat stronger growth of the factor income deficit was the result of developments in equity investment revenues.

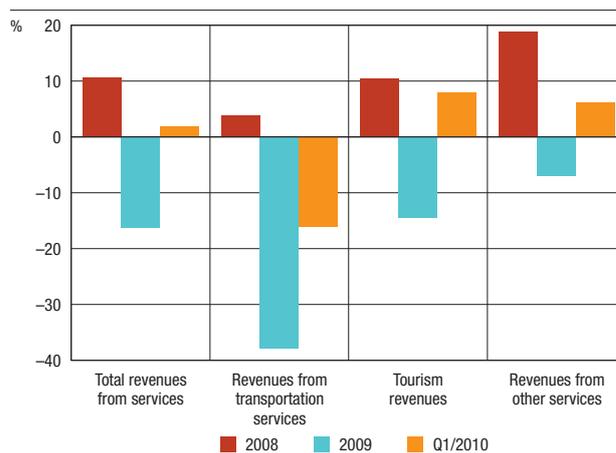
The modest reduction of the positive balance in the account of services in the first quarter of 2010 was the consequence of the fall in net revenues from transportation services and the increase in the deficit in the account of other services, accompanied by a slight increase in net tourism revenues. The rise in net tourism revenues was the result of a growth in revenues somewhat stronger than in expenditures, while other services showed the opposite trend and were marked by an increase in expenditures for miscellaneous business services. The decrease of the positive balance in transportation services was determined by a stronger fall in revenues, notably revenues from air passenger

transport, than in expenditures, in which the largest fall was in road goods transport.

Tourism revenues rose by 8.0% year-on-year in the first three months of 2010 on account of the growth in the number of foreign tourist arrivals and a modest increase in their average spending. Tourist arrivals rose by 2.5% and nights stayed by 5.7% in the first quarter of 2010 relative to the same quarter in 2009 according to the CBS data, which include only arrivals to commercial accommodation capacities. These developments were for the most part the result of the marked increase in the number of tourist arrivals in March, i.e. the period before Easter holidays which fell in early April this year.

The changes in the account of factor income in the reference quarter relative to the first quarter in 2009 were mostly determined by the increase in the direct and portfolio investment deficit, partly offset by the fall in the net interest receipts deficit. The rise in the deficit in the account of direct investment revenues

Figure 61 Revenues from services
year-on-year rate of change



Source: CNB.

Table 5 Current account

in million EUR

	2007	2008	2009	Q1/2009	Q1/2010 ^a	Indices	
						2009/2008	Q1/2010 ^a / Q1/2009
CURRENT ACCOUNT	-3,236	-4,338	-2,448	-1,845	-1,405	56.4	76.1
1 Goods	-9,434	-10,794	-7,398	-1,732	-1,289	68.5	74.4
1.1 Credit (f.o.b.)	9,193	9,814	7,691	1,929	2,017	78.4	104.6
1.2 Debit (f.o.b.)	-18,626	-20,608	-15,089	-3,660	-3,306	73.2	90.3
2 Services	6,267	6,958	5,676	135	124	81.6	91.8
2.1 Credit	9,115	10,091	8,454	773	788	83.8	101.9
2.2 Debit	-2,847	-3,133	-2,778	-639	-664	88.7	104.0
3 Income	-1,112	-1,572	-1,761	-454	-493	112.0	108.4
3.1 Credit	1,293	1,352	783	215	88	58.0	40.9
3.2 Debit	-2,405	-2,924	-2,545	-669	-580	87.0	86.7
4 Current transfers	1,043	1,070	1,036	207	253	96.7	122.2
4.1 Credit	1,576	1,684	1,607	349	395	95.4	113.2
4.2 Debit	-533	-614	-572	-142	-142	93.1	100.0

^a Preliminary data.

Source: CNB.

is attributable to losses of resident-owned foreign enterprises in the reference period, with enterprises in foreign ownership and operating in Croatia reporting a profit. The development in net interest receipts was the result of the fall in interest expenditures of banks and other sectors, which in part may be attributed to the level of benchmark interest rates, which was lower than at the beginning of the previous year. However, interest expenditures of the central government increased by one third in the first quarter of 2010 relative to the same quarter in 2009.

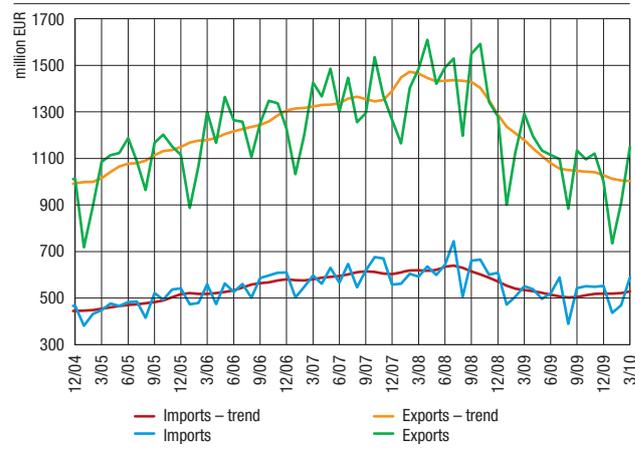
Net revenues in the account of current transfers increased by almost one fourth year-on-year due primarily to the developments in revenues (expenditures remained at the level reported in the first quarter of 2009). The rise in revenues was mainly the result of the growth in household revenues, including notably gifts, donations and worker remittances, while government sector revenues were marked by somewhat smaller growth.

Trade in goods

According to the CBS data, the goods deficit contracted further by one third in the first quarter of 2010 relative to the same period in 2009, a trend present from the beginning of the year. Exports of goods rose by a total 4.8% year-on-year and stood at EUR 0.2bn, while imports of goods totalled EUR 3.3bn, a decrease of 10.3% relative to the first quarter in 2009. If we exclude oil, refined petroleum products and other transport equipment from total trade in goods, the dynamics of the deficit contraction remains similar, showing a mild decrease in exports and somewhat stronger fall of imports.

The growth of total exports of goods was above all the result of a pronounced increase in exports of ships in the first three months of 2010, especially to Italy, with a positive contribution, partly explained by price factors, being also made by exports of oil. These two SITC divisions excluded, exports decreased negligibly year-on-year (-2.3%), this fall, in contrast to most of the previous year when negative developments were observed in almost all divisions, being limited to less than one half. Significantly weaker results were reported by exports of fish and preparations and by electricity whereas in the same period last year these divisions reported unusually high values of exports. Moreover, an unfavourable impact on the developments in total exports was produced by the fall in exports of miscellaneous capital goods, especially electrical machinery, apparatus and

Figure 62 Goods exports (f.o.b.) and goods imports (c.i.f.)
other transport equipment, oil and refined petroleum products excluded



Sources: CBS and CNB.

appliances. In contrast, exports of metalliferous ores and metal scrap (above all aluminium), medical and pharmaceutical products (almost entirely to Russia and the US), plastics in primary forms and furniture and parts thereof showed a perceptible increase.

The year-on-year decrease rate of imports of goods decelerated noticeably relative to several previous quarters, which, as in the case of exports, may chiefly be explained by a substantial increase in the value of oil imports and somewhat less by the rise in ship imports. Hence, the fall in imports of goods, even after these two divisions are excluded, remained exceptionally high in the first quarter of 2010, amounting to 15.8%. As in most of the previous year, the strongest fall (almost 40% year-on-year) was seen in imports of road vehicles, which thus approached the levels observed in 2000. Imports were also marked by negative developments in the trade in capital goods, down 22.2% relative to the first three months in 2009, and by a substantial fall in imports of iron and steel and natural and manufactured gas. Only a few SITC divisions showed a perceptible increase of imports: organic chemicals, artificial fertilisers and non-ferrous metals.

Table 6 Exports and imports by economic classification of countries
in %

	Exports			Imports		
	2008	2009	Q1/2010 ^a	2008	2009	Q1/2010 ^a
EU-27	60.9	60.5	61.7	64.1	62.7	59.0
Austria	5.8	5.4	5.0	4.9	5.0	4.4
Italy	19.2	19.1	24.3	17.1	15.4	14.3
Germany	10.7	11.0	9.8	13.4	13.5	12.6
Slovenia	7.8	7.4	7.2	5.6	5.7	5.5
EFTA	1.2	1.7	1.1	1.7	2.6	2.1
CEFTA	23.5	21.3	16.2	5.0	5.1	4.8
Bosnia and Herzegovina	15.3	12.9	9.7	2.7	2.7	2.7
Serbia	5.5	5.3	3.8	1.4	1.3	1.3
Montenegro	1.3	1.6	0.9	0.0	0.2	0.0
Other	14.3	16.5	20.9	29.1	29.6	34.1
Russia	1.3	1.5	1.4	10.3	9.5	8.5
China	0.3	0.4	0.3	6.2	6.8	7.8

^a Preliminary data.

Source: CBS.

The analysis of the trade in goods on the basis of seasonally adjusted data (excluding oil, refined petroleum products and other transport equipment) showed opposite trends in both exports and imports. The quarterly growth rate of exports was thus positive in the observed period, continuing a favourable trend from the last three months of 2009. Imports however showed no clear signs of recovery, confirming the downward trend from the last eight consecutive quarters. As a result, the deficit in the trade in goods continued to contract, a trend observed on a quarterly level since the first three months of 2008.

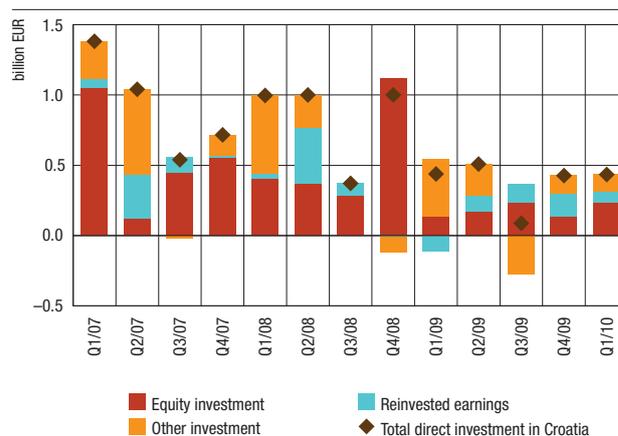
In contrast to developments which predominated in previous periods, the first quarter of 2010 saw an increase in the share of exports to EU member states, due primarily to the reinforced exports of ships to Italy (see text above). Exports to CEFTA countries continued to decrease at stronger rate than exports to other groups of countries, contributing to a substantial reduction of their shares in Croatian exports. This is explained by the continued contraction of economic activity and demand in these countries. Exports to Bosnia and Herzegovina fell most noticeably, which is associated with the reduction in exports of electricity and power generating machinery and equipment. Imports, on the other hand, continued to be marked by trends prevailing in the previous period: the share of imports from EU countries in total imports declined further, while imports from EFTA and CEFTA countries decreased at a moderate rate, keeping their shares in total imports stable. Imports from other countries slightly increased, largely on account of the rise in the value of oil imports, notably from Turkey and Azerbaijan, and aircraft imports from Canada.

Capital and financial account

Excluding the change in international reserves (a decrease of EUR 0.5bn), the capital and financial account saw marginal inflows of capital in the first quarter of 2010. Domestic sectors decreased their foreign assets by EUR 0.2bn and their foreign liabilities by almost the same amount.

The decrease in foreign assets of domestic sectors is entirely attributed to the fall in foreign assets of banks in January 2010, while other domestic sectors, above all investment funds, increased their foreign assets balance, chiefly by making investments in shares and equity holdings in foreign markets. Foreign liabilities of domestic sectors declined in the first quarter on account of the fall in debt liabilities (i.e. external debt), while their

Figure 64 Foreign direct investment in Croatia

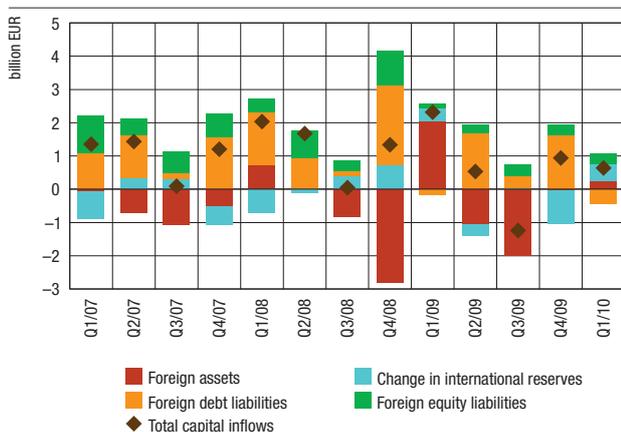


Note: Other investments exclude round tripping.
Source: CNB.

equity liabilities increased. The fall in the external debt level was mostly the consequence of reduced portfolio investment-related liabilities or, to be precise, of the repayment of the government bond worth EUR 500m that fell due in February. Foreign liabilities of banks also fell more substantially in January. This decrease, as in the case of assets, was materialised after a temporary increase of bank foreign borrowing in December 2009, the major portion being substituted for by new borrowing by the end of the quarter. As for equity liabilities, their growth in the first quarter is ascribed to the rise of foreign direct investment in Croatia.

Direct investment in Croatia totalled EUR 0.4bn in the first quarter of 2010, a slight decrease from the same period last year. The structure of direct investment changed in favour of direct equity investment at expense of direct debt investment. Hence, new equity investment went up slightly relative to the same period in 2009, recapitalisations in the financial sector being the most prominent. Reinvested earnings of foreign owners of domestic enterprises also increased, while, on the other hand, the volume of direct debt investment was much smaller than in the same period in 2009.

Figure 63 Financing sources of the current account



Note: A negative change in foreign assets and international reserves denotes their growth. Capital inflows exclude data on round tripping.
Source: CNB.

External debt¹⁶

The external debt stock (the change in round-tripping transactions excluded) remained almost unchanged in the first quarter of 2010, decreasing by only EUR 77m. For the most part, this was due to the decline in the debt of the central government, which in February repaid the eurobond issued in 2003 and worth EUR 500m, while enterprises continued to slightly increase the stock of their foreign liabilities, including both liabilities to banks and affiliated enterprises abroad. Moreover, banks reported a slight change in their debt in the first quarter (down by EUR 13bn), including the change in hybrid and subordinated instruments.

The external debt of the government sector went down by EUR 254m in the first quarter of 2010. The central government borrowed EUR 0.2bn from the World Bank and repaid the eurobond worth EUR 0.5bn that fell due in February. In addition, the external debt stock of the central government increased by EUR 90m on account of cross-currency changes, i.e. the

¹⁶ The reported and analysed external debt data do not include the debt arising from round tripping.

Table 7 Gross external debt by domestic sectors

end of period, in million EUR and %

	Stock			Structure			Absolute growth		
	2008	2009	Mar. 2010	2008	2009	Mar. 2010	2008	2009 ^a	Mar. 2010
1 Government ^b	4,197	5,165	4,911	10.7	12.0	11.4	-1,241	998	-254
2 Croatian National Bank	2	1	1	0.0	0.0	0.0	0	-1	0
3 Banks	10,079	10,680	10,658	25.8	24.8	24.8	1,161	616	-22
4 Other sectors	19,836	21,344	21,513	50.7	49.5	50.0	4,899	1,211	169
5 Direct investment	5,010	5,891	5,921	12.8	13.7	13.8	1,052	767	30
o/w: Hybrid and subordinated instruments	218	378	388	0.6	0.9	0.9	162	160	9
Total (1 + 2 + 3 + 4 + 5)	39,125	43,081	43,004	100.0	100.0	100.0	5,871	3,591	-77

^a Comparable data have been used to calculate the debt growth (the switch to the advanced system of data processing would increase the external debt balance as at end-2008 by EUR 366m or to EUR 39.5bn).

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

Source: CNB.

Table 8 External debt of enterprises, excluding round tripping, hybrid and subordinated instruments

end of period, in million EUR and %

	Stock			Structure			Absolute growth		
	2008	2009	Mar. 2010	2008	2009	Mar. 2010	2008	2009 ^a	Mar. 2010
1 Non-banking financial institutions	6,764	7,417	7,050	28.8	27.6	26.1	1,205	216	-367
2 Public and mixed enterprises	4,687	5,350	5,657	19.5	19.9	20.9	2,021	479	307
3 Other enterprises	12,911	13,811	14,071	50.7	51.4	52.0	2,542	1,109	260
4 Other ^b	266	280	268	1.1	1.0	1.0	20	14	-12
Total (1+2+3+4)	24,628	26,857	27,046	100.0	100.0	100.0	5,789	1,818	189

^a Comparable data have been used to calculate the debt growth (the switch to the advanced system of data processing would increase the external debt balance of enterprises as at end-2008 by EUR 411m).

^b Including other banking institutions, non-profit institutions, craftsmen and sole traders, and households.

Source: CNB.

strengthening of the dollar against the reporting currency (the euro), the major portion of that increase being accounted for by bonds issued in the US market in November 2009. Like the central government, the CBRD decreased its external debt stock by EUR 0.1bn, mostly on account of repayments of short-term loans. In contrast, enterprises in public and mixed ownership took out new (mostly long-term) loans, totalling EUR 0.3bn net. As a result, the debt of the public sector which includes all the above entities declined by a total of EUR 0.1bn. The contingent debt of the public sector (i.e. the publicly guaranteed private sector debt) continued its mild downward trajectory, ending March at only EUR 7m.

Banks decreased their foreign liabilities by EUR 13m in the first quarter of 2010 (the change in hybrid and subordinated instruments included). After being stagnant in February, bank borrowing strengthened again in March, compensating for a strong fall in January. Thus, following slight changes in debt stock, the share of bank external debt in total external debt remained at end-2009 level (25.7%).

The external debt of enterprises inched up in the last quarter

of 2009, a trend also present in the first quarter of 2010. Enterprises increased their debt to banks and affiliated enterprises abroad by EUR 0.2bn, or by almost the same amount as in the last quarter of 2009 when the borrowing level reached its record low since the beginning of the economic crisis. Broken down by types of enterprises, the overall debt growth in the first quarter was accounted for by both enterprises in public and mixed ownership and enterprises in private ownership. The growth of the debt of enterprises in public and mixed ownership was mostly the result of the withdrawal of new loans, while the growth of the debt of private enterprises was additionally spurred by unfavourable cross-currency changes arising from the weakening of the reporting currency (the euro) against the US dollar. Non-banking financial institutions continued to reduce their foreign liabilities, the decrease being almost two times larger than in the last quarter of 2009. In addition, after accelerating in the last quarter of 2009, total late principal and interest payments continued to trend upward in the first quarter of 2010 and were especially pronounced in private enterprises.

Box 2 Financial derivatives in the balance of payments statistics

A financial derivative is an instrument whose value depends on the value of another underlying instrument (shares, currencies) in an agreed future period of time. Parties making an agreement to use such instruments do so in order to protect themselves from various types of risk or to make a profit by exposing themselves to risk. The total value of financial derivative contracts in the Croatian banking system grew in parallel with the rise in bank foreign borrowing, reaching uncommonly high levels at the end of 2008.

Some banks are vigorously involved in financial derivative contracts in order to protect themselves from, for instance, currency risk (e.g. loans indexed to Swiss francs). Until it matures, the value of the instrument underlying the derivative changes, resulting in different values of derivatives at a certain date (the so called fair value). For the balance of payments, what is relevant is the fair value of the derivative on the maturity date (i.e. the value at which the derivative is realised); this represents the difference between the agreed value of the underlying instrument

(the strike price) and the market value on the maturity date. In order to keep the balance of payments in equilibrium, the fair value has to be recorded under 'financial derivatives' in the financial account of the balance of payments since the realisation of financial derivative contracts implies an increase or a decrease in the currency or deposit position of a domestic sector participating in the transaction. Profit or loss from these operations is not recorded in the account of income.

Since the current monetary statistics framework does not provide enough information about the trade in the above instruments, the CNB started collecting additional data on the mentioned transactions in 2009 in order to update its balance of payments statistics. As a result, the newly collected data have been included in the balance of payments as of the first quarter of 2010. According to the preliminary data, banks suffered losses on financial derivatives of EUR 61m in the first quarter of 2010, which was recorded in the financial account of the balance of payments.

Government finance

Fiscal policy features in the first three months of 2010

Low economic activity, the growing illiquidity in the economy and the accelerated fall in the nominal gross wage bill led to a shortfall in budget revenues¹⁷ in the first quarter of 2010. Revenues from social contributions were noticeably lower than in the same period of 2009, while VAT revenues were only able to hold steady, despite the August 2009 rise in the basic VAT rate. Adverse developments in total revenues were also partly the result of the fall in revenues from quasi-corporations, i.e. the fact that the transferred share of CNB profit was smaller in 2010 than in 2009. Such movements were somewhat alleviated by revenues from the special tax on salaries, pensions and other income and revenues from the collection of arrears on excise duties on refined petroleum products. In contrast, all expenditure items increased, with the exception of employee compensations. At the same time, notwithstanding a pronounced fall in government capital investments, net borrowing (on a cash basis, GFS 2001) stood at a high HRK 5.5bn in the first quarter of 2010. The deficit was financed and due liabilities refinanced by using the funds from the government deposits with the CNB and by large borrowings, mostly in the domestic financial market. As a result, government budget debt rose by HRK 2.3bn in the first three months of 2010, to HRK 112.6bn at end-March.

In April 2010, the government adopted a comprehensive economic recovery programme. Its short-term objective is to speed the economy's exit from recession, while its medium- and long-term objective is to solve some structural problems of the Croatian economy to create a more competitive economy and improve living standards. However, although the measures proposed are a step in the right direction, details and the date of implementation of several announced measures are still unknown, which makes it impossible to estimate their fiscal and overall economic impact precisely.

Government budget revenues and expenditures

According to preliminary MoF data, budget revenues were HRK 25.3bn in the first three months of 2010, down 2.8% on the same period of 2009. The greatest contribution to the fall in total revenues came from the "other revenues" item, in particular, revenues from quasi-corporations and from social contributions, while tax revenues increased. It should be noted that the fall in total revenues would have been much greater without the last year's changes in the tax system that introduced new taxes and increased the tax rate.

Due to the introduction of the special tax on salaries, pensions and other income early in the second half of 2009, a major positive contribution to total revenues was made by revenues from other taxes. In addition, in view of the annual drop in nominal retail trade turnover and goods imports, the stagnation in revenue from VAT may be attributed to a favourable base effect, that is, the August 2009 increase in the basic VAT rate.

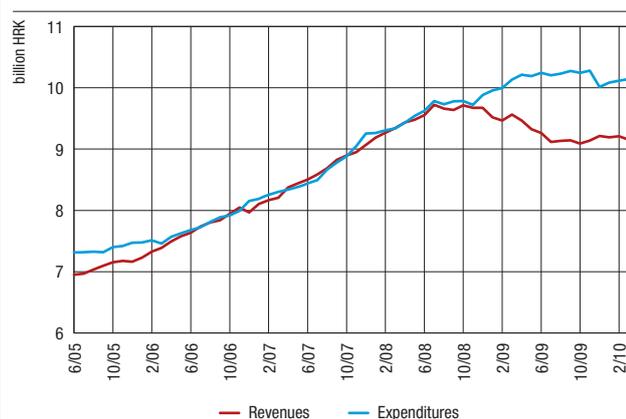
A slump in demand, primarily from domestic sectors, also influenced excise revenues, particularly revenues from excises on cars, while revenues from excises on beer and tobacco products also dipped. In contrast, revenues from excises on refined petroleum products grew strongly. This was probably due to the collection of associated arrears, since the real retail trade turnover in motor fuels and lubricants actually decreased. As excises on refined petroleum products account for a large share of total excises and as revenues from excises on alcohol and non-alcoholic beverages also increased, total excise revenues in the first quarter of 2010 were a third higher than a year ago.

Profit tax revenues dropped by 3.6% in the first quarter of 2010. This can be attributed to weaker business performance of profit tax payers in 2009 but also to the economy's mounting illiquidity that resulted in the economic entities' inability to pay taxes.

The rise in illiquidity and a sharper fall in employment and nominal gross wages reduced revenues from social contributions

¹⁷ Data on extrabudgetary users and local government units were not available at the time of writing this text.

Figure 65 Government budget revenues and expenditures



Note: Trend values are calculated as moving 12-month averages of original data. Disposals and acquisitions of non-financial assets are included.
Sources: MoF and CNB calculations.

and income tax. It should be noted that in absolute terms the decrease in income tax revenue at the state budget level was not large since the bulk of this revenue goes directly to local government units.

Other revenues made the largest negative contribution to total revenues, mostly due to the fall in revenues from quasi-corporations. In March 2009, the CNB had allocated HRK 1.3bn of its 2008 profit to the government budget, but in 2010 it allocated HRK 0.3bn in the second quarter. In contrast, administrative fee revenues grew noticeably, which may be associated with last year's introduction of charges on services in mobile electronic communication networks.

Government budget expenditures were HRK 30.5bn in the January-March period of 2010, up 5.8% on the same period of the previous year. Relative to the same period of 2009, a substantial increase was recorded by expenditures on subsidies, general government grants and other capital expenditures.

Social benefits, which account for the largest share of expenditures, grew slightly in the first quarter of 2010. This was consequent upon increased expenditures on social security benefits, which can be largely explained by the dynamics of outlays for pensions and pension allowances. According to CPIA data, the average pension and the number of pension beneficiaries increased relative to the same period of the previous year. In contrast, expenditures on social assistance benefits and employee compensations recorded a negative rate of change.

In the first quarter of 2010, employee compensations fell by 2.8% year-on-year due to the rollback of the wage calculation basis for civil servants and government employees to its December 2008 level, in effect since the second quarter of 2009. The cut in these expenditures was also influenced by a decline in the number of the employed in public service and state administration, health care and social services, while employment growth in education produced the opposite effect.

A significant contribution to the rise in total expenditures was also made by general government grants, due largely to transfers to Croatian Roads (CR) of the road fees incorporated in fuel prices and, to a smaller extent, due to transfers to local governments from the equalisation fund for decentralised functions. Subsidies also grew perceptibly, although the 2010 budget envisaged their substantial decrease relative to 2009. These movements were probably due to the settlement of subsidy liabilities transferred from 2009, since total expenditures on subsidies last

year were less than planned. Furthermore, the rise in transfers of road fees to Croatian Motorways (CM) led to a sharp increase in other expenditures, as did the payment of government incentives for housing savings, which was transferred from 2009 to early 2010.

Operating balance of the government budget and transactions in non-financial assets and financial assets and liabilities

The deficit of current revenues over expenditures led to a negative net operating balance of HRK 5.2bn in the reference period. At the same time, acquisition of non-financial assets, which presents government capital investments, stood at HRK 0.3bn. It was perceptibly smaller than in the first three months of 2009, with investment in machinery and equipment falling the most. In line with the described developments, net borrowing (on a cash basis, GFS 2001) at the state budget level stood at HRK 5.5bn in the first quarter of this year.

The government had already raised the bulk of the needed funds in 2009 by a bond issue in the US financial market. In the first quarter of 2010, the government thus used the funds

Table 9 Operating balance and transactions in non-financial assets and financial assets and liabilities, GFS 2001

in million HRK and %

	Consolidated central government		
	Jan. – Mar. 2009	Jan. – Mar. 2010	Jan. – Mar. 2010/Jan. – Mar. 2009
1 Change in net worth (net operating balance)	-2,820	-5,224	85.2
1.1 Revenue	26,021	25,291	-2.8
1.2 Expense	28,841	30,516	5.8
2 Change in net non-financial assets	404	271	-32.8
2.1 Acquisition of non-financial assets	475	340	-28.4
2.2 Disposal of non-financial assets	71	69	-3.6
3 Net lending (+) / borrowing (-) (1 - 2)	-3,224	-5,495	70.5
3 Financing (5 - 4) Transactions in financial assets and liabilities	3,224	5,495	70.5
4 Change in financial assets	984	-3,895	-495.9
4.1 Domestic	984	-3,895	-495.9
4.2 Foreign	0	0	-
5 Change in liabilities	4,208	1,600	-62.0
5.1 Domestic	8,304	472	-94.3
5.2 Foreign	-4,096	1,128	-127.5

Note: On a cash basis.
Sources: MoF and CNB calculations.

deposited with the CNB. In addition, according to MoF data, the government collected some loans extended in previous periods and used a part of the proceeds for deficit financing. Government financial assets fell by a total of HRK 3.9bn in the first quarter. As the remaining funds needed to finance the deficit and refinance liabilities falling due were raised through borrowing, government budget liabilities increased by HRK 1.6bn in the observed period.

Government debt

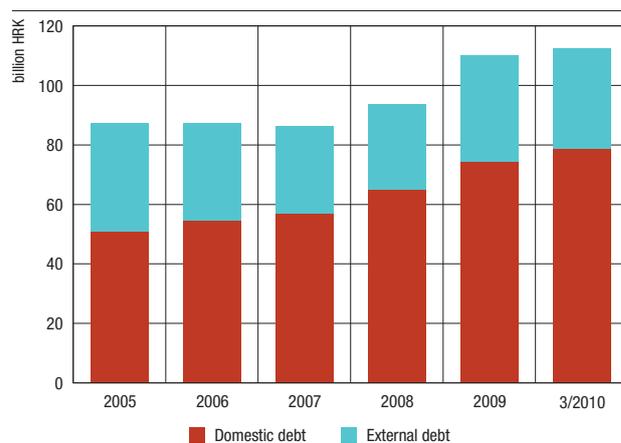
Government budget debt rose by HRK 2.3bn in the first three months of the current year, standing at HRK 112.6bn at end-March. Due to substantial borrowings in the domestic market and significant repayments of maturing foreign liabilities, the debt increase was entirely a result of domestic debt growth. Contingent government debt also grew markedly in the same period, due in part to CBRD borrowings from domestic banks. Government guarantees rose by HRK 3.4bn in the first quarter, to HRK 54.0bn.

In the first three months of 2010, government budget relied heavily on domestic market borrowings. In early March, the government issued HRK 3.5bn and EUR 350m worth of bonds maturing in March 2020. Also, domestic banks granted the government a syndicated loan of EUR 500m. The loan is to be paid in two equal instalments, one of which falls due in late March 2013 and the other a year later. The debt arising from issued T-bills also grew perceptibly. At the same time, as HRK 3.0bn worth of domestic bonds and a loan of EUR 500m fell due, the domestic debt of the government budget increased by HRK 4.4bn.

As regards foreign liabilities, EUR 500m worth of foreign bonds matured in February, while this year's first instalment payable to the London Club was also paid in the first quarter. On the other hand, the World Bank granted the government a fiscal, social and financial sector development loan of EUR

Figure 66 Government budget debt

end of period



Source: CNB.

200m maturing in 15.5 years, which reduced external debt by HRK 2.1bn.

Comparison between Croatia and selected Central and Eastern European countries

The process of economic recovery began in mid-2009 and continued into early 2010 in the greater part of Europe, but it was not evenly distributed among all countries. Among new EU member states, the recoveries of Poland, Slovakia and the Czech Republic in terms of seasonally adjusted quarterly rates of change in real GDP were much above the EU average and continued in the first quarter of 2010. In contrast, there were no signs of economic improvement in Romania, Slovenia and Croatia, while only short-lived and very unstable indicators of recovery appeared in the Baltic countries. In general it may be said that the first three mentioned Central European countries exited recession and entered a mild revival stage of the business cycle, while economic recovery in the other countries has been very fragile and uncertain.

In 2009 as a whole, Latvia recorded the sharpest fall in real

GDP (–18%), followed by Estonia and Lithuania (14-15%), while the annual GDP fall in six other Central and Eastern European countries averaged almost 6%. The only exception was Poland with its 1.7% real GDP growth. Economic activity intensified in most of the surveyed countries in the second half of 2009. Only in some countries was this caused by an expansion of government consumption (the Czech R. and Poland). Overall, it may be said that recovery was largely spurred by rising foreign demand, which was triggered by the economic recovery of old EU member states, particularly Germany, the main export market for most of the countries observed. A sharp increase in exports began as early as the third quarter of 2009 and continued, with minor interruptions, in late 2009 and early 2010. Foreign demand spurred the revival of domestic industrial production, which recorded real annual growth in most countries in the first

Table 10 Gross domestic product

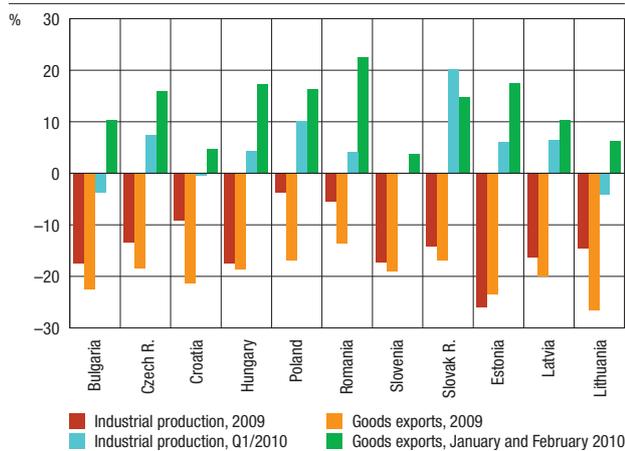
rate of change from the previous quarter, seasonally adjusted data

	Q1/2008	Q2/2008	Q3/2008	Q4/2008	Q1/2009	Q2/2009	Q3/2009	Q4/2009	Q1/2010
Czech R.	0.3	0.7	0.2	-0.7	-4.1	-0.3	0.6	0.7	0.2
Estonia	-3.0	-0.5	-1.2	-4.7	-9.0	-2.3	-0.5	2.5	-2.3
Croatia	3.6	-0.6	-1.3	-1.5	-3.3	-0.4	-0.6	-0.2	-1.2
Latvia	-2.3	-2.2	-1.4	-5.3	-10.7	-0.4	-4.0	-2.9	0.3
Lithuania	0.2	0.5	-1.2	-1.2	-13.7	-1.0	1.0	1.3	-3.9
Hungary	1.0	-0.3	-0.9	-2.1	-2.9	-1.4	-0.6	0.2	0.9
Poland	1.3	0.9	0.7	-0.3	0.5	0.6	0.6	1.1	0.5
Romania	3.8	1.5	-0.4	-2.2	-4.1	-1.5	0.1	-1.5	-0.3
Slovak R.	-1.9	1.5	1.2	0.3	-7.3	0.8	1.2	1.7	0.8
Slovenia	1.6	0.6	0.1	-3.1	-6.0	-0.1	0.1	-0.3	-0.5

Note: Data for Bulgaria are not available. The reported data may be revised due to the application of the method of seasonal adjustment.

Sources: Eurostat, CBS and CNB.

Figure 67 Industrial production (volume) and goods exports (nominal value in euros)
year-on-year rate of change



Sources: Eurostat and CBS.

three months of the current year.

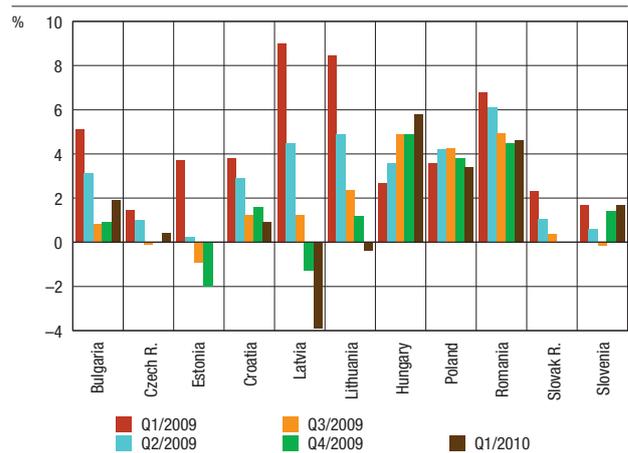
In contrast, data on changes in household consumption and gross fixed capital formation in the second half of 2009 indicate a continued weakening of domestic private demand in almost all countries in the region. The recovery in goods imports was thus much weaker and less evenly distributed than the exports revival, which added to the contraction in foreign trade deficits. Strong growth in goods imports began only in early 2010, when imports grew twice as fast as exports (according to seasonally adjusted data, goods imports rose by 6.4% and goods exports by 3.2% in nominal terms in the first two months of 2010). Still, it is noteworthy that imports have been steadily rising since mid-2009 in Hungary, Slovakia, Slovenia as well as Estonia. This is in contrast with Croatia, where imports have declined for almost two years.

Contrary to the improvement in the balance of foreign trade in goods, the surplus in the international trade in services contracted further in most of the countries under review in the last quarter of 2009. Still, other current account components – the factor income account and the account of current transfers contributed to the cut in balance of payments deficits. With

the exception of Poland, the improvement in the factor income balance was influenced by the fall in interest expenses and expenditures from direct investments. Overall, the current account deficit of new EU member states, excluding Malta and Cyprus, dropped from a high -9.5% of GDP in 2008 to a mere -0.3% of GDP in 2009, mostly on account of developments in foreign trade. The contraction of the deficit was most pronounced in the Baltic countries, which, after two-digit deficits in previous years, generated an average current account surplus of 6.0% of GDP in 2009. On the other hand, it is noteworthy that, despite the large contraction, the current account deficit in Bulgaria stayed high (-9.4% of GDP) relative to that of other countries, with the situation being similar in Croatia (-5.4% of GDP) and Romania (-4.5% of GDP).

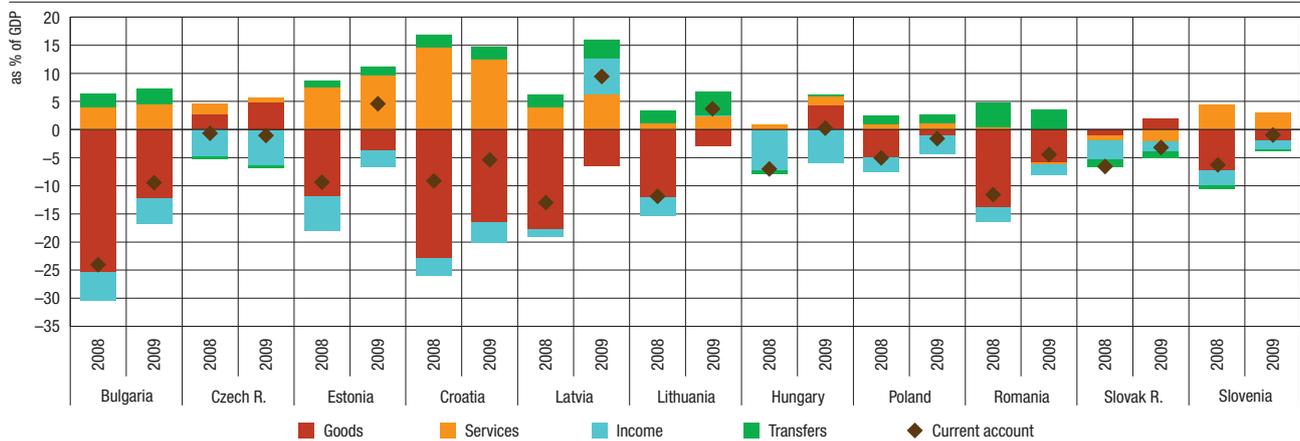
In the conditions of weak domestic demand, consumer price inflation continued its downward trend in late 2009. Still, the year-on-year consumer price inflation in most CEE countries was higher in the first quarter of 2010 than in the previous quarter. The main drivers of inflationary pressures were prices of energy, notably refined petroleum products, gas and electricity. In contrast, Latvia recorded a sharp fall in the annual rate of

Figure 69 Consumer price inflation
average year-on-year rate of change



Sources: Eurostat and CBS.

Figure 68 Current account balance



Sources: Eurostat and CNB.

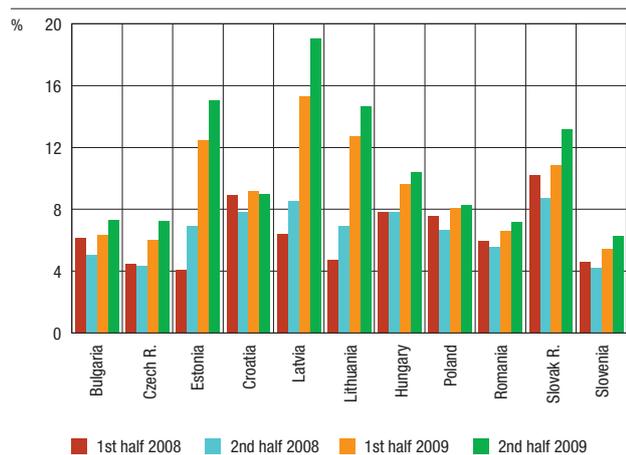
inflation, primarily due to the drop in prices of services, food products and industrial products excluding food and energy. Although less pronounced, a decrease in the rate of inflation was registered in Croatia and Poland as well. The year-on-year inflation rate stayed relatively low in most countries in the first quarter of 2010, varying within a wide range of -3.9% in Latvia and 5.8% in Hungary.

The economic recovery still had no positive impact on the labour market and employment dropped in all CEE countries in the last quarter of 2009. At the entire 2009-level, the spillover effects of the economic crisis on the labour market were largest in the Baltic countries, particularly in Latvia, where most people lost their jobs (employment plunged by 12.6%). In contrast, Poland alone experienced employment growth until the last quarter of 2009, so that its annual rise in employment was 0.4%. It is interesting that, notwithstanding stringent public spending limits, employment growth continued in public sector activities in most CEE countries, while major adjustments were observed in construction, industry and trade. Given such movements, the Labour Force Survey unemployment rate grew in all the observed countries except the Czech Republic (which had the lowest

contracted markedly due to the economic downturn, fiscal authorities of the Baltics and Hungary primarily aimed at preventing excessive deficit growth. In these countries expenditures were lower in 2009 than in 2008, while public finance stability was maintained by tax increases. Still, given a sharp downturn in revenues, the deficit in Lithuania and Latvia was much higher in 2009 than in 2008. Also, the balance of consolidated general government deteriorated notably in Bulgaria and Romania. As the consolidated general government deficit in the countries under review was mostly financed by borrowing, their public debt grew markedly in 2009 relative to the end of 2008.

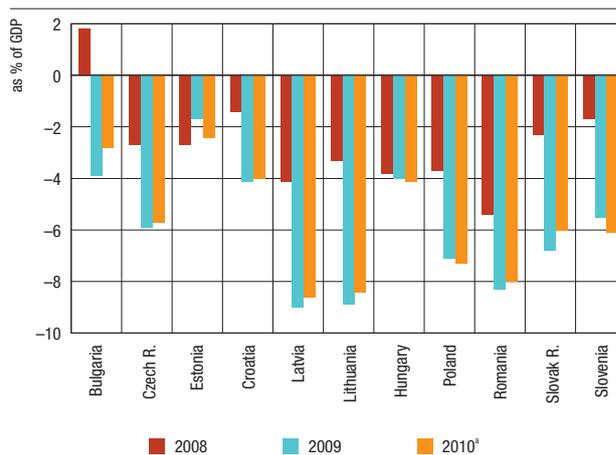
In response to the rise in government demand for domestic funding, which was due to growing fiscal deficits and impeded access to international funding sources, and in view of relatively low risks associated with loans to the government, banks increasingly turned to funding this sector in 2009. Placements to the central government have been on a marked upward trend in almost all the observed countries since late 2008, and more than doubled in some countries (e.g. Poland, Romania, Czech R. and Estonia). In early 2010, these placements remained at the levels attained, and their gradual return to the level on the eve of the

Figure 70 Labour Force Survey unemployment rate



Sources: Eurostat and CBS.

Figure 71 Consolidated general government balance (ESA 95)



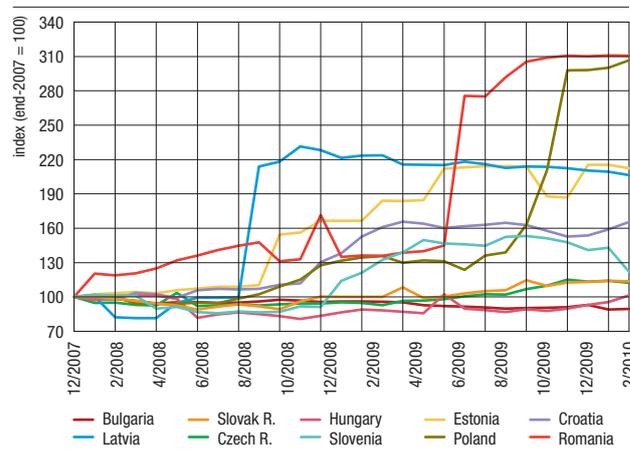
* An estimate of the European Commission.
Sources: Eurostat, EC and MoF.

unemployment rate in 2009).

As in Croatia, employers in most other countries adjusted to new conditions first by cutting jobs and then by cutting wages. In the last quarter of 2009, nominal gross wages thus dropped only in the Baltic countries and Hungary, whereas only the former recorded an annual decline in wages. Broken down by sector, public sector wages dropped the most in Latvia, both in the last quarter and in the whole of 2009. Although in most countries wage adjustments in the last three months of 2009 were stronger in the public sector than in the private sector, public sector wages in Poland, Slovakia, Lithuania, Slovenia, the Czech Republic and Croatia increased on a whole year basis thanks to positive developments in previous periods.

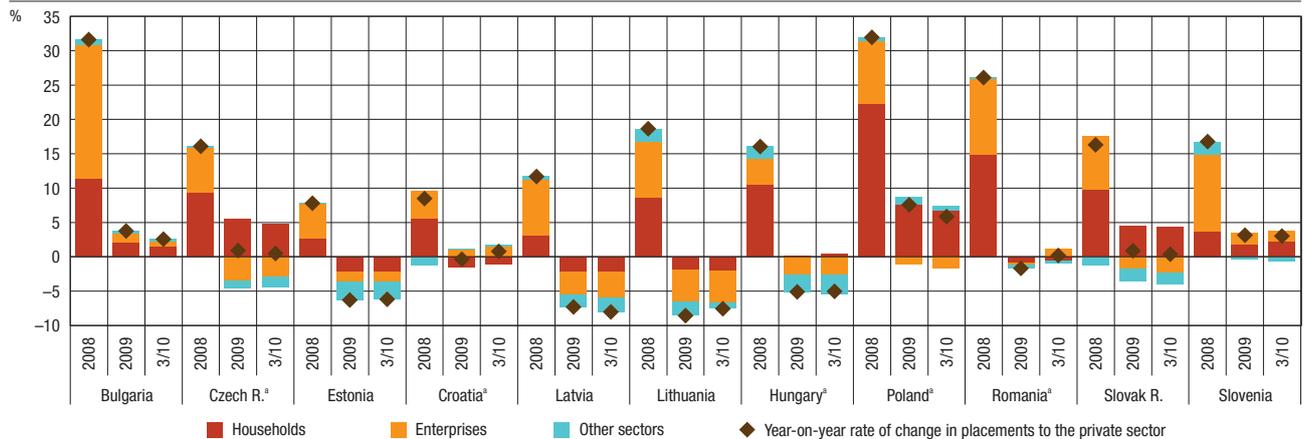
In 2009, some countries in the region used fiscal stimuli to provide a direct boost to aggregate demand and confidence in economic recovery, notably Slovenia, the Czech Republic, Poland and, to some extent, Slovakia. Although these countries made some savings in the public sector, they mostly allowed automatic stabilisers to act freely, which resulted in a considerable increase in the consolidated general government deficit in 2009 relative to 2008. On the other hand, as fiscal revenues

Figure 72 Bank placements to the central government



Source: National central banks.

Figure 73 Bank placements to the private sector
contribution to the year-on-year rate of change, end of period



^a Excluding the exchange rate effect.
Source: National central banks.

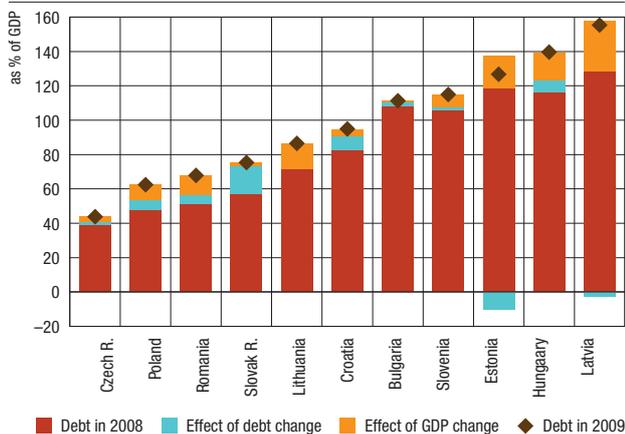
crisis was registered only in Slovenia.

In contrast, trends in loans to the private sector were much worse in 2009 than in previous years, due to insecurity regarding future economic developments and the greater risk associated with private-sector non-performing loans. Still, these trends slowed down or even came to a halt in most countries in the first quarter of 2010, while the recovery in bank lending was still fragile. The largest contribution to the slight recovery in placements was made by household loans, which grew in all countries relative to the same period a year ago, while corporate loans continued to decline. An exception to this pattern is Croatia, where household loans held steady in the first quarter of 2010, while corporate placements recorded moderate growth for the second consecutive quarter. The Baltic countries also experienced a drop in household loans, but it needs saying that all their institutional sectors registered a fall in loans.

In contrast with private sector loans, the growth in savings and time deposits with commercial banks continued to decelerate in the first quarter of 2010 in nearly all the countries under review, mostly from two-digit to one-digit annual growth rates. These deposits declined on an annual basis in only two countries

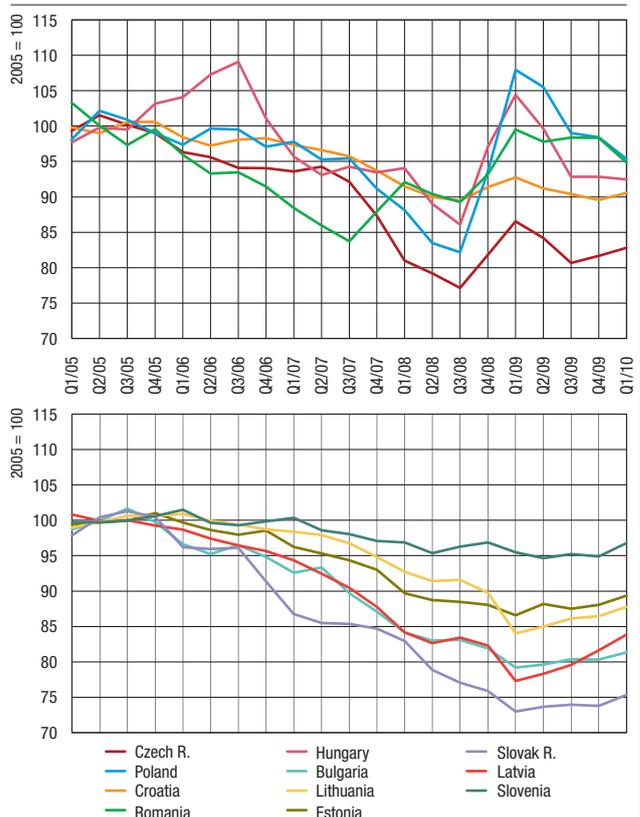
(Estonia and Slovakia, due to a high base period), while Romania and Bulgaria were an exception with their ongoing strong inflows of deposits. Viewed by sector, household deposits registered the strongest growth in the majority of countries. This may be linked to the increased household propensity to save at a time of heightened uncertainty, unfavourable expectations regarding future developments and the fact that the banking systems in these countries proved to be stable. In contrast, corporate

Figure 74 Gross external debt
end-year balance, on the basis of euro values



Source: National central banks.

Figure 75 Index^a of the real effective exchange rate deflated by consumer prices



^a The fall in the index denotes a real effective appreciation.
Sources: BIS and CNB.

deposits continued to shrink in most countries as companies depleted their liquidity reserves, and grew sharply only in Poland (14.2%) and Latvia (13.1%). With regard to the currency structure of deposits, the first quarter of 2010 was marked by a slight decrease in the share of foreign currency deposits in total deposits in all the countries except Croatia and Hungary.

Foreign capital inflows to Central and Eastern European countries, though slightly intensified, were still relatively small in late 2009. Foreign direct investment remained modest, though it was higher in the last quarter of 2009 than in the previous part of the year, when foreign investors were extremely cautious. Hungary, the Czech Republic and Bulgaria attracted larger amounts of investment. Debt investment, i.e. external debt growth, was also rather limited, particularly with regard to borrowings by commercial banks and companies, which only refinanced their due liabilities. Substantial capital inflows were evident only in portfolio investments, largely as a result of central government borrowings through the issue of bonds in foreign markets for the purpose of budget deficit financing.

Although government borrowing was strong, impeded access to foreign funding sources resulted in a much slower external debt growth in almost all countries relative to the pre-crisis years. The only exception in this regard was Slovakia whose external debt grew by almost one third in 2009. Despite a slight growth or even a fall in debt, the external debt indicator worsened in all countries, mostly due to a fall in GDP.¹⁸ Especially noticeable was Latvia where, notwithstanding the external debt decrease, nominal GDP contraction led to a rise in the relative

debt indicator of almost 30 percentage points from 2008.

Risk premiums on sovereign bonds of Central and Eastern European countries surged in the midst of the crisis. They started to fall in early 2009, when a perception of risk by foreign investors changed, and continued to trend down in the first three months of 2010. At end-March 2010, the largest EMBI yield spread on sovereign debt was recorded by Romania, followed by Croatia, Lithuania, Bulgaria and Hungary, while Poland was characterised by the lowest EMBI yield spread. In response to the rising insecurity in financial markets, which stemmed from problems with large budget deficits and fiscal stability of individual eurozone members, notably Greece, the downward trend in yield spreads came to a halt in April and spreads rebounded to nearly the levels of late 2009.

In the first quarter of 2010, these same factors prompted the strengthening of the domestic currency against the euro in countries with flexible exchange rate regimes. Developments in the global foreign exchange market and the weakening of the euro against other major global currencies led to the nominal depreciation of local currencies in the Czech Republic and Hungary, as well as in the countries where euro is the domestic currency or where domestic currency is linked to the euro, against the currency basket of major trading partners. In almost all the mentioned countries this led to the real effective depreciation of the exchange rate deflated by consumer prices, which points to an improvement in price competitiveness. In contrast, real appreciation was substantial only in Poland and Romania.

¹⁸ In some countries, the fall in nominal GDP in euro terms was largely determined by the depreciation of the domestic currency against the euro. This was most evident in Poland where nominal GDP grew by 5.4% in zloty terms, while its value in euro terms fell by 14.4% due to the depreciation of the zloty against the euro.

A faint, light gray architectural drawing of a classical building facade, featuring a central diamond-shaped window with a floral motif, surrounded by various columns and arches. The drawing is oriented diagonally, with the top-right corner of the image being the top of the drawing.

Statistical survey

Classification and presentation of data on claims and liabilities

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

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

The central government and funds consists of two subsectors, the Republic of Croatia and central government funds. Until December 2003, the subsector Republic of Croatia included government authorities, comprising the Croatian Roads, the Croatian Motorways and the State Agency for Deposit

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

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

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

Foreign sector includes foreign legal and natural persons.

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

A Monetary and credit aggregates

Table A1 Monetary and credit aggregates
end of period, in million HRK 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
1996	December	8,770.4	11,368.9	11,494.9	36,701.1	24,960.4	33,831.2	11.35	7.83	7.67	4.88	-5.41	-11.61
1997	December	10,346.1	13,731.4	13,848.8	50,742.0	33,829.0	48,863.4	7.86	3.93	3.85	2.16	4.98	4.96
1998	December	9,954.2	13,531.4	13,615.2	57,340.3	44,626.8	59,792.0	7.24	6.92	6.59	2.51	3.73	0.25
1999	December ^a	10,310.0	13,858.9	13,965.7	56,659.3	40,003.8	55,875.8	4.53	5.46	5.48	2.28	0.35	-4.58
2000	December	11,717.3	18,030.3	18,256.4	73,061.1	44,043.9	60,883.8	7.32	10.04	9.89	3.66	10.46	2.66
2001	December	17,803.2	23,703.5	23,936.5	106,071.4	57,410.0	74,964.5	8.01	13.00	11.96	11.65	3.40	1.16
2002	December	23,027.9	30,869.8	31,876.7	116,141.8	83,324.4	97,463.7	10.72	6.11	6.79	1.65	7.92	2.15
2003	December	30,586.2	33,888.7	34,630.9	128,893.1	96,121.7	111,661.4	8.90	1.78	1.93	0.14	3.11	0.66
2004	December	33,924.4	34,562.1	35,186.5	139,947.7	108,205.1	127,308.6	8.69	2.86	2.68	0.23	2.15	1.99
2005	December	40,390.8	38,817.1	39,855.4	154,647.0	131,343.2	149,168.3	9.38	4.34	3.87	-0.02	1.84	1.94
2006	December	46,331.2	48,521.0	49,141.7	182,458.6	154,844.1	183,379.5	3.17	4.75	4.07	1.57	3.38	2.99
2007	December	51,923.9	57,878.3	58,663.4	215,822.1	166,375.5	210,828.4	3.73	6.71	6.62	3.95	3.54	2.65
2008	December	49,743.0	55,222.3	56,044.6	225,018.5	183,279.1	232,982.1	-9.89	8.17	8.49	3.17	5.68	1.96
2009	May	53,900.4	47,447.0	47,941.0	218,112.8	193,128.0	232,234.6	1.55	2.21	2.27	-0.31	0.59	-0.90
	June	55,100.6	47,698.9	48,149.7	218,416.2	188,300.5	230,767.0	2.23	0.53	0.44	0.14	-2.50	-0.63
	July	55,147.1	47,664.7	48,169.2	221,354.8	189,639.5	231,193.3	0.08	-0.07	0.04	1.35	0.71	0.18
	August	55,346.9	47,815.0	48,297.2	224,444.3	186,660.7	230,228.9	0.36	0.32	0.27	1.40	-1.57	-0.42
	September	52,791.1	45,559.4	46,011.5	224,086.6	184,717.4	228,759.2	-4.62	-4.72	-4.73	-0.16	-1.04	-0.64
	October	54,446.1	44,657.2	45,158.6	221,147.8	183,289.0	227,891.2	3.13	-1.98	-1.85	-1.31	-0.77	-0.38
	November	53,699.8	45,748.0	46,255.6	223,600.6	179,711.1	231,436.6	-1.37	2.44	2.43	1.11	-1.95	1.56
	December	56,141.9	47,181.7	47,760.5	223,094.6	178,083.2	231,661.9	4.55	3.13	3.25	-0.23	-0.91	0.10
2010	January	57,770.5	48,084.2	48,541.3	223,486.8	181,640.3	233,047.7	2.90	1.91	1.63	0.18	2.00	0.60
	February	57,234.3	48,701.2	49,190.9	223,347.0	184,078.9	232,731.5	-0.93	1.28	1.34	-0.06	1.34	-0.14
	March	54,694.4	47,726.2	48,329.4	222,043.1	184,290.7	233,913.8	-4.44	-2.00	-1.75	-0.58	0.12	0.51
	April	54,076.0	48,982.2	49,554.8	222,055.0	184,328.8	234,764.5	-1.13	2.63	2.54	0.01	0.02	0.36

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

Table A1 Monetary and credit aggregates • The table shows data on some basic monetary and credit aggregates, including their monthly growth rates. In September 1999, all the monetary aggregates were revised. In previous publications of the CNB, data on claims and obligations of savings banks were not included in the compilation of the monetary aggregates.

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

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

Broadest money (M4) comprises Money (M1), savings and

time deposits, foreign currency deposits as well as bonds and money market instruments (all components are taken over from the Monetary survey, Table B1).

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

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

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

B Monetary institutions

Table B1 Monetary survey
end of period, in million HRK

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010			
							Jan.	Feb.	Mar.	Apr.
ASSETS										
1 Foreign assets (net)	31,742.6	23,303.8	27,614.5	49,446.5	41,739.4	45,011.4	41,846.6	39,268.1	37,752.4	37,726.2
2 Domestic credit	141,278.1	168,427.7	200,328.9	226,076.1	254,569.8	253,523.6	258,672.7	261,468.2	262,293.5	262,542.2
2.1 Claims on central government and funds (net)	13,969.6	19,259.4	16,949.4	15,247.7	21,587.7	21,861.7	25,625.0	28,736.7	28,379.8	27,777.7
2.2 Claims on other domestic sectors	125,790.7	147,414.3	181,031.9	207,398.7	231,472.7	229,870.2	231,076.3	230,602.7	231,979.9	232,453.6
2.3 Claims on other banking institutions	624.0	592.2	1,029.5	1,640.0	441.9	681.7	844.2	934.7	733.1	1,062.7
2.4 Claims on non-banking financial institutions	893.9	1,161.8	1,318.1	1,789.7	1,067.4	1,109.9	1,127.3	1,194.2	1,200.8	1,248.2
Total (1+2)	173,020.7	191,731.5	227,943.3	275,522.6	296,309.2	298,534.9	300,519.3	300,736.3	300,045.9	300,268.4
LIABILITIES										
1 Money	34,562.1	38,817.1	48,521.0	57,878.3	55,222.3	47,181.7	48,084.2	48,701.2	47,726.2	48,982.2
2 Savings and time deposits	22,479.2	27,992.1	44,836.8	53,644.9	50,070.3	39,139.4	37,566.6	36,290.8	35,504.6	35,143.5
3 Foreign currency deposits	81,742.9	86,760.8	88,256.7	103,090.1	117,194.8	135,410.6	136,377.7	136,988.6	137,324.5	136,478.0
4 Bonds and money market instruments	1,163.5	1,077.0	844.1	1,208.8	2,531.1	1,362.8	1,458.3	1,366.3	1,487.7	1,451.3
5 Restricted and blocked deposits	2,067.0	2,092.3	2,504.5	2,280.9	3,094.2	2,598.3	2,585.2	2,659.7	2,451.4	2,477.0
6 Other items (net)	31,006.1	34,992.2	42,980.2	57,419.6	68,196.5	72,842.0	74,447.3	74,729.6	75,551.5	75,736.4
Total (1+2+3+4+5+6)	173,020.7	191,731.5	227,943.3	275,522.6	296,309.2	298,534.9	300,519.3	300,736.3	300,045.9	300,268.4

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

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

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

Money is the sum of currency outside banks, deposits by

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

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

Table B2 Number of reporting banks and savings banks and their classification by total assets

Year	Month	Total number of reporting banks	Reporting banks classified according to their total assets						Total number of reporting savings banks	Savings banks classified according to their total assets		
			Less than 100 million kuna	100 million kuna to less than 500 million kuna	500 million kuna to less than 1 billion kuna	1 billion kuna to less than 2 billion kuna	2 billion kuna to less than 10 billion kuna	10 billion kuna and over		Less than 10 million kuna	10 million kuna to less than 100 million kuna	100 million kuna and over
1	2	3	4	5	6	7	8	9	10	11	12	13
1996	December	57	10	26	6	9	4	2	22	10	11	1
1997	December	60	4	28	9	8	9	2	33	12	18	3
1998	December	60	3	26	8	11	10	2	33	4	25	4
1999	December	53	4	23	7	7	10	2	30	5	21	4
2000	December	45	3	15	9	6	10	2	29	5	19	5
2001	December	44	3	13	7	7	10	4	21	4	12	5
2002	December	46	4	13	7	9	8	5	10	3	5	2
2003	December	42	2	13	8	5	8	6	7	3	2	2
2004	December	39	1	12	9	6	5	6	6	3	3	–
2005	December	36	1	10	6	8	5	6	3	2	1	–
2006	December	35	2	6	5	10	4	8	3	2	1	–
2007	December	35	2	5	2	12	5	9	2	1	1	–
2008	December	36	2	7	1	11	6	9	2	1	1	–
2009	May	36	3	6	2	10	7	8	2	1	1	–
	June	36	3	6	2	10	7	8	2	1	1	–
	July	36	3	6	2	10	7	8	2	1	1	–
	August	36	3	6	2	10	7	8	2	1	1	–
	September	36	3	6	2	10	7	8	2	1	1	–
	October	36	3	6	2	10	7	8	2	1	1	–
	November	36	3	5	3	10	7	8	2	1	1	–
	December	36	3	5	3	10	7	8	2	1	1	–
2010	January	36	3	5	2	11	7	8	2	1	1	–
	February	36	3	5	2	11	7	8	2	1	1	–
	March	36	3	5	2	11	7	8	2	1	1	–
	April	36	3	5	2	11	7	8	2	1	1	–

Table B2 Number of reporting banks and savings banks and their classification by total assets • The table shows the total number of banks and savings banks during the transition period which report monthly to the CNB. Their operations are shown in the Banks' accounts. Monetary statistics includes reporting

institutions under winding-up and, until February 2005, institutions whose operating licences have been revoked, but which have not initiated winding-up proceedings.

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

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010			
							Jan.	Feb.	Mar.	Apr.
5.2 CNB bills in f/c	-	-	-	-	-	-	-	-	-	-
6 Capital accounts	5,096.5	5,357.4	5,408.8	6,664.5	9,562.4	11,151.3	11,710.7	11,760.2	11,749.0	11,585.3
7 Other items (net)	-210.8	-498.2	-515.8	-665.6	-707.1	-735.9	-737.5	-737.9	-736.9	-736.2
Total (1+2+3+4+5+6+7)	49,868.5	59,153.0	68,064.6	72,425.1	66,885.8	75,828.3	76,032.8	73,315.6	72,669.5	72,594.5

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

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

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

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

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

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

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

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

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

Restricted and blocked deposits include required foreign currency reserves and accrued interest, restricted deposits and blocked foreign currency deposits. Banks are required to set aside the reserve requirements against certain foreign currency sources of funds and the marginal reserve requirements (from August 2004 to October 2008) in special accounts at the Croatian National Bank. Restricted deposits are kuna funds set aside on the basis of a court order or regulations, kuna funds set aside in the period between May 1999 and April 2002 and deposits of banks against which bankruptcy proceedings have been initiated. Blocked foreign currency deposits are funds that were set aside in special accounts at the Croatian National Bank for repaying unpaid amounts due to foreign creditors.

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

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

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

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

Other items (net) are unclassified liabilities decreased by unclassified assets of the Monetary authorities accounts.

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

D Banks

Table D1 Banks' accounts
end of period, in million HRK

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010			
							Jan.	Feb.	Mar.	Apr.
ASSETS										
1 Reserves with the CNB	33,718.2	41,775.2	48,384.7	50,178.9	40,705.6	45,902.1	48,086.9	47,082.8	44,631.9	43,661.3
1.1 In kuna	22,962.9	28,283.1	31,814.1	35,929.1	32,700.5	40,860.4	42,995.9	42,435.7	39,921.3	38,938.0
1.2 In f/c	10,755.3	13,492.1	16,570.6	14,249.8	8,005.1	5,041.7	5,091.0	4,647.1	4,710.7	4,723.3
2 Foreign assets	43,551.0	35,572.5	39,621.2	46,438.5	50,246.6	49,577.0	42,798.2	42,358.5	44,828.0	42,875.8
3 Claims on central government and funds	21,051.3	28,877.2	27,936.8	28,971.5	37,801.1	44,249.5	44,532.5	46,063.5	47,952.1	48,266.0
4 Claims on other domestic sectors	125,707.9	147,340.9	180,967.8	207,330.7	231,408.6	229,866.1	231,072.1	230,598.6	231,975.9	232,449.6
4.1 Claims on local government	1,787.9	1,767.2	1,892.0	2,140.8	2,077.4	2,074.2	2,100.2	2,123.7	2,123.4	2,221.1
4.2 Claims on enterprises	58,643.3	67,017.9	83,386.5	92,265.1	102,779.8	104,898.1	105,968.8	106,176.0	107,129.1	107,786.6
4.3 Claims on households	65,276.7	78,555.7	95,689.3	112,924.9	126,551.4	122,893.7	123,003.1	122,298.9	122,723.4	122,441.9
5 Claims on other banking institutions	624.0	592.2	1,029.5	1,640.0	441.9	681.7	844.2	934.7	733.1	1,062.7
6 Claims on non-banking financial institutions	893.9	1,161.8	1,318.1	1,789.7	1,067.4	1,109.9	1,127.3	1,194.2	1,200.8	1,248.2
Total (1+2+3+4+5+6)	225,546.2	255,319.8	299,258.1	336,349.4	361,671.2	371,386.3	368,461.3	368,232.3	371,321.8	369,563.7
LIABILITIES										
1 Demand deposits	23,591.3	26,653.3	33,911.7	41,870.8	38,171.2	31,899.6	33,305.9	33,899.0	32,951.0	33,843.2
2 Savings and time deposits	22,479.2	27,992.1	44,836.8	53,644.9	50,070.3	39,139.4	37,566.6	36,290.8	35,504.6	35,143.5
3 Foreign currency deposits	81,742.9	86,760.8	88,256.7	103,090.1	117,194.8	135,410.6	136,377.7	136,988.6	137,324.5	136,478.0
4 Bonds and money market instruments	1,163.5	1,077.0	844.1	1,208.8	2,531.1	1,362.8	1,458.3	1,366.3	1,487.7	1,451.3
5 Foreign liabilities	61,163.7	67,112.3	76,076.0	65,152.6	75,296.1	80,365.3	76,956.0	76,380.2	79,719.4	77,718.2
6 Central government and funds' deposits	6,821.8	9,287.0	10,800.4	13,525.8	16,007.5	18,219.3	16,774.8	16,978.2	17,384.2	17,609.3
7 Credit from central bank	408.9	4,215.6	3,911.4	4,178.3	14.0	13.5	13.5	13.3	13.2	13.1
8 Restricted and blocked deposits	2,054.6	2,036.4	2,447.6	2,252.3	3,038.4	2,548.4	2,530.7	2,604.9	2,395.6	2,418.6
9 Capital accounts	28,666.4	32,665.7	40,805.1	53,178.9	60,317.4	66,306.4	66,809.4	67,193.1	67,930.5	67,929.5
10 Other items (net)	-2,546.3	-2,480.4	-2,631.7	-1,753.2	-969.7	-3,879.1	-3,331.7	-3,482.1	-3,389.0	-3,041.2
Total (1+2+3+4+5+6+7+8+9+10)	225,546.2	255,319.8	299,258.1	336,349.4	361,671.2	371,386.3	368,461.3	368,232.3	371,321.8	369,563.7

Table D1 Banks' accounts • Banks' accounts include data on banks' claims and liabilities. Banks' mutual claims and liabilities are consolidated.

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

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

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

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

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

Items Demand deposits, Savings and time deposits, Foreign currency deposits as well as Bonds and money market

instruments comprise banks' liabilities to other domestic sectors, other banking institutions and non-banking financial institutions.

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

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

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

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

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

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

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

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

Capital accounts are share capital, profit or loss for the

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

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

Tables D2 – D12 • This group of tables (with the exception of Table D5) provides a detailed analysis of the relevant asset and liability items from Table D1 (Banks' accounts).

Table D2 Banks' foreign assets
end of period, in million HRK

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010			
							Jan.	Feb.	Mar.	Apr.
1 Foreign assets in f/c	43,428.1	35,457.9	39,454.5	45,837.2	49,705.1	49,230.3	42,429.9	42,025.6	44,511.3	42,561.7
1.1 Claims on foreign financial institutions	35,911.0	27,228.5	30,404.1	37,824.9	38,038.3	34,186.6	29,040.1	29,518.6	30,564.2	29,731.5
Foreign currencies	1,190.0	1,136.1	1,232.1	1,245.5	1,973.2	1,772.6	1,525.0	1,397.6	1,599.7	1,634.7
Demand deposits	906.2	860.2	870.1	1,305.2	2,109.8	1,338.7	1,219.4	1,344.0	1,368.0	1,358.8
Time and notice deposits	30,943.7	20,874.6	23,509.4	31,726.1	31,444.5	29,254.5	24,447.6	24,791.1	25,651.5	24,995.6
Securities	2,674.1	4,197.0	4,441.5	3,210.4	2,307.1	1,629.0	1,664.5	1,800.7	1,720.6	1,593.2
Loans and advances	189.0	152.9	339.2	195.9	166.3	117.6	121.1	122.5	188.5	113.0
Shares and participations	8.1	7.8	11.8	141.9	37.4	74.2	62.6	62.8	35.9	36.3
1.2 Claims on foreign non-banks	7,517.1	8,229.4	9,050.4	8,012.3	11,666.8	15,043.7	13,389.8	12,507.0	13,947.1	12,830.2
Claims on foreign governments	7,066.6	7,735.7	8,217.0	6,696.1	9,976.8	13,477.2	11,836.4	10,959.3	12,361.2	11,198.5
Claims on other non-residents	450.2	493.1	798.1	1,295.2	1,613.5	1,534.5	1,536.6	1,529.2	1,564.0	1,605.8
Securities	77.4	68.0	141.5	180.9	235.1	205.4	202.9	200.3	230.0	235.6
Loans and advances	372.8	425.2	656.6	1,114.3	1,378.4	1,329.1	1,333.7	1,328.9	1,334.0	1,370.2
Shares and participations	0.3	0.5	35.3	20.9	76.5	32.0	16.8	18.4	21.9	25.8
2 Foreign assets in kuna	122.9	114.6	166.7	601.3	541.5	346.7	368.4	332.9	316.7	314.1
2.1 Claims on foreign financial institutions	77.8	71.3	96.9	408.1	144.1	86.3	108.5	88.6	83.5	78.1
2.2 Claims on foreign non-banks	45.1	43.4	69.8	193.3	397.4	260.3	259.9	244.4	233.3	236.0
o/w: Loans and advances	44.3	42.6	69.2	192.7	396.8	260.0	259.6	244.1	233.0	235.7
Total (1+2)	43,551.0	35,572.5	39,621.2	46,438.5	50,246.6	49,577.0	42,798.2	42,358.5	44,828.0	42,875.8

Table D2 Banks' foreign assets • This table shows banks' claims on foreign legal and natural persons.

Foreign assets of banks comprise foreign assets in kuna and foreign currency.

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

Table D3 Banks' claims on the central government and funds
end of period, in million HRK

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010			
							Jan.	Feb.	Mar.	Apr.
1 In kuna	16,270.2	20,532.7	22,703.0	24,081.8	24,901.6	24,461.9	24,758.0	25,652.3	27,442.5	27,351.3
1.1 Claims on central government	14,465.6	17,352.6	18,361.2	19,057.3	19,899.5	19,230.6	19,545.9	20,500.5	20,409.9	20,406.5
Securities	11,779.1	16,037.7	14,546.7	16,099.8	16,969.0	16,305.4	16,283.9	17,453.2	17,456.7	17,063.5
o/w: Bonds (c'part to f/c savings deposits)	532.0	20.6	8.3	6.4	6.1	5.2	5.1	5.4	5.2	5.8
Loans and advances	2,686.5	1,314.9	3,814.5	2,957.5	2,930.4	2,925.1	3,262.0	3,047.3	2,953.3	3,343.0
1.2 Claims on central government funds	1,804.6	3,180.1	4,341.9	5,024.5	5,002.1	5,231.3	5,212.1	5,151.8	7,032.6	6,944.8
Securities	621.1	–	–	–	6.1	–	–	–	–	–
Loans and advances	1,183.5	3,180.1	4,341.9	5,024.5	4,996.1	5,231.3	5,212.1	5,151.8	7,032.6	6,944.8
2 In f/c	4,781.1	8,344.5	5,233.8	4,889.7	12,899.5	19,787.7	19,774.6	20,411.2	20,509.6	20,914.7
2.1 Claims on central government	3,548.4	7,241.0	4,624.4	4,388.6	9,843.6	14,793.1	14,804.0	14,684.8	14,650.5	14,841.3
Securities	1,117.0	1,248.1	429.0	268.4	300.7	234.7	232.6	208.4	196.3	194.5
Loans and advances	2,431.3	5,992.8	4,195.4	4,120.1	9,542.9	14,558.4	14,571.4	14,476.4	14,454.1	14,646.7
2.2 Claims on central government funds	1,232.8	1,103.5	609.4	501.2	3,055.9	4,994.6	4,970.6	5,726.4	5,859.1	6,073.5
Securities	163.1	144.2	109.2	82.1	50.9	52.0	40.1	96.4	96.7	96.7
Loans and advances	1,069.7	959.3	500.2	419.1	3,005.1	4,942.6	4,930.5	5,629.9	5,762.4	5,976.8
Total (1+2)	21,051.3	28,877.2	27,936.8	28,971.5	37,801.1	44,249.5	44,532.5	46,063.5	47,952.1	48,266.0

Table D3 Banks' claims on the central government and funds • The table shows banks' kuna and foreign currency claims on the central government and funds. The item Securities, shown under Claims in kuna on the Republic of Croatia,

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

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

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010			
							Jan.	Feb.	Mar.*	Apr.
1 Claims in kuna	114,635.7	133,603.5	166,755.1	194,476.7	216,530.8	211,273.4	211,910.8	211,394.9	212,404.8	212,855.4
1.1 Money market instruments	2,510.0	2,329.9	1,980.7	2,147.4	2,674.5	2,040.2	1,980.9	1,984.3	1,956.6	1,970.7
1.2 Bonds	559.8	361.6	1,088.8	1,366.0	1,341.4	1,691.0	1,720.4	1,724.8	1,741.2	1,738.7
1.3 Loans and advances	109,523.9	128,882.3	161,694.2	188,462.5	210,424.0	205,279.3	205,933.2	205,407.8	206,439.3	206,849.6
1.4 Shares and participations	2,042.0	2,029.6	1,991.4	2,500.8	2,090.8	2,262.9	2,276.4	2,278.1	2,267.7	2,296.3
2 Claims in f/c	11,072.2	13,737.4	14,212.8	12,854.0	14,877.8	18,592.7	19,161.3	19,203.7	19,571.1	19,594.2
2.1 Securities	213.5	307.6	221.1	249.2	109.3	441.1	403.2	355.1	228.1	168.2
2.2 Loans and advances	10,858.6	13,429.8	13,991.6	12,604.9	14,768.5	18,151.7	18,758.1	18,848.6	19,343.0	19,426.0
Total (1+2)	125,707.9	147,340.9	180,967.8	207,330.7	231,408.6	229,866.1	231,072.1	230,598.6	231,975.9	232,449.6

Table D4 Banks' claims on other domestic sectors • The table shows banks' kuna and foreign currency claims on other domestic sectors, classified according to financial instruments:

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

Table D5 Distribution of banks' loans by domestic institutional sectors

end of period, in million HRK

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010			
							Jan.	Feb.	Mar.*	Apr.
LOANS IN KUNA										
1 Loans to central government and funds	3,870.0	4,495.0	8,156.4	7,982.0	7,926.5	8,156.4	8,474.1	8,199.2	9,985.9	10,287.8
1.1 Loans to central government	2,686.5	1,314.9	3,814.5	2,957.5	2,930.4	2,925.1	3,262.0	3,047.3	2,953.3	3,343.0
1.2 Loans to central government funds	1,183.5	3,180.1	4,341.9	5,024.5	4,996.1	5,231.3	5,212.1	5,151.8	7,032.6	6,944.8
2 Loans to local government	1,701.9	1,613.9	1,720.3	1,867.5	1,786.9	1,795.4	1,828.1	1,851.3	1,862.0	1,962.6
3 Loans to enterprises	42,844.7	49,105.9	64,666.3	74,001.7	82,431.7	80,913.1	81,431.5	81,582.8	82,172.7	82,760.0
4 Loans to households	64,977.2	78,162.4	95,307.6	112,593.3	126,205.3	122,570.8	122,673.5	121,973.7	122,404.6	122,127.1
o/w: Housing loans	21,397.9	27,571.1	36,927.3	45,218.6	52,305.5	52,949.4	53,321.3	53,110.1	53,596.5	53,489.1
5 Loans to other banking institutions	154.5	46.5	304.4	213.6	36.1	236.5	137.9	168.9	196.2	245.7
6 Loans to non-banking financial institutions	558.0	591.8	854.4	947.6	741.4	689.0	741.0	837.4	825.9	839.9
A Total (1+2+3+4+5+6)	114,106.4	134,015.6	171,009.4	197,605.7	219,128.0	214,361.3	215,286.1	214,613.3	217,447.3	218,223.1
LOANS IN F/C										
1 Loans to central government and funds	3,501.0	6,952.1	4,695.6	4,539.2	12,548.0	19,501.0	19,501.9	20,106.4	20,216.5	20,623.5
1.1 Loans to central government	2,431.3	5,992.8	4,195.4	4,120.1	9,542.9	14,558.4	14,571.4	14,476.4	14,454.1	14,646.7
1.2 Loans to central government funds	1,069.7	959.3	500.2	419.1	3,005.1	4,942.6	4,930.5	5,629.9	5,762.4	5,976.8
2 Loans to local government	31.9	63.0	11.3	8.7	5.5	3.0	1.7	1.7	1.7	1.7
3 Loans to enterprises	10,527.3	12,973.5	13,598.5	12,264.5	14,416.8	17,825.7	18,426.8	18,521.7	19,022.5	19,109.5
4 Loans to households	299.5	393.3	381.8	331.6	346.1	323.0	329.6	325.2	318.8	314.8
5 Loans to other banking institutions	52.9	19.9	68.1	74.0	1.2	31.0	14.2	13.8	10.7	12.0
6 Loans to non-banking financial institutions	255.3	512.3	360.5	668.0	143.5	269.4	232.0	204.5	223.3	259.2
B Total (1+2+3+4+5+6)	14,667.8	20,914.1	19,115.9	17,886.0	27,461.1	37,953.0	38,506.2	39,173.2	39,793.6	40,320.7
TOTAL (A+B)	128,774.2	154,929.7	190,125.3	215,491.7	246,589.1	252,314.3	253,792.3	253,786.5	257,240.9	258,543.8

Table D5 Distribution of banks' loans by domestic institutional sectors • The table shows data on kuna and foreign currency loans granted by banks to domestic sectors, including

acceptances, financial leases, payments made on the basis of guarantees and similar instruments, purchased claims, and until December 2003 factoring and forfeiting.

Table D6 Demand deposits with banks

end of period, in million HRK

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010			
							Jan.	Feb.	Mar.	Apr.
1 Local government	2,020.7	1,688.7	1,803.8	2,689.4	2,441.1	1,377.7	1,264.1	1,110.0	1,063.6	1,113.2
2 Enterprises	12,036.9	13,344.2	16,668.6	19,599.3	16,896.1	14,893.1	16,442.4	16,385.6	16,180.1	16,811.1
3 Households	8,773.0	10,728.3	14,257.8	17,896.7	17,620.1	14,218.6	14,108.7	14,249.3	14,260.3	14,359.7
4 Other banking institutions	245.4	322.1	485.1	481.1	293.6	517.1	435.7	1,127.7	443.6	580.9
5 Non-banking financial institutions	517.5	571.3	697.6	1,205.2	921.1	893.4	1,055.2	1,026.7	1,003.7	978.6
6 Less: Checks of other banks and checks in collection	-2.2	-1.3	-1.2	-0.9	-0.7	-0.3	-0.3	-0.3	-0.2	-0.3
Total (1+2+3+4+5+6)	23,591.3	26,653.3	33,911.7	41,870.8	38,171.2	31,899.6	33,305.9	33,899.0	32,951.0	33,843.2

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

Demand deposits are the sum of other domestic sectors', other banking institutions' and non-banking financial institutions'

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

Table D7 Time and savings deposits with banks
end of period, in million HRK

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010			
							Jan.	Feb.	Mar.	Apr.
1 Savings deposits	2,233.9	2,493.6	2,905.6	3,086.1	2,770.3	2,523.1	2,528.5	2,549.6	2,490.9	2,454.5
1.1 Local government	4.6	2.7	2.8	2.5	0.0	0.0	0.1	0.1	0.1	0.1
1.2 Enterprises	38.8	101.6	110.3	154.7	108.8	203.7	253.9	279.1	226.4	206.0
1.3 Households	2,190.5	2,388.3	2,792.4	2,929.0	2,657.7	2,268.9	2,260.8	2,259.5	2,247.6	2,235.1
1.4 Other banking institutions	–	–	–	–	–	5.0	5.0	5.0	8.5	3.5
1.5 Non-banking financial institutions	0.0	1.0	0.0	–	3.7	45.5	8.7	6.0	8.2	9.8
2 Time and notice deposits	20,245.4	25,498.4	41,931.3	50,558.8	47,300.1	36,616.3	35,038.1	33,741.2	33,013.8	32,689.0
2.1 Local government	550.8	508.7	491.8	549.5	726.0	498.8	813.3	862.2	850.4	875.2
2.2 Enterprises	8,698.5	8,222.5	14,715.4	18,414.8	16,268.0	11,559.0	9,057.6	8,285.6	9,328.5	8,842.6
2.3 Households	9,321.4	13,254.9	20,755.0	20,479.1	22,721.6	16,910.7	17,193.8	17,311.2	17,199.9	17,190.3
2.4 Other banking institutions	215.9	931.9	2,697.9	6,386.5	2,563.4	3,039.8	3,409.9	3,151.6	2,266.0	2,372.9
2.5 Non-banking financial institutions	1,458.8	2,580.4	3,271.3	4,728.9	5,021.1	4,608.1	4,563.5	4,130.6	3,369.0	3,408.0
Total (1+2)	22,479.2	27,992.1	44,836.8	53,644.9	50,070.3	39,139.4	37,566.6	36,290.8	35,504.6	35,143.5

Table D7 Time and savings deposits with banks • The table shows kuna savings and time deposits by other domestic sectors, other banking institutions and non-banking financial institutions with banks.

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

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010			
							Jan.	Feb.	Mar.	Apr.
1 Savings deposits	22,144.6	22,641.0	22,698.6	22,845.0	21,262.2	20,781.0	20,660.7	21,280.4	20,942.3	20,802.5
1.1 Local government	15.6	11.9	30.8	27.5	22.1	25.5	10.0	8.9	13.1	10.9
1.2 Enterprises	4,273.2	4,408.3	4,589.7	5,543.6	5,132.0	5,053.6	4,758.6	5,240.1	5,299.6	5,125.5
1.3 Households	17,708.9	17,933.6	17,609.9	16,720.8	15,682.8	15,148.7	15,316.9	15,394.3	15,086.5	15,093.8
1.4 Other banking institutions	15.4	116.0	276.7	251.7	121.4	150.4	159.7	143.7	170.9	165.8
1.5 Non-banking financial institutions	131.6	171.3	191.4	301.5	303.9	402.9	415.5	493.4	372.2	406.6
2 Time deposits	59,598.3	64,119.7	65,558.1	80,245.1	95,932.6	114,629.6	115,717.0	115,708.2	116,382.2	115,675.4
2.1 Local government	0.3	3.2	1.9	2.1	2.3	2.5	6.2	6.2	6.3	9.3
2.2 Enterprises	8,518.6	8,154.2	7,086.2	10,391.9	11,215.5	13,516.9	13,250.9	12,867.2	13,117.6	12,471.5
2.3 Households	50,636.0	55,036.1	57,210.8	66,465.7	80,419.6	95,598.0	96,524.5	96,448.2	97,008.2	97,197.3
2.4 Other banking institutions	20.7	242.0	366.2	1,038.6	808.2	663.0	649.2	613.4	659.6	642.5
2.5 Non-banking financial institutions	422.7	684.2	892.9	2,346.8	3,487.0	4,849.1	5,286.2	5,773.1	5,590.5	5,354.9
Total (1+2)	81,742.9	86,760.8	88,256.7	103,090.1	117,194.8	135,410.6	136,377.7	136,988.6	137,324.5	136,478.0

Table D8 Foreign currency deposits with banks • The table shows foreign currency savings and time deposits by other domestic sectors, other banking institutions and non-banking financial institutions with banks. Foreign currency savings deposits are all foreign currency sight deposits and foreign currency payment instruments issued, while foreign currency time deposits also include foreign currency notice deposits.

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

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010			
							Jan.	Feb.	Mar.	Apr.
1 Money market instruments (net)	–	–	0.8	0.8	0.8	0.8	0.8	–	–	–
2 Bonds (net)	170.5	164.9	340.9	632.0	609.5	765.3	766.0	777.1	988.8	988.1
3 Other domestic borrowing	993.0	912.1	502.5	576.0	1,920.8	596.7	691.6	589.2	499.0	463.2
3.1 Local government	–	–	–	–	–	–	–	–	–	–
3.2 Enterprises	40.3	40.8	0.0	152.9	3.5	4.6	4.5	4.2	4.0	2.9
3.3 Other banking institutions	842.8	828.1	492.8	266.4	1,719.2	551.8	669.4	574.6	495.0	460.3
3.4 Non-banking financial institutions	109.9	43.2	9.6	156.6	198.0	40.4	17.7	10.4	–	–
Total (1+2+3)	1,163.5	1,077.0	844.1	1,208.8	2,531.1	1,362.8	1,458.3	1,366.3	1,487.7	1,451.3

Table D9 Bonds and money market instruments • The table shows banks' liabilities for securities issued (net) and loans received from other domestic sectors, other banking institutions and non-banking financial institutions.

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

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

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

Table D10 Banks' foreign liabilities
end of period, in million HRK

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010			
							Jan.	Feb.	Mar.	Apr.
1 Foreign liabilities in f/c	54,536.7	52,073.3	55,114.3	48,461.3	54,726.8	60,046.7	57,947.6	57,425.1	60,080.9	57,955.8
1.1 Liabilities to foreign financial institutions	48,967.5	45,747.7	48,561.3	41,483.1	47,878.5	51,702.3	49,471.9	48,567.9	50,992.2	48,962.8
Demand deposits	127.6	156.3	195.0	258.8	176.6	221.0	248.5	272.3	271.2	372.1
Time and notice deposits	16,056.8	12,523.1	12,174.1	10,562.9	14,016.4	21,945.8	20,476.7	19,995.6	20,669.6	19,983.9
Loans and advances	29,369.5	29,775.6	32,903.9	27,373.0	30,408.3	29,535.4	28,746.6	28,300.0	30,051.5	28,606.7
o/w: Subordinated and hybrid instruments	2,399.4	1,167.4	820.7	405.9	1,585.1	2,000.7	2,007.6	1,996.7	2,001.4	1,997.2
Bonds	3,413.6	3,292.6	3,288.3	3,288.4	3,277.1	–	–	–	–	–
1.2 Liabilities to foreign non-banks	5,569.2	6,325.6	6,553.0	6,978.2	6,848.4	8,344.4	8,475.7	8,857.2	9,088.6	8,993.0
Savings and time deposits	5,002.2	5,846.3	6,192.4	6,729.9	6,719.0	8,336.3	8,467.6	8,838.2	9,070.2	8,975.2
Sight deposits	1,052.5	1,172.9	1,635.8	1,537.2	1,374.5	1,267.8	1,265.6	1,292.3	1,410.2	1,338.2
Time and notice deposits	3,949.6	4,673.4	4,556.7	5,192.7	5,344.6	7,068.6	7,202.0	7,545.9	7,660.0	7,637.0
Loans and advances	567.1	479.3	360.5	248.3	129.3	8.0	8.1	18.9	18.4	17.9
o/w: Subordinated and hybrid instruments	0.2	–	–	–	–	–	–	10.9	10.9	10.9
2 Foreign liabilities in kuna	6,627.0	15,039.1	20,961.8	16,691.3	20,569.2	20,318.6	19,008.4	18,955.1	19,638.5	19,762.4
2.1 Liabilities to foreign financial institutions	6,103.9	14,099.6	20,087.0	16,093.8	20,061.0	19,943.0	18,619.5	18,570.2	19,270.1	19,387.3
Demand deposits	145.1	179.6	1,438.1	519.0	898.1	359.1	497.6	569.6	273.7	341.1
Time and notice deposits	2,846.9	6,979.5	11,198.8	11,423.7	15,014.2	14,654.3	13,180.7	13,062.1	12,952.7	13,016.5
Loans and advances	3,111.9	6,940.5	7,450.2	4,151.2	4,148.8	4,929.6	4,941.2	4,938.5	6,043.7	6,029.8
o/w: Subordinated and hybrid instruments	–	405.7	404.0	0.4	–	749.2	760.7	758.1	773.8	770.8
2.2 Liabilities to foreign non-banks	523.1	939.5	874.8	597.5	508.2	375.7	388.9	384.9	368.4	375.1
Demand deposits	95.9	180.3	170.1	253.2	257.0	222.8	236.5	235.1	220.9	238.5
Time and notice deposits	419.2	755.2	703.3	340.6	245.7	144.4	143.9	141.3	139.0	128.1
Loans and advances	8.0	4.0	1.4	3.7	5.5	8.5	8.5	8.5	8.5	8.5
o/w: Subordinated and hybrid instruments	8.0	4.0	1.4	3.7	5.5	8.5	8.5	8.5	8.5	8.5
Total (1+2)	61,163.7	67,112.3	76,076.0	65,152.6	75,296.1	80,365.3	76,956.0	76,380.2	79,719.4	77,718.2

Table D10 Banks' foreign liabilities • The table shows banks' total foreign currency and kuna liabilities to foreign legal and natural persons, with the exception of restricted kuna and foreign currency deposits by foreign legal and natural persons.

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

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

Table D11 Central government and funds' deposits with banks
end of period, in million HRK

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010			
							Jan.	Feb.	Mar.	Apr.
1 In kuna	5,627.2	7,596.1	9,030.0	11,535.0	14,185.1	15,124.1	15,236.1	15,373.3	15,681.5	15,655.3
1.1 Central government deposits	445.1	605.0	497.5	666.4	429.5	356.6	493.2	401.2	449.9	640.7
Demand deposits	373.3	458.1	366.2	454.9	176.7	189.3	255.6	162.5	155.4	164.8
Savings deposits	4.2	1.8	2.1	1.2	1.1	0.6	0.6	6.6	0.5	0.7
Time and notice deposits	66.5	144.0	128.1	209.3	251.6	166.7	237.0	232.2	294.0	475.2
Loans and advances	1.1	1.0	1.0	1.0	–	–	–	–	–	–
1.2 Central government funds' deposits	5,182.2	6,991.1	8,532.6	10,868.6	13,755.5	14,767.5	14,742.9	14,972.0	15,231.5	15,014.6
Demand deposits	266.3	580.2	254.6	330.1	645.6	389.5	201.5	327.2	448.1	407.8
Savings deposits	3.5	1.9	14.6	2.4	0.0	0.3	0.1	0.1	0.1	0.0
Time and notice deposits	262.3	251.7	496.7	413.6	385.8	410.8	475.0	537.8	649.4	437.8
Loans and advances	4,650.0	6,157.3	7,766.7	10,122.4	12,724.1	13,966.9	14,066.2	14,106.8	14,133.9	14,169.0
2 In f/c	1,194.6	1,690.9	1,770.4	1,990.8	1,822.5	3,095.2	1,538.8	1,604.9	1,702.8	1,954.0
2.1 Central government deposits	891.0	906.2	811.7	759.4	1,122.5	1,088.3	1,015.7	1,036.4	1,024.7	1,188.0
Savings deposits	189.7	340.6	264.8	527.4	666.8	716.8	337.5	410.2	459.3	495.3
Time and notice deposits	23.2	38.7	275.0	49.7	330.0	309.4	646.1	593.5	532.4	659.2
Refinanced loans and advances	678.1	527.0	271.9	182.3	125.7	62.2	32.1	32.7	33.0	33.5
2.2 Central government funds' deposits	303.6	784.7	958.6	1,231.4	699.9	2,006.9	523.1	568.6	678.0	766.0
Savings deposits	156.5	139.4	93.4	85.7	107.1	106.6	54.3	72.9	54.6	63.9
Time and notice deposits	147.1	25.8	356.2	153.8	519.6	256.4	212.8	241.2	260.5	303.5
Loans and advances	–	619.6	509.0	991.8	73.2	1,643.9	256.0	254.5	363.0	398.6
Total (1+2)	6,821.8	9,287.0	10,800.4	13,525.8	16,007.5	18,219.3	16,774.8	16,978.2	17,384.2	17,609.3

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

Kuna and foreign currency deposits by the Republic of

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

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

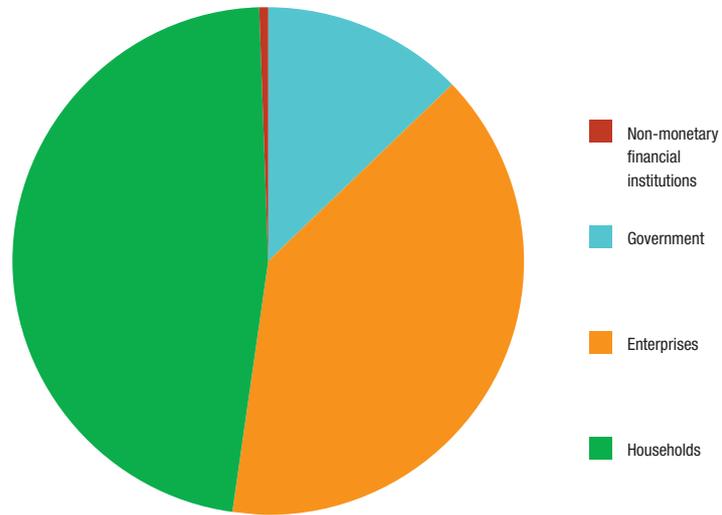
	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010			
							Jan.	Feb.	Mar.	Apr.
1 Restricted deposits	2,014.6	2,036.4	2,447.6	2,252.3	3,038.4	2,548.4	2,530.7	2,604.9	2,395.6	2,418.6
1.1 In kuna	1,267.4	1,277.1	1,427.0	1,322.8	1,478.8	1,366.0	1,394.1	1,433.3	1,403.2	1,334.5
1.2 In f/c	747.2	759.3	1,020.5	929.5	1,559.6	1,182.5	1,136.6	1,171.6	992.3	1,084.1
2 Blocked f/c deposits of households	40.0	–	–	–	–	–	–	–	–	–
Total (1+2)	2,054.6	2,036.4	2,447.6	2,252.3	3,038.4	2,548.4	2,530.7	2,604.9	2,395.6	2,418.6

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

Blocked foreign currency deposits include households'

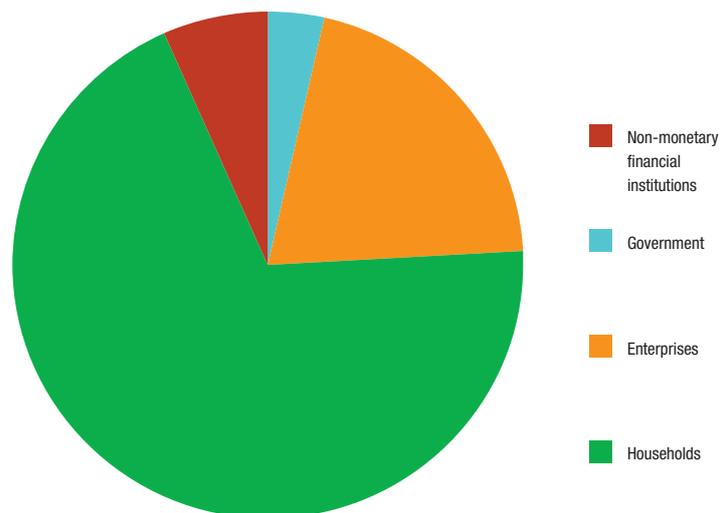
foreign currency deposits, regulated by the Act on Converting Households' Foreign Currency Deposits into the Public Debt of the Republic of Croatia.

Figure D1

Distribution of banks' loans by domestic institutional sectors

April 2010

Figure D2

Distribution of banks' deposits by domestic institutional sectors

April 2010

Note:

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

E Housing savings banks

Table E1 Housing savings banks' accounts
end of period, in million HRK

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010			
							Jan.	Feb.	Mar.	Apr.
ASSETS										
1 Reserves with the CNB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 Claims on central government and funds	3,779.1	4,274.3	4,674.8	4,036.5	3,395.5	3,137.9	3,128.2	3,106.3	3,096.3	3,089.7
3 Claims on other domestic sectors	373.2	575.5	1,296.0	2,220.4	2,857.9	2,979.1	2,970.9	2,943.2	2,951.6	2,936.8
o/w: Claims on households	373.2	575.5	1,296.0	2,220.4	2,857.9	2,979.1	2,970.9	2,943.2	2,951.6	2,936.8
4 Claims on banks	824.2	994.4	181.4	133.6	533.7	294.8	300.1	255.5	201.8	173.6
5 Claims on other banking institutions	-	-	-	-	-	-	-	-	-	-
Total (1+2+3+4+5)	4,976.6	5,844.2	6,152.3	6,390.5	6,787.1	6,411.7	6,399.2	6,305.1	6,249.7	6,200.1
LIABILITIES										
1 Time deposits	4,728.2	5,514.7	5,803.6	6,037.9	6,297.6	5,711.8	5,716.9	5,560.6	5,485.2	5,425.1
2 Bonds and money market instruments	10.7	10.3	61.7	40.1	91.5	230.8	198.7	242.9	265.6	283.4
3 Capital accounts	206.7	258.0	244.7	303.0	390.6	478.1	486.4	492.5	498.5	500.2
4 Other items (net)	30.8	61.1	42.2	9.6	7.4	-8.9	-2.8	9.1	0.5	-8.7
Total (1+2+3+4)	4,976.6	5,844.2	6,152.3	6,390.5	6,787.1	6,411.7	6,399.2	6,305.1	6,249.7	6,200.1

Table E1 Housing savings banks' accounts • Housing savings banks' accounts include data on claims and liabilities of the Croatian housing savings banks. All housing savings banks' claims and liabilities refer exclusively to domestic sectors.

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

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

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

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

Claims on other banking institutions include investments in investment funds.

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

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

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

F Monetary policy instruments and liquidity

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

Year	Month	CNB discount rate	CNB repo rate ^a	Credit rates					
				On Lombard credits ^b	On intervention credits	On intra-day refinance facility ^b	On short-term liquidity credits	On inaccurately calculated statutory reserves ^b	On arrears
1	2	3	4	5	6	7	8	9	10
1996	December	6.50	–	11.00	19.00	17.00	–	19.00	18.00
1997	December	5.90	–	9.50	19.00	17.00	–	19.00	18.00
1998	December	5.90	–	12.00	19.00	7.00	14.00	19.00	18.00
1999	December	7.90	–	13.00	19.00	–	14.00	19.00	18.00
2000	December	5.90	–	12.00	18.00	–	13.00	18.00	18.00
2001	December	5.90	–	10.00	–	–	11.00	15.00	18.00
2002	December	4.50	–	9.50	–	–	10.50	15.00	15.00
2003	December	4.50	–	9.50	–	–	10.50	15.00	15.00
2004	December	4.50	–	9.50	–	–	10.50	15.00	15.00
2005	December	4.50	3.50	7.50 ^c	–	–	8.50 ^c	15.00	15.00
2006	December	4.50	3.50	7.50	–	–	8.50	15.00	15.00
2007	December	9.00 ^d	4.06	7.50	–	–	8.50	15.00	15.00
2008	December	9.00	6.00	9.00	–	–	10.00	15.00	15.00
2009	May	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	June	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	July	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	August	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	September	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	October	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	November	9.00	–	9.00	–	–	10.00	15.00	15.00
	December	9.00	–	9.00	–	–	10.00	15.00	15.00
2010	January	9.00	–	9.00	–	–	10.00	15.00	15.00
	February	9.00	–	9.00	–	–	10.00	15.00	15.00
	March	9.00	–	9.00	–	–	10.00	15.00	15.00
	April	9.00	–	9.00	–	–	10.00	15.00	15.00

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

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

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

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

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

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

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

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

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

Year	Month	Interest rates on statutory reserves dep. with the CNB	Interest rates on CNB bills on an obligatory basis	Interest rates on CNB bills on a voluntary basis ^a				Interest rates on f/c CNB bills on a voluntary basis					Interest rates on overnight deposits
				Due in 7 days	Due in 35 days	Due in 70 days	Due in 105 days	Due in 35 days	Due in 63 days	Due in 91 days	Due in 182 days	Due in 364 days	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1996	December	5.50	–	–	8.00	9.50	–	–	–	–	–	–	–
1997	December	4.50	–	–	8.00	9.00	10.00	–	–	–	–	–	–
1998	December	5.90	–	–	9.50	10.50	11.00	–	4.60	3.12	3.08	–	–
1999	December	5.90	–	–	10.50	11.55	12.50	–	4.83	3.56	–	–	–
2000	December	4.50	–	–	6.65	7.00	7.70	–	5.51	4.83	–	–	–
2001	December	2.00	–	–	3.36	4.26	4.85	–	2.62	3.06	–	–	–
2002	December	1.75	–	–	2.08	–	–	2.30	2.68	–	–	–	–
2003	December	1.25	0.50	–	–	–	–	1.75	1.48	–	–	–	–
2004	December	1.25	–	–	–	–	–	–	–	–	–	–	–
2005	December	0.75	–	–	–	–	–	–	–	–	–	–	0.50
2006	December	0.75	–	–	–	–	–	–	–	–	–	–	0.50
2007	December	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50
2008	December	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
2009	May	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	June	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	July	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	August	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	September	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	October	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	November	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	December	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
2010	January	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	February	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	March	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	April	0.75	–	–	–	–	–	–	–	–	–	–	0.50

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

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

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

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

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

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

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

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

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

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

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

Table F3 Banks' reserve requirements

daily averages and percentages, in million HRK and %

Year	Month	Weighted average res. requirement in % on res. base	Reserve requirement (RR)			Other obligatory deposits with the CNB	Statutory reserves deposited with the CNB		Weighted avg. remuneration rate on immobilised funds in kuna	Weighted avg. remuneration rate on allocated funds in f/c
			Total	In kuna	In f/c		In kuna	In f/c		
1	2	3	4=5+6	5	6	7	8	9	10	11
1996	December	35.91	3,652.9	3,652.9	-	-	3,312.0	-	4.99	-
1997	December	32.02	4,348.8	4,348.8	-	-	3,914.2	-	4.05	-
1998	December	29.57	13,112.7	3,967.2	9,145.4	57.4	3,469.8	1,467.6	5.28	....
1999	December	30.50	13,579.0	4,210.1	9,368.9	37.3	3,695.1	4,606.5	5.62	....
2000	December	23.22	16,245.8	4,646.8	11,599.0	5.0	4,191.6	5,544.6	4.05	....
2001	December	19.67	21,187.1	8,691.5	12,495.5	-	6,287.8	5,950.0	1.97	2.73
2002	December	19.00	25,985.1	11,447.1	14,538.0	-	8,156.7	7,139.9	1.72	2.16
2003	December	19.00	31,009.4	18,023.8	12,985.6	109.4	12,459.8	6,850.2	1.17	1.47
2004	December	18.00	33,615.7	20,040.9	13,574.8	430.1	14,664.1	10,171.3	1.22	1.36
2005	December	18.00	37,424.5	24,997.9	12,426.6	3,940.2	17,497.7	9,271.4	0.52	0.92
2006	December	17.00	40,736.4	28,966.1	11,770.4	7,332.5	20,257.0	8,780.9	0.52	1.06
2007	December	17.00	44,465.9	31,809.1	12,656.8	6,641.1	22,266.4	9,203.5	0.53	1.29
2008	December	14.87	41,474.4	29,179.7	12,294.7	461.9	20,425.8	8,807.0	0.52	0.81
2009	May	14.00	40,074.1	33,683.7	6,390.5	167.1	23,578.5	4,691.6	0.52	0.30
	June	14.00	39,992.9	33,592.4	6,400.5	144.0	23,514.6	4,711.6	0.52	0.25
	July	14.00	39,996.9	33,607.3	6,389.6	140.2	23,525.1	4,703.7	0.52	0.22
	August	14.00	40,057.0	33,623.7	6,433.2	136.0	23,536.5	4,726.5	0.52	0.30
	September	14.00	40,316.3	33,756.0	6,560.3	131.7	23,629.1	4,801.0	0.52	0.26
	October	14.00	40,547.6	33,890.5	6,657.1	134.0	23,723.3	4,859.0	0.52	0.35
	November	14.00	40,416.4	33,739.3	6,677.1	136.8	23,617.5	4,857.6	0.52	0.16
	December	14.00	40,423.5	33,693.7	6,729.8	30.9	23,585.6	4,898.0	0.52	-
2010	January	14.00	40,448.1	33,667.2	6,780.9	-	23,567.0	4,937.3	0.52	-
	February	13.32	38,605.2	32,102.4	6,502.8	-	22,471.7	4,747.4	0.52	-
	March	13.00	37,874.7	31,468.5	6,406.3	-	22,027.9	4,681.7	0.52	-
	April	13.00	37,779.3	31,362.6	6,416.7	-	21,953.8	4,692.1	0.52	-

well as a minimum percentage of the total reserve requirements deposited with the Croatian National Bank. From September 2001 on, column 5 includes also the f/c component of reserve requirements that is set aside/maintained in kuna.

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

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

requirement (from August 2004 to October 2008).

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

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

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

Column 11 shows the weighted average remuneration rate on allocated funds in foreign currency, including the marginal reserve requirement funds (from August 2004 to October 2008). From November 2009 on, the CNB does not pay remuneration on the allocated foreign currency component of reserve requirements.

Table F4 Banks' liquidity indicators

daily averages and percentages, in million HRK and %

Year	Month	Free reserves		Primary liquidity ratio	Secondary liquidity sources	Kuna CNB bills	F/c CNB bills	Kuna MoF treasury bills
		In kuna	In f/c					
1	2	3	4	5	6	7	8	9
1996	December	267.9	....	2.63	98.5	780.9	–	183.8
1997	December	396.3	....	2.92	32.7	728.9	–	260.7
1998	December	221.9	....	1.65	445.5	850.4	1,377.4	141.3
1999	December	179.6	....	1.30	1,183.6	1,311.1	1,507.6	373.9
2000	December	638.8	10,721.4	3.32	80.1	2,485.3	1,692.7	2,006.5
2001	December	794.4	17,247.4	3.23	2.6	2,656.2	2,630.8	3,360.9
2002	December	1,225.0	10,398.0	3.53	0.6	4,965.5	1,273.9	4,279.5
2003	December	451.6	20,561.4	0.98	501.6	–	4,316.0	3,073.2
2004	December	1,495.5	26,126.1	2.64	0.0	–	–	4,581.7
2005	December	672.5	20,493.4	0.96	0.2	–	–	4,163.3
2006	December	840.8	20,239.1	0.83	–	–	–	5,993.7
2007	December	1,161.5	30,412.6	1.03	330.4	–	–	4,449.4
2008	December	1,168.7	28,101.4	1.03	289.1	–	–	6,171.2
2009	May	239.3	22,005.5	0.23	200.4	–	–	4,976.8
	June	377.0	21,308.8	0.37	98.5	–	–	4,899.3
	July	257.7	22,619.0	0.25	174.1	–	–	4,513.3
	August	233.3	24,161.5	0.23	79.8	–	–	3,770.8
	September	181.5	24,897.9	0.18	129.7	–	–	4,529.6
	October	253.8	24,146.7	0.26	–	–	–	5,406.8
	November	320.1	24,082.1	0.33	–	–	–	5,101.7
	December	880.0	24,885.6	0.91	–	–	–	4,776.6
2010	January	784.1	24,541.5	0.82	–	–	–	4,710.5
	February	519.6	23,949.6	0.55	–	–	–	5,225.8
	March	555.7	23,023.3	0.59	–	–	–	5,116.9
	April	445.3	23,604.0	0.48	–	–	–	5,533.6

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

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

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

Column 5 shows the primary liquidity ratio as a percentage

of monthly day-to-day kuna free reserves averages (column 3) in monthly day-to-day averages of deposits which constitute the reserve base.

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

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

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

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

G Financial markets

Table G1 Banks' interest rates on kuna credits not indexed to foreign currency
weighted averages of monthly interest rates, in % on annual basis

Year	Month	Interest rates on interbank demand deposit trading		Interest rates on kuna credits not indexed to foreign currency									
		On overnight credits	On other credits	Total average	On short-term credits						On long-term credits		
					Total average	Enterprises	Households			Total average	Enterprises	Households	
							Total average	Credit lines	Other				
1	2	3	4	5	6	7	8	9	10	11	12	13	
1996	December	9.66	10.72	18.46	19.35	19.18	20.18	19.90	23.12	11.51	11.29	14.28	
1997	December	8.46	9.49	14.06	14.12	13.17	19.26	19.34	18.11	13.24	12.98	13.75	
1998	December	10.00	15.91	16.06	16.22	14.89	20.77	20.80	19.92	11.73	11.48	13.16	
1999	December	9.92	12.78	13.54	13.52	10.55	20.83	20.84	20.39	15.14	15.31	14.16	
2000	December	2.39	4.45	10.45	10.45	6.81	20.30	20.33	19.05	9.90	9.64	12.97	
2001	December	2.49	2.18	9.51	9.49	5.43	18.81	18.85	14.88	11.42	10.06	13.14	
2002	December	1.03	1.59	10.91	11.24	7.44	15.16	15.28	9.84	7.32	6.48	7.88	
2003	December	6.54	6.36	11.45	11.80	8.02	14.89	15.01	12.38	8.51	6.14	10.69	
2004	December	4.87	4.74	11.44	11.71	8.33	14.19	14.27	12.29	9.31	6.90	11.16	
2005	December	3.08	3.91	9.91	9.99	7.71	11.26	13.18	5.35	8.75	6.48	10.35	
2006	December	3.14	2.52	9.07	9.37	6.75	11.84	13.21	4.67	7.53	5.86	9.44	
2007	December	6.23	7.33	9.32	9.74	7.39	12.34	13.19	4.95	7.50	6.66	8.01	
2008	December	5.77	6.77	10.71	10.89	8.98	12.33	12.97	4.96	9.05	8.10	10.35	
2009	May	5.20	6.28	11.52	11.58	9.93	12.58	13.17	4.29	10.56	9.84	11.24	
	June	6.30	6.89	11.66	11.78	10.46	12.61	13.17	4.67	10.02	8.88	11.31	
	July	7.41	8.22	11.81	11.86	10.58	12.60	13.17	4.34	10.94	10.16	11.44	
	August	6.47	7.92	11.88	11.93	10.34	12.70	13.22	3.58	10.83	9.99	11.30	
	September	6.58	7.48	11.82	11.89	10.32	12.68	13.22	4.08	10.59	9.20	11.46	
	October	4.66	5.80	11.70	11.74	10.03	12.68	13.24	4.20	10.93	10.16	11.29	
	November	1.09	2.18	11.60	11.65	9.85	12.73	13.24	4.09	10.66	9.25	11.28	
	December	1.20	1.50	11.12	11.22	9.29	12.68	13.24	4.89	9.77	8.27	11.33	
2010	January	0.62	1.08	10.97	10.99	8.31	12.69	13.20	4.11	10.56	7.55	11.38	
	February	0.55	0.88	10.86	10.96	8.32	12.70	13.19	4.26	9.32	6.36	11.28	
	March	0.77	1.02	10.20	10.27	7.24	12.60	13.16	4.02	9.37	7.10	11.03	
	April	0.77	1.41	10.28	10.31	7.24	12.64	13.16	4.00	9.87	7.19	10.79	
Relative significance ^a		-	-	76.63	71.44	30.86	40.58	38.27	2.31	5.19	1.32	3.87	

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

Note: A break in the time series occurred due to changes in the methodology used in interest rate statistics as of 1 January 2001. This especially refers to interest rates shown in columns 5, 6 and 7. Interbank credits, which bear relatively low interest rates, were, among others, excluded from short-term credits to enterprises. The increase in interest rates was also caused by the weighting method: all categories are weighted by the amounts of newly-granted credits, except credit lines whose relative share grew in the new coverage, which are weighted by book balances.

Table G1 Banks' interest rates on kuna credits not indexed to foreign currency • The table contains the weighted averages of banks' monthly interest rates on kuna credits not indexed to f/c, reported on a yearly basis.

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

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

Up to February 1996, columns 3 and 4 show interest rates

on the interbank money market, according to information published by the Zagreb Money Market (ZMM). From March 1996 to August 2002, interest rates on the money market were calculated as the weighted monthly averages of the weighted daily interest rates and shown separately for trading in overnight credits and trading in other credits on the ZMM. In the period between May 1998 and January 2001, the repayment of credits granted on the interbank overnight market was guaranteed by banks' required reserves with the CNB.

As from Bulletin No. 157 columns 3 and 4 contain the revised data for the period from September 2002 onward. From September 2002 on, interest rates on overnight credits and other credits are calculated as the weighted monthly averages of the weighted daily interest rates on interbank demand deposit trading.

Table G2 Banks' interest rates on kuna credits indexed to foreign currency and on credits in euros weighted averages of monthly interest rates, in % on annual basis

Year	Month	Interest rates on kuna credits indexed to foreign currency									Interest rates on credits in euros		
		Total average	On short-term credits			On long-term credits					Total average	On short-term credits	On long-term credits
			Total average	Enterprises	Households	Total average	Enterprises	Households					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1996	December	18.97	22.56	22.40	27.00	12.12	13.15	11.30	....	....	19.50	21.46	10.77
1997	December	14.40	16.92	17.00	14.02	12.25	13.00	11.02	....	....	13.61	14.95	9.71
1998	December	13.04	14.28	14.25	13.64	11.15	10.55	12.12	....	....	6.95	8.37	5.71
1999	December	12.53	13.66	13.54	17.21	10.81	10.46	11.65	....	....	6.75	7.43	6.07
2000	December	10.74	11.17	11.10	13.59	10.52	9.41	11.64	....	....	7.70	7.49	8.05
2001	December	9.29	9.45	9.45	11.30	9.20	7.52	10.79	....	....	5.94	5.70	7.27
2002	December	8.25	9.34	8.72	11.37	7.98	6.37	9.50	7.42	10.11	5.91	6.66	5.44
2003	December	7.07	7.21	7.00	8.66	7.03	5.76	8.04	6.02	9.70	5.62	6.22	5.18
2004	December	6.89	7.25	7.09	8.47	6.77	5.55	7.73	5.71	8.79	5.34	5.92	4.83
2005	December	6.18	6.52	6.34	7.91	6.07	5.18	6.98	4.95	8.10	5.29	5.28	5.30
2006	December	6.30	6.56	6.29	8.33	6.22	6.21	6.22	4.75	7.57	5.65	6.19	5.34
2007	December	6.73	6.86	6.86	6.84	6.66	6.51	6.80	5.12	8.24	6.79	6.59	7.10
2008	December	7.73	8.20	8.18	8.65	7.43	6.92	7.89	6.08	9.02	7.08	7.17	6.83
2009	May	8.08	8.11	8.01	9.55	8.05	7.24	8.55	6.33	9.68	7.56	7.72	7.28
	June	8.21	8.36	8.29	9.43	8.10	7.85	8.36	6.28	9.59	7.65	7.82	7.24
	July	8.06	8.36	8.23	10.44	7.88	7.34	8.56	6.49	9.73	7.69	7.82	7.50
	August	8.19	8.47	8.41	9.43	8.00	7.21	8.61	6.45	9.87	7.77	8.08	7.43
	September	8.25	8.76	8.69	9.80	7.86	6.76	8.82	6.55	9.83	7.48	7.93	7.06
	October	8.30	8.33	8.28	9.64	8.27	7.42	9.01	6.41	9.94	7.32	7.38	7.21
	November	8.34	8.22	8.16	9.06	8.44	7.08	9.24	6.50	10.07	8.55	7.48	8.90
	December	8.28	8.48	8.41	10.23	8.11	7.31	9.02	6.45	9.96	6.98	7.35	6.49
2010	January	8.36	8.25	8.19	9.71	8.46	7.68	8.96	6.41	10.03	6.72	7.37	6.40
	February	8.24	8.26	8.15	9.75	8.23	7.49	8.96	6.39	9.89	6.94	7.33	6.55
	March	8.45	8.72	8.68	9.32	8.28	7.67	8.82	6.41	9.77	6.95	7.42	6.50
	April	8.17	8.29	8.09	10.02	8.09	7.07	8.87	6.37	9.85	6.23	6.87	5.68
Relative significance ^a		18.23	7.08	6.33	0.75	11.15	4.85	6.30	1.79	4.51	5.14	2.37	2.77

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

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

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

Table G2 Banks' interest rates on kuna credits indexed to foreign currency and on credits in euros • The table contains the weighted averages of banks' monthly interest rates on kuna credits indexed to f/c and on credits in euros, reported on a yearly basis.

Up to December 2001, data refer to the weighted averages of banks' monthly interest rates on kuna credits indexed to f/c and on credits in euros (or German marks) granted to legal persons (which included enterprises, the public sector, financial

institutions, non-profit institutions and non-residents) and households, reported on a yearly basis. Savings banks are not covered.

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

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

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

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

Table G3 Banks' interest rates on kuna deposits not indexed to foreign currency
weighted averages of monthly interest rates, in % on annual basis

Year	Month	Interest rates on kuna deposits not indexed to foreign currency								
		Total average	In giro and current accounts	On time deposits						
				Total average	On short-term deposits			On long-term deposits		
					Total average	Households	Enterprises	Total average	Households	Enterprises
1	2	3	4	5	6	7	8	9	10	11
1996	December	4.15	2.19	10.19	10.11	9.84	10.26	12.36	15.49	9.88
1997	December	4.35	2.19	9.10	9.08	9.30	8.96	9.48	11.24	8.06
1998	December	4.11	2.31	7.73	7.63	9.47	7.15	10.19	10.72	9.56
1999	December	4.27	2.24	8.87	8.79	9.62	8.38	10.96	11.56	10.18
2000	December	3.40	1.64	7.20	7.13	7.44	7.03	8.89	9.19	8.63
2001	December	2.76	1.40	5.68	5.60	6.35	5.38	7.35	7.93	6.70
2002	December	1.55	0.94	3.64	3.53	4.39	2.86	6.05	7.24	3.23
2003	December	1.66	0.75	4.46	4.46	3.62	4.69	4.58	4.90	2.82
2004	December	1.83	0.74	4.11	4.11	3.93	4.13	4.10	4.65	3.30
2005	December	1.58	0.61	3.36	3.34	3.89	3.23	4.12	5.04	3.49
2006	December	1.91	0.56	2.98	2.94	4.10	2.69	4.32	4.98	3.11
2007	December	2.67	0.49	5.42	5.34	4.47	5.48	6.28	5.45	6.45
2008	December	2.92	0.43	5.65	5.60	5.34	5.64	6.58	5.88	6.85
2009	May	3.19	0.44	6.01	5.87	5.38	5.94	8.17	6.21	8.53
	June	3.13	0.45	6.05	5.93	5.38	6.01	7.93	6.27	8.22
	July	3.27	0.45	6.83	6.69	5.23	6.86	8.80	6.12	9.13
	August	3.12	0.46	6.48	6.34	5.12	6.45	8.46	6.18	8.70
	September	3.20	0.46	6.32	6.19	5.25	6.28	8.09	6.13	8.32
	October	2.95	0.45	5.05	4.96	5.30	4.92	6.26	6.14	6.27
	November	2.36	0.43	2.69	2.72	5.04	2.34	2.53	6.28	2.10
	December	2.22	0.43	2.52	2.49	4.89	2.04	2.76	6.12	2.07
2010	January	2.17	0.43	2.70	2.70	4.95	1.95	2.64	6.23	1.99
	February	1.91	0.40	2.64	2.95	4.65	1.74	1.79	5.63	1.27
	March	1.80	0.40	2.07	2.10	4.44	1.18	1.95	5.42	1.37
	April	1.76	0.36	2.15	2.25	4.35	1.44	1.81	5.52	1.34
Relative significance ^a		51.54	36.18	12.42	9.56	2.66	6.90	2.85	0.32	2.53

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

Table G3 Banks' interest rates on kuna deposits not indexed to foreign currency • The table contains the weighted averages of banks' monthly interest rates on kuna deposits not indexed to f/c, reported on a yearly basis.

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

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

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

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

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

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

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

Table G4a Banks' interest rates on kuna deposits indexed to foreign currency and on foreign currency deposits weighted averages of monthly interest rates, in % on annual basis

Year	Month	Interest rates on savings and time deposits indexed to f/c			Interest rates on foreign currency deposits					
		Total average	On short-term deposits	On long-term deposits	Total average	Savings deposits				
						Total average	Households		Enterprises	
							EUR	USD	EUR	USD
1	2	3	4	5	6	7	8	9	10	11
1996	December	9.46	9.56	8.80	5.09	1.44	1.32	1.95	1.47	1.39
1997	December	7.63	7.24	11.77	4.77	1.75	1.89	2.43	0.83	1.40
1998	December	7.47	7.67	5.58	3.98	2.09	2.38	2.40	0.72	0.74
1999	December	6.62	6.91	1.10	4.23	1.80	1.95	2.04	0.78	1.30
2000	December	5.54	5.94	2.16	3.47	1.03	0.99	1.23	0.65	1.29
2001	December	4.58	4.92	2.56	2.60	0.71	0.71	0.81	0.82	0.40
2002	December	2.92	3.45	1.48	2.55	0.50	0.52	0.41	0.52	0.38
2003	December	3.48	3.74	5.55	2.22	0.31	0.35	0.23	0.23	0.15
2004	December	4.17	3.61	5.19	2.65	0.31	0.34	0.22	0.22	0.21
2005	December	3.99	3.63	4.77	2.61	0.27	0.27	0.17	0.27	0.76
2006	December	3.67	3.30	4.07	2.94	0.25	0.23	0.17	0.32	0.44
2007	December	3.98	3.76	4.35	3.44	0.25	0.22	0.15	0.36	0.43
2008	December	4.09	4.05	4.42	3.97	0.21	0.20	0.15	0.26	0.13
2009	May	3.70	3.66	4.25	3.88	0.19	0.21	0.16	0.14	0.09
	June	3.99	3.59	4.21	3.96	0.18	0.21	0.16	0.11	0.08
	July	4.24	3.68	4.82	4.03	0.18	0.20	0.16	0.12	0.08
	August	3.95	3.27	4.01	3.98	0.18	0.20	0.16	0.11	0.07
	September	4.06	3.15	4.48	4.01	0.18	0.21	0.15	0.11	0.06
	October	3.40	3.08	3.37	3.99	0.18	0.21	0.15	0.10	0.07
	November	3.39	3.16	4.08	3.99	0.18	0.21	0.15	0.11	0.08
	December	3.01	3.12	3.31	3.98	0.18	0.22	0.16	0.10	0.07
2010	January	3.50	3.07	3.33	3.88	0.19	0.22	0.16	0.11	0.07
	February	3.40	2.78	4.39	3.71	0.18	0.22	0.16	0.10	0.07
	March	3.52	2.73	2.63	3.57	0.18	0.21	0.16	0.09	0.07
	April	3.63 ^b	2.99	5.46	3.51	0.17	0.20	0.16	0.09	0.09
Relative significance ^a		0.89	0.61	0.27	47.57	22.37	15.10	1.93	4.78	0.56

^a Relative significance is calculated as a percentage of corresponding deposit category in total deposits received in the reporting month (according to data for the last period included in the table). ^b Of the total amount of deposits to which this interest rate refers, 36.96% refers to enterprises.

Tables G4a – G4b Banks' interest rates on kuna deposits indexed to foreign currency and on foreign currency deposits • The table contains the weighted averages of banks' monthly interest rates on kuna deposits indexed to f/c and on foreign currency deposits, reported on a yearly basis.

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

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

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

Column 3 reports the weighted averages of monthly interest rates on total kuna savings and time deposits indexed to f/c received from enterprises (until December 2001, all legal persons)

and households, whereas the weighted averages of monthly interest rates on time deposits are shown in column 4 (short-term deposits) and column 5 (long-term deposits) respectively.

Up to December 2001, interest rates on foreign currency deposits refer to deposits received in German marks or US dollars, and starting from January 2002, they refer to deposits received in euros and US dollars, while the weighted averages are calculated based on their kuna equivalent using the current exchange rate. Deposits received in other currencies are not included in this table.

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

The average interest rate on total foreign currency deposits (column 6) refers to the weighted average of monthly interest

Table G4b Banks' interest rates on kuna deposits indexed to foreign currency and on foreign currency deposits
weighted averages of monthly interest rates, in % on annual basis

Year	Month	Interest rates on foreign currency deposits										
		On time deposits										Total average
		On short-term deposits					On long-term deposits					
		Total average	Households		Enterprises		Total average	Households		Enterprises		
EUR	USD		EUR	USD	EUR	USD		EUR	USD			
1	2	12	13	14	15	16	17	18	19	20	21	22
1996	December	7.77	6.95	5.65	6.21	9.86	5.47	12.24	7.71	7.97	19.92	1.50
1997	December	6.36	6.07	6.03	6.42	5.09	7.10	7.32	7.87	8.71	5.09	6.76
1998	December	4.89	4.49	5.42	6.16	2.84	5.37	7.29	7.68	8.59	4.93	6.92
1999	December	5.43	5.17	4.93	6.39	3.97	6.00	6.59	6.64	8.09	3.66	6.77
2000	December	4.57	4.36	3.65	5.15	4.59	6.62	5.56	5.17	6.61	5.97	8.53
2001	December	3.54	3.35	3.42	3.23	3.60	2.44	4.59	4.72	4.42	4.58	0.23
2002	December	3.13	2.96	3.27	2.21	2.89	1.43	4.59	4.69	3.84	3.46	2.30
2003	December	2.64	2.46	2.83	1.65	2.29	1.08	3.69	4.71	3.13	2.85	1.64
2004	December	2.85	2.65	3.01	1.69	2.46	2.28	4.20	4.85	3.13	3.61	2.65
2005	December	3.07	2.94	2.99	1.76	2.63	4.34	3.69	4.25	0.48	4.39	-
2006	December	3.82	3.76	3.16	2.05	4.24	5.84	4.25	4.47	2.26	4.79	4.61
2007	December	4.32	4.25	3.47	2.60	5.10	5.33	4.80	4.83	3.84	5.13	2.19
2008	December	4.15	3.95	4.33	2.69	4.13	1.84	5.51	5.57	3.58	5.52	2.38
2009	May	3.60	3.43	4.10	2.67	2.97	2.07	5.18	5.42	3.85	3.25	-
	June	3.85	3.71	4.25	2.69	3.42	2.59	5.29	5.55	3.99	3.54	2.27
	July	3.95	3.80	4.39	2.72	3.51	2.54	5.54	5.60	3.86	5.57	3.04
	August	3.95	3.83	4.48	2.77	3.45	2.38	5.37	5.40	3.99	5.71	-
	September	3.86	3.76	4.58	2.73	3.34	2.52	5.18	5.25	3.73	5.39	3.50
	October	3.61	3.46	4.27	2.79	3.08	1.73	5.36	5.42	3.81	5.41	0.00
	November	3.58	3.40	4.25	2.70	2.73	2.15	5.28	5.37	3.86	5.19	1.50
	December	3.58	3.40	4.33	2.73	2.64	1.77	5.13	5.43	3.86	2.85	0.13
2010	January	3.65	3.47	4.22	2.68	2.78	1.47	5.30	5.39	3.78	4.75	0.79
	February	3.31	3.10	4.04	2.75	2.36	1.28	5.14	5.25	3.73	3.90	2.76
	March	3.17	2.91	3.78	2.72	2.42	0.97	5.12	5.20	3.71	4.47	2.00
	April	3.17	2.92	3.73	2.75	2.26	1.55	5.01	5.07	3.93	3.48	1.10
Relative significance ^a		25.20	22.09	10.26	0.71	9.79	1.34	3.11	2.96	0.13	0.01	0.00

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

rates on savings and foreign currency time deposits, which are weighted by the end-of-month balances of all categories included in the calculation.

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

The basis for the calculation of the weighted averages of

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

Table G5 Banks' trade with foreign exchange
in million EUR, current exchange rate

	2004	2005	2006	2007	2008	2009	2010			
							Jan.	Feb.	Mar.	Apr.
A Purchase of foreign exchange										
1 Legal persons	7,465.3	8,443.5	14,442.7	26,365.0	33,058.3	19,939.9	1,707.5	1,377.2	1,571.5	1,483.2
2 Natural persons	3,934.4	4,931.8	6,262.7	6,151.3	4,755.3	4,920.3	263.7	304.4	382.7	389.6
2.1 Residents	3,586.1	4,662.6	5,909.4	3,184.0	4,252.9	4,389.6	240.2	278.1	346.6	342.8
2.2 Non-residents	348.3	269.2	353.2	326.3	502.4	530.7	23.5	26.3	36.1	46.8
3 Domestic banks	10,799.3	9,069.9	14,380.1	20,141.3	20,017.6	10,964.5	767.9	580.5	807.0	734.3
4 Foreign banks	1,426.2	2,602.3	5,056.8	5,194.1	7,342.5	5,681.9	365.7	303.6	389.2	371.6
5 Croatian National Bank	33.0	0.0	125.5	0.0	420.6	1,899.4	-	-	-	-
Total (1+2+3+4)	24,110.1	25,106.0	40,439.5	57,851.7	65,594.2	43,405.9	3,104.8	2,565.7	3,150.4	2,978.7
B Sale of foreign exchange										
1 Legal persons	11,280.3	13,022.3	17,515.0	28,564.1	35,448.8	21,707.2	1,657.0	1,344.5	1,528.0	1,267.3
2 Natural persons	1,671.1	2,722.5	4,109.1	3,712.5	4,366.4	3,205.5	123.5	110.7	160.1	123.2
2.1 Residents	1,654.5	2,693.9	4,056.4	2,071.3	4,335.2	3,186.0	122.8	108.5	159.3	122.0
2.2 Non-residents	16.6	28.6	52.6	40.0	31.2	19.5	0.8	2.2	0.8	1.2
3 Domestic banks	10,799.3	9,069.9	14,380.1	20,141.3	20,017.6	10,964.5	767.9	580.5	807.0	734.3
4 Foreign banks	1,001.1	1,407.1	3,526.1	4,072.6	6,615.7	5,281.5	393.5	266.3	346.9	606.8
5 Croatian National Bank	543.2	670.8	1,329.5	839.0	409.1	2,224.2	-	-	-	-
Total (1+2+3+4)	25,295.0	26,892.7	40,859.7	57,329.5	66,857.5	43,382.7	2,941.9	2,302.1	2,842.1	2,731.7
C Net purchase (A-B)										
1 Legal persons	-3,815.1	-4,578.8	-3,072.3	-2,199.1	-2,390.5	-1,767.3	50.5	32.7	43.5	215.9
2 Natural persons	2,263.3	2,209.3	2,153.6	2,438.9	388.9	1,714.8	140.2	193.6	222.6	266.4
2.1 Residents	1,931.6	1,968.7	1,853.0	1,112.7	-82.2	1,203.6	117.5	169.6	187.3	220.9
2.2 Non-residents	331.7	240.6	300.6	286.3	471.1	511.2	22.8	24.1	35.3	45.5
3 Foreign banks	425.1	1,195.2	1,530.7	1,121.4	726.8	400.4	-27.8	37.2	42.3	-235.3
4 Croatian National Bank	-510.2	-670.8	-1,204.0	-839.0	11.5	-324.8	-	-	-	-
Total (1+2+3)	-1,636.9	-1,845.2	-592.1	522.2	-1,263.3	23.2	162.9	263.5	308.4	247.0
Memo items: Other Croatian National Bank transactions										
Purchase of foreign exchange	145.1	-	3.1	5.1	265.4	664.6	0.1	1.4	2.4	2.8
Sale of foreign exchange	239.3	167.6	441.3	176.7	83.7	98.3	0.0	66.6	108.0	38.8

Table G5 Banks' trade with foreign exchange • Data on trade with foreign exchange between banks comprise the spot purchase and sale of foreign exchange in domestic foreign exchange market. Spot transactions are contracted obligations to buy/sell foreign currency within maximally 48 hours.

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

CNB). Sources of data are banks' reports on trading with foreign exchange and statistical data on external payment operations.

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

H International economic relations

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

	2005	2006	2007 ^c	2008 ^c	2009 ^c	2009				2010 Q1 ^d
						Q1 ^c	Q2 ^c	Q3 ^c	Q4 ^c	
A CURRENT ACCOUNT (1+6)	-1,975.6	-2,717.1	-3,236.1	-4,337.8	-2,447.8	-1,844.7	-875.7	1,788.4	-1,515.8	-1,404.6
1 Goods, services, and income (2+5)	-3,159.5	-3,824.5	-4,279.1	-5,408.3	-3,483.4	-2,051.5	-1,170.2	1,547.3	-1,808.9	-1,657.4
1.1 Credit	15,990.2	17,883.1	19,600.2	21,256.5	16,927.9	2,916.7	4,224.5	6,581.6	3,205.1	2,892.8
1.2 Debit	-19,149.7	-21,707.6	-23,879.3	-26,664.8	-20,411.3	-4,968.2	-5,394.8	-5,034.3	-5,014.0	-4,550.2
2 Goods and services (3+4)	-2,200.2	-2,641.6	-3,166.6	-3,835.9	-1,722.4	-1,597.0	-609.7	1,905.2	-1,420.9	-1,164.8
2.1 Credit	15,272.9	16,990.4	18,307.2	19,904.6	16,144.4	2,701.9	4,023.0	6,376.5	3,043.0	2,805.0
2.2 Debit	-17,473.2	-19,632.0	-21,473.8	-23,740.5	-17,866.8	-4,298.9	-4,632.7	-4,471.3	-4,464.0	-3,969.7
3 Goods	-7,518.0	-8,344.2	-9,434.0	-10,793.8	-7,398.0	-1,731.8	-2,011.7	-1,836.7	-1,817.8	-1,288.6
3.1 Credit	7,220.3	8,463.6	9,192.5	9,814.0	7,690.5	1,928.5	1,901.6	1,888.6	1,971.7	2,017.1
3.2 Debit	-14,738.3	-16,807.8	-18,626.5	-20,607.8	-15,088.5	-3,660.3	-3,913.4	-3,725.4	-3,789.5	-3,305.7
4 Services	5,317.7	5,702.7	6,267.4	6,957.9	5,675.6	134.8	1,402.1	3,741.9	396.9	123.8
4.1 Credit	8,052.6	8,526.8	9,114.7	10,090.6	8,453.9	773.4	2,121.4	4,487.8	1,071.3	787.8
4.2 Debit	-2,734.9	-2,824.2	-2,847.3	-3,132.7	-2,778.3	-638.6	-719.3	-745.9	-674.5	-664.1
5 Income	-959.2	-1,182.9	-1,112.5	-1,572.4	-1,761.0	-454.5	-560.6	-357.9	-388.0	-492.6
5.1 Credit	717.3	892.7	1,293.0	1,351.9	783.5	214.8	201.5	205.1	162.0	87.9
5.2 Debit	-1,676.5	-2,075.6	-2,405.5	-2,924.3	-2,544.5	-669.3	-762.1	-563.1	-550.1	-580.4
6 Current transfers	1,183.8	1,107.4	1,043.0	1,070.5	1,035.6	206.8	294.6	241.1	293.2	252.7
6.1 Credit	1,628.4	1,639.5	1,576.1	1,684.4	1,607.1	348.7	431.0	388.3	439.2	394.6
6.2 Debit	-444.6	-532.1	-533.1	-613.9	-571.5	-141.9	-136.4	-147.2	-146.0	-141.9
B CAPITAL AND FINANCIAL ACCOUNT	3,008.7	3,695.1	4,084.3	5,909.9	3,173.0	2,312.5	532.0	-606.8	935.2	640.7
B1 Capital account	53.8	-134.0	28.5	14.9	40.5	-3.4	5.3	5.8	32.9	12.6
B2 Financial account, excl. reserves	3,776.8	5,241.3	4,777.4	5,564.6	4,028.9	1,905.2	858.1	-639.8	1,905.4	110.5
1 Direct investment	1,276.1	2,556.6	3,411.7	3,206.6	1,177.3	408.5	472.9	-39.3	335.1	472.7
1.1 Abroad	-191.8	-208.2	-266.9	-988.8	-918.7	-28.7	-34.9	-763.8	-91.4	38.5
1.2 In Croatia	1,467.9	2,764.8	3,678.6	4,195.4	2,096.0	437.2	507.8	724.4	426.6	434.2
2 Portfolio investment	-1,187.9	-529.6	6.1	-633.9	155.7	-415.7	360.0	-397.4	608.7	-640.2
2.1 Assets	-581.3	-459.8	-404.7	-280.0	-797.4	155.9	-74.9	-246.7	-631.8	-102.6
2.2 Liabilities	-606.6	-69.8	410.8	-353.9	953.1	-571.6	435.0	-150.7	1,240.4	-537.5
3 Financial derivatives	-88.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-61.1
4 Other investment	3,777.0	3,214.3	1,359.7	2,991.9	2,695.9	1,912.4	25.1	-203.1	961.5	339.1
4.1 Assets	982.2	-692.3	-1,653.3	-1,620.9	682.6	1,940.7	-947.4	-982.0	671.3	426.0
4.2 Liabilities	2,794.7	3,906.6	3,012.9	4,612.8	2,013.3	-28.4	972.5	778.9	290.3	-86.9
B3 Reserve assets	-821.8	-1,412.2	-721.6	330.4	-896.4	410.7	-331.3	27.2	-1,003.0	517.5
C NET ERRORS AND OMISSIONS	-1,033.1	-977.9	-848.2	-1,572.1	-725.2	-467.8	343.6	-1,181.6	580.5	763.9

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from January 1999 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Data also include the round tripping which increases direct investment in Croatia and direct investment abroad by the same amount. This type of direct investment was recorded in December 2008 (EUR 825.7m) and August 2009 (EUR 666.5m). ^c Revised data. ^d Preliminary data.

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

Tables H1 – H6 Balance of payments • The balance of payments of the Republic of Croatia represents a systematic overview of the value of economic transactions performed by the Croatian residents with foreign countries within a particular period. It is compiled in accordance with the recommendations of the International Monetary Fund (Balance of Payments Manual, Fifth Edition, 1993). Data sources include: 1) reports of the government institutions (Central Bureau of Statistics and Croatian Institute for Health Insurance), 2) special reports of the Croatian National Bank (International Transaction Reporting System (ITRS), external debt relations, monetary statistics and

reserve assets) and 3) estimates and statistical research carried out by the Croatian National Bank.

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

Table H2 Balance of payments – goods and services
in million EUR

	2005	2006	2007	2008	2009 ^a	2009				2010 Q1 ^b
						Q1	Q2	Q3 ^a	Q4 ^a	
Goods	-7,518.0	-8,344.2	-9,434.0	-10,793.8	-7,398.0	-1,731.8	-2,011.7	-1,836.7	-1,817.8	-1,288.6
1 Credit	7,220.3	8,463.6	9,192.5	9,814.0	7,690.5	1,928.5	1,901.6	1,888.6	1,971.7	2,017.1
1.1 Exports (f.o.b.) in trade statistics	7,069.4	8,251.6	9,001.6	9,585.1	7,516.7	1,892.7	1,864.6	1,835.2	1,924.2	1,984.0
1.2 Adjustments for coverage	150.9	212.0	191.0	228.9	173.8	35.8	37.0	53.4	47.5	33.1
2 Debit	-14,738.3	-16,807.8	-18,626.5	-20,607.8	-15,088.5	-3,660.3	-3,913.4	-3,725.4	-3,789.5	-3,305.7
2.1 Imports (c.i.f.) in trade statistics	-14,949.5	-17,104.7	-18,826.6	-20,817.1	-15,218.5	-3,706.9	-3,951.6	-3,738.0	-3,822.0	-3,326.7
2.2 Adjustments for coverage	-346.4	-341.1	-370.4	-421.4	-331.1	-65.7	-81.5	-100.6	-83.3	-79.8
2.3 Adjustments for classification	557.6	638.0	570.4	630.8	461.1	112.3	119.7	113.3	115.8	100.8
Services	5,317.7	5,702.7	6,267.4	6,957.9	5,675.6	134.8	1,402.1	3,741.9	396.9	123.8
1 Transportation	376.1	474.2	542.1	508.5	255.0	51.2	72.4	90.8	40.5	37.3
1.1 Credit	880.3	1,037.5	1,165.4	1,209.4	752.0	173.9	197.2	220.6	160.3	145.8
1.2 Debit	-504.2	-563.2	-623.3	-700.9	-497.1	-122.7	-124.8	-129.8	-119.8	-108.5
2 Travel	5,394.9	5,708.7	6,035.2	6,694.0	5,655.8	171.9	1,399.9	3,660.9	423.1	188.1
2.1 Credit	5,998.9	6,293.3	6,752.6	7,459.4	6,379.7	300.7	1,590.1	3,897.0	591.9	324.7
2.1.1 Business	504.0	388.4	389.2	386.4	255.7	40.0	94.3	65.7	55.8	39.0
2.1.2 Personal	5,494.9	5,904.9	6,363.4	7,073.1	6,124.0	260.7	1,495.8	3,831.3	536.1	285.7
2.2 Debit	-604.1	-584.6	-717.3	-765.5	-724.0	-128.8	-190.2	-236.1	-168.8	-136.6
2.2.1 Business	-267.4	-229.5	-266.9	-261.3	-240.8	-40.2	-70.1	-63.9	-66.6	-39.1
2.2.2 Personal	-336.7	-355.1	-450.4	-504.2	-483.1	-88.7	-120.0	-172.2	-102.2	-97.6
3 Other services	-453.3	-480.3	-310.0	-244.6	-235.1	-88.4	-70.2	-9.8	-66.7	-101.6
3.1 Credit	1,173.4	1,196.0	1,196.8	1,421.8	1,322.2	298.8	334.1	370.2	319.1	317.4
3.2 Debit	-1,626.6	-1,676.3	-1,506.7	-1,666.4	-1,557.3	-387.1	-404.3	-380.0	-385.8	-419.0

^a Revised data. ^b Preliminary data.

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

The Report of the Central Bureau of Statistics on foreign trade in goods of the Republic of Croatia represents the basic data source for the balance of payments items related to exports and imports. These data are adjusted, in accordance with the recommended compilation method, for coverage and classification. Accordingly, goods exports and imports in the balance of payments are reported at f.o.b. parity. The value of exports at this parity is already contained in the previously mentioned CBS Report, whereas the value of imports f.o.b. is estimated on the basis of research studies of the CNB on the stratified sample of importers. The resulting value serves as a basis for the estimate of the share of transportation and insurance services by which the original value of imports c.i.f., stated in the CBS Report, is reduced. In the 1993-2001 period, this share stood at 7.10% (estimated only on the basis of the largest and large importers), while from 2002 on it has amounted to 3.73%. The same research study, conducted by the CNB at the end of 2006 (comprising the imports in the previous year), showed that the share of transportation and insurance costs, after continuing to decrease, has reached 3.03%. This share was first applied in the calculations for the first quarter of 2007. In the period from

1993 to 1996, the value of imports was modified by estimates of imports in duty free zones, which have been included in the merchandise trade statistics since 1997. From 1996 on, goods exports and imports are modified by the data on repairs on goods and goods procured in ports by carriers. In addition, since 1999, based on the Survey on Consumption of Foreign Travellers in Croatia and Domestic Travellers Abroad, the item of goods exports has been modified by the estimated value of goods sold to foreign travellers and tourists and taken out of the Republic of Croatia. The item of goods imports is adjusted for the estimated value of goods imported personally by the Croatian citizens from the neighbouring countries (shopping expenditures).

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

Revenues from services rendered to foreign travellers and tourists, as well as expenditures incurred by domestic travellers and tourists abroad are shown under the position Travel. In the

Table H3 Balance of payments – income and current transfers
in million EUR

	2005	2006	2007 ^a	2008 ^a	2009 ^a	2009				2010 Q1 ^b
						Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^a	
Income	-959.2	-1,182.9	-1,112.5	-1,572.4	-1,761.0	-454.5	-560.6	-357.9	-388.0	-492.6
1 Compensation of employees	259.7	373.2	494.2	564.1	586.5	146.0	149.3	141.8	149.5	142.7
1.1 Credit	289.2	404.3	527.8	599.7	624.2	154.9	159.1	151.1	159.1	151.0
1.2 Debit	-29.5	-31.1	-33.6	-35.5	-37.6	-8.9	-9.8	-9.3	-9.7	-8.3
2 Direct investment income	-739.0	-1,002.0	-921.6	-1,139.4	-1,114.6	-270.7	-395.3	-189.5	-259.0	-369.7
2.1 Credit	112.7	80.7	174.5	194.6	-56.3	-6.7	-9.9	8.9	-48.6	-103.1
o/w: Reinvested earnings	63.8	64.0	123.3	118.6	-95.1	-15.2	-19.1	-5.0	-55.7	-109.8
2.2 Debit	-851.8	-1,082.7	-1,096.1	-1,334.0	-1,058.3	-264.0	-385.4	-198.5	-210.5	-266.6
o/w: Reinvested earnings	-570.5	-717.5	-483.3	-508.5	-286.2	110.3	-108.8	-128.5	-159.1	-73.8
3 Portfolio investment income	-217.6	-175.9	-162.9	-145.8	-155.8	-29.7	-33.8	-43.3	-49.0	-68.9
3.1 Credit	46.2	57.4	74.5	74.6	64.3	17.8	15.3	12.0	19.3	7.7
3.2 Debit	-263.8	-233.3	-237.4	-220.4	-220.1	-47.5	-49.0	-55.3	-68.3	-76.6
4 Other investment income	-262.3	-378.2	-522.2	-851.3	-1,077.2	-300.0	-280.7	-266.9	-229.5	-196.6
4.1 Credit	269.1	350.3	516.2	483.0	151.3	48.9	37.1	33.1	32.2	32.3
4.2 Debit	-531.4	-728.6	-1,038.4	-1,334.3	-1,228.5	-348.9	-317.9	-300.0	-261.7	-228.9
Current transfers	1,183.8	1,107.4	1,043.0	1,070.5	1,035.6	206.8	294.6	241.1	293.2	252.7
1 General government	9.7	-8.6	-16.7	-20.0	-30.7	-31.5	20.4	-30.5	10.9	-19.5
1.1 Credit	219.6	255.7	260.2	342.6	308.4	52.2	100.7	59.9	95.5	63.0
1.2 Debit	-209.9	-264.4	-276.8	-362.7	-339.0	-83.7	-80.3	-90.4	-84.6	-82.5
2 Other sectors	1,174.1	1,116.0	1,059.6	1,090.5	1,066.3	238.3	274.1	271.6	282.2	272.3
2.1 Credit	1,408.8	1,383.8	1,316.0	1,341.7	1,298.8	296.5	330.2	328.4	343.7	331.6
2.2 Debit	-234.6	-267.7	-256.3	-251.2	-232.5	-58.2	-56.1	-56.8	-61.4	-59.4

^a Revised data. ^b Preliminary data.

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

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

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

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

Current transfers are reported separately for the general government sector and other sectors. The ITRS is used as the main data source on current transfers for both sectors. In addition to taxes and excise duties, pensions, monetary support and donations, which are included in current transfers of both sectors, the government sector also encompasses data on multilateral cooperation, whereas other sectors include data on workers' remittances. Current transfers of the general government sector also include data on exports and imports of goods without a payment obligation, provided by the CBS. In the 1993-1998 period, current transfers of other sectors also encompassed an estimate of unregistered foreign currency remittances, which accounted

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

in million EUR

	2005	2006	2007 ^c	2008 ^c	2009 ^c	2009				2010 Q1 ^d
						Q1 ^c	Q2 ^c	Q3 ^c	Q4 ^c	
Direct investment	1,276.1	2,556.6	3,411.7	3,206.6	1,177.3	408.5	472.9	-39.3	335.1	472.7
1 Abroad	-191.8	-208.2	-266.9	-988.8	-918.7	-28.7	-34.9	-763.8	-91.4	38.5
1.1 Equity capital and reinvested earnings	-121.0	-211.9	-321.1	-1,094.6	-912.4	-97.3	-49.4	-736.2	-29.5	45.2
1.1.1 Claims	-122.2	-211.9	-324.2	-1,094.6	-1,007.5	-112.5	-68.5	-741.2	-85.2	-64.6
1.1.2 Liabilities	1.3	0.0	3.1	0.0	95.1	15.2	19.1	5.0	55.7	109.8
1.2 Other capital	-70.9	3.7	54.1	105.7	-6.3	68.6	14.5	-27.6	-61.9	-6.7
1.1.1 Claims	-59.8	-13.9	20.3	106.8	-42.6	47.3	-13.9	-42.4	-33.6	-25.4
1.2.2 Liabilities	-11.1	17.6	33.9	-1.1	36.3	21.4	28.4	14.8	-28.3	18.7
2 In Croatia	1,467.9	2,764.8	3,678.6	4,195.4	2,096.0	437.2	507.8	724.4	426.6	434.2
2.1 Equity capital and reinvested earnings	1,363.5	2,460.9	2,671.0	2,682.9	967.8	28.3	278.7	362.2	298.7	311.0
2.1.1 Claims	0.0	-0.1	0.0	-6.9	-110.3	-110.3	0.0	0.0	0.0	0.0
2.1.2 Liabilities	1,363.5	2,461.0	2,671.0	2,689.8	1,078.1	138.6	278.7	362.2	298.7	311.0
2.2 Other capital	104.4	303.8	1,007.6	1,512.5	1,128.2	408.9	229.1	362.3	127.9	123.1
2.2.1 Claims	0.0	16.6	20.4	-26.3	-32.1	-13.1	8.4	0.7	-28.1	-16.2
2.2.2 Liabilities	104.4	287.3	987.2	1,538.8	1,160.3	422.0	220.7	361.5	156.1	139.3
Portfolio investment	-1,187.9	-529.6	6.1	-633.9	155.7	-415.7	360.0	-397.4	608.7	-640.2
1 Assets	-581.3	-459.8	-404.7	-280.0	-797.4	155.9	-74.9	-246.7	-631.8	-102.6
1.1 Equity securities	-193.0	-320.5	-844.2	146.8	-111.0	12.8	-56.1	-17.4	-50.4	-248.2
1.1.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1 Banks	0.0	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2 Other sectors	-193.0	-323.1	-844.2	146.8	-111.0	12.8	-56.1	-17.4	-50.4	-248.2
1.2 Debt securities	-388.2	-139.3	439.4	-426.8	-686.4	143.1	-18.8	-229.3	-581.4	145.6
1.2.1 Bonds	-407.8	118.2	329.7	-326.0	-345.0	141.1	-75.5	-106.2	-304.3	236.8
1.2.1.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.1.2 Banks	-371.4	161.9	267.8	-226.5	-52.5	196.6	-0.4	-94.3	-154.4	228.2
1.2.1.3 Other sectors	-36.3	-43.7	61.9	-99.5	-292.5	-55.5	-75.1	-11.9	-149.9	8.6
1.2.2 Money market instruments	19.5	-257.4	109.7	-100.8	-341.4	2.0	56.7	-123.1	-277.0	-91.2
1.2.2.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2.2 Banks	19.5	-257.4	109.7	-100.9	-341.4	2.0	56.7	-123.1	-277.0	-91.2
1.2.2.3 Other sectors	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
2 Liabilities	-606.6	-69.8	410.8	-353.9	953.1	-571.6	435.0	-150.7	1,240.4	-537.5
2.1 Equity securities	89.2	325.7	315.7	-87.1	-12.5	-0.3	-22.2	-12.0	22.0	0.2
2.1.1 Banks	-12.8	41.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2 Other sectors	102.0	284.0	315.7	-87.1	-12.5	-0.3	-22.2	-12.0	22.0	0.2
2.2 Debt securities	-695.8	-395.6	95.1	-266.8	965.7	-571.3	457.2	-138.7	1,218.4	-537.8
2.2.1 Bonds	-695.8	-395.6	95.1	-266.8	965.7	-571.3	457.2	-138.7	1,218.4	-537.8
2.2.1.1 General government	-705.9	-463.7	-276.4	-208.0	998.8	-572.4	460.0	58.4	1,052.8	-571.4
2.2.1.2 Banks	3.2	1.2	1.0	-1.6	-446.5	2.8	3.3	-452.6	0.0	0.0
2.2.1.3 Other sectors	6.9	66.9	370.5	-57.3	413.3	-1.7	-6.1	255.5	165.7	33.7
2.2.2 Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2.2 Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2.3 Other sectors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from January 1999 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Data also include the round tripping which increases direct investment in Croatia and direct investment abroad by the same amount. This type of direct investment was recorded in December 2008 (EUR 825.7m) and August 2009 (EUR 666.5m). ^c Revised data. ^d Preliminary data.

for 15% of the positive difference between unclassified inflows and outflows of the household sector. From 1993 to the second quarter of 1996, the CNB also assessed a portion of the outflow based on current transfers. From 2002 on, inflows and outflows based on current transfers of other sectors are supplemented by the data of the CNB special statistical research on international

transactions related to insurance services.

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

Table H5 Balance of payments – other investment^a

in million EUR

	2005	2006	2007	2008	2009 ^b	2009				2010 Q1 ^c
						Q1	Q2	Q3 ^b	Q4 ^b	
Other investment (net)	3,777.0	3,214.3	1,359.7	2,991.9	2,695.9	1,912.4	25.1	-203.1	961.5	339.1
1 Assets	982.2	-692.3	-1,653.3	-1,620.9	682.6	1,940.7	-947.4	-982.0	671.3	426.0
1.1 Trade credits	-134.8	-33.3	-99.4	-126.5	148.9	12.3	-38.4	129.3	45.7	-71.1
1.1.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1.1 Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2 Other sectors	-134.8	-33.3	-99.4	-126.5	148.9	12.3	-38.4	129.3	45.7	-71.1
1.1.2.1 Long-term	10.4	-4.9	-63.5	26.7	58.0	16.2	11.6	11.1	19.1	7.2
1.1.2.2 Short-term	-145.3	-28.4	-35.9	-153.2	90.9	-3.9	-50.0	118.2	26.6	-78.3
1.2 Loans	-116.8	-153.1	-4.5	-107.5	41.5	18.6	35.2	1.2	-13.5	-5.2
1.2.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.1.1 Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2 Banks	-28.5	-80.4	-32.6	-66.7	20.5	-1.7	28.3	-9.7	3.6	0.5
1.2.2.1 Long-term	-20.5	-58.9	-25.4	-26.8	-28.7	-0.8	4.8	-23.1	-9.5	4.4
1.2.2.2 Short-term	-8.0	-21.5	-7.3	-39.9	49.2	-0.8	23.5	13.4	13.1	-3.9
1.2.3 Other sectors	-88.3	-72.7	28.1	-40.8	21.0	20.3	6.9	10.8	-17.0	-5.6
1.2.3.1 Long-term	-89.2	-73.0	28.1	-37.6	20.9	20.3	9.2	8.7	-17.4	-3.2
1.2.3.2 Short-term	1.0	0.3	0.0	-3.2	0.1	0.0	-2.3	2.1	0.3	-2.4
1.3 Currency and deposits	1,233.8	-505.9	-1,549.4	-1,386.8	492.2	1,909.8	-944.2	-1,112.4	639.1	502.4
1.3.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.2 Banks	1,313.7	-462.1	-1,317.1	-136.4	426.5	1,755.1	-855.4	-693.2	220.1	521.1
1.3.3 Other sectors	-79.8	-43.8	-232.3	-1,250.5	65.7	154.7	-88.8	-419.2	419.0	-18.8
1.4 Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 Liabilities	2,794.7	3,906.6	3,012.9	4,612.8	2,013.3	-28.4	972.5	778.9	290.3	-86.9
2.1 Trade credits	15.1	18.5	313.5	32.0	-143.5	-250.5	68.6	51.5	-13.0	-152.7
2.1.1 General government	0.4	-0.7	-0.6	-0.5	0.0	0.0	0.0	0.0	0.0	0.0
2.1.1.1 Long-term	0.4	-0.7	-0.6	-0.5	0.0	0.0	0.0	0.0	0.0	0.0
2.1.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2 Other sectors	14.7	19.2	314.2	32.5	-143.5	-250.5	68.6	51.5	-13.0	-152.7
2.1.2.1 Long-term	27.4	-3.7	165.0	34.9	-58.0	-1.9	-33.8	7.9	-30.2	0.2
2.1.2.2 Short-term	-12.7	22.9	149.2	-2.4	-85.5	-248.6	102.4	43.6	17.1	-152.9
2.2 Loans	2,405.7	3,059.2	2,890.3	3,703.9	969.3	-131.9	506.8	537.6	56.8	387.4
2.2.1 Croatian National Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.1 o/w: IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.1.1 Drawings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.1.2 Repayments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2 General government	97.2	165.0	161.0	96.7	-7.4	36.0	17.3	-33.0	-27.8	186.2
2.2.2.1 Long-term	97.2	165.0	161.0	65.0	24.3	44.7	26.0	-24.4	-22.0	186.2
2.2.2.1.1 Drawings	342.0	477.8	523.5	330.1	306.0	106.9	106.9	38.0	54.1	220.9
2.2.2.1.2 Repayments	-244.8	-312.8	-362.5	-265.2	-281.7	-62.3	-80.9	-62.4	-76.1	-34.8
2.2.2.2 Short-term	0.0	0.0	0.0	31.7	-31.7	-8.6	-8.6	-8.6	-5.8	0.0
2.2.3 Banks	826.0	541.2	-1,065.0	115.2	-166.5	-341.1	-111.5	76.3	209.9	214.5
2.2.3.1 Long-term	281.1	419.5	-630.8	-276.1	158.1	18.0	-118.3	-27.9	286.3	-63.1
2.2.3.1.1 Drawings	1,236.1	2,833.6	1,216.2	609.4	1,219.2	140.6	511.2	183.8	383.6	69.2
2.2.3.1.2 Repayments	-955.0	-2,414.1	-1,847.0	-885.4	-1,061.1	-122.6	-629.4	-211.7	-97.3	-132.3
2.2.3.2 Short-term	544.9	121.7	-434.2	391.3	-324.6	-359.1	6.7	104.2	-76.4	277.6
2.2.4 Other sectors	1,482.6	2,353.0	3,794.4	3,492.0	1,143.2	173.1	601.1	494.3	-125.3	-13.3
2.2.4.1 Long-term	1,428.1	2,264.1	3,184.9	3,175.7	866.9	141.3	404.0	425.2	-103.6	-27.6
2.2.4.1.1 Drawings	2,934.5	4,266.4	5,960.8	6,700.9	4,804.5	834.9	1,665.9	1,184.4	1,119.3	811.5
2.2.4.1.2 Repayments	-1,506.4	-2,002.3	-2,775.9	-3,525.2	-3,937.5	-693.6	-1,261.9	-759.1	-1,222.9	-839.1
2.2.4.2 Short-term	54.5	88.9	609.5	316.2	276.2	31.9	197.0	69.1	-21.7	14.3

	2005	2006	2007	2008	2009 ^b	2009				2010 Q1 ^c
						Q1	Q2	Q3 ^b	Q4 ^b	
2.3 Currency and deposits	371.1	826.2	-193.6	875.7	1,185.5	353.8	396.6	189.4	245.7	-321.9
2.3.1 General government	0.1	0.1	-0.1	-0.1	-1.2	-0.3	-0.8	0.0	0.0	0.0
2.3.2 Banks	371.1	826.0	-193.6	867.1	1,197.2	359.0	401.4	191.2	245.7	-321.9
2.3.3 Other sectors	-0.1	0.1	0.1	8.7	-10.6	-4.9	-3.9	-1.8	0.0	0.0
2.4 Other liabilities	2.8	2.7	2.7	1.3	2.0	0.3	0.5	0.4	0.8	0.3

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

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

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

Other investment encompasses all other debt investments that have not been mentioned, apart from investment constituting reserve assets. Other investments are classified by instruments, maturity and sectors. Trade credits, in the 1996-2002 period, included the CNB estimates of advance payment and

deferred payments, made on the basis of the sample of the largest and large importers and exporters. Data on advance payments have been estimated since 1996, while data on short-term deferred payments (first up to 90 days, then up to 150 days, and today from 8 days to 1 year) have been collected since 1999. In 2003, this research was replaced by a new one, where the selected companies, regardless of their size (stratified sample), are obliged to submit data. Data on deferred payments with the original maturity of more than one year are adopted from the CNB foreign credit relations statistics. Credits granted by residents to non-residents, i.e. foreign loans utilised by residents and granted by non-residents, which cannot be classified into direct investments or trade credits, are classified by the institutional sector and maturity under the corresponding positions of other investment. The CNB foreign credit relations statistics represent the data source for these positions. Currency and deposit position shows residents' claims on foreign countries for foreign cash and deposits with foreign banks, as well as obligations of the Croatian banks for deposits owned by non-residents. Monetary statistics represent a data source for the general government sector and banks sector. Data on balance and currency structure of foreign assets and liabilities, contained in monetary statistics, are used to assess transactions from which the exchange rate effect was eliminated. In the 1993-1998 period, data on other sectors' claims under this position were compiled on the basis of the CNB estimate of a portion of net foreign currency inflows of the household sector which is not classified under current transfers. Since 1999, this position has included only the data based on the Bank for International Settlement quarterly data, while data in the fourth quarter of 2001 and in the first two quarters of 2002 relate to the effect of the EMU countries' currencies changeover to the euro.

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

Table H6 Balance of payments – summary^a

in million HRK

	2005	2006	2007 ^b	2008 ^b	2009 ^b	2009				2010 Q1 ^c
						Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	
A CURRENT ACCOUNT (1+6)	-14,828.7	-20,064.6	-23,874.5	-31,687.6	-18,077.5	-13,678.7	-6,470.7	13,097.8	-11,025.8	-10,234.4
1 Goods, services, and income (2+5)	-23,586.8	-28,173.7	-31,525.4	-39,163.3	-25,677.6	-15,214.0	-8,638.9	11,334.3	-13,159.0	-12,074.9
1.1 Credit	117,994.9	130,756.5	143,640.4	153,418.7	124,162.3	21,610.8	31,070.0	48,174.2	23,307.2	21,066.3
1.2 Debit	-141,581.7	-158,930.2	-175,165.8	-192,582.0	-149,839.8	-36,824.8	-39,708.9	-36,839.9	-36,466.2	-33,141.2
2 Goods and services (3+4)	-16,508.1	-19,535.2	-23,342.4	-27,771.7	-12,732.8	-11,843.9	-4,510.9	13,954.7	-10,332.7	-8,482.4
2.1 Credit	112,693.7	124,216.9	134,156.6	143,655.7	118,408.1	20,018.2	29,586.9	46,673.6	22,129.4	20,427.4
2.2 Debit	-129,201.8	-143,752.1	-157,499.0	-171,427.5	-131,140.9	-31,862.1	-34,097.8	-32,718.9	-32,462.1	-28,909.8
3 Goods	-55,568.1	-61,083.9	-69,218.6	-77,984.3	-54,329.4	-12,848.0	-14,811.4	-13,444.2	-13,225.8	-9,390.0
3.1 Credit	53,397.7	61,988.6	67,424.8	70,856.8	56,453.8	14,291.5	14,000.4	13,823.2	14,338.7	14,689.2
3.2 Debit	-108,965.8	-123,072.5	-136,643.4	-148,841.1	-110,783.2	-27,139.5	-28,811.8	-27,267.4	-27,564.5	-24,079.2
4 Services	39,060.0	41,548.7	45,876.2	50,212.6	41,596.6	1,004.2	10,300.4	27,398.9	2,893.1	907.6
4.1 Credit	59,296.0	62,228.3	66,731.8	72,798.9	61,954.3	5,726.8	15,586.4	32,850.4	7,790.7	5,738.2
4.2 Debit	-20,236.0	-20,679.6	-20,855.6	-22,586.3	-20,357.7	-4,722.6	-5,286.0	-5,451.5	-4,897.5	-4,830.6
5 Income	-7,078.7	-8,638.5	-8,183.0	-11,391.6	-12,944.8	-3,370.1	-4,128.0	-2,620.4	-2,826.3	-3,592.5
5.1 Credit	5,301.2	6,539.7	9,483.7	9,762.9	5,754.1	1,592.6	1,483.1	1,500.6	1,177.8	638.9
5.2 Debit	-12,379.9	-15,178.1	-17,666.8	-21,154.5	-18,698.9	-4,962.7	-5,611.1	-4,121.0	-4,004.1	-4,231.4
6 Current transfers	8,758.1	8,109.0	7,650.9	7,475.7	7,600.1	1,535.3	2,168.2	1,763.5	2,133.1	1,840.5
6.1 Credit	12,047.2	12,005.6	11,562.1	12,159.5	11,793.0	2,586.1	3,170.7	2,841.0	3,195.2	2,874.0
6.2 Debit	-3,289.1	-3,896.5	-3,911.1	-4,683.7	-4,192.9	-1,050.8	-1,002.5	-1,077.6	-1,062.1	-1,033.4
B CAPITAL AND FINANCIAL ACCOUNT	22,085.4	26,918.4	29,686.9	42,512.1	23,275.0	16,986.9	3,885.4	-4,548.4	6,951.2	4,549.8
B1 Capital account	396.8	-981.8	209.1	108.2	333.2	-19.5	39.0	51.2	262.6	92.0
B2 Financial account, excl. reserves	27,764.0	38,213.6	34,792.8	40,095.6	29,453.0	13,997.1	6,269.6	-4,798.7	13,985.0	681.9
1 Direct investment	9,093.0	18,726.0	25,074.4	22,752.8	8,673.1	3,030.8	3,483.9	-286.8	2,445.2	3,447.9
1.1 Abroad	-1,415.4	-1,525.6	-1,961.1	-7,116.9	-6,729.2	-213.6	-258.6	-5,592.6	-664.3	278.8
1.2 In Croatia	10,508.5	20,251.6	27,035.5	29,869.7	15,402.3	3,244.4	3,742.5	5,305.9	3,109.5	3,169.1
2 Portfolio investment	-8,713.6	-4,008.6	-34.7	-4,425.5	1,087.6	-3,138.2	2,632.6	-2,935.0	4,528.2	-4,730.9
2.1 Assets	-4,195.8	-3,483.3	-3,055.9	-1,903.0	-5,774.1	1,108.2	-542.4	-1,831.3	-4,508.6	-804.9
2.2 Liabilities	-4,517.8	-525.3	3,021.2	-2,522.4	6,861.7	-4,246.5	3,175.0	-1,103.7	9,036.9	-3,925.9
3 Financial derivatives	-659.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-445.5
4 Other investment	28,044.0	23,496.2	9,753.1	21,768.3	19,692.2	14,104.5	153.1	-1,576.9	7,011.6	2,410.4
4.1 Assets	7,421.4	-5,121.6	-12,078.3	-11,587.5	5,116.4	14,406.7	-6,979.0	-7,187.7	4,876.3	3,096.2
4.2 Liabilities	20,622.6	28,617.9	21,831.4	33,355.8	14,575.9	-302.2	7,132.0	5,610.8	2,135.3	-685.8
B3 Reserve assets (CNB)	-6,075.4	-10,313.4	-5,315.0	2,308.3	-6,511.2	3,009.3	-2,423.2	199.1	-7,296.4	3,775.9
C NET ERRORS AND OMISSIONS	-7,256.7	-6,853.8	-5,812.5	-10,824.5	-5,197.5	-3,308.1	2,585.3	-8,549.3	4,074.7	5,684.6

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

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

Table H7 International reserves and banks' foreign currency reserves^a
end of period, in million EUR

Year	Month	International reserves of the Croatian National Bank							Banks' foreign currency reserves
		Total	Special drawing rights	Reserve position in the Fund	Gold	Foreign currency			
						Total	Currency and deposits	Bonds and notes	
1996	December	1,867.7	101.3	0.0	–	1,766.3	1,627.6	138.7	1,549.2
1997	December	2,303.7	133.4	0.1	–	2,170.2	1,825.2	345.0	2,078.9
1998	December	2,400.2	197.1	0.1	–	2,203.0	1,642.6	560.4	1,607.0
1999	December	3,012.7	188.7	0.2	–	2,823.7	2,449.8	373.9	1,344.7
2000	December	3,783.2	158.5	0.2	–	3,624.5	2,763.0	861.5	2,310.7
2001	December	5,333.6	122.9	0.2	–	5,210.5	3,469.7	1,740.7	4,056.0
2002	December	5,651.3	2.3	0.2	–	5,648.8	3,787.8	1,861.0	2,581.6
2003	December	6,554.1	0.7	0.2	–	6,553.2	3,346.0	3,207.2	3,927.1
2004	December	6,436.2	0.6	0.2	–	6,435.4	3,173.3	3,262.0	4,220.1
2005	December	7,438.4	0.9	0.2	–	7,437.3	3,834.5	3,602.8	2,938.4
2006	December	8,725.3	0.7	0.2	–	8,724.4	4,526.9	4,197.5	3,315.0
2007	December	9,307.4	0.8	0.2	–	9,306.5	4,533.9	4,772.5	4,388.9
2008	December	9,120.9	0.7	0.2	–	9,120.0	2,001.8	7,118.2	4,644.5
2009	June	9,090.1	0.6	0.2	–	9,089.3	2,179.5	6,909.7	3,802.7
	July	9,030.9	0.7	0.2	–	9,030.1	1,899.5	7,130.5	3,942.3
	August	9,292.2	296.1	0.2	–	8,995.9	1,915.6	7,080.3	4,279.8
	September	9,317.6	330.1	0.2	–	8,987.3	1,657.5	7,329.8	4,463.1
	October	9,540.9	327.4	0.2	–	9,213.3	2,265.4	6,947.8	3,963.6
	November	10,145.5	327.9	0.2	–	9,817.5	2,753.5	7,064.0	3,963.9
	December	10,375.8	331.7	0.2	–	10,043.9	2,641.4	7,402.6	4,293.9
2010	January	10,394.0	336.8	0.2	–	10,057.0	2,648.0	7,409.0	3,597.4
	February	10,081.5	345.2	0.2	–	9,736.1	2,762.1	6,974.0	3,649.9
	March	10,008.1	342.5	0.2	–	9,665.5	2,717.3	6,948.1	3,801.9
	April	10,015.0	346.7	0.2	–	9,668.1	2,724.0	6,944.0	3,709.9
	May ^b	10,176.6	365.3	0.2	–	9,811.1	3,016.3	6,794.8	3,807.3

^a International reserves of the Republic of Croatia consist only of the Croatian National Bank's foreign currency reserves. ^b Preliminary data.

Table H7 International reserves and banks' foreign currency reserves • Data on the international reserves of the Croatian National Bank are compiled in accordance with the methodology set out in the Balance of Payments Manual (International Monetary Fund, 1993), and include those foreign claims of the Croatian National Bank that can be used to bridge imbalances in international payments. International reserves include special

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

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

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.	2010				
							Jan.	Feb.	Mar.	Apr.	
Interest	-	-	-	-	-	-	-	-	-	-	-
More than 3 months and up to 1 year											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
4 Total predetermined short-term net drains on f/c assets (1+2+3)	-988.6	-899.7	-650.5	-521.1	-1,084.1	-989.3	-974.6	-477.0	-1,181.2	-1,249.0	
III Contingent short-term net drains on f/c assets (nominal value)											
1 Contingent liabilities in foreign currency	-1,772.9	-2,273.1	-2,734.9	-2,607.4	-1,896.1	-1,351.6	-1,311.8	-1,551.0	-1,467.1	-1,525.1	
(a) Collateral guarantees on debt falling due within 1 year	-370.9	-443.8	-478.9	-662.1	-803.2	-661.5	-615.6	-911.8	-818.2	-873.3	
– Croatian National Bank	-	-	-	-	-	-	-	-	-	-	
– Central government (excl. central government funds)	-370.9	-443.8	-478.9	-662.1	-803.2	-661.5	-615.6	-911.8	-818.2	-873.3	
Up to 1 month	-62.7	-59.6	-71.9	-54.3	-91.8	-30.3	-2.2	-54.0	-59.0	-31.9	
More than 1 and up to 3 months	-33.9	-53.0	-84.8	-42.4	-58.4	-101.3	-135.3	-122.8	-202.5	-166.2	
More than 3 months and up to 1 year	-274.4	-331.2	-322.2	-565.3	-652.9	-529.8	-478.1	-735.0	-556.6	-675.3	
(b) Other contingent liabilities	-1,402.0	-1,829.3	-2,256.0	-1,945.3	-1,092.9	-690.1	-696.1	-639.2	-648.9	-651.8	
– Croatian National Bank	-1,402.0	-1,829.3	-2,256.0	-1,945.3	-1,092.9	-690.1	-696.1	-639.2	-648.9	-651.8	
Up to 1 month	-	-	-	-	-	-	-	-	-	-	
More than 1 and up to 3 months	-1,402.0	-1,829.3	-2,256.0	-1,945.3	-1,092.9	-690.1	-696.1	-639.2	-648.9	-651.8	
More than 3 months and up to 1 year	-	-	-	-	-	-	-	-	-	-	
– Central government (excl. central government funds)	-	-	-	-	-	-	-	-	-	-	
2 Foreign currency securities issued with embedded options (puttable bonds)	-	-	-	-	-	-	-	-	-	-	
3 Undrawn, unconditional credit lines provided by:	-	-	-	-	-	-	-	-	-	-	
– BIS (+)	-	-	-	-	-	-	-	-	-	-	
– IMF (+)	-	-	-	-	-	-	-	-	-	-	
4 Aggregate short and long positions of options in f/c vis-a-vis the domestic currency	-	-	-	-	-	-	-	-	-	-	
5 Total contingent short-term net drains on f/c assets (1+2+3+4)	-1,772.9	-2,273.1	-2,734.9	-2,607.4	-1,896.1	-1,351.6	-1,311.8	-1,551.0	-1,467.1	-1,525.1	
IV Memo items											
(a) Short-term domestic currency debt indexed to the exchange rate	-	-	-	-	-	-	-	-	-	-	
o/w: Central government (excl. central government funds)	-	-	-	-	-	-	-	-	-	-	
(b) Financial instruments denominated in foreign currency and settled by other means (e.g., in domestic currency)	-	-	-	-	-	-	-	-	-	-	
(c) Pledged assets	-	-	-	-	-	-	-	-	-	-	
(d) Securities lent and on repo	-	-	-	-	-	-	-	-	-	-	
– Lent or repoed and included in Section I	-	-	-	-	-6.1	-	-1.8	-2.6	-4.2	-	
– Lent or repoed but not included in Section I	-	-	-	-	-	-	-	-	-	-	
– Borrowed or acquired and included in Section I	-	-	-	-	-	-	-	-	-	-	
– Borrowed or acquired but not included in Section I	180.7	88.5	559.5	389.7	478.6	766.5	940.1	1,194.9	1,311.6	1,224.5	
(e) Financial derivative assets (net, marked to market)	-	-	-	-	-	-	-	-	-	-	
(f) Currency composition of official reserves assets											
– Currencies in SDR basket	6,436.2	7,438.1	8,725.0	9,307.1	9,120.8	10,375.7	10,393.9	10,081.4	10,008.0	10,014.8	
– Currencies not in SDR basket	0.0	0.3	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.2	
– By individual currencies											
USD	1,609.1	1,104.5	1,266.0	1,357.2	2,064.6	2,461.8	2,426.6	2,140.3	1,963.1	1,964.7	
EUR	4,826.3	6,332.5	7,458.0	7,944.2	7,054.9	7,581.5	7,629.7	7,595.1	7,702.1	7,703.0	
Other	0.8	1.3	1.3	6.0	1.5	332.5	337.7	346.1	342.9	347.2	

Table H8 International reserves and foreign currency liquidity • International reserves and foreign currency liquidity are shown in accordance with a Template on international reserves and foreign currency liquidity, drawn up by the IMF. A detailed explanation of the Template is given in “International Reserves and Foreign Currency Liquidity – Guidelines for a Data Template, 2001”.

The first part of the Template shows total assets of the Croatian National Bank in convertible foreign currency. Official reserve assets (IA) show those types of assets that are readily available to the CNB at any moment for bridging imbalances in

international payments. Official international reserves include: short-term foreign negotiable debt securities, foreign cash, foreign currency sight deposits, foreign currency time deposits which can be withdrawn before maturity, foreign currency time deposits with a remaining maturity of up to 1 year, reserve position with the IMF, special drawing rights, gold, and reverse repos with foreign negotiable debt securities.

The second part of the Template shows fixed predetermined foreign currency net liabilities of the Croatian National Bank and the central government (excluding central government funds) that fall due in the next 12 months. Foreign currency

Table H9 Midpoint exchange rates of the Croatian National Bank (period average)

Year	Month	HRK/EUR	HRK/ATS	HRK/FRF	HRK/100 ITL	HRK/CHF	HRK/GBP	HRK/USD	HRK/DEM
1996		6.805527	0.513812	1.062870	0.352204	4.407070	8.476847	5.433979	3.614716
1997		6.960719	0.505335	1.056368	0.362049	4.248502	10.089408	6.161849	3.556098
1998		7.139159	0.514631	1.080018	0.366853	4.396452	10.537622	6.362284	3.620795
1999		7.581823	0.550993	1.155840	0.391568	4.739965	11.514804	7.122027	3.876528
2000		7.633852	0.554774	1.163773	0.394256	4.903244	12.530514	8.287369	3.903127
2001		7.471006	0.542939	1.138947	0.385845	4.946810	12.010936	8.339153	3.819865
2002		7.406976				5.049125	11.793108	7.872490	
2003		7.564248				4.978864	10.943126	6.704449	
2004		7.495680				4.854986	11.048755	6.031216	
2005		7.400047				4.780586	10.821781	5.949959	
2006		7.322849				4.656710	10.740292	5.839170	
2007		7.336019				4.468302	10.731537	5.365993	
2008		7.223178				4.553618	9.101622	4.934417	
2009		7.339554				4.861337	8.233112	5.280370	
2009	June	7.303089				4.825087	8.502475	5.208034	
	July	7.319051				4.815732	8.499728	5.197322	
	August	7.322721				4.802812	8.497132	5.140614	
	September	7.314846				4.828248	8.215257	5.030900	
	October	7.244857				4.786519	7.906241	4.890609	
	November	7.283676				4.822430	8.110227	4.885203	
	December	7.292240				4.850202	8.096641	4.979623	
2010	January	7.290819				4.936781	8.253859	5.098490	
	February	7.304744				4.978585	8.346769	5.327413	
	March	7.260644				5.009436	8.050570	5.346701	
	April	7.258114				5.063618	8.280297	5.405008	
	May	7.257505				5.112983	8.456556	5.752744	

loans, securities and deposits (III1) include future interest payments on banks' foreign currency reserve requirements with the CNB (only interest payments for the next month are included), payments of future maturities of foreign currency CNB bills, future principal and interest payments on loans from the IMF, and future principal and interest payments on the central government's foreign currency debts (excluding central government funds). Aggregate short and long positions in forwards and futures in foreign currencies (II2) include future collections (+) or payments (-) arising from currency swaps between the CNB and domestic banks (temporary sale or purchase of foreign currency). Item Other (II3) includes future payments arising from repo transactions with foreign negotiable debt securities.

The third part of the Template shows predetermined contingent foreign currency net liabilities of the Croatian National Bank and the central government (excluding central government funds), which fall due in the following 12 months. Contingent liabilities in foreign currency (III1) include future principal and interest payments on foreign loans guaranteed by the central government, and banks' foreign currency reserve requirements with the CNB. (The inclusion of reserve requirements in foreign currency is based on the assumption that there will be no changes in ratios or in the base of foreign currency reserve requirements, which comprises foreign currency sources of funds, including ordinary foreign currency accounts, special foreign currency accounts, foreign currency accounts and foreign currency sight deposits, received foreign currency deposits and received foreign currency loans, as well as obligations arising from securities issued in foreign currency (excluding banks' equity securities) and hybrid and subordinated instruments). Undrawn credit lines show potential inflows (+) or outflows (-) which would arise from drawdowns under these credits.

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

Table H9 Midpoint exchange rates of the Croatian National Bank (period average) • The annual averages of CNB midpoint exchange rates are calculated based on the midpoint exchange rates effective on the working days in a year, using CNB exchange rate lists whose application dates pertain to the calculation period.

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

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

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

Table H10 Midpoint exchange rates of the Croatian National Bank (end of period)

Year	Month	HRK/EUR	HRK/ATS	HRK/FRF	HRK/100 ITL	HRK/CHF	HRK/GBP	HRK/USD	HRK/DEM
1996		6.863600	0.506253	1.055662	0.362600	4.098835	9.359000	5.539600	3.562200
1997		6.947200	0.499445	1.050510	0.357700	4.332003	10.475600	6.303100	3.514000
1998		7.329100	0.531546	1.114954	0.377700	4.567584	10.451000	6.247500	3.739700
1999		7.679009	0.558055	1.170657	0.396588	4.784268	12.340257	7.647654	3.926215
2000		7.598334	0.552192	1.158359	0.392421	4.989712	12.176817	8.155344	3.884966
2001		7.370030	0.535601	1.123554	0.380630	4.977396	12.101856	8.356043	3.768237
2002		7.442292				5.120256	11.451442	7.145744	
2003		7.646909				4.901551	10.860544	6.118506	
2004		7.671234				4.971314	10.824374	5.636883	
2005		7.375626				4.744388	10.753209	6.233626	
2006		7.345081				4.571248	10.943208	5.578401	
2007		7.325131				4.412464	9.963453	4.985456	
2008		7.324425				4.911107	7.484595	5.155504	
2009		7.306199				4.909420	8.074040	5.089300	
2009	June	7.292035				4.774461	8.596057	5.204507	
	July	7.333135				4.792272	8.592846	5.209672	
	August	7.326773				4.827550	8.326825	5.107545	
	September	7.288341				4.824479	7.922110	4.999548	
	October	7.225837				4.788811	8.049278	4.867522	
	November	7.317610				4.855747	8.055493	4.905880	
	December	7.306199				4.909420	8.074040	5.089300	
2010	January	7.313102				4.985753	8.453476	5.236361	
	February	7.270536				4.968249	8.151739	5.342054	
	March	7.259334				5.071847	8.126423	5.392463	
	April	7.246875				5.052200	8.339327	5.473884	
	May	7.263120				5.090496	8.526790	5.852635	

Table H10 Midpoint exchange rates of the Croatian National Bank (end of period) • The table shows CNB midpoint exchange rates applied on the last day of the observed period.

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

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

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

Table H11 Indices of the effective exchange rate of the kuna
indices 2005 = 100

Year	Month	Nominal effective exchange rate of the kuna	Real effective exchange rate of the kuna; deflator	
			Consumer price index	Producer price index
1996	December	92.67	104.56	99.92
1997	December	96.27	106.16	102.55
1998	December	100.26	105.40	106.31
1999	December	108.18	111.59	111.29
2000	December	109.87	110.36	106.71
2001	December	107.12	107.17	105.38
2002	December	104.68	105.19	102.47
2003	December	104.01	104.83	102.55
2004	December	100.45	101.04	98.72
2005	December	100.86	100.37	101.96
2006	December	98.14	97.62	100.58
2007	December	95.59	92.77	97.41
2008	December	95.57	91.37	93.42
2009	June	96.10	90.14	91.31
	July	96.22	90.38	90.27
	August	96.04	90.57	90.04
	September	95.51	90.25	89.82
	October	94.21	89.13	89.08
	November	94.60	89.22	89.67
	December	95.07	90.39	90.20
2010	January	95.55	89.90	90.40
	February	96.58	90.93	91.40
	March	96.17	90.87 ^a	90.86 ^a
	April	96.39	91.08 ^a	91.28 ^a
	May	97.66		

^a Preliminary data.

Table H11 Indices of the effective exchange rate of the kuna • The index of the nominal effective exchange rate of the kuna is a weighted geometric average of the index of bilateral nominal exchange rates of the kuna versus the euro, US dollar, Swiss franc and pound sterling. The basic CNB methodology for the calculation of both the nominal and real effective exchange rates of the kuna is described in Box 2 in the CNB Bulletin No. 64 (October 2001) and was first modified in 2004 (see the CNB Bulletin No. 94, June 2004). Starting with the CNB Bulletin No. 157 (March 2010), the presented time series of indices of the effective exchange rates of the kuna have been calculated based on the weights reflecting the structure of the current account (ITRS data) in the period from January 2006 to December 2009. The euro was assigned a 77.6% weight, the US dollar a 20.6% weight, the pound sterling a 0.9% weight and the Swiss franc a weight of 0.8%. The time series of basic indices were recalculated on the basis of 2005.

The index of the nominal effective exchange rate is an aggregate indicator of the average value of the domestic currency

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

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec. ^b	2008 ^c		2009 Dec. ^e	2010		
					Dec. ^a	Dec. ^d		Jan. [*]	Feb. [*]	Mar.
Long-term	6,071.1	7,469.7	9,799.3	13,264.9	18,910.5	19,149.0	19,972.0	19,734.3	19,856.1	19,979.8
Bonds	749.0	763.9	837.8	1,208.3	1,186.4	1,195.1	1,612.7	1,628.8	1,622.1	1,647.1
Credits	5,192.3	6,542.1	8,816.1	11,766.9	17,391.3	17,603.9	18,071.2	17,836.4	17,950.8	18,041.1
Currency and deposits	0.0	0.0	0.0	0.0	10.6	10.6	0.0	0.0	0.0	0.0
Trade credits	129.8	163.7	145.4	289.8	322.2	339.4	288.1	269.1	283.2	291.5
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 Direct investment	2,046.1	2,450.7	2,878.4	3,932.8	5,835.9	5,949.8	7,390.0	7,489.1	7,535.8	7,481.1
Short-term	124.1	177.5	233.9	540.4	1,415.7	1,318.2	436.3	455.4	500.1	495.1
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	33.0	36.3	51.2	216.8	1,314.0	1,227.4	337.9	352.3	381.0	371.5
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	91.2	141.2	182.7	323.6	101.6	90.9	98.4	103.1	119.0	123.6
Principal arrears	78.1	121.8	158.2	293.9	85.8	69.0	74.9	79.8	95.2	100.0
Interest arrears	13.1	19.4	24.5	29.7	15.8	21.9	23.5	23.3	23.9	23.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	1,921.9	2,273.2	2,644.5	3,392.5	4,420.2	4,631.6	6,953.7	7,033.8	7,035.7	6,986.1
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	1,892.2	2,239.3	2,618.1	3,374.5	4,414.7	4,630.1	6,952.6	7,032.8	7,034.7	6,985.3
Trade credits	29.8	33.9	26.4	18.0	5.5	1.5	1.0	1.0	1.0	0.7
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (1+2+3+4+5)	22,933.4	25,761.1	29,273.9	32,929.2	39,950.2	40,316.3	44,580.3	44,047.1	43,992.9	44,564.2

^a Data include the growth in the direct investment debt which comprises the round tripping and which in turn increased the external debt of the Republic of Croatia. The stated investments in the Republic of Croatia were realised through the conclusion of credit transactions in December 2008 (EUR 825.7m) and August 2009 (EUR 666.5m). ^b The relevant comparable data as at 31 December 2007, published in Bulletin No. 146, should be used for the calculation of the external debt growth rate in 2008. ^c From January 2008 on, the data of non-financial enterprises are estimated on the basis of the data collected from the sample. ^d From January 2009 on, the data of non-banking financial institutions and non-financial enterprises are processed with the help of the new reporting system (INOK) which uses market interest rates to calculate the balance and the schedule of interest payments. The comparable balance as at 31 December 2008 has been calculated by applying the same methodology.

Table H12 Gross external debt by domestic sectors • External debt is defined as the external debt liabilities of residents on the basis of debt securities issued in the foreign markets (at face value), credits (repo agreements included) regardless of their contractual maturity, deposits of non-residents, and trade credits granted by non-residents with contractual maturity of more than 180 days (90 days up to 11 July 2001 and 150 days up to 31 December 2002).

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

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

long-term basis.

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

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

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

Table H13 Public sector gross external debt, and publicly guaranteed and non-publicly guaranteed private sector gross external debt • The gross external debt position presented in this table highlights the role of the public sector.

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

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

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

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

Table H13 Public sector gross external debt, and publicly guaranteed and non-publicly guaranteed private sector gross external debt^a
in million EUR

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec. ^b	2008 ^c		2009 Dec. [*]	2010		
					Dec. ^a	Dec. ^d		Jan. [*]	Feb. [*]	Mar.
1 Public sector	8,580.3	8,501.6	8,256.8	9,259.5	10,247.8	10,425.2	12,197.3	12,158.1	12,009.1	12,107.0
Short-term	29.5	23.2	41.7	72.5	184.6	237.0	259.6	235.5	248.4	108.4
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.7	2.3	15.2	35.4	164.1	215.8	215.6	186.6	199.1	62.1
Currency and deposits	2.4	2.6	2.6	2.3	2.3	2.3	1.1	1.1	1.2	1.2
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	26.4	18.3	23.9	34.7	18.2	19.0	42.9	47.7	48.2	45.2
Principal arrears	25.4	17.1	20.6	29.9	17.1	14.8	39.4	43.9	44.4	41.3
Interest arrears	1.0	1.2	3.3	4.8	1.1	4.1	3.6	3.8	3.8	3.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	8,549.6	8,477.3	8,213.6	9,185.2	10,061.5	10,186.5	11,763.9	11,746.0	11,581.3	11,794.1
Bonds	4,662.3	4,052.0	3,640.5	3,859.7	3,714.5	3,656.3	4,893.1	4,894.0	4,404.4	4,392.7
Credits	3,833.2	4,314.5	4,485.2	5,120.3	6,068.5	6,232.2	6,603.1	6,602.9	6,913.6	7,129.4
Currency and deposits	0.0	0.0	0.0	0.0	10.6	10.6	0.0	0.0	0.0	0.0
Trade credits	54.1	110.8	87.9	205.2	267.9	287.4	267.8	249.1	263.3	272.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment	1.2	1.0	1.5	1.8	1.7	1.7	173.7	176.6	179.4	204.5
2 Publicly guaranteed private sector	334.1	289.7	204.2	139.9	80.3	64.1	9.2	8.4	8.4	7.2
Short-term	23.5	21.8	17.2	11.3	7.1	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
Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	23.5	21.8	17.2	11.3	7.1	0.0	0.0	0.0	0.0	0.0
Principal arrears	15.6	14.2	14.4	9.4	7.1	0.0	0.0	0.0	0.0	0.0
Interest arrears	7.9	7.6	2.8	1.9	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	310.6	267.9	187.0	128.6	73.2	64.1	9.2	8.4	8.4	7.2
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	309.1	267.3	187.0	128.6	73.2	64.1	9.2	8.4	8.4	7.2
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	1.5	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3 Non-publicly guaranteed private sector	14,019.0	16,969.7	20,812.9	23,529.9	29,622.2	29,827.0	32,373.9	31,880.7	31,975.3	32,449.9
Short-term	2,456.9	3,171.4	4,008.7	3,763.3	4,564.9	4,574.5	4,215.6	4,022.0	4,090.6	4,345.3
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	617.7	1,195.5	1,290.2	1,356.4	1,641.6	1,661.3	1,295.0	1,163.3	1,197.6	1,701.9
Currency and deposits	1,448.4	1,438.6	2,211.1	1,648.8	2,670.3	2,670.3	2,283.9	2,151.8	2,158.6	1,823.3
Trade credits	23.7	27.8	35.9	31.1	39.5	37.0	28.2	29.7	31.9	37.1
Other debt liabilities	367.1	509.5	471.5	727.0	213.5	205.9	608.5	677.1	702.6	783.1
Principal arrears	338.5	472.5	425.6	645.4	150.2	157.7	488.1	557.7	579.2	653.2
Interest arrears	28.6	37.0	45.8	81.7	63.3	48.2	120.4	119.4	123.4	129.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	9,517.3	11,348.7	13,927.4	15,835.5	19,223.1	19,304.4	20,942.0	20,546.2	20,528.3	20,828.0
Bonds	831.1	831.8	764.3	564.4	550.6	542.0	292.2	300.5	312.4	330.7
Credits	6,817.9	8,267.8	10,919.0	12,691.4	16,162.4	16,254.6	16,586.8	16,416.8	16,375.2	16,243.7
Currency and deposits	1,791.9	2,194.3	2,184.7	2,493.9	2,455.0	2,455.0	4,042.7	3,808.9	3,820.8	4,234.1
Trade credits	76.3	54.8	59.4	85.8	55.0	52.8	20.3	20.0	19.9	19.5

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec. ^b	2008 ^c		2009 Dec. ^e	2010			
					Dec. ^a	Dec. ^d		Jan. [*]	Feb. [*]	Mar.	
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment	2,044.9	2,449.6	2,876.9	3,931.1	5,834.2	5,948.1	7,216.3	7,312.5	7,356.3	7,276.6	
Total (1+2+3)	22,933.4	25,761.1	29,273.9	32,929.2	39,950.2	40,316.3	44,580.3	44,047.1	43,992.9	44,564.2	

^a Data include the growth in the direct investment debt which comprises the round tripping and which in turn increased the external debt of the Republic of Croatia. The stated investments in the Republic of Croatia were realised through the conclusion of credit transactions in December 2008 (EUR 825.7m) and August 2009 (EUR 666.5m). ^b The relevant comparable data as at 31 December 2007, published in Bulletin No. 146, should be used for the calculation of the external debt growth rate in 2008. ^c From January 2008 on, the data of non-financial enterprises are estimated on the basis of the data collected from the sample. ^d From January 2009 on, the data of non-banking financial institutions and non-financial enterprises are processed with the help of the new reporting system (INOK) which uses market interest rates to calculate the balance and the schedule of interest payments. The comparable balance as at 31 December 2008 has been calculated by applying the same methodology.

Table H14 Gross external debt by domestic sectors and projected future payments^a
in million EUR

	Gross external debt 31/3/2010	Immedi- ate	Projected future principal payments												
			Q2/10	Q3/10	Q4/10	Q1/11	2010	2011	2012	2013	2014	2015	2016	2017	Oth- er ^b
1 Government	4,911.4	0.1	121.8	105.7	65.9	757.1	293.3	930.0	155.1	141.4	615.7	935.3	101.6	71.4	1,667.4
Short-term	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	4,911.3	0.0	121.8	105.7	65.9	757.1	293.3	930.0	155.1	141.4	615.7	935.3	101.6	71.4	1,667.4
Bonds	3,076.3	0.0	54.0	27.5	0.0	731.3	81.5	731.3	0.0	0.0	484.3	672.6	0.0	0.0	1,106.7
Credits	1,835.1	0.0	67.8	78.2	65.9	25.9	211.9	198.7	155.1	141.4	131.5	262.7	101.6	71.4	560.8
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 Croatian National Bank	1.2	0.0	1.2	0.0	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term	1.2	0.0	1.2	0.0	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	1.2	0.0	1.2	0.0	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3 Banks	10,657.8	1.4	2,388.0	1,064.1	890.5	843.4	4,342.6	2,878.4	1,275.4	718.9	655.5	191.4	364.5	161.3	68.6
Short-term	2,919.6	1.4	2,101.3	224.8	219.8	372.3	2,545.9	372.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	1,095.0	0.0	939.9	5.0	0.0	150.1	944.9	150.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	1,823.3	0.0	1,161.4	219.8	219.8	222.2	1,601.0	222.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	1.4	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	1.4	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	7,738.2	0.0	286.7	839.3	670.6	471.1	1,796.6	2,506.1	1,275.4	718.9	655.5	191.4	364.5	161.3	68.6
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	3,504.1	0.0	42.8	428.5	259.9	61.5	731.2	875.0	486.2	497.4	488.6	47.7	294.3	42.8	41.1

	Gross external debt 31/3/2010	Immediate	Projected future principal payments												
			Q2/10	Q3/10	Q4/10	Q1/11	2010	2011	2012	2013	2014	2015	2016	2017	Other ^b
Currency and deposits	4,234.1	0.0	243.9	410.8	410.8	409.6	1,065.5	1,631.1	789.1	221.5	167.0	143.7	70.2	118.4	27.5
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4 Other sectors	21,512.7	826.8	2,011.4	1,019.3	1,191.6	963.1	4,222.3	3,525.6	2,214.4	2,398.3	1,046.6	918.5	1,271.1	1,346.8	3,742.1
Short-term	1,532.9	826.8	370.9	136.9	111.1	87.1	618.9	87.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	669.0	0.0	370.9	136.9	74.0	87.1	581.8	87.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	37.1	0.0	0.0	0.0	37.1	0.0	37.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	826.8	826.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	694.4	694.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	132.4	132.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	19,979.8	0.0	1,640.5	882.4	1,080.5	876.0	3,603.4	3,438.4	2,214.4	2,398.3	1,046.6	918.5	1,271.1	1,346.8	3,742.1
Bonds	1,647.1	0.0	49.4	0.0	16.7	299.1	66.1	315.8	288.5	29.6	29.6	29.6	349.6	538.2	0.0
Credits	18,041.1	0.0	1,544.5	798.4	990.8	499.6	3,333.6	3,040.3	1,924.5	2,364.6	1,016.9	888.9	921.6	808.6	3,742.1
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	291.5	0.0	46.6	84.0	73.0	77.3	203.6	82.4	1.4	4.1	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 Direct investment	7,481.1	123.6	677.9	306.8	1,653.3	589.2	2,638.0	1,386.9	625.5	314.7	262.4	135.1	231.2	119.9	1,643.9
Short-term	495.1	123.6	184.4	66.0	88.0	33.1	338.4	33.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	371.5	0.0	184.4	66.0	88.0	33.1	338.4	33.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	123.6	123.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	23.6	23.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	6,986.1	0.0	493.6	240.8	1,565.3	556.1	2,299.6	1,353.8	625.5	314.7	262.4	135.1	231.2	119.9	1,643.9
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	6,985.3	0.0	493.6	240.8	1,565.1	556.1	2,299.4	1,353.6	625.3	314.5	262.4	135.1	231.2	119.9	1,643.9
Trade credits	0.7	0.0	0.0	0.0	0.2	0.0	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (1+2+3+4+5)	44,564.2	951.8	5,200.3	2,495.9	3,801.2	3,152.8	11,497.5	8,720.9	4,270.4	3,573.3	2,580.2	2,180.3	1,968.4	1,699.4	7,122.0
Supplement: Projected interest payments			178.6	200.8	308.4	276.9	687.9	966.8	718.6	631.9	509.7	398.2	321.2	248.3	1,933.5

^a The direct investment-related debt went up by EUR 1,560.1m at end-March due to the inclusion of data on round-tripping transactions. ^b Revised data.

Table H14 Gross external debt by domestic sectors and projected future payments • The table shows outstanding gross external debt, projected principal payments and estimated interest payments according to the CNB's midpoint exchange rate at the end of the period. Projected principal payments and estimated interest payments on currency and deposits of non-residents under item Banks are reported in accordance with the available monetary statistics data on original and remaining maturity.

Estimated interest payments do not include interest on repo transactions and hybrid and subordinated instruments, as well as late interest on these instruments (up to March 2010, estimated

interest payments did not also include interest on currency and deposits). Future interest payments of banks are estimated on the basis of contractual interest rates and do not reflect changes of variable interest rates. Future interest payments of other sectors are estimated on the basis of the benchmark interest rate applicable on the reporting date. Projected payments of accrued interest, which are an integral part of the gross external debt, increase the projected principal payments in the first quarter period and, consequently, decrease the interest payments estimated for the same period.

Table H15 Gross external debt by other sectors
in million EUR

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec. ^a	2008 ^b		2009 Dec. [*]	2010		
					Dec.	Dec. ^c		Jan. [*]	Feb. [*]	Mar.
1 Other sectors	6,606.7	8,176.4	10,500.1	14,743.1	19,835.7	20,133.0	21,344.1	21,162.2	21,345.9	21,512.7
Short-term	535.6	706.7	700.9	1,478.2	925.3	984.0	1,372.1	1,427.9	1,489.8	1,532.9
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	98.5	133.0	155.0	681.0	652.9	724.3	693.8	674.3	708.3	669.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	23.7	27.8	35.9	31.1	39.5	37.0	28.2	29.7	31.9	37.1
Other debt liabilities	413.5	545.9	510.0	766.0	232.9	222.7	650.1	723.8	749.6	826.8
Principal arrears	377.1	502.1	460.6	683.4	170.4	172.5	527.4	601.5	623.5	694.4
Interest arrears	36.3	43.8	49.4	82.6	62.5	50.2	122.7	122.4	126.1	132.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	6,071.1	7,469.7	9,799.3	13,264.9	18,910.5	19,149.0	19,972.0	19,734.3	19,856.1	19,979.8
Bonds	749.0	763.9	837.8	1,208.3	1,186.4	1,195.1	1,612.7	1,628.8	1,622.1	1,647.1
Credits	5,192.3	6,542.1	8,816.1	11,766.9	17,391.3	17,603.9	18,071.2	17,836.4	17,950.8	18,041.1
Currency and deposits	0.0	0.0	0.0	0.0	10.6	10.6	0.0	0.0	0.0	0.0
Trade credits	129.8	163.7	145.4	289.8	322.2	339.4	288.1	269.1	283.2	291.5
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1 Other banking institutions	25.4	25.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term	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
Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	25.4	25.7	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
Credits	25.4	25.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2 Non-banking financial institutions	1,691.8	2,132.1	2,871.4	3,922.0	4,949.7	5,222.4	5,393.3	5,251.3	5,256.7	5,128.7
Short-term	9.5	19.6	60.1	201.6	155.4	176.7	436.4	406.3	407.2	336.9
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	5.4	14.3	46.5	184.5	144.5	171.4	431.8	400.8	402.1	332.2
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	4.0	5.3	13.6	17.1	10.9	5.3	4.6	5.5	5.1	4.7
Principal arrears	1.5	2.9	6.4	2.9	4.2	1.4	1.3	1.5	1.5	1.4
Interest arrears	2.5	2.4	7.2	14.2	6.7	3.9	3.3	4.0	3.5	3.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	1,682.4	2,112.5	2,811.3	3,720.4	4,794.3	5,045.8	4,956.9	4,845.0	4,849.5	4,791.8
Bonds	371.1	388.6	531.4	806.7	791.5	796.3	1,016.4	1,022.7	1,004.5	1,009.0
Credits	1,311.3	1,723.8	2,279.9	2,913.7	3,992.3	4,238.9	3,940.5	3,822.3	3,845.0	3,782.8
Currency and deposits	0.0	0.0	0.0	0.0	10.6	10.6	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3 Public enterprises	972.4	1,121.9	1,168.5	1,997.4	3,945.4	4,870.6	5,177.8	5,131.1	5,229.1	5,454.2
Short-term	20.6	13.3	31.6	48.3	145.1	202.6	77.7	83.4	95.9	107.2
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	0.0	15.2	35.4	132.4	184.1	34.8	35.8	47.8	62.1
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	20.6	13.3	16.4	12.9	12.7	18.6	42.8	47.6	48.1	45.1

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec. ^a	2008 ^b		2009 Dec. ^c	2010		
					Dec.	Dec. ^c		Jan.*	Feb.*	Mar.
Principal arrears	20.0	12.5	14.5	12.5	11.8	14.8	39.3	43.8	44.3	41.2
Interest arrears	0.6	0.8	1.9	0.5	0.9	3.7	3.6	3.8	3.8	3.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	951.9	1,108.6	1,136.9	1,949.0	3,800.4	4,667.9	5,100.1	5,047.8	5,133.2	5,347.0
Bonds	0.0	0.0	0.0	296.2	301.2	297.6	304.2	305.7	305.1	307.4
Credits	919.4	1,026.8	1,066.8	1,470.2	3,254.7	4,083.8	4,528.2	4,493.0	4,564.8	4,767.7
Trade credits	32.5	81.8	70.1	182.7	244.5	286.6	267.8	249.1	263.3	272.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.4 Mixed enterprises	347.1	328.8	416.5	594.9	741.6	0.0	0.0	0.0	0.0	0.0
Short-term	3.9	5.3	6.3	16.5	1.2	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
Credits	0.7	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	3.2	3.0	6.3	16.5	1.2	0.0	0.0	0.0	0.0	0.0
Principal arrears	3.0	2.9	6.1	16.4	1.1	0.0	0.0	0.0	0.0	0.0
Interest arrears	0.1	0.2	0.2	0.1	0.2	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	343.2	323.5	410.2	578.4	740.4	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
Credits	323.6	297.1	394.3	557.1	717.7	0.0	0.0	0.0	0.0	0.0
Trade credits	19.6	26.4	15.9	21.3	22.7	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.5 Other enterprises	3,473.6	4,454.5	5,929.1	8,062.2	9,933.4	9,774.4	10,493.4	10,505.1	10,586.3	10,661.7
Short-term	483.4	653.7	578.8	1,174.3	619.2	600.3	825.8	905.4	953.5	1,054.3
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	81.7	114.8	86.9	451.2	373.8	366.7	194.9	204.9	225.2	240.1
Trade credits	23.7	27.8	35.9	31.1	39.5	37.0	28.2	29.7	31.9	37.1
Other debt liabilities	378.1	511.1	456.0	692.0	205.9	196.7	602.6	670.8	696.4	777.0
Principal arrears	346.8	473.4	420.3	630.2	151.2	154.1	486.8	556.1	577.7	651.8
Interest arrears	31.3	37.7	35.7	61.8	54.7	42.5	115.9	114.6	118.7	125.2
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	2,990.2	3,800.9	5,350.3	6,887.9	9,314.2	9,174.1	9,667.7	9,599.8	9,632.8	9,607.4
Bonds	377.9	375.3	306.4	105.4	93.8	101.2	292.2	300.5	312.4	330.7
Credits	2,545.3	3,377.5	4,989.1	6,701.7	9,168.7	9,023.3	9,355.5	9,279.5	9,300.7	9,257.4
Trade credits	67.1	48.1	54.8	80.8	51.7	49.5	20.0	19.8	19.7	19.3
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.6 Non-profit institutions	4.0	4.9	5.3	5.4	3.8	2.8	3.5	3.5	3.5	3.0
1.7 Craftsmen and sole traders	42.7	35.2	26.8	24.1	17.1	17.1	11.5	11.1	10.6	10.2
1.8 Households	49.7	73.3	82.7	137.2	244.7	245.8	264.7	260.0	259.7	254.9

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

Table H16 International investment position – summary^{a,b}

in million EUR

	2005	2006	2007 ^c	2008 ^c	2009 ^c	2009				2010 Q1 ^d
						Q1 ^c	Q2 ^c	Q3 ^c	Q4 ^c	
1 International investment position (net)	-20,227.6	-30,060.0	-39,693.9	-35,293.5	-39,243.2	-36,938.8	-38,497.8	-39,052.2	-39,243.2	-40,004.5
2 Assets	16,061.4	18,154.2	21,438.8	22,265.6	24,127.2	19,790.5	21,043.2	23,120.2	24,127.2	23,453.6
2.1 Direct investment abroad	1,729.8	1,833.3	2,365.1	3,513.8	4,060.8	3,518.8	3,474.8	4,100.8	4,060.8	4,139.9
2.2 Portfolio investment	2,155.7	2,487.0	3,262.0	2,645.4	3,410.0	2,261.7	2,554.2	2,755.3	3,410.0	3,412.4
2.2.1 Equity securities	379.6	559.4	1,756.7	660.8	794.0	502.6	626.5	733.0	794.0	953.5
2.2.2 Debt securities	1,776.1	1,927.6	1,505.4	1,984.6	2,616.1	1,759.2	1,927.7	2,022.3	2,616.1	2,458.9
Bonds	1,628.9	1,536.2	1,225.0	1,602.2	1,907.5	1,394.0	1,619.2	1,590.8	1,907.5	1,659.1
Money market instruments	147.1	391.4	280.4	382.4	708.6	365.1	308.5	431.6	708.6	799.8
2.3 Financial derivatives	0.0	0.0	0.0	0.0	24.1	0.0	0.0	0.0	24.1	20.7
2.4 Other investment	4,737.6	5,108.5	6,504.2	6,985.5	6,256.4	5,140.6	5,924.2	6,946.5	6,256.4	5,872.6
2.4.1 Trade credits	262.9	230.5	248.9	224.7	125.9	156.6	154.0	143.9	125.9	116.7
2.4.2 Loans	146.2	239.5	296.4	435.9	377.3	404.9	362.8	359.8	377.3	387.2
2.4.3 Currency and deposits	4,328.5	4,638.3	5,958.9	6,324.9	5,753.2	4,579.1	5,407.4	6,442.9	5,753.2	5,368.8
2.4.4 Other assets	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.5 Reserve assets (CNB)	7,438.4	8,725.3	9,307.4	9,120.9	10,375.8	8,869.5	9,090.1	9,317.7	10,375.8	10,008.1
3 Liabilities	36,289.0	48,214.2	61,132.7	57,559.1	63,370.4	56,729.3	59,541.1	62,172.4	63,370.4	63,458.2
3.1 Direct investment in Croatia	12,332.0	20,782.0	30,611.5	22,827.3	25,462.5	22,062.1	23,624.9	25,682.3	25,462.5	25,594.4
3.2 Portfolio investment	5,530.4	5,441.6	5,949.1	4,882.6	5,850.6	4,204.6	4,672.5	4,609.4	5,850.6	5,431.8
3.2.1 Equity securities	646.5	1,036.8	1,524.9	617.4	665.4	567.3	594.9	664.2	665.4	708.4
3.2.2 Debt securities	4,883.8	4,404.8	4,424.2	4,265.2	5,185.3	3,637.2	4,077.6	3,945.2	5,185.3	4,723.4
Bonds	4,883.8	4,404.8	4,424.2	4,265.2	5,185.3	3,637.2	4,077.6	3,945.2	5,185.3	4,723.4
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.3 Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	52.1	72.3
3.4 Other investment	18,426.6	21,990.6	24,572.1	29,849.2	32,005.1	30,462.7	31,243.7	31,880.7	32,005.1	32,359.7
3.4.1 Trade credits	249.5	244.9	337.8	367.5	339.9	388.5	372.9	371.8	339.9	353.9
3.4.2 Loans	14,541.4	17,347.4	20,088.8	24,343.4	25,337.1	24,616.2	24,989.6	25,437.2	25,337.1	25,946.9
3.4.3 Currency and deposits	3,635.6	4,398.4	4,145.5	5,138.3	6,328.1	5,457.9	5,881.1	6,071.8	6,328.1	6,058.9
3.4.4 Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from December 1998 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Data also include the round tripping which increases direct investment in Croatia and direct investment abroad by the same amount. This type of direct investment was recorded in December 2008 (EUR 825.7m) and August 2009 (EUR 666.5m). Accordingly, they impact the stock of direct investment in Croatia and direct investment abroad from these months onwards. ^c Revised data. ^d Preliminary data.

Table H16 International investment position • This table is made in accordance with the recommendations of the IMF (Balance of Payments Manual, Fifth Edition, 1993). Data sources include: reports from banks, enterprises, the Croatian National Bank, and the Zagreb Stock Exchange (ZSE).

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

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

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

Portfolio debt investment and other investment are classified according to the following institutional sectors: the Croatian National Bank, government, banks and other sectors. The

government sector comprises the central government and funds and local government authorities. The banking sector comprises banks.

Item Portfolio debt investment – Assets and liabilities comprises data on investments of residents into debt securities issued by non-residents (assets) and investments of non-residents into debt securities issued by residents (liabilities). The source of data is the register of foreign credit relations kept by the Croatian National Bank, which also comprises claims and liabilities arising from bonds and money market instruments.

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

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

Item Other investment – Currency and deposits – Assets shows the total liquid foreign currency assets of banks authorised to do business abroad reduced by the amount of foreign currency deposited by banks with the CNB in fulfilment of a

part of their reserve requirements. In addition to banks' foreign claims, foreign claims of the government sector are also shown. The sources of data are reports from the government and banks.

Item Other investment – Currency and deposits – Liabilities shows the total foreign currency and kuna liabilities of the said sectors abroad arising from current accounts, time and notice

deposits, sight deposits and demand deposits. The sources of data for this item are reports from banks.

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

Table H17 International investment position – direct investment^a
in million EUR

	2005	2006	2007	2008	2009 ^b	2009				2010 Q1 ^b
						Q1	Q2	Q3 ^b	Q4 ^b	
Direct investment (net)	-10,602.2	-18,948.7	-28,246.4	-19,313.6	-21,401.7	-18,543.3	-20,150.1	-21,581.5	-21,401.7	-21,454.5
1 Abroad	1,729.8	1,833.3	2,365.1	3,513.8	4,060.8	3,518.8	3,474.8	4,100.8	4,060.8	4,139.9
1.1 Equity capital and reinvested earnings	1,610.5	1,725.2	2,264.1	3,324.0	3,964.7	3,405.4	3,386.9	4,028.9	3,964.7	4,040.4
1.1.1 Claims	1,610.5	1,725.2	2,264.1	3,324.0	3,964.7	3,405.4	3,386.9	4,028.9	3,964.7	4,040.4
1.1.2 Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2 Other capital	119.3	108.2	101.0	189.7	96.1	113.4	87.9	71.9	96.1	99.5
1.1.1 Claims	138.0	144.8	175.4	220.2	218.0	218.9	221.4	221.0	218.0	240.6
1.2.2 Liabilities	18.7	36.6	74.4	30.5	122.0	105.6	133.4	149.1	122.0	141.1
1.3 Financial derivatives (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 In Croatia	12,332.0	20,782.0	30,611.5	22,827.3	25,462.5	22,062.1	23,624.9	25,682.3	25,462.5	25,594.4
2.1 Equity capital and reinvested earnings	9,920.2	17,961.2	26,777.2	17,046.2	18,249.1	15,991.3	17,277.5	18,822.6	18,249.1	18,323.6
2.1.1 Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2 Liabilities	9,920.2	17,961.2	26,777.2	17,046.2	18,249.1	15,991.3	17,277.5	18,822.6	18,249.1	18,323.6
2.2 Other capital	2,411.8	2,820.7	3,834.3	5,781.1	7,213.4	6,070.8	6,347.4	6,859.7	7,213.4	7,270.7
2.2.1 Claims	20.1	21.1	24.2	24.3	54.7	32.0	20.7	17.3	54.7	69.3
2.2.2 Liabilities	2,431.9	2,841.8	3,858.5	5,805.4	7,268.0	6,102.8	6,368.1	6,876.9	7,268.0	7,340.0
2.3 Financial derivatives (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a Data also include the round tripping which increases direct investment in Croatia and direct investment abroad by the same amount. This type of direct investment was recorded in December 2008 (EUR 825.7m) and August 2009 (EUR 666.5m). Accordingly, they impact the stock of direct investment in Croatia and direct investment abroad from these months onwards. ^b Revised data. ^c Preliminary data.

Table H18 International investment position – portfolio investment^a
in million EUR

	2005	2006	2007 ^b	2008 ^b	2009 ^b	2009				2010 Q1 ^c
						Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	
Portfolio investment (net)	-3,374.7	-2,954.6	-2,687.0	-2,237.2	-2,440.6	-1,942.8	-2,118.3	-1,854.1	-2,440.6	-2,019.5
1 Assets	2,155.7	2,487.0	3,262.0	2,645.4	3,410.0	2,261.7	2,554.2	2,755.3	3,410.0	3,412.4
1.1 Equity securities	379.6	559.4	1,756.7	660.8	794.0	502.6	626.5	733.0	794.0	953.5
1.1.1 Banks	5.9	6.7	8.3	11.6	12.8	12.9	10.2	11.9	12.8	8.1
1.1.2 Other sectors	373.7	552.7	1,748.4	649.2	781.1	489.6	616.4	721.1	781.1	945.4
1.2 Debt securities	1,776.1	1,927.6	1,505.4	1,984.6	2,616.1	1,759.2	1,927.7	2,022.3	2,616.1	2,458.9
2 Liabilities	5,530.4	5,441.6	5,949.1	4,882.6	5,850.6	4,204.6	4,672.5	4,609.4	5,850.6	5,431.8
2.1 Equity securities	646.5	1,036.8	1,524.9	617.4	665.4	567.3	594.9	664.2	665.4	708.4
2.1.1 Banks	84.0	145.0	164.6	70.5	66.3	64.5	63.7	74.6	66.3	64.1
2.1.2 Other sectors	562.6	891.8	1,360.3	547.0	599.1	502.8	531.2	589.6	599.1	644.3
2.2 Debt securities	4,883.8	4,404.8	4,424.2	4,265.2	5,185.3	3,637.2	4,077.6	3,945.2	5,185.3	4,723.4
2.2.1 Bonds	4,883.8	4,404.8	4,424.2	4,265.2	5,185.3	3,637.2	4,077.6	3,945.2	5,185.3	4,723.4
2.2.1.1 General government	3,663.4	3,109.1	2,756.9	2,621.9	3,572.5	2,000.4	2,444.4	2,501.1	3,572.5	3,076.3
2.2.1.2 Banks	456.6	457.9	459.0	456.8	0.0	442.7	445.5	0.0	0.0	0.0
2.2.1.3 Other sectors	763.9	837.8	1,208.3	1,186.4	1,612.7	1,194.1	1,187.7	1,444.0	1,612.7	1,647.1
2.2.2 Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2.1 Other sectors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

Table H19 International investment position – other investment^a

in million EUR

	2005	2006	2007	2008	2009 ^b	2009				2010 Q1 ^c
						Q1	Q2	Q3	Q4 ^b	
Other investment (net)	-13,689.0	-16,882.1	-18,067.8	-22,863.7	-25,748.6	-25,322.1	-25,319.5	-24,934.2	-25,748.6	-26,487.1
1 Assets	4,737.6	5,108.5	6,504.2	6,985.5	6,256.4	5,140.6	5,924.2	6,946.5	6,256.4	5,872.6
1.1 Trade credits	262.9	230.5	248.9	224.7	125.9	156.6	154.0	143.9	125.9	116.7
1.1.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2 Other sectors	262.9	230.5	248.9	224.7	125.9	156.6	154.0	143.9	125.9	116.7
Long-term	190.9	177.5	228.8	202.6	98.9	142.0	130.7	118.3	98.9	93.2
Short-term	72.0	53.0	20.1	22.1	27.0	14.6	23.3	25.6	27.0	23.4
1.2 Loans	146.2	239.5	296.4	435.9	377.3	404.9	362.8	359.8	377.3	387.2
1.2.1 Croatian National Bank	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Long-term	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
1.2.2 General government	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.4	0.4	0.4
Long-term	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.4	0.4	0.4
1.2.3 Banks	113.2	188.5	214.8	285.3	267.0	292.8	262.0	270.8	267.0	269.4
Long-term	85.3	140.0	160.0	193.6	230.5	206.0	199.2	221.4	230.5	228.4
Short-term	27.9	48.5	54.8	91.7	36.5	86.8	62.9	49.4	36.5	41.0
1.2.4 Other sectors	32.3	50.4	81.1	150.0	109.4	111.1	99.9	88.0	109.4	116.8
Long-term	32.0	50.2	81.0	146.8	109.3	110.1	97.0	87.2	109.3	114.3
Short-term	0.3	0.2	0.1	3.3	0.1	1.0	2.9	0.7	0.1	2.5
1.3 Currency and deposits	4,328.5	4,638.3	5,958.9	6,324.9	5,753.2	4,579.1	5,407.4	6,442.9	5,753.2	5,368.8
1.3.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.2 Banks	3,112.2	3,499.9	4,715.1	4,863.6	4,442.9	3,156.8	3,984.1	4,655.0	4,442.9	3,952.7
1.3.3 Other sectors	1,216.3	1,138.3	1,243.8	1,461.3	1,310.3	1,422.3	1,423.3	1,787.8	1,310.3	1,416.0
1.4 Other assets	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 Liabilities	18,426.6	21,990.6	24,572.1	29,849.2	32,005.1	30,462.7	31,243.7	31,880.7	32,005.1	32,359.7
2.1 Trade credits	249.5	244.9	337.8	367.5	339.9	388.5	372.9	371.8	339.9	353.9
2.1.1 General government	2.6	1.9	1.2	0.7	0.0	0.7	0.7	0.7	0.0	0.0
Long-term	2.6	1.9	1.2	0.7	0.0	0.7	0.7	0.7	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
2.1.2 Other sectors	246.9	243.0	336.6	366.7	339.9	387.8	372.2	371.0	339.9	353.9
Long-term	219.1	207.0	305.5	327.2	311.7	348.6	330.1	334.2	311.7	316.8
Short-term	27.8	35.9	31.1	39.5	28.2	39.2	42.1	36.8	28.2	37.1
2.2 Loans	14,541.4	17,347.4	20,088.8	24,343.4	25,337.1	24,616.2	24,989.6	25,437.2	25,337.1	25,946.9
2.2.1 Croatian National Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
o/w: IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2 General government	2,486.7	2,559.0	2,613.7	1,574.6	1,592.7	1,665.5	1,663.6	1,620.1	1,592.7	1,835.1
Long-term	2,486.7	2,559.0	2,613.7	1,542.9	1,592.7	1,642.4	1,649.2	1,614.3	1,592.7	1,835.1
Short-term	0.0	0.0	0.0	31.7	0.0	23.1	14.4	5.8	0.0	0.0
2.2.3 Banks	4,889.2	5,368.9	4,276.8	4,496.7	4,352.9	4,160.1	4,053.1	4,134.8	4,352.9	4,600.1
Long-term	3,822.9	4,217.4	3,565.2	3,374.7	3,535.3	3,381.4	3,266.2	3,243.5	3,535.3	3,504.2
Short-term	1,066.3	1,151.6	711.7	1,122.0	817.6	778.7	786.9	891.3	817.6	1,095.9
2.2.4 Other sectors	7,165.5	9,419.4	13,198.2	18,272.0	19,391.5	18,790.7	19,272.9	19,682.3	19,391.5	19,511.7
Long-term	6,964.8	9,187.2	12,371.2	17,589.5	18,636.7	18,048.2	18,383.7	18,882.8	18,636.7	18,777.0
Short-term	200.8	232.2	827.1	682.5	754.8	742.5	889.3	799.4	754.8	734.6
2.3 Currency and deposits	3,635.6	4,398.4	4,145.5	5,138.3	6,328.1	5,457.9	5,881.1	6,071.8	6,328.1	6,058.9
2.3.1 Croatian National Bank	2.6	2.6	2.3	2.3	1.1	2.0	1.1	1.1	1.1	1.2
2.3.2 Banks	3,633.0	4,395.8	4,143.2	5,125.5	6,327.0	5,450.2	5,878.2	6,070.7	6,327.0	6,057.7
2.3.3 Other sectors	0.0	0.0	0.0	10.6	0.0	5.7	1.8	0.0	0.0	0.0
2.4 Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

	2004	2005	2006	2007	2008	2009	2010		
							Jan.	Feb.	Mar.
3.3 CHANGE IN NET INCURRENCE OF LIABILITIES	8,324.0	7,998.8	1,890.7	560.6	5,654.1	17,432.0	-170.2	-671.3	2,512.4
3.3.1 Domestic	4,107.7	12,041.7	5,282.8	2,017.1	6,795.7	10,130.2	52.2	1,516.8	2,465.6
A) Budgetary central government	4,038.7	10,591.6	3,166.3	1,477.6	5,656.6	9,576.6	68.7	1,526.8	2,376.3
B) Extrabudgetary users	69.0	1,450.1	2,116.5	539.5	1,139.1	553.6	-16.5	-10.0	89.3
3.3.2 Foreign	4,216.3	-4,042.8	-3,392.1	-1,456.5	-1,141.7	7,301.8	-222.3	-2,188.1	46.9
A) Budgetary central government	270.3	-5,080.6	-3,943.2	-2,980.2	-1,445.8	6,878.4	-217.2	-2,204.6	52.5
B) Extrabudgetary users	3,946.0	1,037.8	551.2	1,523.7	304.1	423.4	-5.1	16.5	-5.7

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

Source: MoF.

Table I2 Budgetary central government operations^a
in million HRK

	2004	2005	2006	2007	2008	2009	2010		
							Jan.	Feb.	Mar.
1 REVENUE	80,463.5	85,653.0	95,235.6	108,320.6	115,772.7	110,257.9	7,726.9	8,348.3	9,216.1
1.1 Taxes	47,149.9	50,687.6	58,469.1	64,234.5	69,572.7	63,678.9	4,305.8	4,784.3	5,551.9
1.2 Social contributions	29,477.6	31,301.3	33,877.1	37,203.5	40,703.5	39,994.7	3,065.5	3,101.7	3,185.5
1.3 Grants	10.1	27.5	196.0	428.0	468.6	616.3	28.4	18.8	54.1
1.4 Other revenue	3,825.9	3,636.6	2,693.3	6,454.5	5,027.8	5,968.0	327.3	443.4	424.5
2 EXPENSE	83,131.1	87,857.5	95,950.0	108,007.6	115,292.4	117,924.0	9,510.2	9,964.3	11,043.2
2.1 Compensation of employees	22,268.3	23,182.6	24,313.9	27,545.1	29,948.5	31,289.3	2,552.0	2,552.2	2,613.4
2.2 Use of goods and services	4,358.7	4,951.9	6,069.1	7,162.4	8,113.7	7,363.8	543.2	667.0	675.2
2.3 Consumption of fixed capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4 Interest	3,972.5	4,387.0	4,713.6	4,535.0	4,683.2	5,225.2	430.4	517.3	967.9
2.5 Subsidies	4,968.1	5,248.7	5,670.8	6,492.0	6,859.5	6,710.0	413.6	585.0	881.7
2.6 Grants	3,420.3	3,796.8	6,653.0	8,363.2	5,783.1	5,559.6	583.3	541.5	494.9
2.7 Social benefits	39,730.9	41,358.5	43,444.6	48,176.0	52,593.2	56,148.5	4,473.3	4,610.6	4,843.2
2.8 Other expense	4,412.4	4,931.9	5,085.0	5,733.9	7,311.2	5,627.6	514.3	490.7	567.0
3 CHANGE IN NET WORTH: TRANSACTIONS	-2,667.6	-2,204.5	-714.4	313.0	480.2	-7,666.0	-1,783.2	-1,616.0	-1,827.1
3.1 Change in net acquisition of non-financial assets	1,419.5	1,553.7	1,555.8	2,545.2	2,988.1	1,963.4	89.0	123.0	59.2
3.1.1 Fixed assets	1,384.6	1,517.0	1,595.1	2,625.7	2,719.5	1,839.7	88.0	112.8	56.6
3.1.2 Inventories	0.0	0.0	-80.2	-161.4	79.4	35.4	0.0	0.0	-0.1
3.1.3 Valuables	7.5	7.2	7.8	9.6	10.1	8.9	0.0	0.8	0.9
3.1.4 Non-produced assets	27.3	29.5	33.1	71.3	179.1	79.3	1.0	9.4	1.7
3.2 Change in net acquisition of financial assets	222.0	1,752.8	-3,047.2	-3,734.8	1,702.9	6,825.5	-2,020.7	-2,416.8	542.6
3.2.1 Domestic	212.2	1,757.7	-3,063.9	-3,752.8	1,690.5	6,823.2	-2,020.7	-2,416.8	542.6
3.2.2 Foreign	9.8	-4.9	16.7	18.0	12.4	2.3	0.0	0.0	0.0
3.2.3 Monetary gold and SDRs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.3 Change in net incurrence of liabilities	4,309.0	5,510.9	-777.0	-1,502.6	4,210.8	16,455.0	-148.5	-677.8	2,428.8
3.3.1 Domestic	4,038.7	10,591.6	3,166.3	1,477.6	5,656.6	9,576.6	68.7	1,526.8	2,376.3
3.3.2 Foreign	270.3	-5,080.6	-3,943.2	-2,980.2	-1,445.8	6,878.4	-217.2	-2,204.6	52.5

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

Source: MoF.

Table I3 Central government debt^a
end of period, in million HRK

	2004 Dec.	2005 Dec.	2006 Dec.	2007 Dec.	2008 Dec.	2009 Dec.*	2010		
							Jan.*	Feb.*	Mar.
1 Domestic debt of central government	41,295.1	54,794.2	59,688.4	63,240.9	67,996.8	78,268.1	78,419.6	79,657.4	82,680.9
1.1 Domestic debt of the Republic of Croatia	37,364.0	50,840.7	54,490.4	56,883.1	64,961.8	74,473.7	74,666.5	75,937.9	78,871.9
Treasury bills	8,811.7	12,278.0	12,412.9	11,740.6	14,440.7	18,802.5	18,577.9	20,477.9	20,745.5
Money market instruments	–	0.9	–	–	10.7	19.3	19.3	19.3	20.3
Bonds	23,371.7	31,151.8	35,249.6	39,273.5	39,306.7	39,369.3	39,400.5	39,057.8	42,104.6
Credits from the CNB	3.3	1.4	0.9	1.0	2.2	2.9	2.5	–	–
Credits from banks	5,177.2	7,408.6	6,827.0	5,867.9	11,201.5	16,279.8	16,666.2	16,383.0	16,001.6
1.2 Domestic debt of central government funds	3,931.2	3,953.5	5,198.0	6,357.8	3,035.0	3,794.4	3,753.1	3,719.4	3,809.1
Money market instruments	–	–	–	–	–	–	–	–	–
Bonds	1,731.2	–	–	–	–	–	–	–	–
Credits from banks	2,200.0	3,953.5	5,198.0	6,357.8	3,035.0	3,794.4	3,753.1	3,719.4	3,809.1
2 External debt of central government	49,978.2	45,164.3	41,494.8	39,610.7	30,259.7	37,501.1	37,774.6	35,656.6	35,458.2
2.1 External debt of the Republic of Croatia	42,231.2	36,414.5	32,556.6	29,424.0	28,459.4	35,786.0	36,054.1	33,925.0	33,732.7
Money market instruments	–	–	–	–	–	–	–	–	–
Bonds	32,919.3	27,020.1	22,836.9	20,397.3	18,768.2	26,101.8	26,075.9	22,500.6	22,331.6
Credits	9,311.9	9,394.5	9,719.7	9,026.7	9,691.2	9,684.2	9,978.2	11,424.3	11,401.1
2.2 External debt of central government funds	7,747.0	8,749.8	8,938.2	10,186.7	1,800.3	1,715.1	1,720.5	1,731.7	1,725.5
Money market instruments	–	–	–	–	–	–	–	–	–
Bonds	–	–	–	–	–	–	–	–	–
Credits	7,747.0	8,749.8	8,938.2	10,186.7	1,800.3	1,715.1	1,720.5	1,731.7	1,725.5
3 Total (1+2)	91,273.3	99,958.5	101,183.1	102,851.6	98,256.5	115,769.2	116,194.2	115,314.0	118,139.2
Supplement: Central government guaranteed debt									
– guarantees for domestic debt	5,024.2	5,880.2	7,660.3	8,110.6	13,299.2	15,692.5	15,716.4	16,556.3	18,563.9
– guarantees for external debt	13,247.0	13,853.9	14,303.7	19,024.2	31,406.6	34,885.5	34,653.3	34,984.6	35,457.6

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

Table I3 Central government debt • As from Bulletin No. 154 the table contains the revised data.

The central government debt comprises the domestic and external debt.

The domestic debt of the central government is compiled from the MoF data on T-bills and bonds and the CNB data on money market instruments, credits from banks and credits from the CNB.

The stock of T-bills includes MoF T-bills denominated in kuna, eurobills and T-bills indexed to the euro with a maturity of up to one year. The stock of eurobills includes accrued interest. The difference between the nominal value and the issue value of T-bills denominated in kuna and of T-bills indexed to the euro is the accrued interest which is distributed over the life of instruments using the simple interest calculation method (i.e. in a linear manner) and the method of calculating the number of days where the actual number of days is divided by 360.

The stock of bonds includes central government bonds issued in the domestic market, MoF T-bills with a maturity of over one year and a share of total central government bonds issued in the foreign market which is held by resident institutional units at the end of the reporting period. The difference between the nominal value and the issue value of T-bills with a maturity of

over one year is the accrued interest which is distributed over the life of instruments using the compound interest calculation method. The stock of central government bonds includes accrued interest.

From January 2004 onwards, the stock of credits from banks includes both outstanding principal and accrued interest.

The external debt statistics compiled by the CNB is the source of data on the central government external debt.

The supplement contains the data on the central government guaranteed debt. Bank statistical reports are the source of data on domestic debt guarantees, while the external debt statistics compiled by the CNB is the source of data on external debt guarantees.

Irrespective of the notes under the heading “Classification and presentation of data on claims and liabilities”, the debt of the Croatian Roads, the Croatian Motorways and the State Agency for Deposit Insurance and Bank Rehabilitation, presented in this table under headings 2 External debt of central government and 1 Domestic debt of central government, has been reclassified from the subsector Republic of Croatia to the subsector central government funds from December 1998 and December 2002 onwards respectively.

J Non-financial statistics – selected data

Table J1 Consumer price and producer price indices

Year	Month	Basic indices, 2005 = 100			Chain indices				Monthly year-on-year indices			
		Consumer price indices			Consumer price indices ^a			Producer prices ^b	Consumer price indices ^c			Producer prices ^d
		Total	Goods	Services	Total	Goods	Services		Total	Goods	Services	
1996	December	....	....	....	100.0	100.2	99.5	100.3	103.4	102.3	108.7	101.5
1997	December	....	....	....	100.7	100.3	102.3	99.9	103.8	102.7	108.2	101.6
1998	December	82.1	84.6	73.7	100.3	100.4	100.0	100.0	105.4	104.3	109.2	97.9
1999	December	85.3	87.2	78.5	100.6	100.8	100.0	100.3	103.9	103.1	106.5	105.9
2000	December	90.0	92.0	82.8	100.4	100.4	100.1	100.2	105.5	105.5	105.5	111.2
2001	December	92.1	93.2	88.5	100.4	100.4	100.5	99.0	102.4	101.3	106.8	96.9
2002	December	93.8	94.2	92.6	100.4	100.6	99.6	99.9	101.8	101.1	104.6	102.3
2003	December	95.4	95.7	94.6	100.3	100.2	100.5	100.0	101.7	101.6	102.2	101.0
2004	December	98.0	98.0	98.0	100.7	100.9	100.2	99.3	102.7	102.5	103.6	104.8
2005	December	101.6	101.4	102.0	100.5	100.5	100.5	99.7	103.6	103.5	104.1	102.7
2006	December	103.7	102.8	106.4	100.0	100.0	100.2	100.0	102.0	101.4	104.2	101.9
2007	December	109.7	109.5	110.0	101.2	101.2	101.3	100.4	105.8	106.6	103.4	105.9
2008	December	112.8	112.2	114.7	99.4	99.1	100.5	98.7	102.9	102.4	104.3	104.3
2009	June	116.1	116.1	116.9	100.1	99.8	101.0	100.9	102.1	101.6	103.8	99.0
	July	115.3	114.7	118.4	99.3	98.7	101.3	100.6	101.2	100.5	104.0	97.2
	August	115.2	114.5	118.9	99.9	99.8	100.4	100.8	101.5	100.8	103.9	98.2
	September	115.0	114.5	117.3	99.8	100.1	98.7	99.3	101.0	100.3	103.8	97.7
	October	115.1	114.8	116.9	100.1	100.2	99.6	99.8	101.3	100.5	104.0	98.6
	November	115.6	115.4	117.1	100.4	100.5	100.2	100.1	101.8	101.3	104.0	100.2
	December	114.9	114.5	117.3	99.4	99.3	100.2	100.0	101.9	101.3	103.9	101.6
2010	January	115.5	115.1	117.7	100.5	100.5	100.4	101.3	101.1	100.9	102.1	103.0
	February	115.7	115.4	117.9	100.2	100.2	100.2	99.9	100.7	100.4	101.9	102.7
	March	116.2	116.0	117.7	100.4	100.6	99.8	101.0	100.9	100.7	101.9	105.0
	April	116.7	116.8	117.2	100.4	100.7	99.5	100.6	100.6	100.3	101.6	105.1
	May	117.0	117.0	117.8	100.2	100.2	100.5	100.5	100.8	100.6	101.8	104.9

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

Source: CBS.

Table J1 Consumer price and producer price indices • The Central Bureau of Statistics (CBS) introduced the consumer price index (CPI) in early 2004. This indicator of price movements was compiled in accordance with the methodological principles laid down by the ILO and Eurostat. In its First Release, issued on 17 February 2004, the CBS published the data on movements in the CPI in January 2004 and the time series for the CPI as of January 2001. The CBS subsequently constructed the time series for the consumer price index encompassing the period from January 1998 to December 2000. As expected following the introduction of the new index, the CBS ceased to publish the retail price index (RPI) and the cost of living index, whose calculation methodologies have not been adequately harmonised with internationally accepted standards. The main features of the CPI are described in the CNB Bulletin No.

91 (see Box 1). The data on the average year-on-year consumer price inflation rate are shown in the Bulletin table on Economic indicators.

Table J2 Core consumer price indices • The core consumer price index is calculated by the Central Bureau of Statistics (CBS) in the manner that agricultural products prices and administrative prices (which among others include the prices of electricity and refined petroleum products) are excluded from the basket of goods and services used in the calculation of the total index. These two groups of products accounted for a total of 30.06% in the basket in 2005 (agricultural products 6.93 percentage points, and administrative products 23.13 percentage points). A total of 111 goods and services are excluded from the coverage of the CPI basket and assigned a zero weight.

Table J2 Core consumer price indices

Year	Month	Basic indices, 2005 = 100 ^a			Chain indices			Year-on-year indices		
		Total	Goods	Services	Total	Goods	Services	Total	Goods	Services
1998	December	87.3	88.6	80.0	99.9	99.9	100.0	....	....	....
1999	December	89.8	91.1	82.3	100.1	100.1	100.1	102.9	102.9	103.0
2000	December	92.8	93.9	86.5	100.4	100.4	100.2	103.3	103.0	105.0
2001	December	93.9	94.6	89.8	99.8	99.7	100.3	101.2	100.8	103.8
2002	December	95.0	95.6	91.9	100.0	100.1	99.4	101.2	101.0	102.4
2003	December	96.2	96.4	94.7	100.2	100.1	101.0	101.2	100.9	103.0
2004	December	98.4	98.5	97.4	100.1	100.1	100.4	102.3	102.2	102.9
2005	December	101.3	101.4	101.0	100.1	100.0	100.5	103.0	102.9	103.7
2006	December	103.6	103.6	103.6	99.8	99.7	100.3	102.3	102.2	102.5
2007	December	108.8	109.1	107.2	100.8	100.8	100.4	105.0	105.3	103.5
2008	December	113.3	113.5	112.5	99.4	99.3	100.2	104.2	104.0	105.0
2009	June	116.2	116.3	115.4	100.3	100.0	101.8	103.4	103.6	102.3
	July	115.4	114.9	117.9	99.3	98.8	102.2	102.9	103.0	102.4
	August	115.1	114.4	118.6	99.7	99.5	100.6	102.3	102.3	102.3
	September	114.8	114.6	115.7	99.7	100.1	97.5	101.5	101.4	102.2
	October	115.1	115.1	114.7	100.3	100.5	99.1	101.4	101.2	102.3
	November	115.0	115.0	114.9	99.9	99.8	100.3	100.9	100.6	102.4
	December	113.6	113.3	115.2	98.8	98.6	100.2	100.2	99.8	102.4
2010	January	112.9	112.4	115.4	99.4	99.2	100.2	99.7	99.2	102.2
	February	112.9	112.3	115.9	100.0	99.9	100.4	99.5	99.0	102.1
	March	113.1	112.7	115.5	100.2	100.3	99.6	99.3	98.7	102.1
	April	113.7	113.5	114.7	100.5	100.8	99.3	98.6	98.0	101.8
	May	114.2	113.9	115.7	100.4	100.3	100.9	98.6	97.9	102.1

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

Source: CBS.

Table J3 Average monthly net wages

in current prices, in kuna

Year	Month	Nominal amount in kuna	Chain indices	Monthly year-on-year indices	Cumulative year-on-year indices
1996	December	2,217.0	104.4	117.7	111.8
1997	December	2,544.0	100.8	114.8	116.9
1998	December	2,935.0	104.6	115.4	112.8
1999	December	3,262.0	100.9	111.2	114.0
2000	December	3,499.0	99.9	107.3	108.9
2001	December	3,582.0	96.6	102.4	106.5
2002	December	3,839.0	98.0	107.2	105.0
2003	December	4,045.0	99.8	105.4	105.9
2004	December	4,312.0	99.1	106.6	105.9
2005	December	4,473.0	97.3	103.7	104.9
2006	December	4,735.0	97.0	105.9	105.2
2007	December	4,958.0	96.6	104.7	105.2
2008	December	5,410.0	100.3	109.1	107.0
2009	June	5,370.0	100.8	103.9	104.8
	July	5,308.0	98.8	101.4	104.3
	August	5,267.0	99.2	101.6	103.9
	September	5,236.0	99.4	100.6	103.6
	October	5,279.0	100.8	100.3	103.2
	November	5,385.0	102.0	99.8	102.9
	December	5,362.0	99.6	99.1	102.6
2010	January	5,258.0	98.1	99.1	99.1
	February	5,157.0	98.1	98.6	98.8
	March	5,359.0	103.9	99.8	99.2

Source: CBS.

Table J4 Consumer confidence index, consumer expectations index and consumer sentiment index
index points, original data

Year	Month	Composite indices			Response indices (I)						
		Consumer confidence index	Consumer expectations index	Consumer sentiment index	I1	I2	I3	I4	I7	I8	I11
1999	October	-33.7	-14.9	-46.3	-38.4	-12.1	-49.9	-17.6	35.5	-50.7	-69.7
2000	October	-20.9	3.5	-32.2	-26.2	1.2	-22.0	5.7	26.9	-48.3	-63.6
2001	October	-27.0	-11.4	-35.6	-29.6	-10.0	-35.9	-12.7	22.9	-41.3	-62.3
2002	October	-25.2	-8.3	-29.3	-22.6	-5.1	-31.2	-11.5	20.1	-34.1	-64.0
2003	October	-22.2	-4.5	-25.0	-21.5	-2.6	-26.5	-6.4	14.7	-27.1	-65.2
2004	October	-23.9	-7.9	-22.0	-19.1	-4.1	-30.5	-11.6	22.5	-16.5	-57.3
2005	December	-26.4	-13.7	-25.6	-16.4	-5.9	-34.4	-21.5	27.6	-25.9	-50.6
2006	December	-18.9	-4.7	-15.4	-10.9	1.1	-22.4	-10.5	16.9	-12.9	-49.4
2007	December	-24.7	-15.5	-24.5	-16.8	-9.8	-31.8	-21.2	12.8	-25.0	-54.8
2008	December	-42.0	-33.3	-40.9	-30.7	-25.9	-51.8	-40.6	43.4	-40.3	-57.9
2009	July	-47.7	-39.2	-46.0	-38.0	-30.2	-62.2	-48.2	56.4	-37.7	-56.0
	August	-52.3	-44.5	-50.0	-39.9	-34.8	-65.5	-54.2	61.5	-44.7	-58.5
	September	-40.8	-27.6	-44.7	-36.3	-20.4	-59.7	-34.7	48.0	-38.2	-60.1
	October	-41.0	-25.1	-46.8	-35.8	-18.2	-62.3	-31.9	57.1	-42.2	-56.9
	November	-40.2	-24.6	-42.3	-35.2	-18.0	-52.7	-31.2	53.8	-39.1	-57.8
	December	-46.8	-32.7	-47.6	-35.7	-22.6	-64.5	-42.8	63.9	-42.5	-58.0
2010	January	-48.5	-35.2	-47.9	-39.5	-26.4	-64.8	-43.9	66.4	-39.5	-57.1
	February	-45.5	-30.6	-48.1	-39.3	-23.4	-63.0	-37.7	63.4	-42.0	-57.6
	March	-49.4	-36.2	-50.9	-43.3	-26.2	-67.5	-46.2	67.5	-41.8	-57.7
	April	-44.3	-30.0	-48.0	-39.1	-21.2	-64.1	-38.8	59.5	-40.9	-57.6
	May	-40.8	-30.3	-48.4	-39.3	-22.7	-63.4	-37.8	43.9	-42.6	-58.9
	June	-40.8	-31.3	-46.7	-39.3	-24.5	-62.5	-38.1	45.4	-38.4	-55.2

Table J4 Consumer confidence index, consumer expectations index and consumer sentiment index • The CNB Consumer Confidence Survey has been carried out regularly since April 1999 in accordance with the methodology of the European Commission, the Joint Harmonised EU Programme of Business and Consumer Surveys. Until April 2005, the CNB conducted the survey once a quarter (in January, April, July and October). As of May 2005, the CNB carries out the survey in monthly frequency in cooperation with the European Commission, using its technical and financial assistance. The Croatian National Bank bears sole responsibility for the creation and conduct of the survey.

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

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

where: r is the value of the response, w is the share of respondents

opting for a particular response (weight), i question from the questionnaire, z is the offered/chosen response, k is the number of offered responses to a particular question.

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

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

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

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

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

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

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

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

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

The components of composite indices are as follows:

CCI: I2, I4, I7 \times (-1), I11

CEI: I2, I4

CSI: I1, I3, I8.

List of banks and savings banks

1 June 2010

Authorised banks

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

Authorised savings banks

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

Authorised housing savings banks

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

Other institutions

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

Representative offices of foreign banks

- 1 BKS Bank AG, Zagreb
- 2 Commerzbank Aktiengesellschaft, Zagreb
- 3 Deutsche Bank AG, Zagreb
- 4 LHB Internationale Handelsbank AG, Zagreb
- 5 Union de Banques Arabes et Françaises – UBAF, Zagreb

Banks and savings banks undergoing bankruptcy proceedings

Name of bank/savings bank	Date of bankruptcy proceedings opening
1 Agroobrtnička banka d.d., Zagreb	14/6/2000
2 Alpe Jadran banka d.d., Split	15/5/2002
3 Cibalae banka d.d., Vinkovci	20/10/2000
4 Glumina banka d.d., Zagreb	30/4/1999
5 Gradska banka d.d., Osijek	3/5/1999/
6 Hrvatska gospodarska banka d.d., Zagreb	19/4/2000
7 Ilirija banka d.d., Zagreb	6/4/1999
8 Komercijalna banka d.d., Zagreb	30/4/1999
9 Međimurska štedionica d.d., Čakovec	17/3/2004
10 Trgovačko-turistička banka d.d., Split	8.9/2000
11 Županijska banka d.d., Županja	3/5/1999

Banks and savings banks undergoing winding-up proceedings

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

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

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

Management of the Croatian National Bank

1 June 2010

Members of the Council of the Croatian National Bank

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

Management of the CNB

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

Executive directors

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

Abbreviations and symbols

Abbreviations

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

Three-letter currency codes

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

Symbols

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



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