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BULLETIN

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General Information on Croatia

Economic Indicators

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Area (square km)	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538	56,538
Population (million)	4.554	4.426	4.440	4.440	4.440	4.439	4.442	4.440	4.436	4.434*
GDP (million HRK, current prices) ^a	164,054	176,690	190,796	208,223	227,012	245,550	264,367	286,341	314,223	342,159
GDP (million EUR, current prices)	21,638	23,146	25,538	28,112	30,011	32,759	35,725	39,102	42,833	47,370
GDP per capita (in EUR)	4,751	5,229	5,752	6,331	6,759	7,380	8,043	8,807	9,656	10,683*
GDP – year-on-year rate of growth (in %, constant prices)	-1.5	3	3.8	5.4	5	4.2	4.2	4.7	5.5	2.4
Average year-on-year inflation rate ^b	4	4.6	3.8	1.7	1.8	2.1	3.3	3.2	2.9	6.1
Current account balance (million EUR)	-1,429	-568	-821	-2,099	-1,889	-1,434	-1,976	-2,717	-3,238	-4,371*
Current account balance (as % of GDP)	-6.6	-2.5	-3.2	-7.5	-6.3	-4.4	-5.5	-6.9	-7.6	-9.2
Exports of goods and services (as % of GDP)	35.3	40.7	42.3	39.6	43.8	43.5	42.8	43.5	42.7	42
Imports of goods and services (as % of GDP)	42.5	45.1	47.4	49.1	50.6	49.4	48.9	50.2	50.1	50.1
External debt (million EUR, end of year) ^c	10,175	12,264	13,609	15,143	19,884	22,933	25,748	29,274	32,929	39,125
External debt (as % of GDP)	47	53	53.3	53.9	66.3	70	72.1	74.9	76.9	82.6
External debt (as % of exports of goods and services)	133.0	130.2	125.9	136.1	151.3	161.0	168.6	172.3	179.9	196.6
External debt service (as % of exports of goods and services) ^{c,d}	24.3	25.8	27.9	28.6	21.3	22.5	25	35.8	33.3	28.2
Gross international reserves (million EUR, end of year)	3,013	3,783	5,334	5,651	6,554	6,436	7,438	8,725	9,307	9,121
Gross international reserves (in terms of months of imports of goods and services, end of year)	3.9	4.3	5.3	4.9	5.2	4.8	5.1	5.3	5.2	4.6
National currency: Croatian kuna (HRK)										
Exchange rate on 31 December (HRK : 1 EUR)	7.6790	7.5983	7.3700	7.4423	7.6469	7.6712	7.3756	7.3451	7.3251	7.3244
Exchange rate on 31 December (HRK : 1 USD)	7.6477	8.1553	8.3560	7.1457	6.1185	5.6369	6.2336	5.5784	4.9855	5.1555
Average exchange rate (HRK : 1 EUR)	7.5818	7.6339	7.4710	7.4070	7.5642	7.4957	7.4000	7.3228	7.3360	7.2232
Average exchange rate (HRK : 1 USD)	7.1220	8.2874	8.3392	7.8725	6.7044	6.0312	5.9500	5.8392	5.3660	4.9344
Consolidated general government balance (as % of GDP) ^e	-6.2	-6.5	-5.9	-4.3	-5.4	-4.2	-3.5	-2.6	-2	-1.8
Public debt (as % of GDP) ^f	29.0	34.5	35.5	34.9	35.7	37.9	38.5	36.0	33.4	29.3
Unemployment rate (ILO, persons above 15 years of age)	13.6	16.1	15.8	14.8	14.3	13.8	12.7	11.2	9.6	8.4
Employment rate (ILO, persons above 15 years of age)	44.8	42.6	41.8	43.3	43.1	43.5	43.3	43.6	44.2	44.5

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

^b CPI inflation rate.

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

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

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

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

Sources: CBS, MoF and CNB.

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Quarterly Report

Summary

Signalled already in mid-2009, the recovery of the global economy from the adverse effects of the financial crisis was definitely confirmed by the developments in the second half and, especially, at the end of the year. Croatia's sharp economic downturn also halted as early as in the second quarter, but the ensuing only mild growth suggests a very slow and long lasting recovery. According to preliminary estimates for the fourth quarter, Croatia's GDP decreased by 5.8% over 2009 from the previous year, primarily due to slumps in both domestic and foreign demand. Personal consumption suffered a significant reduction caused by deep consumer pessimism leading to a sharp decrease in the average propensity to consume. In contrast, household disposable income started to decrease at a faster pace no later than at the end of the year as a consequence of unfavourable labour market developments and the introduction of a special tax on salaries, pensions and other income. The investment activity of all institutional sectors was contracting throughout the year and government consumption made a neutral contribution to GDP growth. The decline in domestic demand was also reflected in a severe contraction of imports, which was stronger than the decrease in exports generated by weakened foreign demand, with the result that the foreign trade deficit was significantly lower than in the previous years. However, international trade started showing positive developments late in the year as exports revived and imports (not including oil and ships) decreased at a slower rate, whereas trends in the trade in services remained negative.

Adverse economic conditions have also had an increasingly strong impact on labour market indicators. The upward trend in unemployment and the downward trend in employment starting at the end of 2008 also marked the last quarter of 2009. Having decreased for six years, unemployment increased in 2009, while employment decreased after eight years of growth. Although dropping at the end of the year, nominal wages on average remained higher than in 2008.

Partly due to these developments, inflationary pressures eased significantly, so that the average annual inflation rate went down from 6.1% in 2008 to 2.4% in 2009. The main causes of the decrease were a decline in personal consumption and in imported inflationary pressures, a slowdown in unit labour costs, a stable kuna/euro exchange rate and a very low carry-over effect from the previous year. The slowdown in consumer price inflation would have been even more pronounced if it had not been for a significant increase in administratively regulated prices (the prices of gas, tobacco products, and medical and hospital services). Core inflation slightly exceeded overall consumer price inflation in 2009, while industrial producer prices even reduced from the previous year.

The downturn trend in consumer price inflation stopped in the last quarter of 2009, primarily due to the base effect related to a marked drop in crude oil prices in the last quarter of 2008, and in a smaller degree because of the price increase in refined petroleum products in the last quarter of 2009. The annual rate of change in consumer prices increased slightly

from 1.0% in September to 1.9% in December, dropping to 1.1% in January 2010. The slowdown in inflation in January was the result of trends in the prices of services and processed food products, for the calculations of these prices for January in this year were no longer influenced by the rise in the prices of medical and hospital services, or of tobacco products, that took place in January 2009. Core inflation continued to decrease in January, for the first time recording a negative annual rate of change (-0.3%).

The monetary environment was stable in late 2009 and early 2010; the banking system kuna liquidity was very high and the domestic currency exchange rate stable. The kuna/euro exchange rate appreciated slightly from the end of the previous year and continued the trend in the first two months of 2010. Late in 2009, the central bank boosted primary liquidity by the purchase of foreign exchange generated by the government's foreign borrowing. In addition, at the beginning of February the CNB cut the reserve requirement rate from 14% to 13%, with the aim of reducing regulatory expenses and releasing additional liquidity and thus contributing towards increasing banks' credit potential and reducing interest rates. This was also a support measure to the incentive programme of the Government and the CBRD aimed at reviving lending and spurring economic recovery.

The use of monetary policy instruments was primarily determined by the high liquidity levels in the monetary system in the last quarter of 2009 and in early 2010. In the absence of regular repo operations, which have not been conducted since October 2009, and Lombard loans, not used in the last four months, banks started to use the overnight deposit facility with the CNB almost on a daily basis. As a consequence, the average liquidity surplus in the system, inclusive of the overnight deposit facility, reached a record high of HRK 7.3bn in February, and the foreign currency liquidity of banks was also very comfortable. The good liquidity led to a fall in money market and in bank lending and deposit interest rates.

As regards movements in monetary and credit aggregates, bank placements to the private sector increased moderately in the last quarter of 2009 and in early 2010, due exclusively to lending to the corporate sector, while household loans almost stagnated in that period. Nevertheless, these developments were insufficient to offset the decrease in the first three quarters, with the result that total bank placements to the non-banking sector reduced by 0.6% in 2009.

Money (M1) also increased slightly in the last quarter of 2009, thanks to a growth in demand deposits, but dropped annually at a rate as high as 14.6%. Trends in savings and time deposits, accompanied by a moderate growth in total savings with banks, contributed to the continued increase of the euroisation level in the banking system, predominantly on account of a drop in corporate kuna deposits and a rise in household foreign currency savings.

Foreign capital inflows were in that period generated by central government borrowing in the US market and by the growing external debt of banks, whereas, in contrast, other domestic sectors mainly only refinanced or even slightly reduced their foreign liabilities. Croatia's gross external debt thus totalled EUR 43.1bn (excluding round tripping) at the end of December 2009, accounting for 95.3% of GDP.

Equity capital inflows were moderate in that period. However, in 2009, even the reduced capital inflows more than sufficed to finance the current account deficit (down to 5.2% of GDP) so that international reserves grew by EUR 1.3bn (including an allocation of special drawing rights).

According to preliminary MoF data, consolidated central government revenues suffered a severe decline in the first eleven months of 2009 on account of the sharp economic slowdown, while expenditures increased. The expenditure increase started to slow down following the adoption of the revised budget in May. Although markedly lower than in the same period in 2008, capital investments remained substantial, resulting in a net borrowing, i.e. deficit, of HRK 9.0bn (on a cash basis, GFS 2001). The central government financed the deficit and refinanced the obligations through domestic borrowing and two bond issues on foreign capital markets.

International Environment

Recent data on global economic developments suggest that most of countries have overcome the peak of the crisis and are gradually recovering. However, it is also evident that recovery and its duration will differ greatly in different countries and regions as a result of the different conditions in these countries at the time of the onset of the crisis and the economic policy measures taken in response. Thus, economic activity in the USA and Japan picked up noticeably towards the end of last year, resulting in a relatively high real GDP growth rate in the last three months of 2009 compared to the previous quarter. By contrast, GDP growth notwithstanding, the developments in the eurozone in the last quarter of last year point to uncertainties as regards the course of economic recovery.

Despite the real growth recorded in the observed period, recovery in the eurozone was only slight (0.1%) and lower than expected, which can be attributed mainly to the absence of growth in the German economy and further contraction in

several member countries, such as Italy which had recorded growth in the previous quarter. As regards larger eurozone economies, France recorded the fastest quarterly growth, while Slovakia recorded the fastest growth rate in general, which is mainly associated with recovery in industrial production (automobile industry). The crucial problem that in the past few months had a negative effect on market expectations and on real developments lies in the sustainability of the wide fiscal deficits of individual member states and their high levels of public debt, particularly in Greece, Spain, Portugal and Ireland. Fiscal contraction, necessary to bring budget deficits back to sustainable levels set by the Stability Pact, could further jeopardise recovery, or deepen the recession in Spain and Greece, which recorded real GDP falls in the observed three months as well.

Such developments in the eurozone are the result of further weak personal consumption and industrial production, which slowed down the subsequent recovery in the previous quarter. Investments fell, and yet a positive contribution to growth came from net exports, which rose considerably compared to the July to September period. At the same time, the annual rate of change in the CPI in the fourth quarter increased considerably relative to the previous quarter, which was marked by deflation on an annual level. The mentioned increase in inflation was mainly the result of the effects of the base period, i.e. a significant fall in the prices of crude oil in the last quarter of 2008.

Since positive developments in the real sector spill over to the labour market with a certain time lag, the signs of recovery in unemployment trends are as yet unobservable. The unemployment rate in the eurozone rose slightly again in the fourth quarter of 2009 and stood at 9.9%. However, there are significant differences between individual member states as regards unemployment trends. While Germany recorded a small decline in the unemployment rate, unemployment in Spain increased, doubling compared to the period before the crisis (beginning of 2008) and stood at 19.4%. Slovakia and Ireland have also witnessed high and growing unemployment rates.

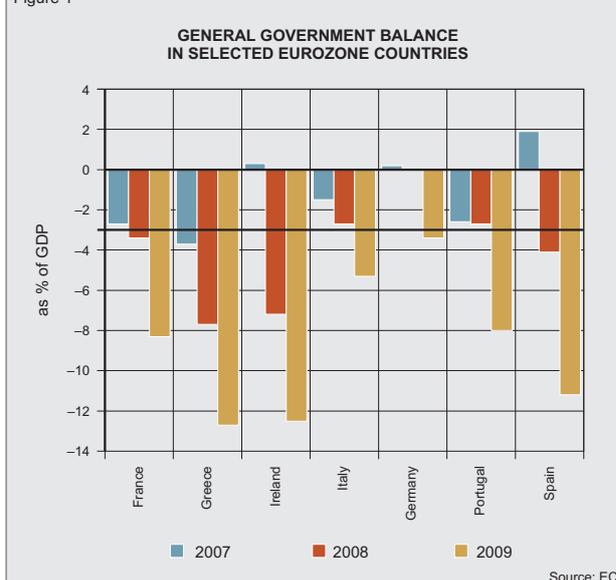
Table 1 GDP in Selected Countries, quarter-on-quarter rate of growth

	2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
USA	-0.2	0.4	-0.7	-1.4	-1.6	-0.2	0.6	1.4
Eurozone	0.8	-0.3	-0.4	-1.9	-2.5	-0.1	0.4	0.1
Germany	1.6	-0.6	-0.3	-2.4	-3.5	0.4	0.7	0.0
France	0.5	-0.4	-0.2	-1.5	-1.4	0.3	0.2	0.6
Italy	0.5	-0.6	-0.8	-2.1	-2.7	-0.5	0.6	-0.2
Spain	0.4	0.0	-0.6	-1.1	-1.6	-1.1	-0.3	-0.1
Austria	1.2	0.2	-0.6	-1.3	-2.2	-0.5	0.5	0.4
Greece	0.7	0.6	0.1	-0.7	-1.0	-0.3	-0.5	-0.8
Portugal	0.2	0.1	-0.5	-1.7	-2.0	0.6	0.6	0.0
EU-27	0.8	-0.2	-0.5	-1.9	-2.4	-0.3	0.3	0.1
Great Britain	0.7	-0.1	-0.9	-1.8	-2.5	-0.7	-0.2	0.1
Japan	0.9	-1.3	-1.1	-3.0	-3.2	1.3	0.0	1.1

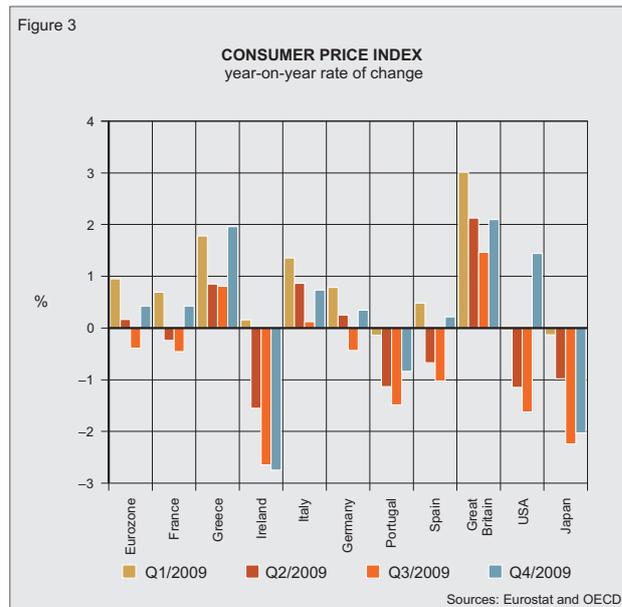
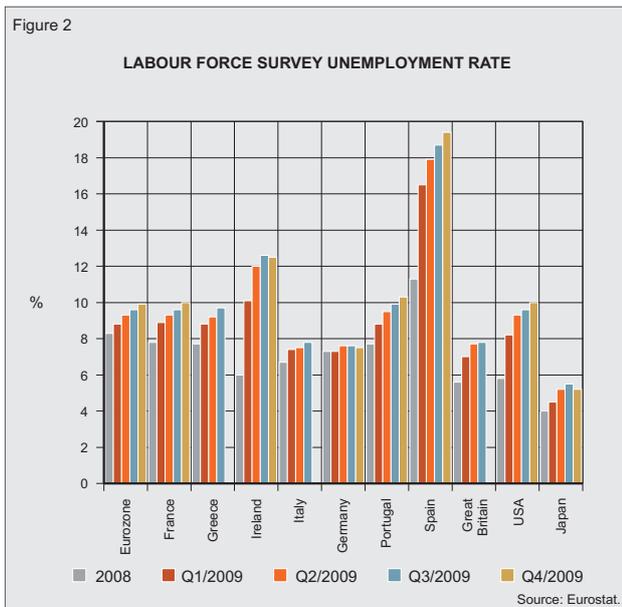
Note: Grey-shaded quarters are those in which real GDP increased or held steady (according to seasonally adjusted data), while yellow-shaded quarters are those in which real GDP declined.

Sources: Bureau of Economic Analysis, OECD and Eurostat.

Figure 1



Source: EC.



Developments in this segment in other EU countries were similar to those in the eurozone. After six quarters of contraction, Great Britain saw growth on a quarterly level (0.1%), with the main contribution to this growth coming from positive developments in manufacturing. Central and Eastern European countries outside the eurozone had already recorded either growth or a slowdown in real GDP fall in the third quarter and such developments continued in the last quarter (for more details on developments in this group of countries, see Comparison between Croatia and Selected Central and Eastern European Countries).

The American economy, following a slight increase in the third quarter, accelerated additionally in the last three months of 2009, resulting in a 1.4% quarterly real GDP growth, its fastest growth in the past four years. The largest contribution to economic activity acceleration during the observed period came from a slowdown in the decline in inventories while a positive contribution to growth, though smaller than in the previous quarter, came from personal consumption. Personal consumption also rose as a result of purchases of motor vehicles, which after falling in September due to expiry of government stimulus measures, started growing again in the months that followed. Investments rose for the first time in over a year, and recovery in foreign demand and favourable developments in the exchange rate of the dollar led to a higher growth in exports than in imports. Despite a persistently high unemployment rate, which stood at 10% on average in the last quarter, the trend of unemployment growth was halted in November.

Recovery in the real sector influenced price developments, so that after deflating for six months, consumer prices started growing again on an annual level, a development attributable to the increase in energy prices. Nevertheless, the US central bank did not change its key interest rate, steadily keeping it at its historically lowest level of 0%-0.25% since December 2008. Considering the still uncertain course of recovery, no change is expected in the first half of 2010.

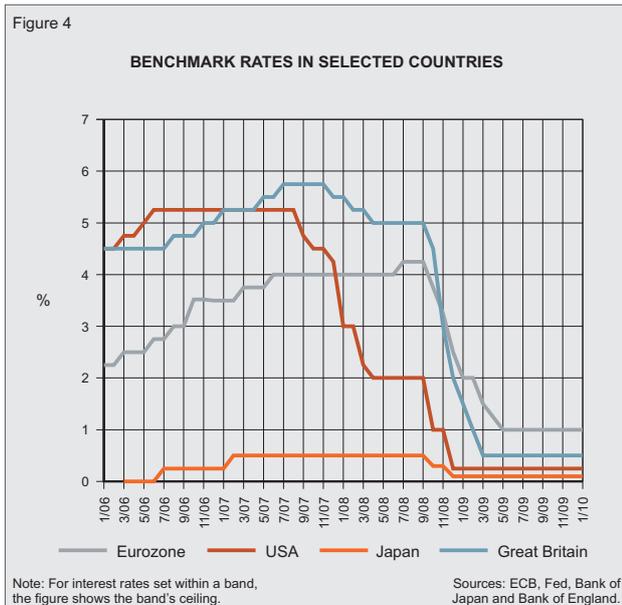
Although the estimate of Japan's quarterly real GDP growth in the July to September period was adjusted down-

ward significantly (from 1.2% to 0.0%), economic activity accelerated significantly in the last quarter of the year, leading to a quarter-on-quarter growth rate of 1.1%. A significant contribution to recovery during the observed period came from net exports and increased industrial production and consumption. The unemployment rate, though higher than in the previous years, was much lower than in the eurozone and the US and even declined slightly in the last three months of 2009. Prices deflated by 1.4% throughout 2009, prompting the Japanese central bank to keep its key interest rate at 0.1%, the rate at which it held steady since December 2008.

Recovery in developing countries and emerging markets during the observed period, most evident in the Asian economies, was boosted by stimulative economic policy measures, rising prices of raw materials and global demand. The largest economies in this group, those of China and India, recorded high quarterly growth rates in the last three months of 2009, with the Chinese growth being supported by highly expansionary monetary and fiscal policy measures and the Indian growth being the result of dynamic industrial production and positive developments in the services sector. However, a noticeable acceleration of inflation prompted the Chinese authorities to raise reserve requirements at the beginning of the year, a sign of monetary policy tightening which is also expected to take place in India. Russia, which was particularly hard hit by the fall in the prices of crude oil, saw a slowdown in real GDP fall in the second half of 2009 as a result of recovery in energy product prices and strengthening of foreign demand.

Following an extended period of prevailing depreciation pressures on the American dollar, towards the end of 2009 the global foreign exchange markets were marked by a strengthening of the American dollar against the euro. This strengthening continued into the first two months of 2010 so that by mid-February, the USD/EUR exchange rate stood at 1.35, appreciating by 9.2% compared to the end of November 2009. Among other things, this was due to better-than-expected released indicators for the US economy which fuelled forecasts that the US central bank could soon start

Figure 4

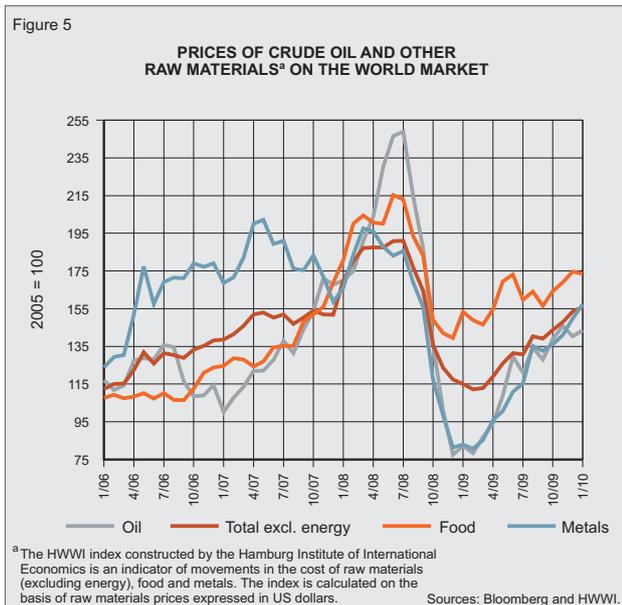


raising its key interest rate. Growing concern among investors regarding high budget deficits of some eurozone countries and expectations that until end-2010 no growth in ECB key interest rate will take place, also led to a weakening of the euro against the American dollar. It should be noted that monetary policy tightening in China also had an impact on exchange rate developments.

The trend of growth in the prices of raw materials, present from the beginning of the year, continued in the last quarter of 2009. Crude oil prices thus rose gradually from the first quarter of 2009, fuelled by the first signs of economic recovery, increased optimism and depreciation of the American dollar, but mostly held steady after October. The prices of crude oil rose at the very beginning of 2010, reaching USD 80 but started falling again gradually after that, reaching an average of USD 76.6 in January, which is only a slight increase on that of October of the previous year.

The prices of other raw materials also rose, increasing in January this year by approximately one third compared to the

Figure 5



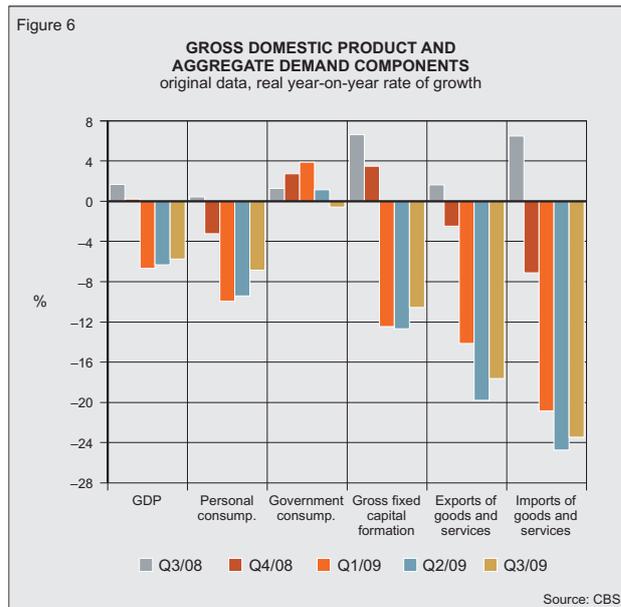
first month of 2009. In the last quarter of the year, in much the same way as in the first three quarters of 2009, such developments were largely the result of increased metal prices spurred by strong demand from Asian countries and gradual recovery in industrial production. Food prices, particularly those of sugar and beverages, also increased.

Demand

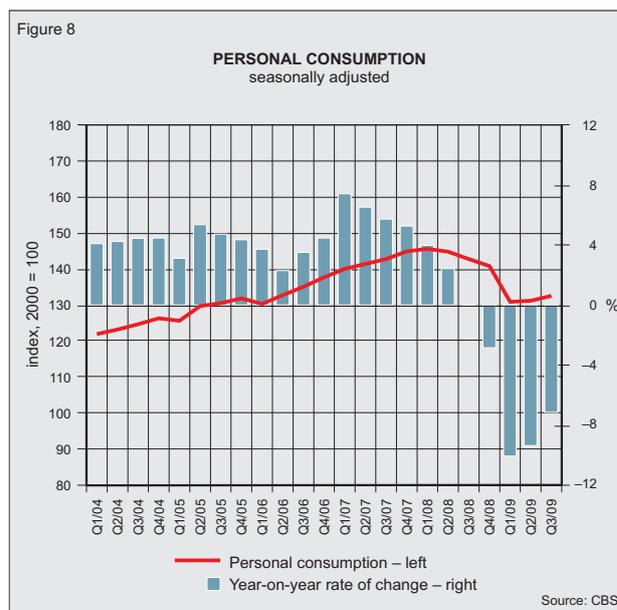
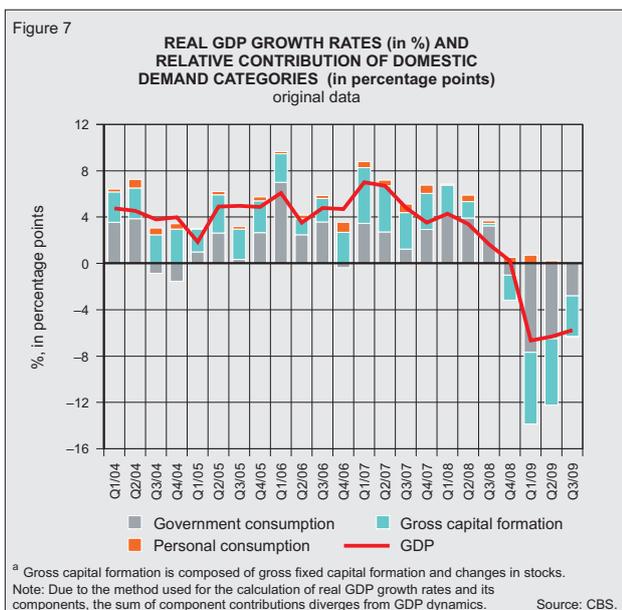
According to the seasonally adjusted data, in the third quarter 2009 the overall economic activity held at approximately the levels attained in the first half of the year. Under the influence of a favourable base effect the annual decline in real GDP¹ slowed down, totalling 5.7%. All aggregate demand components contracted in the observed period, year-on-year. Despite unfavourable financing conditions and low consumer optimism, the negative annual rate of change of personal consumption, the most important component by its share, noticeably improved, primarily on account of a favourable base effect. For the first time since the end of 2003, there was a real annual fall in government consumption. The annual decrease of gross fixed capital formation in the period from July to September was aided by reduced investment activity of all institutional sectors and enterprises in particular. Of all constituents, the greatest negative contribution to the real GDP change came from exports of goods and services, a result equally of unfavourable trends in foreign demand for both goods and services. At an annual level the import of goods and services decreased more strongly than total exports and in the third quarter a statistically positive contribute of net foreign demand to GDP was made. However, it was substantially lower than in the first half of the year.

The available real and financial indicators of economic trends in the last quarter of 2009 suggest continuing unfavourable

Figure 6



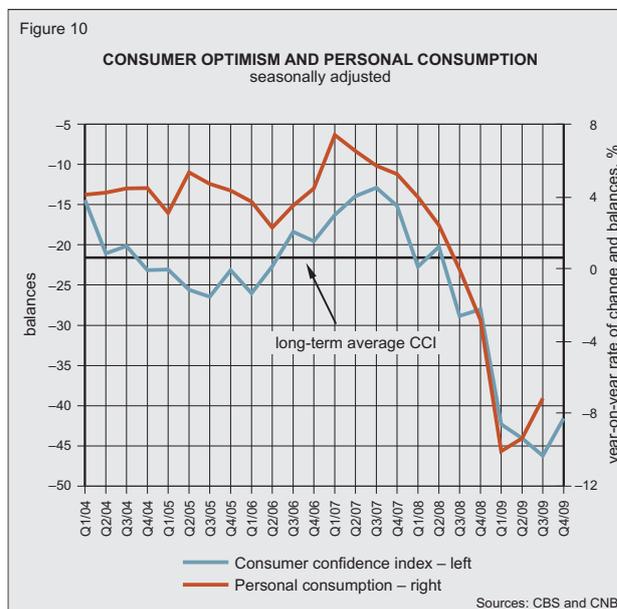
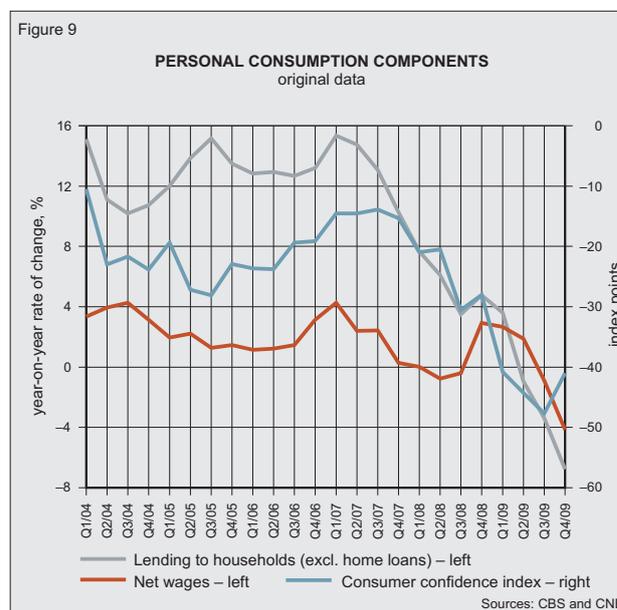
¹ The data for the period from the first quarter of 2006 to the third quarter of 2009 are preliminary and are based on the CBS's quarterly GDP estimate.



favourable movements in economic activity relative to the previous quarter. Retail trade trends in the period from October to December point towards the weakening of personal consumption, as corroborated by the data on the decline in current output and nominal imports of consumer goods. Given the accelerated contraction of construction activity paired with continued decline of investments in machinery and equipment, investment activity is likely to have additionally weakened. Foreign trade was marked by a stagnation in imports (ships excluded), while, according to the available nominal data, exports slightly recovered. The volume indicators of tourist activity (the number of tourist arrivals) and the average spending per traveller indicate a continued strong nominal decline in exports of services.

Personal Consumption

Seasonally adjusted data indicate that personal consumption recovered in the third quarter of 2009 relative to the period from April to June, which, paired with the favourable base effect, resulted in a slowdown of the fall in household consumption, which totalled -6.9% year-on-year. It is interesting that real disposable income went down slightly during the period under review relative to the previous quarter; this, despite the favourable trends in income from transfers, was primarily due to the decline in the real net wage bill. According to the CPIA² data, the number of employed persons continued falling in the period under review, while the average net wage was adversely affected by tax law amendments. Households were faced with more difficult financing of their consumption due to the reduced availability of new and the increased burden of servicing existing loans. There was also no indication of a rise in personal consumption in the results of the CNB consumer confidence survey, which showed that consumer optimism remained low during the period in question.



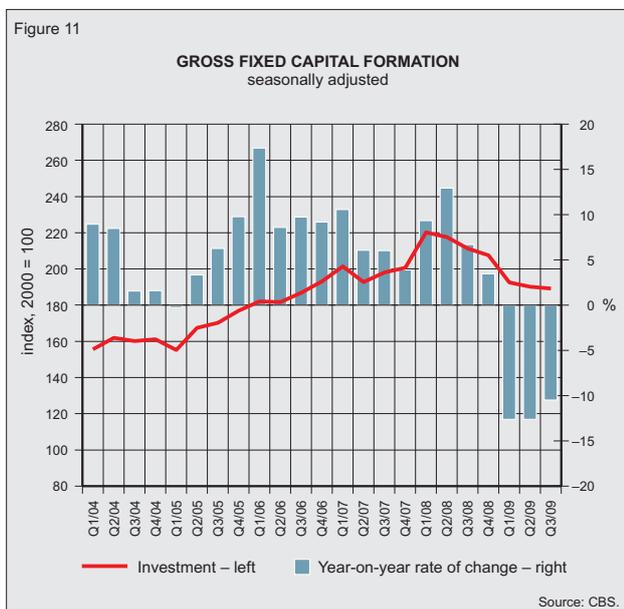
2 The number of persons insured with the CPIA is a more reliable short-term indicator of employment because recent CBS employment data by activities are preliminary data only (final data will be released in April 2010).

In the last quarter of 2009, personal consumption probably continued weakening as indicated primarily by a further decline in real retail trade turnover. The decrease in the real net wage bill continued because the number of employed persons and the average real net wage went on falling, while the decline in government transfer to households negatively contributed to the movement of real disposable income. Banks retained relatively high lending rates. However, it seems that demand for loans stagnated, in line with still-low consumer optimism.

Gross Fixed Capital Formation

According to the seasonally adjusted data, the negative rate of change of gross fixed capital formation improved in the third quarter 2009 relative to the previous quarter, lowering the annual rate to -10.5%. Unfavourable trends were equally present both in private and public component of capital consumption. Decreased investment activity of enterprises amid uncertain operating conditions reflected itself in lower investments into machinery and equipment, as indicated by the data on imports and manufacture of intermediate and capital goods. The volume of construction works fell intensively during the period under review, these investments making up around one half of total gross fixed capital formation. The government too cut its investment activity under the influence of lower-than-expected revenues and unfavourable borrowing terms and conditions.

The available investment activity indicators for the fourth quarter of 2009 suggest the continuation of unfavourable trends in this aggregate demand component. The annual decline in the production and import of intermediate and capital industrial products continued in the period under review, indicating that enterprises were refraining from capital investments in machinery and equipment. In addition, the corporate confidence survey indicates that in industry and construction, in particular, confidence is low. The reluctance of households to invest in real estate paired with more difficult terms and conditions for financing residential investments

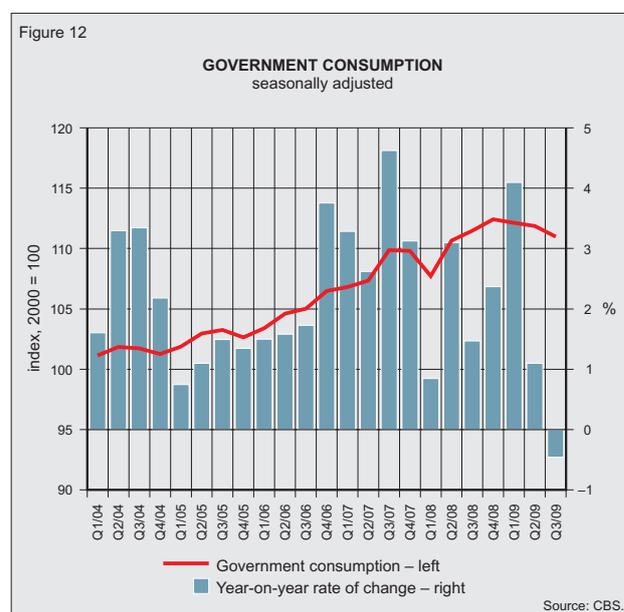


resulted in a surplus of residential real estate in the market, thus limiting investments in construction of new dwellings. The data on government expenditures (GFS 2001) confirm that government investment activity in the last quarter substantially decreased.

Government Consumption

Seasonally adjusted data for the period from July to September 2009 point to an additional decrease in government consumption relative to the previous quarter. The annual real decline totalled 0.6%, which was the most significant fall in this final consumption component since 2001. The negative developments were caused by the decline in real expenditures for the use of goods and services, while real compensations to employees increased only slightly.

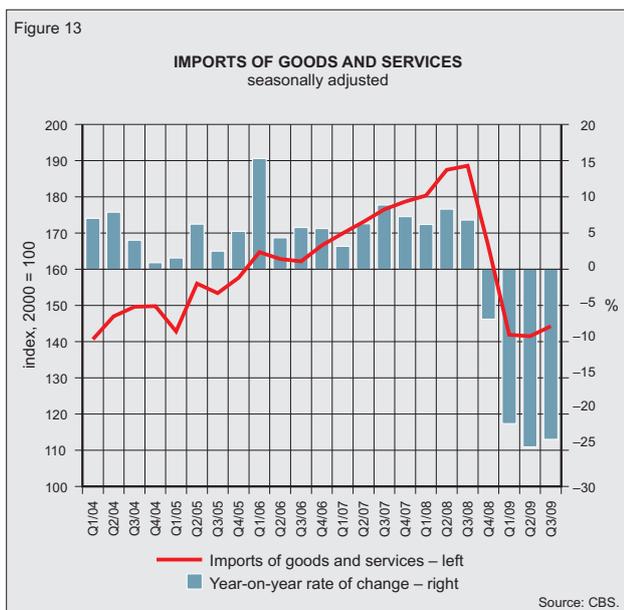
According to the CBS data on the number of employed persons by activity during the last quarter of 2009, the growth in the number of civil servants and government em-



ployees mildly decelerated relative to previous quarters. The data on expenditures for the use of goods and services at central government level are available only for October and November 2009. However, they show that annual material expenditures might have decreased even more vigorously, which probably contributed to the continued fall in government consumption.

Imports of Goods and Services

According to the seasonally adjusted data, imports of goods and services in the third quarter 2009 were greater than in April to June. However, they were still 23.5% lower than in the same period 2008. This was primarily a consequence of lower imports of goods, which account for some four fifths of total domestic imports. The decrease in investment activity of institutional sectors caused a contraction in imports of capital and intermediate goods, while imports of durable consumer goods were affected by unfavourable

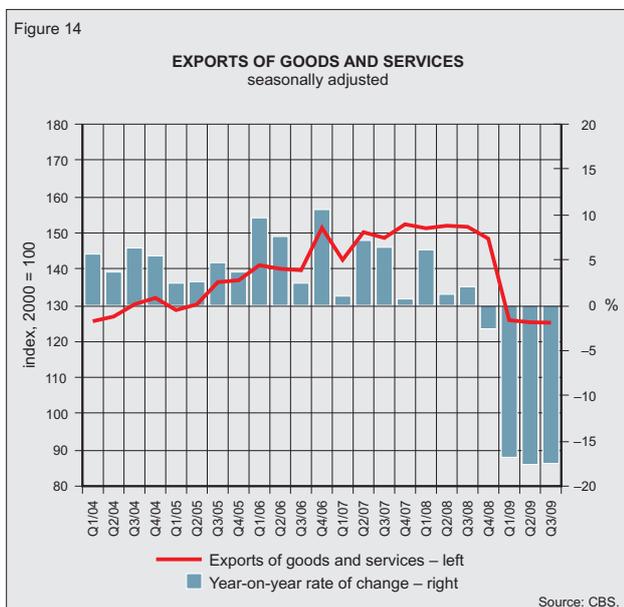


trends in household consumption.

It is evident from the seasonally adjusted nominal data on imports of goods in the last quarter of 2009 that imports of goods (excluding ships) stagnated at roughly the same level attained in the previous quarter. The annual decline in imports of goods decelerated in the period under review, such developments being noticed in all main industrial groupings. It is noteworthy, however, that CBS data on the import and export component of trade in goods are nominal, which makes it difficult to draw conclusions on their real changes.

Exports of Goods and Services

Exports of goods and services during the third quarter of 2009 were roughly the same as in the previous quarter, as indicated by seasonally adjusted data, while their annual decrease totalled 17.6%. Thus, in the period under review, this aggregate demand component made the most dominant negative contribution to total economic activity. The decline

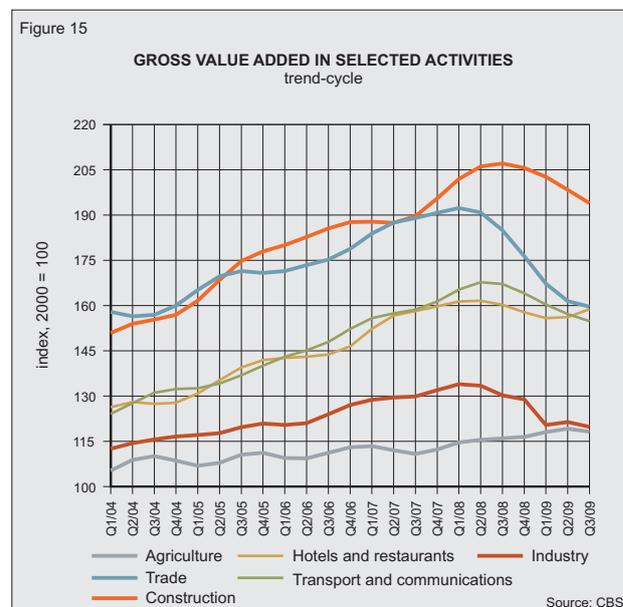


in exports of goods and the decline in exports of services contributed equally to the unfavourable trends. The contraction in exports of services was a result of the sizeable decline in the average spending of foreign tourists during the peak tourist season.

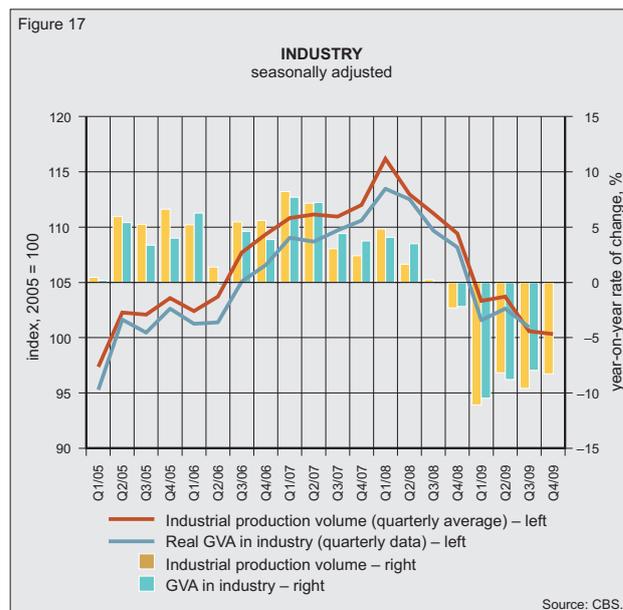
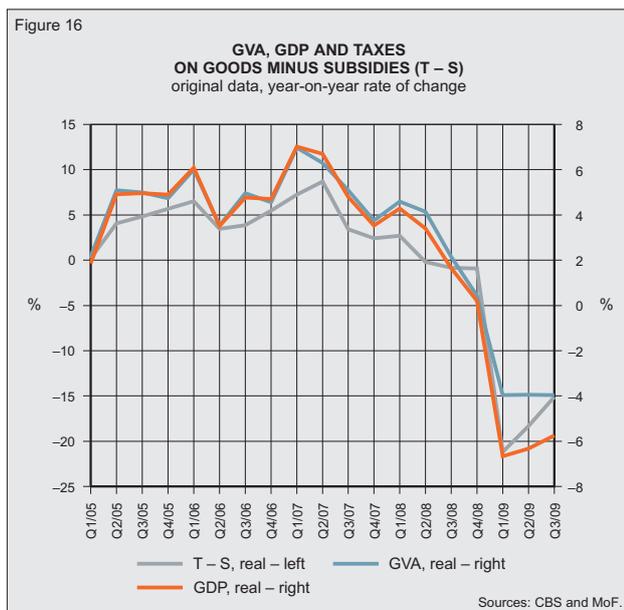
Seasonally adjusted nominal CBS data show that exports of goods increased in the fourth quarter of the year relative to the previous quarter as a result of the increase in exports of energy products and intermediate goods. On the other hand, the registered number of tourist nights and arrivals in the period from October to December 2009 declined considerably relative to the same period the year before. Taking into account the reduction of average spending per traveller, both in paid and unpaid accommodation and in transit, exports of tourist services, which predominantly determine the developments in total exports of services, continued declining at a sizeable annual rate.

Output

GDP by the production approach shows that GVA³ generated in the third quarter 2009 decreased relative to the previous quarter; on an annual level, it fell by 4.0% in real terms. The decline in GVA relative to the period from April to June was noticeable in the majority of economic sectors, especially in construction, industry, transport, storage and communications. On an annual level, negative developments were most prominent in trade and industry. One should also mention the annual decrease in GVA in hotels and restaurants, since the period under review encompasses the peak tourist season. These developments were a consequence of



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



further weakening of both domestic and foreign demand. In contrast, the annual real GVA grew during the period in question in agriculture, financial intermediation and public administration.

In the last quarter of 2009 unfavourable developments were still present in all major non-financial sectors. The available data on industrial production volume during October-December 2009 point towards stagnation relative to the previous quarter. In the same period, negative developments in real retail trade picked up additional speed, while the index of construction work volume continued falling in October and November year-on-year. In the last quarter, the number of foreign tourist nights and arrivals sizeably reduced and unfavourable developments in transport, storage and communications continued.

Industry

According to the seasonally adjusted data, GVA formation in industry in the third quarter 2009 decreased relative to the previous quarter, the annual GVA decrease in this activity totalling 8.1%. This was one of the main causes for reduction in total value added during the period in question, because GVA in industry accounts for around one fifth of total GVA.

According to the seasonally and calendar adjusted data, the industrial production volume in the last quarter of 2009 held at approximately the levels attained during the previous quarter. The annual drop in industrial production, totalling -8.3%, slightly improved relative to the period from January to September, reflecting a favourable base effect. The stagnation in industrial production during the period under review was most likely a result of the parallel continued weakening of domestic demand and the mild recovery of foreign demand, as indicated primarily by CBS data on goods imports and exports. As for main industrial groupings, during the period under review there was a decline in current output of capital goods, primarily due to the decrease in the production of other transport equipment and motor vehicles. There was also a noticeable decline in the production of durable con-

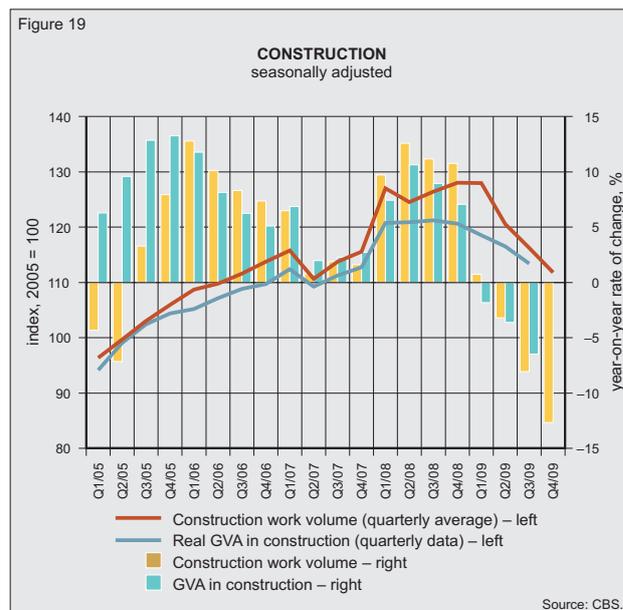
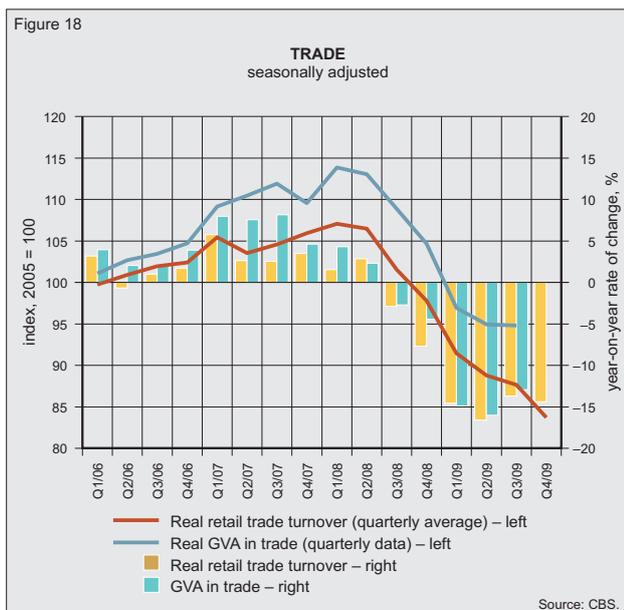
sumer goods relative to the previous quarter, although their influence on overall developments in industrial production was not as strong. By contrast, current output in intermediate goods increased slightly, primarily due to the greater production of metals and paper and paper products. A modest increase in current output was also attained in the production of non-durable consumer goods, the most significant positive contribution coming from manufacture of food products, wearing apparel and tobacco.

At the entire-2009 level, industrial production declined at the rate of 9.3% in consequence of the decline in production in all main industrial groupings apart from energy, i.e. of negative developments both in manufacturing and in mining and quarrying. Data on the production of individual industrial products indicate that the largest contribution to unfavourable developments in industrial production came from the manufacture of fabricated metal products, basic pharmaceutical products and preparations, machinery and equipment, other non-metallic mineral products and food products.

Trade

In the third quarter 2009, gross value added in trade mildly reduced relative to the previous quarter (seasonally adjusted data). This translates to a 12.5% annual fall, which was largely produced by decreased spending by foreign tourists. The contraction of GVA in this activity paired with the decrease in value added in industry was the greatest contributor to the decrease in the overall GVA.

Seasonally adjusted data for the period from October to December 2009 point towards further weakening in retail trade relative to the previous quarter in consequence of more difficult financing conditions arising from the decrease in the real net wage bill and limited access to loans, as well as continued low consumer optimism, predominantly due to the unfavourable expectations relating to future developments in unemployment. During the period under review, retail trade turnover decreased by 14.4% annually. It is evident from the CBS data by branches that the slump in the purchase of



motor vehicles continued to play a major role, as confirmed by the data of the Ministry of the Interior on the number of newly registered vehicles.

In 2009, retail trade turnover was 14.8% lower than in 2008 primarily as a result of the fall in the purchase of durable consumer goods and private cars arising from the more prudent and rational approach to consumption brought about by unfavourable economic developments and insecurity in the labour market.

Construction

According to the seasonally adjusted data, GVA in construction additionally declined in the third quarter 2009, going down by 6.8% relative to the same period the year before. This leads to the conclusion that negative developments intensified relative to the first half of the year. These adverse changes were mostly attributable to weaker investments of the private sector in residential and non-residential facilities and lower investment activity of the government.

In line with the seasonally adjusted data, the index of construction work volume declined additionally in October and November relative to the previous quarter and was 12.7% lower than at the same time the previous year. This was equally attributable to the decrease in construction works on buildings and civil engineering works. The described unfavourable changes were most likely caused by the decrease in the number of new building construction projects and a slow-down in the intensity of construction works already started, which reflects a reduction in the investment activity of both the private sector and the government. Rising illiquidity, limited financing options for capital projects, a surplus in the supply of residential real estate, as well as government postponement of infrastructure projects were the factors contributing to these changes. Given the noticeable decline in the surface area of new structures for which building permits have been acquired, the leading indicator of construction activity suggests that negative trends will continue. The current reluctance of households to invest in real estate leads to a

similar conclusion, as do the results of the business optimism survey conducted by the PULS agency, which show that a large number construction entrepreneurs regard the present condition of construction work orders as unsatisfactory.

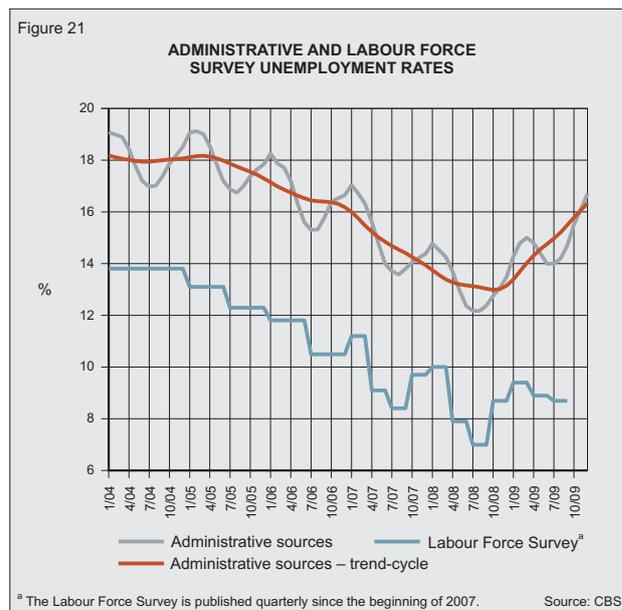
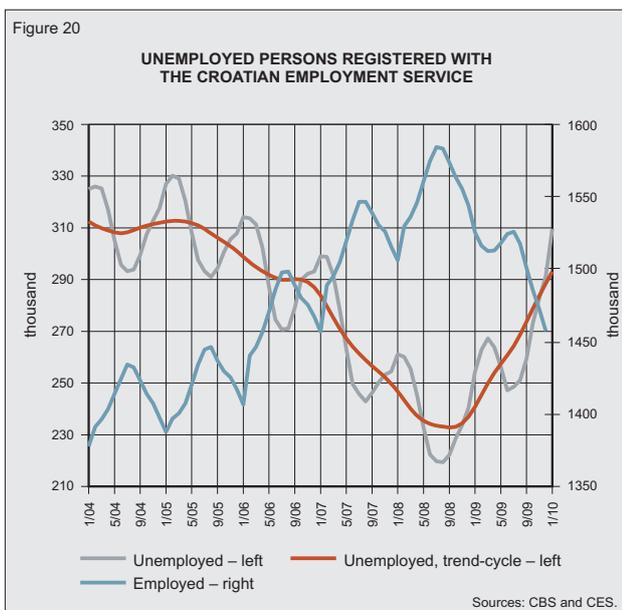
According to the original data on construction work volume in the first eleven months of 2009, construction activity decreased annually by 6.0%, due to a decrease in both construction works on buildings and civil engineering works.

Labour Market

In the last quarter of 2009, unfavourable developments on the labour market continued, a result of the weakening of economic activity. Employment was reduced and unemployment registered with the CES increased. Movements of these indicators were more pronounced towards the end of the year. Employers adjusted to unfavourable economic conditions not only by reducing the labour force but also by making wage cuts, which was especially evident at the end of the year, when an annual-level fall in wages was recorded.

Employment and Unemployment

In the labour market, month after month, there are declining numbers of people in work. This is also confirmed by the data on employment in the last quarter of the previous year, according to which the decline in employment was increasingly strong at both an annual and a monthly level. Although employment is usually on the decline at the end of the year, this decrease was extremely high, standing at 5.6% in December 2009. The most significant contribution to this decrease came from the employment in legal persons, with employment in crafts and trades and freelance occupations, and individual farmers actively insured with the CPIA also producing a negative effect on total employment. These CBS data are still preliminary, but the number of persons insured with the CPIA confirms that the final data should also point to unfavourable trends in employment. According to this short-



term indicator of employment which is not subject to revision (seasonally adjusted data), the number of insured persons was reduced by 4.6% at the end of the year compared to end-2008, although the annual reduction was somewhat smaller at the entire 2009 level, amounting to 2.2% (almost 35,000).

If NCEA sections are observed, construction recorded the strongest employment reduction in the last quarter, as it did in the previous quarter. Similar developments were evident in almost all economic activities. The most prominent among them was industry, making an increasingly negative contribution to total employment, due to its significant share and unfavourable developments. As regards the service sector, accounting for the largest share of total employment, trade recorded the greatest fall in the number of employed. However, there is no indication of more favourable movements in other service activities.

Like the CBS and CPIA data, the CES data also point to reduced employment. Accordingly, CES-mediated hiring was approximately 22% lower in the last quarter compared to the previous quarter. Concurrently, a 17% inflow growth was recorded, since an increasingly large number of persons lost their jobs and were entered on the CES register. In addition to the said reason, the growth of inflow into the CES register can be accounted for by the return to the records of persons engaged in seasonal employment and the entry onto the CES register of persons who have completed their education, which is common for that part of the year. At the entire 2009 level, employment from the records fell by 7.7%, whereas the number of the newly registered rose by as much as 35.2% relative to the previous year, which is a record high inflow growth.

From the increasingly large inflow of unemployed persons into the CES register and a small outflow, it can be seen that unemployment continued to rise at an ever stronger pace. The previous year thus ended with a high unemployment level (291,545 unemployed persons) and a two-figure annual increase (21.2%), which only confirms the continued upward trend that started as early as at end-2008. Although the age structure points to an increase in unemployment in almost all

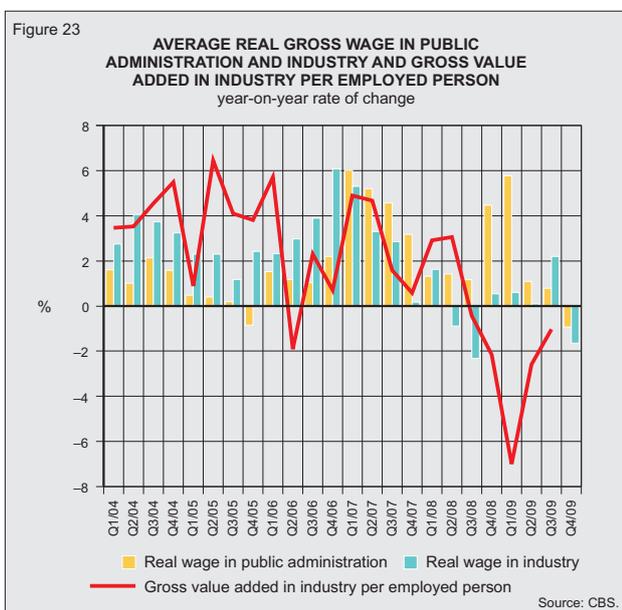
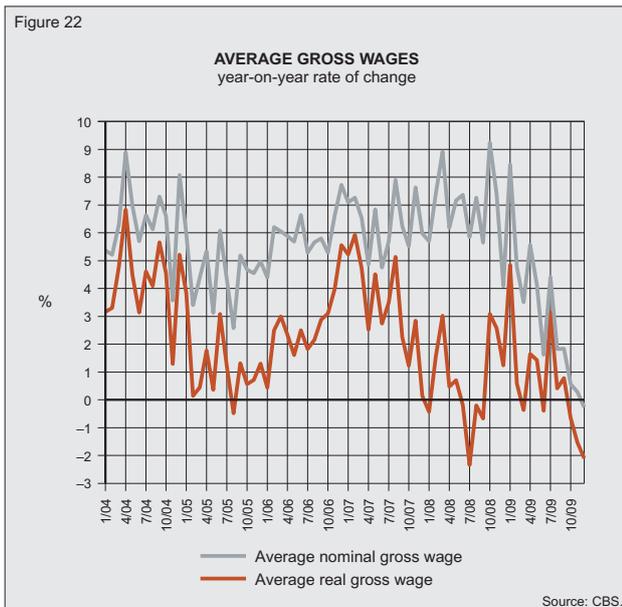
age groups, the greatest negative contribution was recorded in the age groups 20 – 24 years and 25 – 29 years.

As a result of the described movements in employment and unemployment, the registered unemployment rate went up in the last quarter of 2009, reaching 16.7% at the end of the year, whereas the average rate at the entire 2009 level stood at 14.9% (compared to 13.2% in 2008). According to the latest findings, the Labour Force Survey unemployment rate dropped from 8.9% in the second quarter to 8.7% in the third quarter of 2009, although standing, on average, at a higher level in the first three quarters than in the same period of 2008.

Wages and Labour Costs

Towards the end of 2009, the effect of weakened economic activity on wages grew stronger. Following a continuous deceleration, wages decreased at an annual level only at the very end of the year. On a whole year basis, nominal wages increased by 3.0% and 3.4% in gross and net terms, respectively. However, taking into account the impact of the special tax on the average monthly net wage, a fall has been evident since August. Despite this fall, nominal net wages paid in 2009 increased by 2.2% relative to 2008, which can be accounted for by high wages recorded in the first half of the year. The special tax had the greatest impact on net wages in mining and quarrying and financial activities and insurance, whereas it affected least the wages in administrative and support service activities.

A reduction in real wages in the last quarter resulted from a nominal deceleration of wages, additionally spurred by consumer price inflation acceleration. This fall was most pronounced in real net wages after special tax was included, only real net wages recording a fall at the entire 2009 level. The year end was marked not only by a decrease in employment but also by a reduction of real gross wages in almost all activities, including the public sector. However, this reduction was less than that in the private sector. As for private sector activities, the most significant negative contributions came



from construction, trade and manufacturing.

In the last quarter 2009, real gross wages in industry also had negative annual rates of change, which can mostly be accounted for by a wage decrease in manufacturing. In addition, a stronger decrease in production measured by real GVA relative to employment reduction resulted in a further fall in labour productivity in that sector, that fall, nevertheless, being smaller than the one in the previous quarter. Since the data on GVA for the end-of-year period were not available at the moment of writing, the available monthly indicators on industrial production volume, pointing to stagnation, and the data on a considerable decline in employment, indicate that labour productivity could increase. However, it should be noted that employment data for 2009 are preliminary and that a correction of them, expected in April 2010, will also be reflected in labour productivity figures.

Prices

Economic developments in 2009 were marked by a substantial decline in inflationary pressures. The average annual inflation rate in Croatia declined from 6.1% in 2008 to 2.4% in 2009. The slowdown in consumer price inflation occurred under conditions of weak domestic demand, alleviated imported inflation pressures, a slowdown in the growth of unit labour costs and a stable kuna/euro exchange rate. It should also be noted that the carry-over effect from the previous year was very low.⁴ The slowdown in consumer price inflation in 2009 would have been even more pronounced if it had not been for a significant increase in administratively regulated prices (gas, tobacco products, and medical and hospital services). Core inflation slightly exceeded overall consumer price inflation, but its average annual rate of change, standing at 2.8% in 2009, also sharply decreased from 5.7% in 2008. Industrial producer prices followed a similar trend, dropping



at an even faster pace as their average annual rate of change decreased from 8.3% in 2008 to -0.4% in 2009.

Consumer Prices

Having decreased in the previous two quarters of 2009, the annual consumer price inflation rate increased slightly in the last quarter from 1.0% in September to 1.9% in December. This was predominantly due to a base effect associated with the increase in the annual rate of change in energy prices. In contrast, the slowdown in core inflation continued, its annual rate of change dropping from 1.5% in September to 0.2% in December. Due to a rise in energy prices from

4 The carry-over effect from 2008 to 2009 was a mere 0.2 percentage points due to a decrease in consumer prices in the second half of 2008 following their appreciably strong growth in the first half of the year, spurred by a sharp increase in the prices of crude oil and other raw materials in the world market. In contrast, the carry-over effect from 2008 to 2009 was much stronger, standing at 3.3 percentage points.

the same period in the previous year, the overall annual consumer price inflation rate exceeded the annual core inflation rate in the last two months of 2009.

The impact of a drop in personal consumption and adverse developments in the domestic labour market on current consumer price trends is reflected by the data presented in the form of an annualised monthly inflation rate, which moved between -0.1% and 2% in the last quarter of 2009, while the core inflation rate remained negative, decreasing at a steeper pace in the observed period.

The slight acceleration in the annual consumer price inflation rate in the last quarter of 2009 was, as already mentioned, predominantly due to an increase in the annual rate of change in energy prices from -3.2% in September to 7.9% in December, which could to a large extent be attributed to an adverse base effect related to a sharp decrease in crude oil prices in the last quarter of 2008, and to a lesser extent also to a price increase in refined petroleum products in the last quarter of 2009.

Table 2 Consumer Price Index and Its Components, year-on-year rate of change

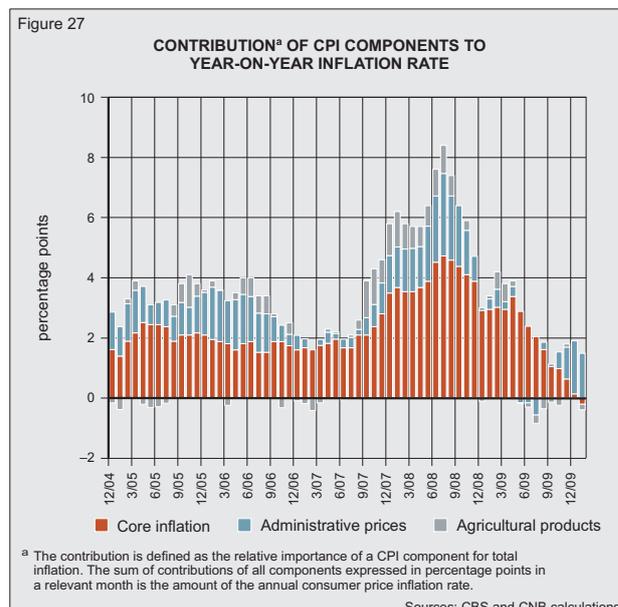
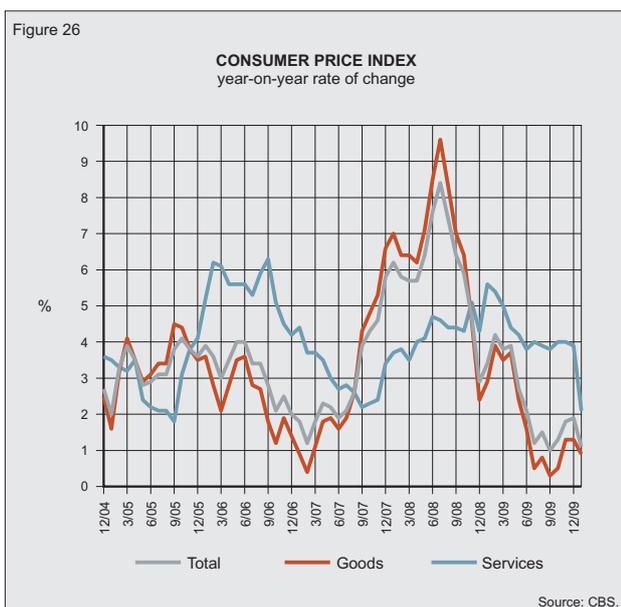
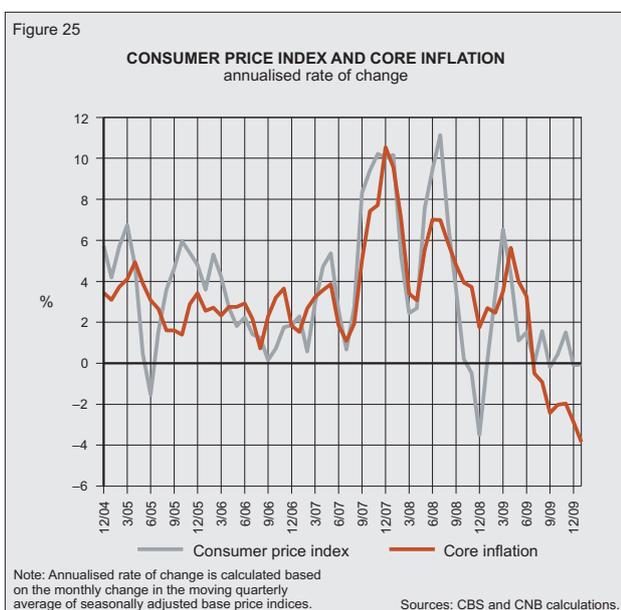
	Weight 2009	12/08	6/09	9/09	12/09	1/10
Total index	100.0	2.9	2.1	1.0	1.9	1.1
Energy	13.0	-1.7	-4.1	-3.2	7.9	9.5
Unprocessed food	14.7	3.7	1.4	-0.2	-1.6	-3.1
Processed food (incl. alcoholic drinks and tobacco)	23.2	4.7	4.5	2.1	1.8	0.4
Industrial non-food without energy	28.3	2.2	2.2	0.7	-0.5	-0.7
Services	20.7	4.2	3.8	3.8	3.9	2.1

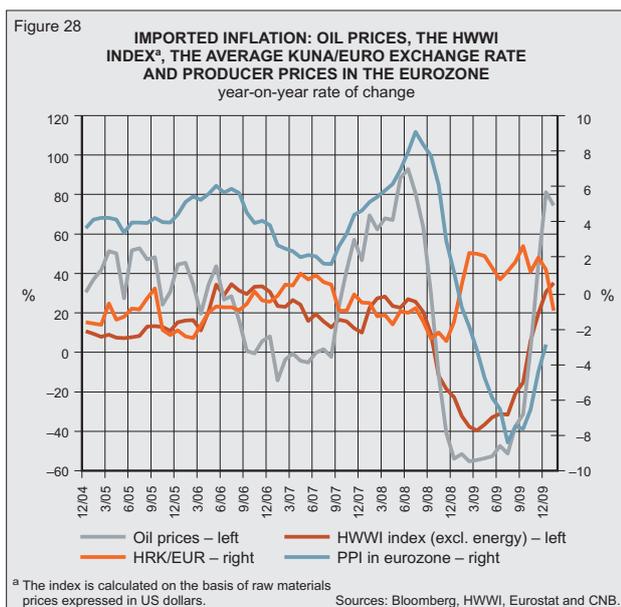
Source: CBS.

The inflation of consumer services prices remained stable, although its annual rate of change stood at a relatively high level, accelerating slightly from 3.8% in September to 3.9% in December 2009. An analysis of the components of the services price index shows that the largest contribution to the annual rate of change in services prices in December came from the prices of medical and hospital services (1.9 percentage points), which had increased considerably early in the year due to the introduction of user fees in the health sector.

The rate of change in industrial products prices, excluding food and energy, strongly influenced by the weak domestic demand, decreased from 0.7% in September to -0.5% in December. This was predominantly a result of a decrease in the annual rate of change in clothing and footwear prices, due to their unusually slow growth in November and a sharp decrease in December, neither of which was in line with seasonal patterns, and to a small extent also to a continued annual reduction in car prices. These trends resulted from a sharp drop in household consumption related to negative trends in its sources of financing. In addition, consumer confidence was low, mainly because of unfavourable expectations regarding future labour market trends.

The annual rate of change in the prices of non-processed food products, negative since July 2009, dropped from -0.2% in September to -1.6% in December, primarily due to a continued downward trend in the annual rate of change in meat prices in the domestic market.





The prices of processed food products continued to remain higher than in the same period in 2008. However, the growth rate of the prices of processed food products slowed down in the last quarter of 2009, from 2.1% annually in September to 1.8% in December. The largest contribution to the slowdown was made by a continued decrease in the annual rate of change in the prices of milk and dairy products and bread and other bakery products. It should be noted that, due to the price growth of tobacco products in the first half of 2009 caused by an increase in excises, the prices of tobacco products made a high contribution (3.0 percentage points) to the annual rate of change in processed food products in December.

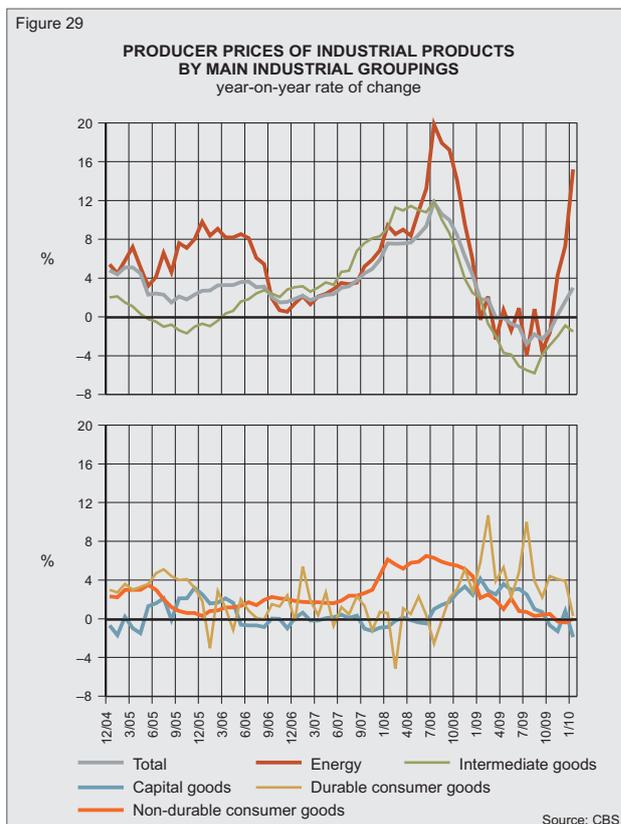
The annual rate of change in the CPI in Croatia was 1.1% in January 2010, a decrease of 0.8 percentage points from December 2009. The annual rate of change in prices dropped for all components except energy. The slowdown in the overall annual consumer price inflation rate in January from the previous month was primarily caused by a decrease in the annual rate of change in the prices of services and processed food products, which was in turn due to the fact that the calculation of these prices for January 2010 excluded the contribution of the previously mentioned price increase in medical and hospital services and tobacco products⁵ in January 2009. An opposite effect on trends in the overall annual inflation rate was produced by an increase in the annual rate of change in energy prices. This increase mainly resulted from a rise in the annual rate of change in refined petroleum products prices due to the price increase in these products in January and a negative base effect resulting from a fall in these prices in the same period in 2009. The growth of gas prices in January also contributed to the increase in the annual rate of change in energy prices. The downward trend in core inflation, calculated in such a way as to exclude energy

5 However, the contribution of prices of tobacco products to the annual rate of change of processed food products (in January 2010, it stood at 0.4%) is still high and amounts to 2.1 percentage points. It will completely disappear in April 2010, i.e. one year after the excises on tobacco products were increased for the second time.

and some other prices, continued in January, when its annual rate of change declined to -0.3%, primarily due to a decrease in the annual rate of change in tobacco products prices and a continued annual decline in the prices of some food products (milk, dairy products and meat) and in clothing and footwear prices.

Industrial Producer Prices

The annual rate of change in industrial producer prices increased in the last quarter of 2009 from -2.3% in September to 1.6% in December. This was primarily due to an increase in the annual rate of change in energy prices, largely attributable to an adverse base effect related to a sharp decrease in crude oil prices in the last quarter of 2008, and to a lesser extent also to a price increase in refined petroleum products in the last quarter of 2009. Intermediate goods are a group of products whose annual rate of change also increased, for the most part as a result of a growth in the annual rate of change in the prices of metal. However, metal prices are still considerably lower than in the same period in the previous year, while the increase in their annual rate of change primarily resulted from a negative base effect relating to a sharp fall in metal prices in the last quarter of 2008. It should also be noted that, in general, intermediate goods prices remained below their level in the same period in 2008. The increase in the annual rate of change in the prices of durable consumer and capital goods was somewhat less pronounced. The annual rate of change in the prices of non-durable consumer goods was mostly stable, and negative in the last two months of 2009, primarily due to a drop in the producer prices of food products and beverages from the same period in 2008.



The annual rate of change in industrial producer prices, trending upwards since October 2009, continued to grow in January 2010, when, it increased to 3.0%, up by 1.4 percentage points from December 2009. The increase was primarily due to energy prices accelerating sharply on an annual level as a result of a current increase in the producer prices of re-

financed petroleum products and gas, and to some extent also to an adverse base effect, resulting from a drop in the producer prices of refined petroleum products in early 2009. In the same period, the annual rate of change in the prices of non-durable consumer goods rose only slightly, whereas the same rate for other components decreased.

Box 1 Recent Movements in the Consumer Price Index Excluding Food and Energy

Trends in total consumer price inflation in the past two and a half years have indicated that its volatility can to a large extent be attributed to energy and food prices, which are strongly influenced by external factors; the CPI that excludes food and energy and accounts for about 60% of the overall CPI is considerably less volatile. This was especially evident in the second half of 2007 and the first half of 2008, the period of strong inflationary pressures, as well as in the subsequent periods. The CPI excluding food and energy was quite stable in that period as opposed to the overall CPI, which showed different trends. Movements in this indicator reflect changes in the prices of industrial products and services, which in large measure depend on domestic economic developments, for example personal consumption and profit margins. Therefore an analysis of the factors determining inflation movements under current economic circumstances should also be based on the observation of the relatively less volatile CPI components.

Consumer prices excluding food and energy decelerated considerably in the second half of 2009 as their annual rate of change dropped significantly below the average of the last three years (about 3.4%) in the last three months (Figure 30). The recent developments thus show that the sharp slowdown in consumer price inflation in Croatia is above all due to domestic factors.

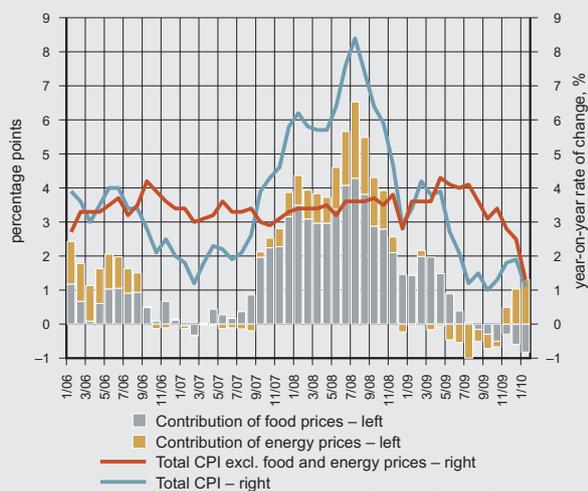
This is corroborated by data indicating that the share of the components of the CPI excluding food and energy with

negative annual rates of change increased in the second half of 2009 and in early 2010 and even exceeded its several-year average in August and December 2009 and in January 2010 (Figure 31).

Data on the lower aggregation level will provide a more detailed insight into the causes of the slowdown in CPI inflation excluding food and energy. Figure 32 shows the distribution of the annual rates of change in the components of the CPI excluding food and energy in January 2010. On the left side of the distribution, showing a relatively marked

Figure 30

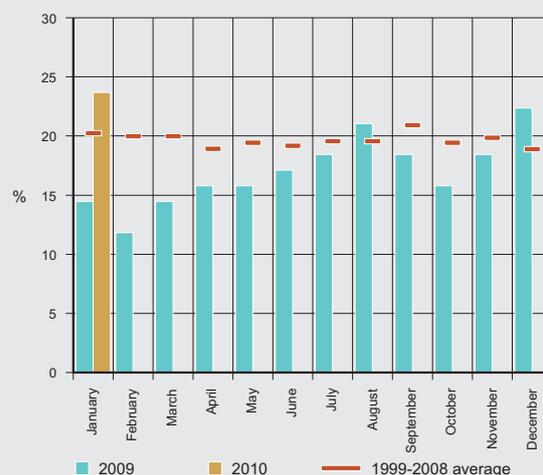
CONTRIBUTION OF FOOD AND ENERGY PRICES TO YEAR-ON-YEAR RATE OF CHANGE IN THE CPI EXCLUDING FOOD AND ENERGY



Sources: CBS and CNB calculations.

Figure 31

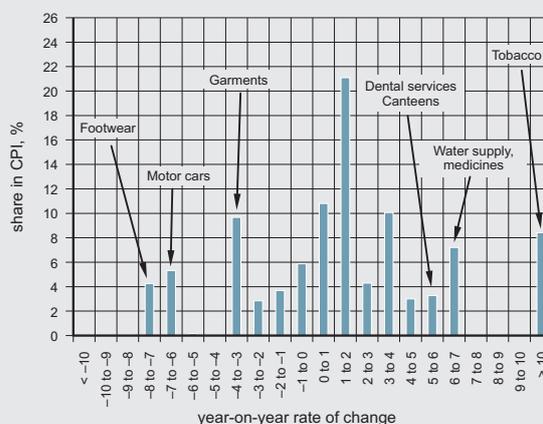
SHARE OF CPI COMPONENTS EXCLUDING FOOD AND ENERGY WITH NEGATIVE YEAR-ON-YEAR RATES OF CHANGE



Source: CBS and CNB calculations.

Figure 32

DISTRIBUTION OF YEAR-ON-YEAR RATES OF CHANGE OF CPI COMPONENTS EXCLUDING FOOD AND ENERGY IN JANUARY 2010



Note: The figure shows the distribution of year-on-year rates of change of 76 components of non-food non-energy CPI in line with their shares in the CPI basket. Each bar shows the share of non-food non-energy CPI components whose year-on-year rate of change falls within a particular range.

Source: CBS and CNB calculations.

annual price decrease, are products strongly influenced by the decline in personal consumption, above all clothing, footwear and cars. In addition, data processing equipment, personal computers and other electronic equipment, although making a minor contribution to the changes in the CPI excluding food and energy because they are assigned a relatively small weight in the CPI basket, also recorded a substantial annual drop in prices. The continued decline in these products' prices was to a large extent due to strong competition, considerable technological advances and improvements in quality. On the right side of the distribution, showing a sharp annual increase in January 2010, are products with administratively set prices (e.g. tobacco, water

supply and healthcare services). In addition, the prices of catering services and medicine also grew at high annual rates. It should be mentioned that approximately two thirds of the distribution of the annual rates of change in the CPI excluding food and energy in January 2010 were concentrated on the right side, that is, were positive.

As shown by the recent developments in the overall CPI components, the marked slowdown in consumer price inflation has primarily resulted from domestic factors, which is especially evident from the sharp deceleration in the annual growth of consumer prices excluding food and energy. However, some administratively set prices have still been growing at high annual rates.

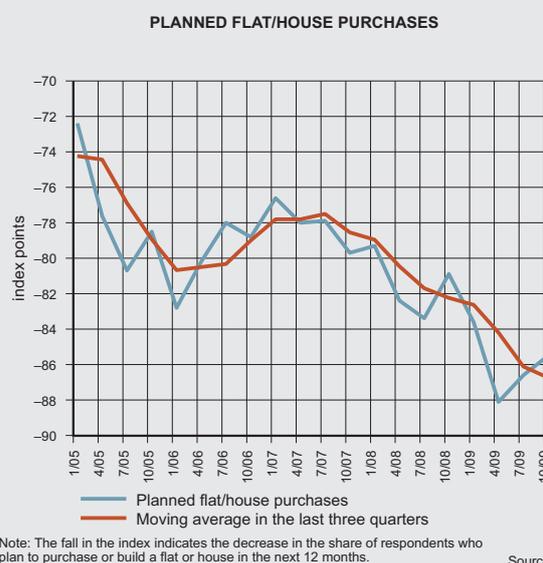
Box 2 Real Estate Price Movements in Croatia in 2009

Having decelerated annually from 13.1% in 2007 to 5.7% in 2008, real estate prices declined by 4.1% in 2009 from the previous year. The prices of real estate in Zagreb decreased at a sharper rate, down by 5.2% from the previous year, while the prices of real estate on the Adriatic Coast dropped at a slightly lower rate of 3.6%.

The drop in real estate prices was to a large extent due to a reduction in demand for real estate, occurring against a background of a slowdown in the annual growth in household disposable income in the first half of 2009 and its decrease in the second half of the year. In addition, 2009 was marked by a sharp decline in consumer optimism primarily related to expectations of unfavourable labour market developments, especially a rise in unemployment. The slowdown in demand for real estate was also due to tightened lending conditions and a continued rise in interest rates on home loans, which increased by 0.4 percentage points in 2009, reaching 6.45% in December. Data on trends in newly extended home loans, which are indicators of trends in real estate demand, confirm the sharp drop in demand for real estate in 2009, as such loans decreased by as much as 41.5% in real terms in relation to the previous year.

This reduction in demand for real estate was signalled by answers from respondents in a CNB consumer confidence questionnaire to the question of whether they intended to buy a flat or house within a 12-month period subsequent to the questionnaire (the planning of private investments in the housing stock). The difference between the proportions of negative and positive answers to the question was used to

Figure 33



draw up an index in which a fall in trend-value was recorded (represented by a quarterly historical moving average), this fall gathering considerable momentum during 2009.

The supply of real estate, as shown by data on the number

Table 4 Newly Granted Home Loans in Croatia, year-on-year rate of change, in HRK

	Nominal	Real ^a
2005	-1.0	-9.0
2006	24.1	6.5
2007	16.9	3.4
2008	-13.4	-18.0
2009	-43.9	-41.5

^a Deflated by the hedonic real estate price index. Source: CNB.

Table 3 Croatian Residential Real Estate Price Index, year-on-year rate of change

	Weight	2005	2006	2007	2008	2009	2007		2008		2009	
							1st half	2nd half	1st half	2nd half	1st half	2nd half
Croatia	100.0	8.8	16.6	13.1	5.7	-4.1	17.6	8.9	5.7	5.6	-5.3	-3.0
Zagreb	65.3	10.0	17.0	11.9	2.1	-5.2	14.4	9.4	1.8	2.4	-3.1	-7.4
Adriatic Coast	22.0	17.2	15.9	16.2	10.4	-3.6	23.1	10.1	13.3	7.5	-9.4	2.6

Note: The methodology used for compiling the hedonic real estate price index in Croatia is such that each calculation of the new value of the index (at the end of a semi-annual period) involves a reassessment of all the parameters of real estate prices achieved by the given equations, which, in turn, results in a revision of the real estate price index for the previous semi-annual and annual periods. Therefore, the indices from the previous years are altered with each update, but are also more precisely measured, being calculated by a larger number of data. For more details see Box 2 in Bulletin No. 121.
Sources: *Burza nekretnina* and CNB calculations.

of building permits for flats issued, hovering around 25,000 in the previous two years, remained relatively strong, resulting in a large number of flats in the real estate market remaining unsold with the consequent downward pressures on their prices. The delay in the reaction of supply to the decline in demand for flats can be seen in the sharp decrease in the number of building permits for flats issued in 2009 and will lead to a further decline in real estate supply in the forthcoming periods.

Table 5 Number of Building Permits for Flats Issued

	Number of permits	Year-on-year rate of change
2005	23,484	15.4
2006	25,517	8.7
2007	24,877	-2.5
2008	24,585	-1.2
2009	17,018	-30.8

Source: CBS.

Exchange Rate

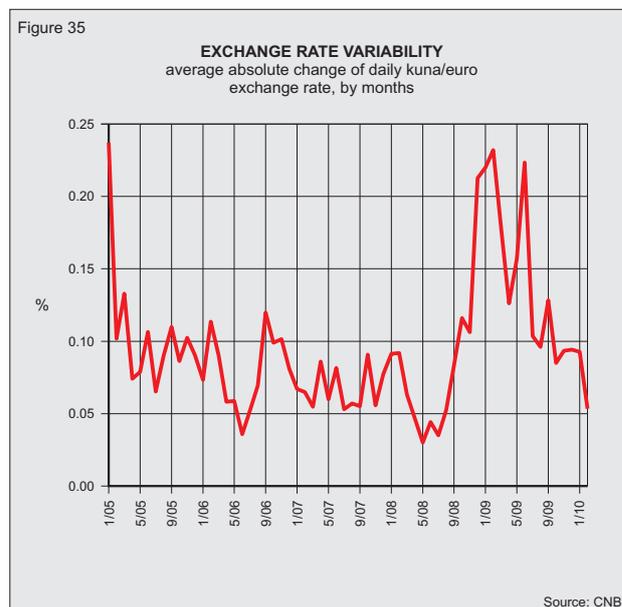
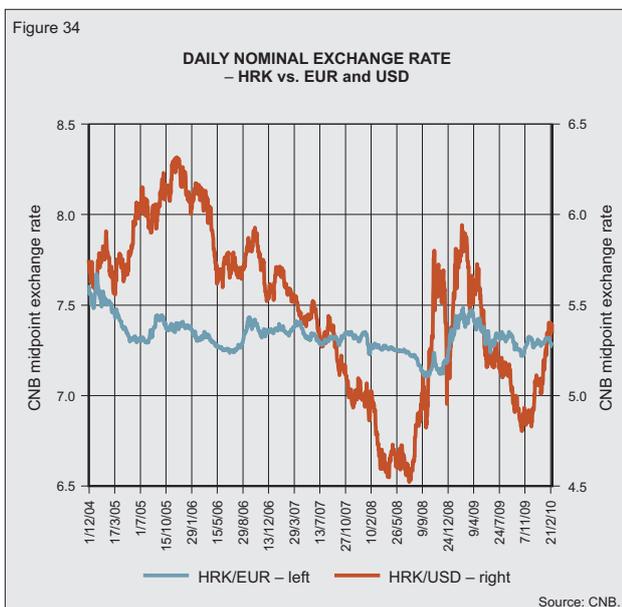
The kuna/euro exchange rate appreciated slightly by 0.2% from the end of 2008 to the end of 2009, rising from HRK 7.32/EUR to HRK 7.31/EUR. The appreciation was primarily due to the developments in the last quarter of 2009, whereas the beginning of the year was marked by depreciation pressures stemming from strong government and corporate demand for foreign exchange required for the payment of maturing foreign liabilities and a reduction in foreign capital inflows. The depreciation pressures declined in the second quarter, among other things due to the refinancing of corporate foreign liabilities, a narrowing of the trade deficit and a government eurobond issue. The usual seasonal appreciation pressures failed to occur in the summer months, partly due to a decrease in foreign exchange inflows from tourism compared with the previous year, resulting in a very stable kuna/euro exchange rate. Exchange rate developments in the last quarter were marked by the appreciation of the kuna versus the euro, primarily caused by an increase in the supply of foreign exchange in the domestic market, originating from borrowing abroad by some public enterprises and other companies, as well as from a government bond issue in the US market. In addition, the kuna also strengthened on account of the continued narrowing of the foreign trade deficit.

The central bank intervened seven times in the foreign ex-

change market in 2009; two interventions (one in late January and the other in mid-February) involved selling foreign exchange in response to mounting depreciation pressures, while the rest were aimed at moderating the pace of the appreciation of the kuna through foreign exchange purchases. At the auctions, the central bank purchased foreign exchange in the net amount of EUR 324.8m. The volume of foreign exchange transactions between the Ministry of Finance and the CNB was also high in 2009. The CNB purchased EUR 570.4m net from the government, a significant increase from EUR 185.9m in 2008; the bulk of this was accounted for by the purchase of foreign exchange raised by the government through a eurobond issue in late May, and a smaller part by the purchase of foreign exchange from a government bond issue in the US market in November 2009.

The daily average kuna/euro exchange rate stood at HRK 7.34/EUR in 2009, down 1.6% from HRK 7.22/EUR in 2008. The daily nominal kuna/euro exchange rate moved between HRK 7.22/EUR and HRK 7.49/EUR, that is, within the small range of -1.6% to 2.0% around the daily average exchange rate in 2009.

The kuna/euro exchange rate remained fairly stable in early 2010 in an environment of a balance between supply of and demand for foreign exchange and high foreign exchange and kuna liquidity in the system. The exchange rate stability was maintained despite strong demand from domestic sectors for foreign exchange to be used for the repayment of maturing foreign liabilities. This was because depreciation pressures,

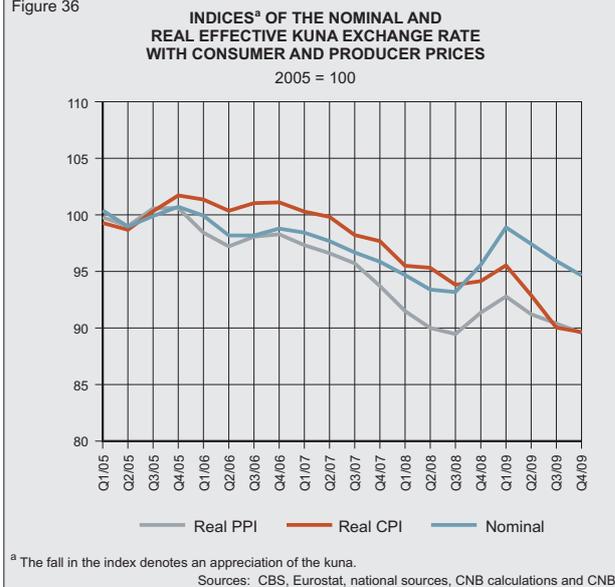


otherwise common at the beginning of the year, subsided due to expectations of a foreign capital inflow (EUR 200m of a World Bank loan granted to the government) and the foreign exchange raised by the government through a bond issue in the US market in late 2009, part of which was used to repay government foreign liabilities falling due early this year. Furthermore, the continued narrowing of the foreign trade deficit also had an impact on the lowering of foreign exchange demand. The kuna strengthened by 0.5% versus the euro in the first two months of 2010, the euro dropping from HRK 7.31 on 31 December 2009 to HRK 7.27 on 28 February 2010. The daily exchange rate of the kuna moved within a narrow range of -0.4 to 0.3% around its average value, continuing the period of relatively low exchange rate variability.

In contrast with a slight appreciation versus the euro, the kuna weakened considerably by 5.0% against the US dollar in the first two months of 2010 as the exchange rate went up from HRK 5.09/USD at the end of 2009 to HRK 5.34/USD at the end of February 2010. These developments primarily reflected the sustained appreciation of the US dollar versus the euro in the world foreign exchange market, starting in December 2009 and continuing in the first two months of 2010. The appreciation was due to favourable US macroeconomic indicators, spurring expectations that the Fed might start raising its benchmark rate earlier than envisaged. The strengthening of the US dollar was also considerably influenced by mounting investor concern over high budget deficits in some eurozone countries, especially in Greece, Portugal and Spain. The exchange rate developments were also influenced by signs of monetary tightening in China aimed at preventing over-heating of the economy, which further heightened market uncertainty. The US dollar/euro exchange rate stood at USD 1.36/EUR at the end of February 2010, appreciating by 5.2% from the end of December 2009 and by 8.8% from the end of November 2009.

The indicators of export price competitiveness deteriorated in the last quarter of 2009: the real effective exchange rate of the kuna appreciated by 0.9% deflated by consumer prices and by 0.4% deflated by producer prices compared with the average values in the previous quarter. This was a result of the kuna appreciating by 1.4% in nominal terms against the currency basket due primarily to its appreciation versus the US dollar and, to a small extent, versus the euro. In the same period, domestic consumer prices grew at a slower pace than foreign consumer prices. On the other hand, producer prices decreased in Croatia and increased in most of its major trading partners. In line with these developments, the kuna appreciated less in real than in nominal terms against the currency basket. Taking into account only the trends in the index of the real effective exchange rate of the kuna deflated by consumer prices, export price competitiveness slightly improved in 2009. Specifically, the kuna weakened by an average of 2.7% in nominal terms against the currency basket from the previous year, mostly due to its depreciation versus the US dollar and to a lesser extent against the euro. Domestic consumer prices rose at higher rates than foreign prices, as compared to 2008, with the result that the slight depreciation of the real effective exchange rate of the kuna deflated by consumer prices (0.5%) was considerably lower than the mentioned

Figure 36

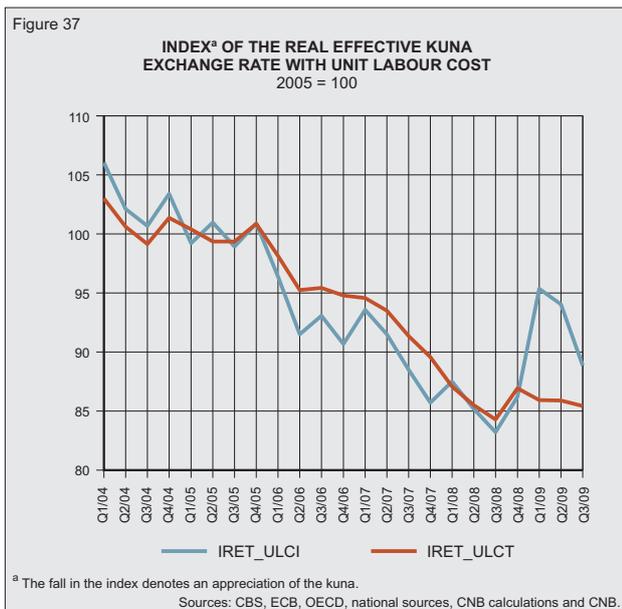


nominal depreciation of the kuna versus the currency basket. The difference between domestic and foreign producer price trends was even more pronounced (domestic producer prices decreased at lower rates than foreign producer prices), so that the real effective exchange rate of the kuna deflated by producer prices appreciated by 2.8%, warning of a deterioration in export price competitiveness in 2009.

It should be noted that the time series of the effective exchange rates presented in the Statistical Survey used in the analysis of export price competitiveness were modified in this issue of the CNB Bulletin by the updating of the weights applied in the calculation of the effective exchange rates and the recalculation of the time series on the basis of 2005 (previously 2001). The new weights reflect the average shares of individual currencies in total inflows into and outflows from the current account (ITRS data) in the period from January 2006 to December 2009, while the previously used calculation period was from January 2000 to December 2003. The euro is now a weight of 77.6% (previously 70.8%), the US dollar a weight of 20.6% (previously 27.2%), the pound sterling a weight of 0.9% (previously 1.0%) and the Swiss franc a weight of 0.8% (previously 1.0%).⁶ These modifications were taken into account in calculating the real effective exchange rate deflated by unit labour costs, trends in which are analysed in the following paragraph.

The latest available data on the trends in the index of the real effective exchange rate of the kuna deflated by unit labour costs in the third quarter of 2009 point to an appreciation relative to the average value in the previous quarter. The real effective appreciation was above all spurred by the nominal appreciation of the kuna against the basket of currencies (1.6%). As regards trends in the overall economy, the real effective appreciation of 0.6% was below the nominal effective appreciation because unit labour costs declined at higher rates in Croatia than in its trading partner countries. In contrast, unit labour costs in industry rose in the third quarter of 2009 from the previous quarter in Croatia while

⁶ See methodological notes to Table H11.



they decreased in most of its trading partners, which led to a considerably sharper appreciation in the real effective exchange rate of the kuna (5.5%). The mentioned increase in unit labour costs in industry resulted from a drop in labour productivity caused by a reduction in GVA from the previous quarter and a slight increase in employee compensation in the same period. In contrast, GDP for the whole economy slightly increased in the third quarter of 2009, according to seasonally adjusted data, leading, together with a drop in employment, to an increase in labour productivity. With employee compensation stagnating in that period, unit labour costs reduced from the previous quarter

Monetary Policy and Instruments

Monetary Environment

In late 2009 and early 2010, the monetary environment was stable and characterised by a very satisfactory level of kuna liquidity in the banking system and the stable exchange rate for the kuna. In an adverse economic environment, the central bank provided an additional boost to primary liquidity, striving to increase the contribution of excess free reserves to the recovery of bank lending, particularly to the corporate sector. In early February 2010, the CNB decided to lower the reserve requirement rate from 14% to 13%. This supported the efforts to spur bank lending and economic recovery within the framework of the stimulus programs that the government undertook in cooperation with the CBRD. The banks will use some of the funds released initially to grant a HRK 2.0bn loan to the CBRD. Together with bank assets, these funds will be used for corporate loans in accordance with the predetermined criteria (described in more detail in Box 3, Croatian Government Measures for Economic Recovery and Their Expected Effects). In addition, the cut in the reserve requirement rate reduced the regulatory costs of funding sources for

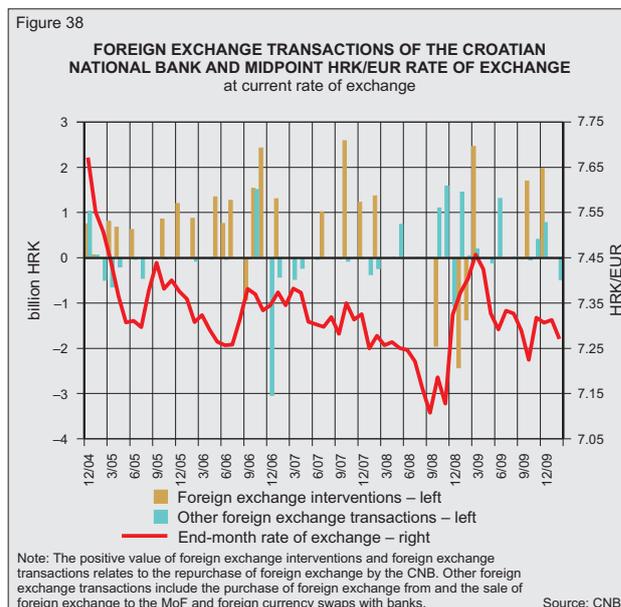
banks. Together with high liquidity, this added to the increase in the credit potential of banks and to the fall in interest rates. Should the funds released be used as initially intended and should programs yield favourable macroeconomic results, the CNB stands ready to release additional funds. It will also continue to ensure that nothing threatens the stability of the exchange rate, which is the main nominal anchor to maintain low inflation and overall financial stability.

Uses of Instruments of Monetary Policy

The high kuna liquidity in the monetary system that was generated by the conversion of foreign currency inflows in the last quarter of 2009 largely determined the use of monetary policy instruments in early 2010. In the period from October to December 2009, the CNB repurchased from banks at foreign exchange auctions and from the central government in direct transactions a total of EUR 663.0m, thus creating HRK 4.8bn. These transactions helped maintain the stability of the kuna, as abundant foreign currency inflows, particularly from the government’s international bond issue, created appreciation pressures on the kuna/euro exchange rate. An exceptionally high level of free reserves created at the time continued into early 2010.

The average kuna liquidity surplus in the system, including bank overnight deposits with the CNB, was a high HRK 5.3bn in January 2010, growing to as much as HRK 7.3bn after the February cut in the reserve requirement rate. In such circumstances, there was still no need for liquidity creation through regular reverse repo auctions. In the first two months of 2010, Lombard loans were not used and there were no major foreign exchange transactions in conditions of a stable foreign exchange market.

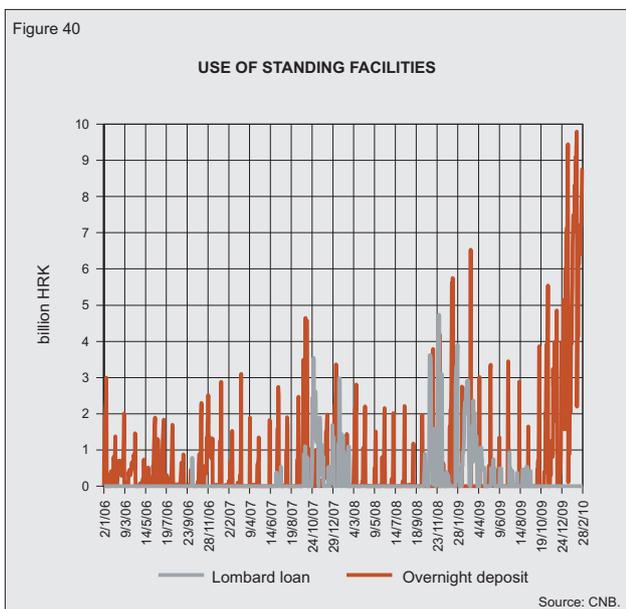
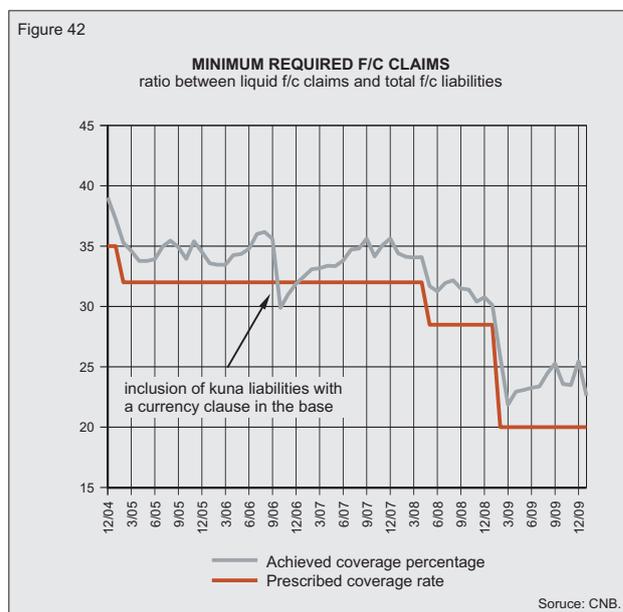
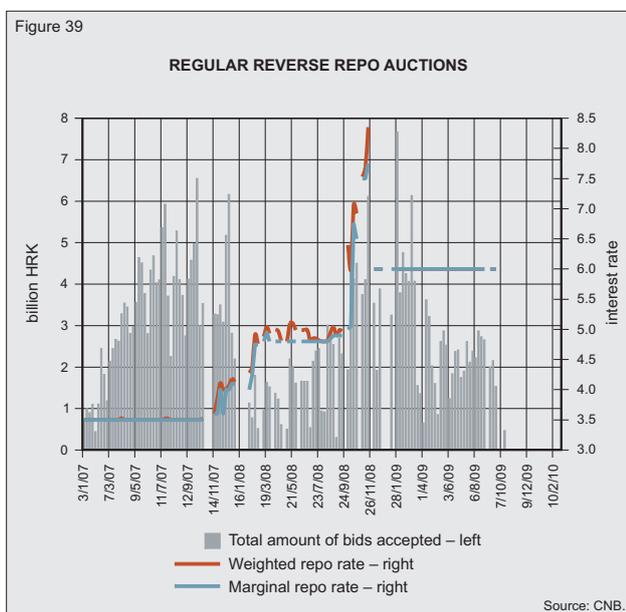
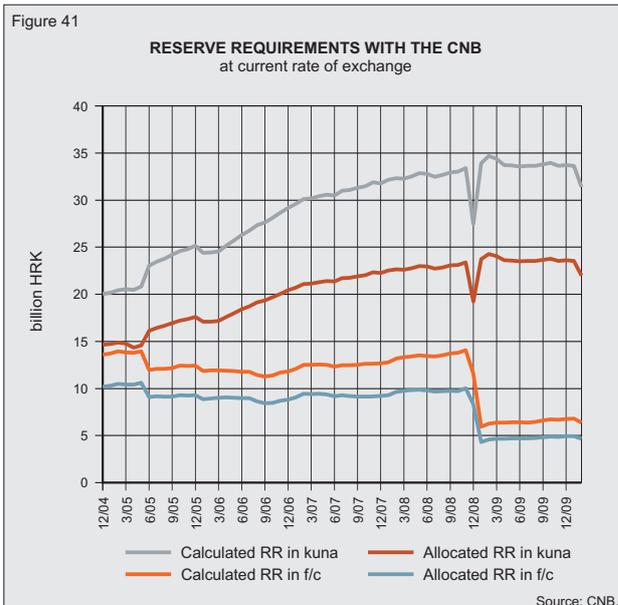
Due to a comfortable liquidity position and low interest rates in the money market in January and February, there was a considerable increase in the liquidity surpluses placed by the banks with the CNB in the form of overnight deposits. The banks made use of this option daily, even at the very beginning of the reserve maintenance period, which was previ-



ously uncommon. The average daily balance of overnight deposits with the CNB was HRK 5.9bn in the first two months of 2010, with the largest amount of deposits, of as much as HRK 9.8bn, being registered in mid-February, i.e. close to the end of the reserve maintenance period.

Owing to the February cut in the reserve requirement rate from 14% to 13%, the kuna component of reserve requirements decreased by HRK 2.3bn or 6.9%, while its foreign currency component declined by HRK 0.4bn or 5.8%. The impact of this cut would have been somewhat stronger without the January increase in the reserve requirement calculation base. The lion's share of the total calculated reserve requirements of banks, which stood at HRK 37.7bn in February, was accounted for by their kuna component (83%).

The foreign currency liquidity of banks was also quite comfortable in late 2009. At end-December, the ratio of liquid foreign currency claims to total foreign currency liabilities of banks stood at 25.5%, 5.5 percentage points (or EUR 1.5bn) above the prescribed minimum rate. Such a foreign



currency position was in part attributable to the business policy of banks – they temporarily raised their total assets toward the end of the calendar year, largely by increasing their foreign assets. As early as January 2010, the ratio of liquid foreign currency claims to total foreign currency liabilities of banks fell to 22.6%, corresponding to the usual level of foreign currency liquidity.

Reserve Money and International Reserves

Reserve money (M0) expanded by 12.9% in 2009, largely due to a change in the reserve requirement instrument early in the year, when the percentage of the foreign currency reserve requirement that is set aside in kuna was increased from 50% to 75%. In addition, the central bank created substantial kuna funds (HRK 6.4bn) by means of foreign exchange transactions. Throughout most of the year, liquidity was also supported by open market operations. Robust growth in the monetary aggregate M0, particularly towards the year-end,

was due in part to central bank's efforts to maintain primary liquidity at comfortable levels in the context of adverse economic trends and a fall in money (M1). Reserve money continued to rise at the beginning of 2010, as confirmed by the trends in its seasonally adjusted value.

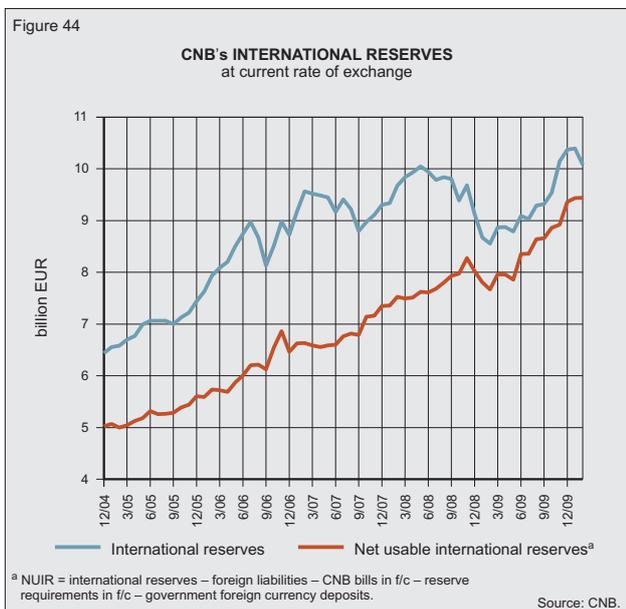
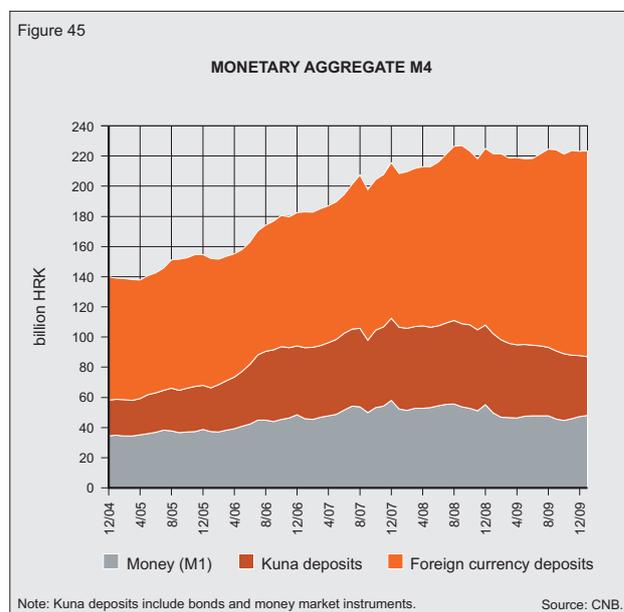
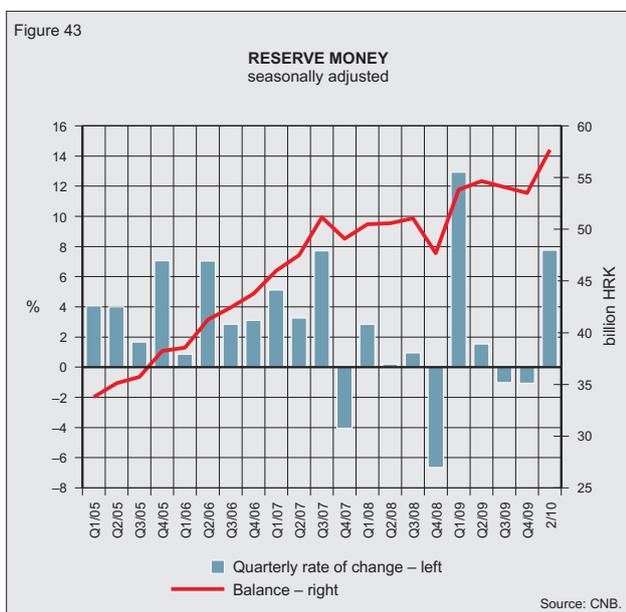
The international reserves of the CNB grew strongly in 2009, by 13.8% or EUR 1.3bn. Early in the year, these reserves decreased as the CNB released foreign currency funds to ease depreciation pressures and improve the country's foreign currency liquidity in response to the negative impact of the global financial crisis. However, capital inflows to Croatia in the remainder of the year renewed the accumulation of gross reserves. This was largely due to increased foreign borrowing by the central government and the consequent repurchase of foreign exchange by the CNB.

There were no major foreign exchange operations at the beginning of 2010. A slight fall in gross reserves was caused by a decrease in foreign currency reserve requirements, which was due to the cut in the calculation base, and the depletion

of the foreign currency deposits of the central government. At end-February, gross international reserves of the CNB stood at EUR 10.1bn, rising by 17.8% from end-February 2009. Net usable international reserves increased slightly in the first two months of 2010, to EUR 9.4bn, growing by 23.1% year-on-year.

Monetary Developments

Adverse developments in the real sector in 2009 strongly affected monetary and credit aggregates. Net domestic assets of the banking system decreased, due notably to a contraction in bank lending to the private sector. In contrast, net foreign assets of the system increased. This was due entirely to the rise in the international reserves of the CNB, while commercial banks registered a fall in foreign assets. As a result, total liquid assets (M4) decreased moderately.



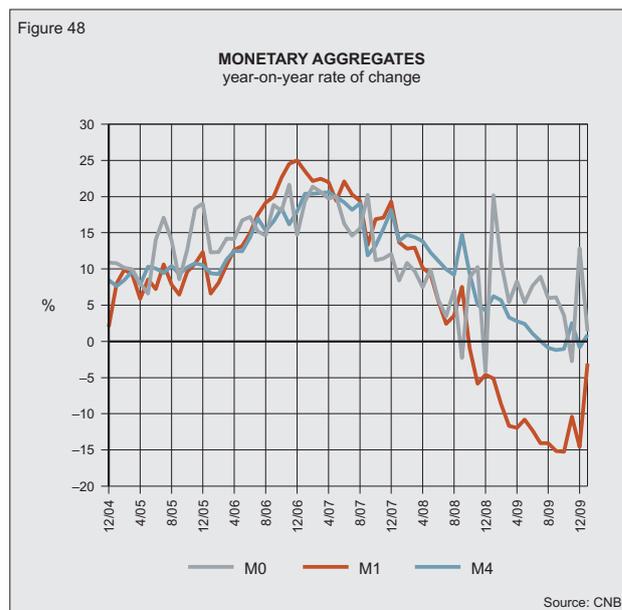
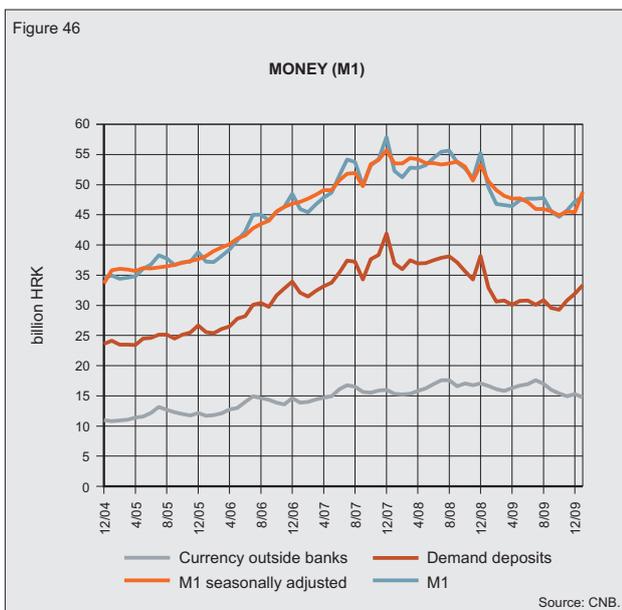
Total Liquid Assets

Total liquid assets declined slightly in the fourth quarter of 2009, falling by HRK 1.9bn or 0.9% at the entire 2009 level. At the beginning of the new calendar year, the level of this broadest monetary aggregate stayed almost the same, while its year-on-year rate of change grew only slightly and was 0.9% at end-January 2010.

Money

Money (M1) decreased by 14.6% in 2009, primarily as a result of declining economic and lending activities. Still, the monthly dynamics of M1 shows that a sharp decline in this monetary aggregate in the first ten months of 2009 was followed by a mild recovery late in 2009 and early 2010.

Money trends in 2009 were largely affected by changes in demand deposits that, notwithstanding the November and December increase, contracted by 16.4% at the entire 2009 level. Balances in current and giro accounts contracted in all sectors, with the sharpest decrease recorded by the corporate



sector. This was largely due to the economy’s rising illiquidity and weaker bank lending. An exceptionally strong upturn in demand deposits in January 2010 was due to the rise in corporate demand deposits, which may be ascribed to the parallel decline in kuna savings and time deposits of this sector. These developments affected the annual rate of change in demand deposits, which stood at 1.2% at end-January. In contrast, the annual rate of decrease in the other component of money, currency outside banks, accelerated further in late 2009 and early 2010, reaching -11.5% at end-January.

Non-Monetary Deposits

Total savings and time deposits grew by HRK 7.3bn or 4.4% in 2009, 2.4 percentage points less than in the previous year. The slower growth in savings with banks was primarily due to a fall in corporate deposits. On the other hand, the annual increase in household deposits, though slower than in 2008, was relatively strong (7.0% at end-December). The strong growth in deposits, which was also recorded by other

banking and non-banking financial institutions, was attributable to favourable interest rates on savings deposits as well as increased risk aversion in the capital market.

With regard to the currency structure of deposits, the substitution of foreign currency savings for kuna savings marked both the fourth quarter and the whole of 2009. Kuna deposits decreased by 21.8%, while foreign currency deposits increased by 15.5%, their share in total deposits growing from 70% to 78%. This trend was particularly noticeable in the household sector, with similar trends in savings and time deposits being observed at the beginning of the new calendar year.

Placements

As a slight 1.3% increase in bank placements to the non-banking sector in the fourth quarter of 2009 could not offset the fall recorded in the first ten months, total placements declined by 0.6% on an annual basis. Recent trends suggest that, notwithstanding abundant liquidity, no significant

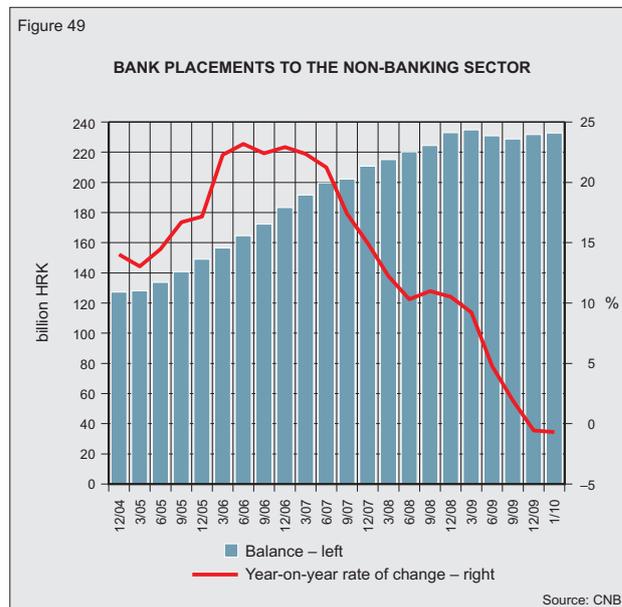
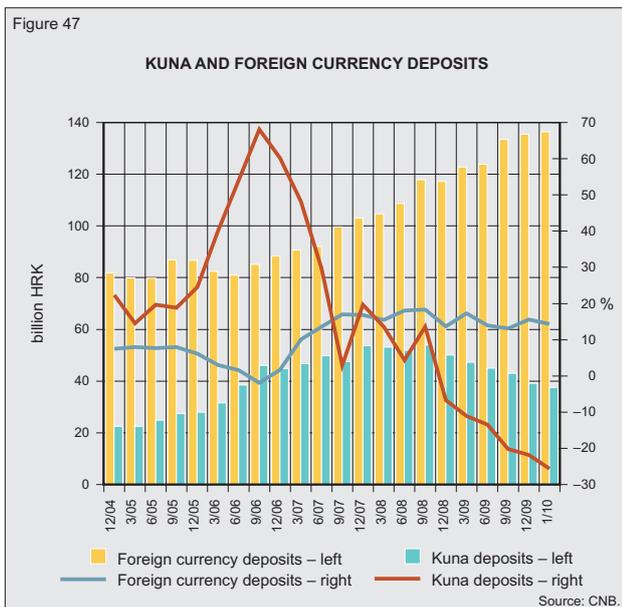
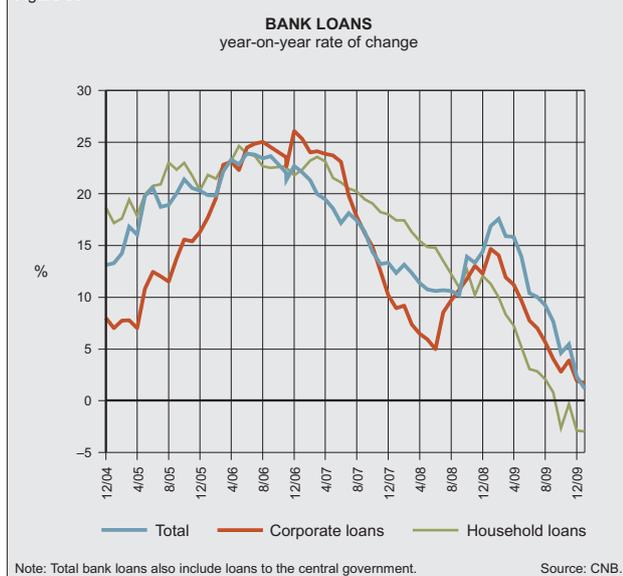


Figure 50



recovery in bank lending has been recorded. The reasons for this are the low readiness of banks to accept the risk involved

in new placements and a contraction in private sector demand for loans.

With regard to the sectoral structure of placements, the growth recorded in the last quarter of 2009 was entirely due to corporate placements; they went up 2.3% in that period, which was almost equal to their growth rate in the whole of 2009 (2.1%). Although it was much slower than in the previous year, bank lending to the corporate sector was stronger than lending to the household sector in 2009. A slight increase in corporate loans was also recorded at the beginning of 2010 (0.9% in January).

In contrast, household loans held steady in the fourth quarter, while they declined by 2.9% in 2009 as a whole. The sharpest fall in the structure of household loans was recorded in car (19.0%) and credit card loans (9.2%). Housing loans, which were the main generator of household loan growth over the previous years, remained almost unchanged on an annual basis. The stagnation in loan-related bank claims on households continued in early 2010.

Bank Placements to the Central Government

In the last quarter of 2009, the government's position in

Box 3 Croatian Government Measures for Economic Recovery and Their Expected Effects

In late January 2010, the government of the Republic of Croatia adopted two documents⁷ on measures to boost economic recovery and development. These documents identify two models (model A and model B) to spur lending in the economy with the active participation of the government, the CNB and commercial banks. Some HRK 9.0bn of new loans could be extended to the private sector in 2010 through these models.

Both models are headed by the government via the Croatian Bank for Reconstruction and Development (CBRD), while the CNB and commercial banks provide the required funds. The funds will be placed at regular auctions (organised by the CBRD) in which banks may participate in line with the established criteria and methodologies determining the acceptability of bids. Both programs will remain in force until all available funds have been exhausted and by the end of 2010 at the latest.

Model A

Under this model, the government (through the CBRD) directly participates in the funding of economic projects with 40% of the total amount of loans, which banks grant to end users in kuna (the banks provide the remaining 60% from their own sources). The allocation of funds under this model (a total of HRK 2bn) is determined on the basis of auctions held by the CBRD. Depending on available funds, the CBRD sets the quota available for each auction and commercial banks bid for this quota in accordance with the

auction terms. The criterion for accepting bids is the offered effective interest rate⁸ on the portion of a loan that a bank provides from its own sources. After the evaluation of the bids received, an agreement on a credit line is made with banks whose bids have been accepted. However, the funds may be withdrawn only after the CBRD approves a list of bank loans submitted beforehand. The final interest rate for users is determined as the weighted average of the CBRD interest rate (3.8%) and the effective interest rate of a commercial bank. The maximum maturity of loans approved under this model is three years with a 12 month grace period. Loans within model A are intended to finance working capital and are primarily aimed at reducing the domestic economy's illiquidity.

Model B

Under this model, the government undertakes to cover some of the risks associated with new bank loans by establishing a guarantee fund. In the name and for the account of the Republic of Croatia, guarantees (totalling HRK 2bn) are issued by the CBRD under clearly defined guarantee quotas and with an acceptable level of risk. The entities guaranteed under this model are commercial banks that bid at auctions for available guarantee quotas, which the CBRD then assigns to the best bidders (banks ready to take on a higher percentage of risk). Guarantees are given for the liabilities of final loan users; individual guarantee amounts must be below HRK 60m and cover up to 50% of the loan amount (except in special cases, for which the criteria are still to be set). Guarantees may be given for loans for financing investments and working capital, rescheduling loans con-

⁷ Measures for Economic Recovery and Development – Financing Models, and the Draft Proposal of the Act on the Guarantee Fund for Economic Recovery and Development with the Final Proposal of the Act (adopted at the Parliamentary session on 5 February 2010).

⁸ This interest rate comprises the yield on 91-day T-bills achieved at the last auction held before the date of the loan agreement, increased by the bank's margin.

cluded after 1 July 2008, or for a partial repayment of arrears to the government and banks. Their expiry dates are determined in line with special regulations.

Final users of loans granted under these models may be tradesmen, companies and other legal entities registered and operating in the Republic of Croatia. When deciding on the approval for a loan or guarantee, the CBRD will take into account the creditworthiness of actual loan users, and in particular:

a) creditworthiness assessed on the basis of the classification of liabilities under the CNB Decision on the classification of placements and off-balance sheet liabilities of credit institutions;

b) debt coefficient (total liabilities/assets); and

c) other indicators (liquidity and stability coefficient, internal rate of return).⁹

At the first auction under model A, which was held on 19 February, the CBRD offered HRK 200m. Out of the 16 bids received from commercial banks, six were accepted. The average interest rate on accepted bids was 5.89% (ranging from 5.68% to 5.98%), which means that the average margin offered by the banks whose bids were accepted was 3.41%. Thus, end users will receive a total of HRK 500m for working capital financing and the interest rate on these funds will be between 4.93% and 5.11%.

In addition to these measures, the government intends to participate in the establishment of funds for economic cooperation. Through these venture capital funds in mixed (government and private) ownership, the government, together with private investors, would invest in domestic enterprises in line with market principles (directly participating in the ownership structure). The government intends to invest a total of HRK 1.0bn in these funds.

A simulation using a dynamic stochastic general equilibrium model for Croatia¹⁰ was made to provide a better insight into the expected effect of these measures (model A and model B). The model strives to encompass interdependencies between the main sectors of the Croatian economy in order to quantify positive effects of the increased availability and lower costs of funding for businesses as well as greater financial system liquidity resulting from the cut in the reserve requirement rate. Simulation results show the expected impact of cheaper funding for businesses and a lower reserve requirement rate on the main macroeconomic and financial indicators in 2010. The model does not consider possible positive side effects of measures to support high quality manufacturing businesses, further investments and the possible mitigation of liquidity problems in the real

sector. It also does not take into account other possible positive or negative developments in the Croatian and global economy over 2010. Simulation results thus only cover the expected impact of measures relative to the situation without measures and not the absolute level of the expected economic growth and changes in other macroeconomic variables.

The first result in the assessed impact of measures, which is also the main input parameter in the model simulation, relates to the expected reduction in the weighted interest rate on total corporate loans, of some 0.5 percentage points. This result is derived from the following assumptions: a) interest rates on individual types of corporate loans in 2010 will correspond to those at the end of 2009; b) all funds earmarked for the program of measures (HRK 5bn of loans co-financed by the CBRD and HRK 4bn of loans granted with government guarantees) will be exhausted by the end of 2010; c) out of HRK 99bn of corporate loans, HRK 56bn matures by the end of 2010, HRK 21bn of which is accounted for by long-term loans and HRK 35bn by short-term loans; d) loans under the program will be used to refinance long-term loans (a total of HRK 9bn is envisaged under the program of measures), while the remaining long- and short-term loans will be refinanced at the interest rate prevailing in the market at the end of 2009.

Second, the model simulation implies that the expected 0.5 percentage point lowering of weighted interest rates would increase total corporate loans by some 5%. This means that half of the funds from the program should increase the nominal amount of corporate loans (new loans), while the other half would be used to replace existing (more expensive) bank loans falling due in 2010.

Finally, the results obtained suggest that proposed measures could increase economic activity by 0.5% in 2010 relative to the situation without the measures. Higher GDP growth and income should add a similar percentage to personal consumption. As part of increased investments and personal consumption is to be met from imports, the trade deficit is also expected to widen slightly.

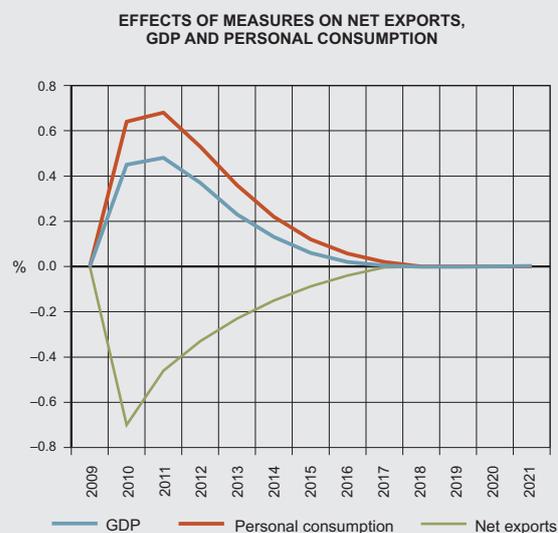
⁹ Legal entities that keep business books in accordance with the Accounting Act have to meet the following additional criteria:

1. debt coefficient (total liabilities/assets) lower than or equal to 0.9;
2. indicator of current liquidity (short-term assets/short-term liabilities) higher than or equal to 0.8;
3. net income on 31 December 2007 higher than or equal to zero.

With regard to businesses that are granted investment loans with a government guarantee, additional criteria have to be met (e.g. liquidity of the project, positive net current value, minimum debt coverage of 1.2 : 1).

¹⁰ For details of this model see Bokan, N., L. Grgurić, I. Krznar and M. Lang (2009): *The Impact of the Financial Crisis and Policy Responses in Croatia*, CNB Working Papers W-22, December 2009.

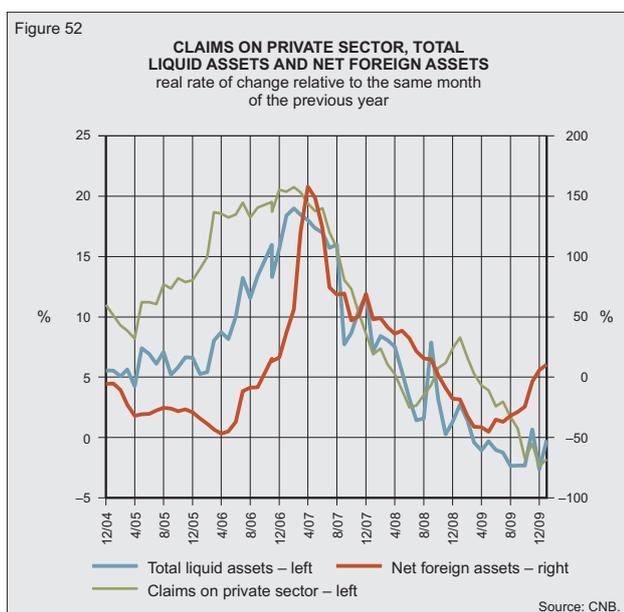
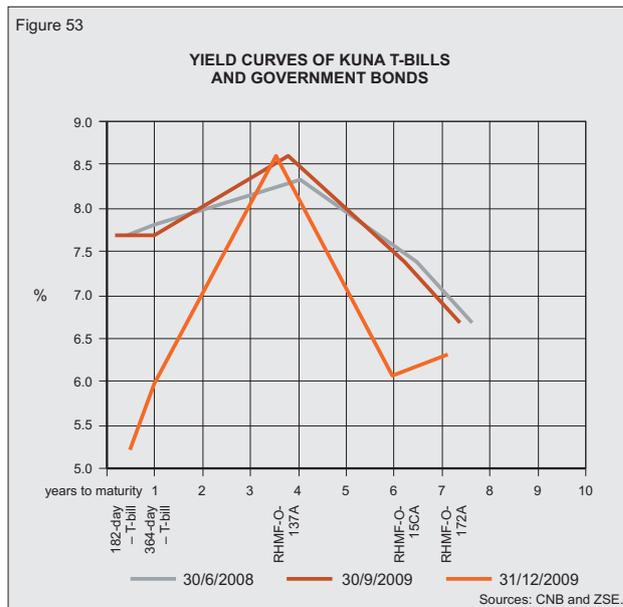
Figure 51



relation to domestic banks improved substantially due to a foreign exchange inflow from a government bond issue abroad. By repaying short-term loans and increasing its deposits with commercial banks and the CNB, the government reduced its net liabilities by HRK 8.4bn in this period. As this almost completely offset the liability increase in the first nine months of 2009, the central government's position remained almost unchanged relative to the end of 2008. Opposite trends were registered at the beginning of 2010 as the government used a portion of deposits to meet current expenditures. This resulted in renewed growth in its net liabilities to banks.

Foreign Assets and Liabilities

As commercial banks increased both their external debt and foreign placements in the fourth quarter of 2009, their foreign position deteriorated moderately. These trends may be partly ascribed to the banks' business policy of temporarily increasing total assets towards the year end, which is confirmed by the fall in their foreign assets and liabilities at



the beginning of January 2010. Excluding the impact of these temporary changes, net foreign assets of banks declined in 2009, exclusively due to a fall in foreign assets.

Data on real values of main monetary aggregates support the conclusion that lending and economic activities slowed down. The real value of total bank placements to the private sector continued to decline at an annual level in the fourth quarter of 2009 and similar trends were recorded in the real annual rate of change in total liquid assets.

Money Market

The liquidity of the domestic banking system was exceptionally good throughout the last quarter of 2009, cutting interest rates on the money market to approximately 1.0%, their lowest level in the previous five years. The interest rates on the money market in fact proved to be extremely volatile, moving within a broad range of almost 20 percent-

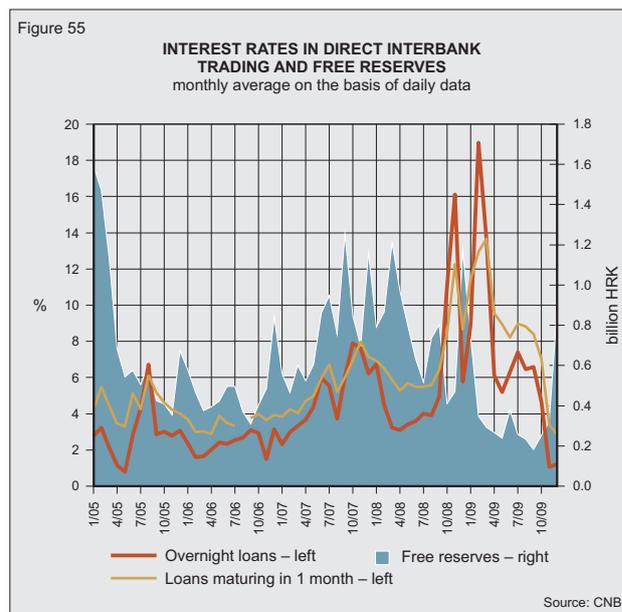
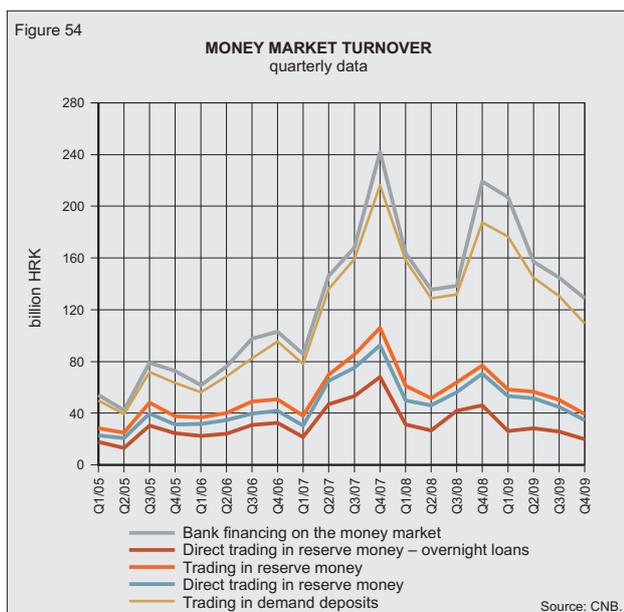
age points last year.

In a stable monetary environment characterised by sufficient available liquidity, interest rates on T-bills of all maturities also declined, although their differentiation was more pronounced as seen in a sharper fall in interest rates on shorter maturity T-bills and those on euro T-bills. Strong investor interest in these securities continued unabated until the end of 2009 as seen in the fact that the ten T-bill auctions in the third quarter, which raised a total of HRK 4.9bn, were followed by another eight auctions in the last quarter of the year, raising HRK 9.2bn. This was the largest issue last year and almost 80% of this amount was raised at December auctions when the number of bids received by far exceeded capacities of the planned issue. The stock of total subscribed T-bills thus stood at approximately HRK 22.1bn towards the end of December, an increase of almost HRK 5bn compared to the beginning of the year, or an increase of HRK 3.2bn compared to their September stock.

In general, lending interest rates of banks, particularly on short-term corporate loans, fell in the fourth quarter of 2009 and in early 2010. Such developments in interest rates were an indication of improved banking system liquidity. For the most part, deposit interest rates moved similarly to the trend of decline in lending interest rates, thus stabilising interest rate spread. Nevertheless, interest rate spread on the relatively less common so called pure kuna loans and deposits widened during the observed period, particularly in the retail part of the business.

Money Market Interest Rates

High kuna and foreign exchange liquidity of the banking system in the last quarter of 2009 reduced significantly banks' needs for financing on the money market. As a result, the turnover in the last quarter fell by about HRK 16.5bn compared to the third quarter. In the last quarter of the year, the banks met their primary liquidity needs on this market in the average daily amount of HRK 2.0bn (a total of HRK 129.0bn throughout the quarter), a decline of about HRK



200m compared to the average daily turnover in the second quarter.

As usual, loans in demand deposit trading were again the dominant lending channel, although their share in total trading started trending downwards increasingly as the year was coming to a close. Demand deposits accounted for approximately 85% of the total trade in the money market in the fourth quarter, while repo arrangements accounted for the remaining share of financing. Trading in demand deposits during that period fell the most in non-banking financial institutions' lending, which had been gaining in significance in the previous two years. Interbank trading also declined during that period, while bank trading with other legal entities rose.

Interbank demand deposit trading had been falling steadily for over a year, declining by approximately HRK 11bn in the last quarter of 2009, a decline in the volume of trading which was several times sharper than in the previous quarter (average quarterly decline in 2009 was HRK 9.4bn). Direct interbank trading dominated the segment of reserve money trading (approximately 88.0%). A significant fall in interbank trading with ZMM intermediation was mainly in line with the dynamics of direct interbank lending and in the last quarter of last year it also fell by HRK 1.1bn compared to the previous quarter.

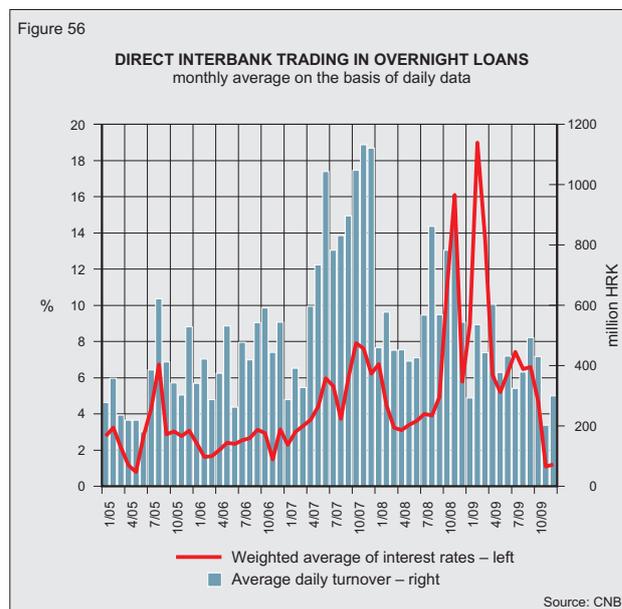
Overnight loans were again the most liquid instrument in direct interbank trading in reserve money, despite a fall of approximately HRK 6.0bn in the last quarter of 2009. The reduction in the lending volume during that period was also seen in longer maturity loans, except two-week loans, which rose mildly. It should be noted that one-week loans associated with liquidity optimisation in the context of regular CNB open market operations declined in line with the expectations towards the end of the year when the central bank suspended reverse repo auctions.

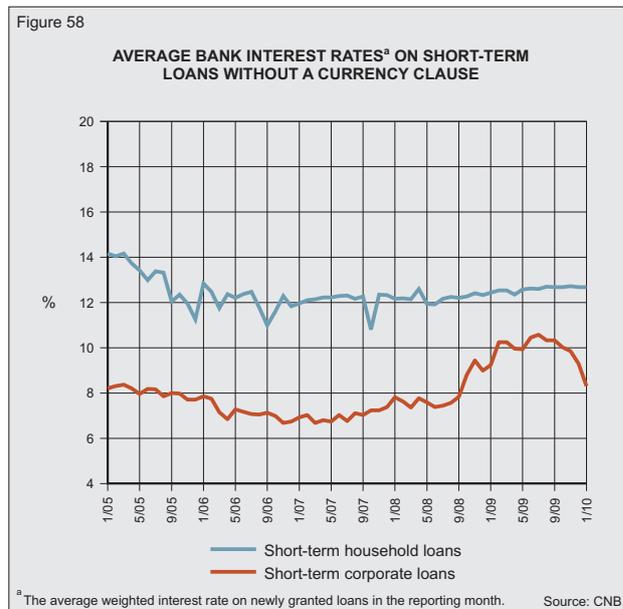
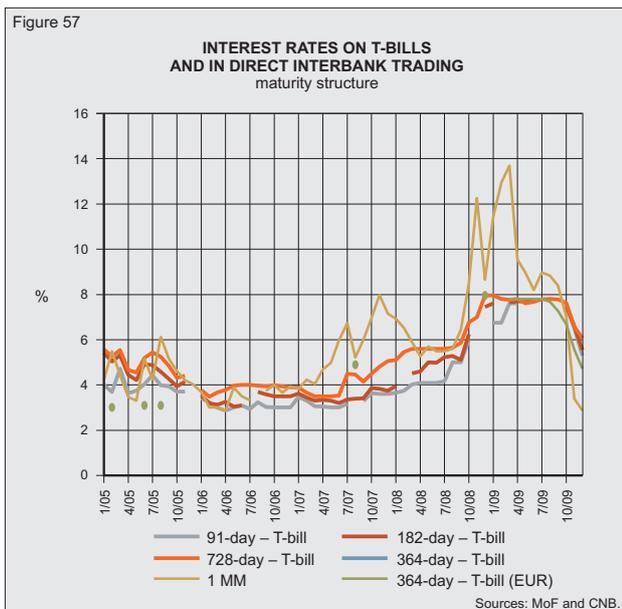
Owing to good banking system liquidity, towards the end of 2009, the weighted interest rates on overnight loans in direct interbank trading fell to approximately 1.09% in November and 1.20% in December, their lowest levels in five

years, lower by as much as 18 percentage points compared to their February 2009 level, the highest ever. It can therefore be concluded that one of the consequences of the spillover of the effects of global financial crisis onto the Croatian economy was the extreme volatility of these interest rates.

The government financing needs in the last quarter of 2009 were somewhat smaller than in the third quarter and were largely met by borrowing on the domestic market through T-bill issues and issues of US dollar-denominated bills abroad, which contributed to further reduction in lending and deposit interest rates of banks.

The government raised the major share of funds in that year at eight T-bill auctions held in the fourth quarter of 2009 (HRK 9.2bn, i.e. almost twice as much as in the third quarter). However, as the net increase in debt stock arising under these securities amounted to only HRK 1.9bn, it is clear that a large degree of refinancing has taken place. Two thirds of the said amount were secured through kuna T-bill issues. Although investor interest in the first nine months of the year





exceeded the planned financing needs of the government that were to be met by T-bill auctions (the bids received exceeded the planned issue amounts several times), at the end of 2009 this was even more pronounced, as seen in surplus demand for kuna T-bills.

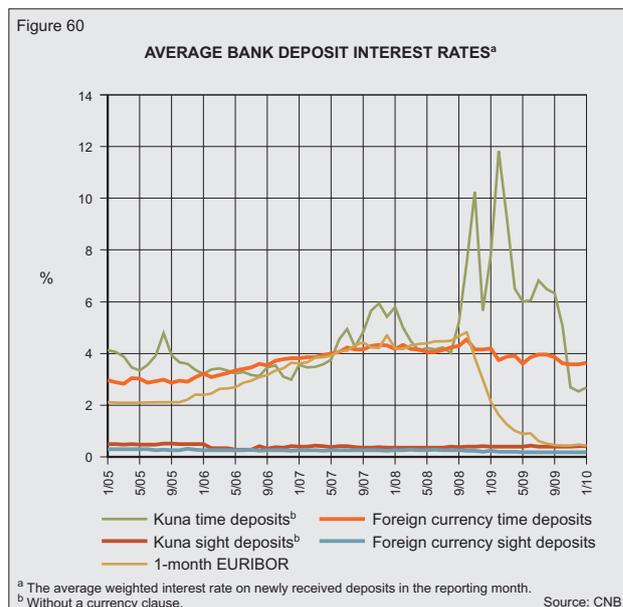
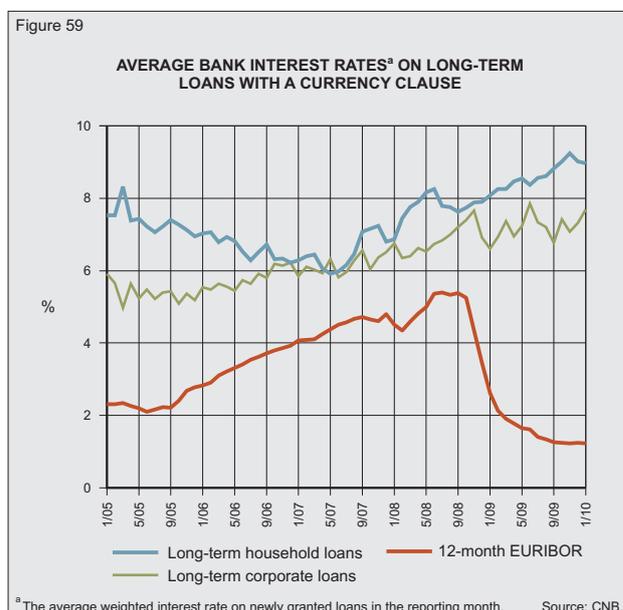
The supply and demand ratios at T-bill auctions, generated on the one hand by smaller government reliance on this financing channel and on the other, by surplus banking system liquidity, led to a sharp fall in the required yields on T-bills of all maturities during the last quarter of 2009. The lowest interest rates in December were those on euro T-bills (4.72%), while interest rates on one-year kuna T-bills fell the least. Until November, interest rates on shorter maturity kuna T-bills were similar to those on one-year kuna T-bills (over 7.0%), though they fell significantly in December (from 6.50% in November to 5.30% in December for 91-day T-bills and from 6.59% in November to 5.55% in December for 182-day T-bills).

The steady decline in the stock of total subscribed kuna T-bills that took place almost throughout 2009 was halted at the end of the year, when their stock rose by HRK 1.5bn. By contrast, the stock of euro T-bills, which rose sharply during the year and for a certain time even took the lead in financing, fell slightly at the end of the year (HRK 400m). Thus, the government debt stock under the item of all T-bills from December 2008 rose by HRK 4.7bn (up from HRK 17.4bn to HRK 22.1bn).

Bank Interest Rates

The fall in money market interest rates led to a fall in the interest rates of banks. Lending interest rates of banks declined in the last quarter of 2009, particularly those on short-term corporate loans, a trend observable also at the beginning of this year. Deposit interest rates declined like lending interest rates, which had a stabilising effect on interest rate spread. The trend of decline in deposit interest rates was particularly evident in time kuna deposits without a currency clause.

Interest rates on short-term kuna corporate loans without



a currency clause had been falling steadily since mid-2009, returning to their beginning of year levels (slightly over 9.0%) in December and falling by a further 0.98 percentage points in January this year. The weighted nominal interest rate on short-term household loans with no currency clause, relating to the dominating credit card loans and overdraft facilities, remained very stable at a little over 12.0%.

Interest rates on long-term corporate loans with a currency clause rose slightly towards the end of 2009 (standing at 7.31% in December, which is only a little over their average value throughout 2009) but only on loans with maturities of over three years. These trends were also present at the beginning of 2010 when interest rates on long-term corporate loans rose to 7.68%. Having grown sharply for several months, the weighted interest rate on newly granted long-term household loans edged down in December (from 9.24% in November to 9.02% in December), primarily due to a decrease in interest rates on home and other long-term loans, whose volume increased significantly in the second half of 2009.

Poorer demand for kuna liquidity stabilised interest rates on time and sight deposits without a currency clause in the last quarter of 2009 and in January 2010. Interest rates on time kuna deposits without a currency clause fell from 6.32% in September to 2.52% in December 2009 and, despite a slight increase to 2.70% in January 2010, they still held steady close to their record lows last year. This interest rate responded strongly to changes in liquidity in the past year, moving in line with the developments in interest rates on overnight interbank loans.

The trends in lending and deposit interest rates resulted in a small narrowing in the overall interest rate spread towards the end of 2009. A narrowing in the overall interest rate spread derived from the decline in interest rate spread on so called pure kuna loans and deposits from 9.24 percentage points in November to 8.90 percentage points in December as well as from the growing share of home and other long-term lending with a currency clause in newly granted loans. The interest rate spread on foreign currency-indexed loans

and foreign currency deposits remained stable throughout the fourth quarter of 2009 (the period average was 4.32 percentage points) but rose slightly in January 2010.

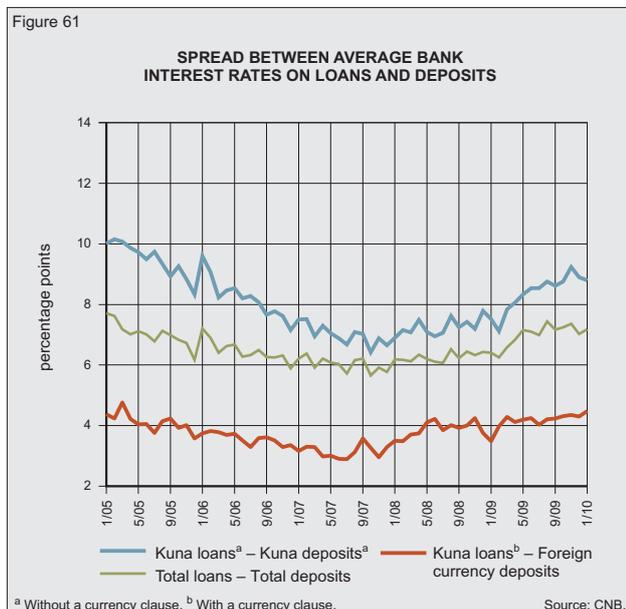
Capital Market

In the fourth quarter 2009, under the influence of both external and domestic factors, positive trends witnessed in the previous quarter were interrupted. Although the domestic capital market was spurred by good news from the world's stock exchanges and the de-blocking of Croatia's EU accession negotiations as early as September 2009, by the end of the year the value of the ZSE equity index was sizeably reduced. Despite macroeconomic signs of a recovery in the US economy and better-than-expected corporate profits in the third quarter of 2009, investor concerns as regards the sustainability of the economic recovery of the world's largest economies gained strength, against the backdrop of the imminent withdrawal of fiscal and monetary incentives. As described in Box 4, during turbulent times negative trends are relatively strongly transposed from the world's stock exchanges to the domestic capital market. At the same time, poor economic indicators for the Croatian economy and weak corporate business performance in the first nine months of 2009 had an unfavourable effect on the domestic capital market and thus, paired with liquidity and claims collection problems of domestic companies, increased insecurity among investors. Despite negative signals from the world's stock exchanges, the beginning of 2010 brought about a recovery in the domestic capital market, which was quickened by the Government's announcements measures aimed at economic recovery. As a result, by the end of January, the value of the ZSE share index, the CROBEX,¹¹ went up by 9.9%, making up for the fall in the last quarter of 2009.

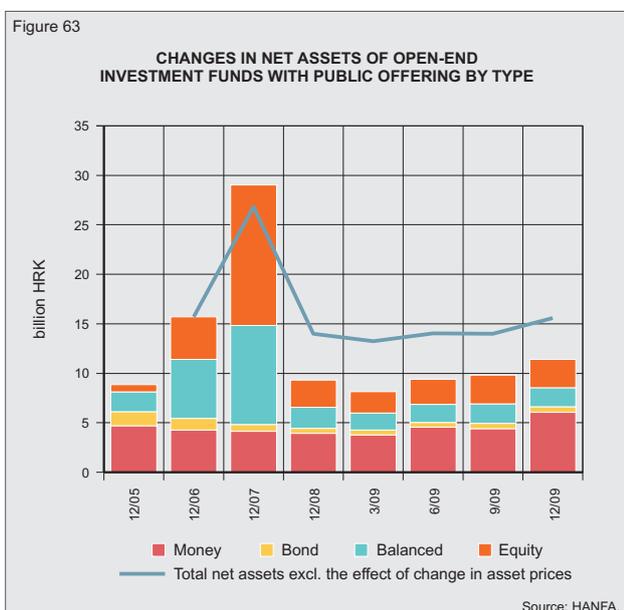
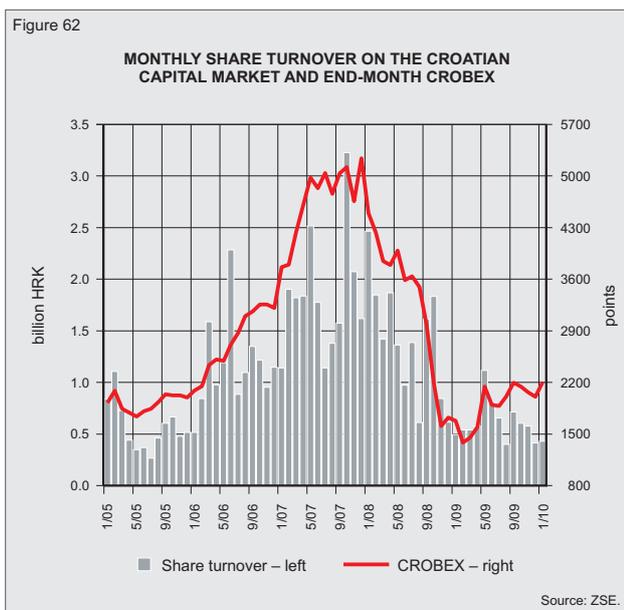
In the fourth quarter of 2009 and at the very beginning of 2010, there were positive developments in the domestic debt securities market, although turnover remained relatively low. These developments were reflected in the growth of prices of government bonds constituting the CROBIS, the ZSE bond index, thus increasing its value by 7.6% relative to the end of the previous quarter, as well as in new corporate bond issues, which interrupted the standstill that set in shortly before the onset of the world's financial crisis in August 2008.

Equity Securities Market

In the last quarter of 2009, the quarterly share turnover¹² continued decreasing, to HRK 1.6bn, which was 0.2bn less



¹¹ On 1 February 2010, the ZSE adopted a new Decision on the CROBEX, determining, in addition to the name of the index, the criteria for the selection of shares to be included on the index, the calculation method and the adjustment of the index base. Accordingly, only shares that were traded on more than 90% of the total number of trading days in the previous six-month period qualify for inclusion on the CROBEX. The rank of each share that satisfies the criterion relating to the number of trading days is determined on the basis of the share of the free float market capitalisation and the order book turnover in the six-month period preceding the revision. Each of the two criteria is given a weighting of 50% and the weighted market share is calculated on their basis. The top 25 shares with the highest share median are selected for inclusion in the CROBEX.



than in the previous quarter. Accounting for 25.6% of the share turnover, T-HT shares were the most traded in the observed quarter, followed by Atlantska plovidba d.d. (8.1%) and Dalekovod d.d. (6.0%). In addition to T-HT (24.9%), the most traded shares in January 2010 were those of Atlantska plovidba d.d. (9.6%) and the preferential shares of Adris grupa d.d. (6.8%).

The recovery of the prices of most shares in the domestic capital market that started in March 2009 was interrupted in the last quarter of the year so the value of the ZSE share index, the CROBEX,¹³ decreased by 8.8% at the end of De-

cember 2009 relative to the end of September, standing at 2004.1 points. The CROBEX went up again at the beginning of 2010, reaching 2203.4 points at the end of January, up 9.9% on the previous month.

Despite predominantly negative trends in the domestic capital market during the fourth quarter of 2009, the total net assets of open-end investment funds with a public offering continued increasing, going up by HRK 1.6bn at the end of December 2009 from the end of the previous quarter and reaching HRK 11.4bn. The increase in net assets of investment funds was a consequence of the largest quarterly inflow of funds into the least risky money funds in 2009, while the net assets of bond funds went up mildly due to the increase in the prices of debt securities over the period in question.

Due to the fall in the prices of most shares listed on the ZSE, market capitalisation of shares¹⁴ went down by 9.7% at the end of December 2009 relative to the end of the previous quarter, totalling HRK 135.4bn. Nevertheless, as early as January 2010, the growth in the prices of shares increased the market capitalisation of shares to HRK 143.8bn.

Debt Securities Market

Two new debt issues were listed in the domestic debt securities market during the fourth quarter 2009, which were at the same time the only such issues in 2009. Early in October the ZSE listed a four-year corporate bond of Metronet telekomunikacije d.d. nominally valued at EUR 19.8m and having a yield to maturity at issue of 12.1%, while at the end of the same month we saw the listing of a five-year bond of Športski centar Višnjik d.o.o. nominally valued at EUR 9.6m and with a yield to maturity at issue of 8.9%. Thus, on the last day of January 2010, 33 bonds were listed on the ZSE, eight of which were government bonds, eight municipal bonds, one was a CBRD bond and sixteen were corporate bonds. In addition, there were 38 commercial bills at the ZSE at the end of January 2009, issued by 20 issuers, or ten commercial bills and six issuers more than at the end of September 2009.

In the fourth quarter of 2009, bond turnover doubled relative to the previous quarter, totalling HRK 0.9bn. Nevertheless, this continued to be one of the lowest trading levels in this financial instrument in the past seven years. The largest share in bond turnover in the observed period (25.3%) was accounted for by a kuna bond of the RC due in 2010, followed by foreign currency indexed kuna government bonds maturing in 2012 (15.3%), a kuna government bond maturing in 2013 (14.8%) and a kuna government bond maturing in 2017 (14.8%). The increase in demand for debt securities during the fourth quarter was directed primarily at government bonds so their share in the turnover of debt securities went up relative to the previous quarter, totalling 89.4%. The period of relatively low bond turnover in the domestic market continued through January 2010. The growth of demand for government bonds during the fourth quarter of 2009 pushed

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

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

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

Table 6 Bond Issues in the Domestic Market, stock as at 31 January 2010

Series	Issuer	Issue date	Maturity	Currency	Issue nominal value	Nominal interest rate	Last price ^a	Current yield 31/1/2010
RHMF-O-125A	Republic of Croatia	23/5/2002	23/5/2012	EUR	500,000,000	6.875%	105.00	6.548%
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-103A	Republic of Croatia	8/3/2005	8/3/2010	HRK	3,000,000,000	6.750%	98.18	6.875%
RHMF-O-157A	Republic of Croatia	14/7/2005	14/7/2015	EUR	350,000,000	4.250%	89.45	4.751%
RHMF-O-15CA	Republic of Croatia	15/12/2005	15/12/2015	HRK	5,500,000,000	5.250%	96.00	5.469%
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%	91.10	5.214%
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%	101.30	4.504%
GRVI-O-17AA	City of Vinkovci	23/10/2007	23/10/2017	HRK	42,000,000	5.500%	–	–
GROS-O-17AA	City of Osijek	30/10/2007	30/10/2017	HRK	25,000,000	5.500%	–	–
GDST-O-15BA	City of Split	27/11/2007	27/11/2015	EUR	8,100,000	4.750%	–	–
GDST-O-177A	City of Split	8/7/2008	8/7/2017	EUR	8,200,000	6.000%	–	–
HBOR-O-112A	CBRD	11/2/2004	11/2/2011	EUR	300,000,000	4.875%	–	–
RBA-O-112A	Raiffeisenbank Austria d.d.	10/2/2006	10/2/2011	HRK	600,000,000	4.125%	97.50	4.231%
PODR-O-115A	Podravka d.d.	17/5/2006	17/5/2011	HRK	375,000,000	5.125%	95.15	5.386%
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	Atlantica 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%	80.00	7.656%
OPTE-O-142A	Optima telekom d.o.o.	1/2/2007	1/2/2014	HRK	250,000,000	9.125%	66.00	13.826%
JDGL-O-126A	Jadran Galenski laboratorij d.d.	11/6/2007	11/6/2012	HRK	125,000,000	5.650%	–	–
JDRA-O-129A	Jadranka d.d.	13/9/2007	13/9/2012	HRK	75,000,000	6.475%	–	–
JRLN-O-12AA	Jadrolinija d.d.	25/10/2007	25/10/2012	HRK	70,000,000	6.500%	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%	90.00	8.056%
HEP-O-17CA	Hrvatska elektroprivreda d.d.	7/12/2007	7/12/2017	HRK	700,000,000	6.500%	85.10	7.638%
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%	–	–

^a Regularly traded shares.
Source: ZSE.

Table 7 Republic of Croatia International Bond Issues, stock as at 31 December 2009

Bonds	Issue date	Currency	Amount	Nominal interest rate	Yield on issue date	Spread on issue date	Spread ^a 31/3/2009	Spread ^a 30/6/2009	Spread ^a 30/9/2009	Spread ^a 31/12/2009
London Club A, 2010	31/7/1996	USD	857,796,000	6-month LIBOR + 81.25 b.p.	–	–	712	333	234	302
Eurobonds, 2011	14/3/2001	EUR	750,000,000	6.75%	6.90%	215	571	363	258	233
Eurobonds, 2010	14/2/2003	EUR	500,000,000	4.625%	4.65%	102	546	306	134	223
Eurobonds, 2014	15/4/2004	EUR	500,000,000	5.000%	5.11%	101	513	371	226	215
Eurobonds, 2015	27/5/2009	EUR	750,000,000	6.500%	6.57%	406	–	470	300	274
Eurobonds, 2019	5/11/2009	USD	1,500,000,000	6.750%	7.01%	324	–	–	–	239

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

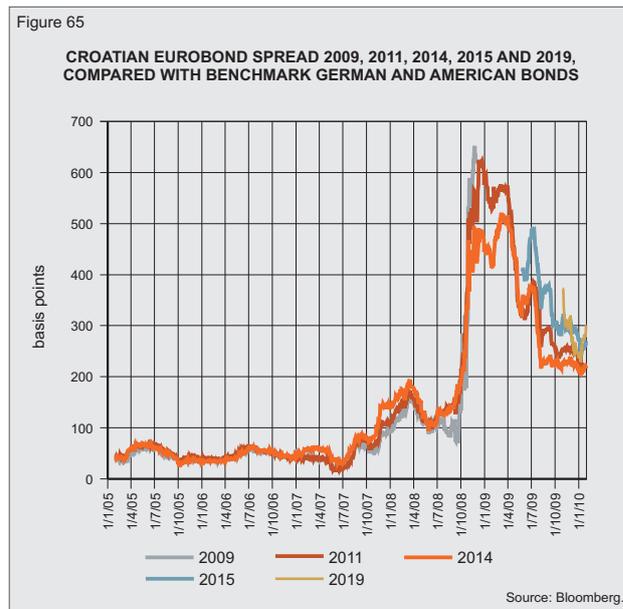
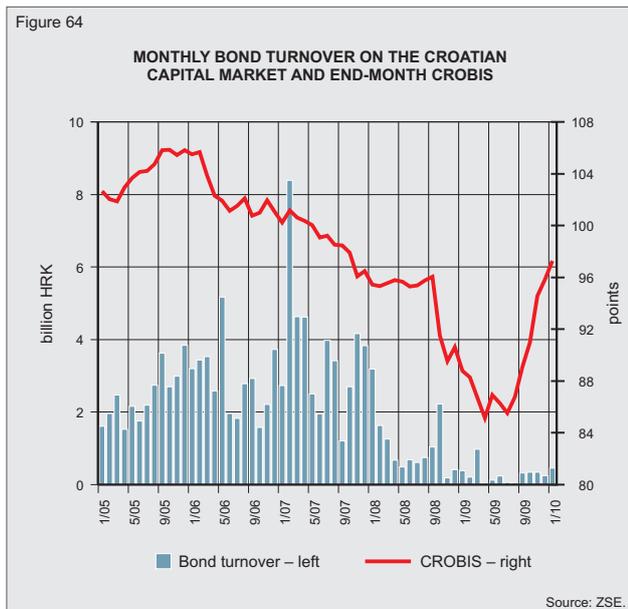
up the value of the ZSE bond index, the CROBIS, which totalled 95.8 points at the end of December. The positive trend continued through January 2010, so by the end of the month the CROBIS reached 97.3 points.

The rise in government bond prices in the fourth quarter of 2009 pushed up the market capitalisation of government bonds, municipal bonds and the CBRD bond by 6.0% relative to end-September 2009, so at the end of December it totalled EUR 4.4bn or some 9.5% of GDP.¹⁵ At the same time the market capitalisation of corporate bonds increased slightly (by 3.8%) to EUR 521m or some 1.1% of the realised GDP,

as a consequence of new corporate bond issues during the period. The growth of market capitalisation of government bonds, municipal bonds and the CBRD bond continued in January 2010, although at a slower pace than in the last quarter 2009, while the market capitalisation of corporate bonds went up more vigorously due to the parallel stronger growth of their prices.

At the beginning of November 2009, the Republic of Croatia issued a new ten-year international bond, denominated in US dollars and nominally valued at USD 1.5bn, at a fixed annual interest rate of 6.75%. Thus, six Croatian bonds were listed on foreign markets at the end of January 2010, four of them denominated in euros and two in US dollars. Their total nominal value at the end of January 2010 was

¹⁵ Gross domestic product is calculated as the sum of the GDP realised in the last quarter of 2008 and the first three quarters of 2009.



EUR 4.2bn, up EUR 1.1bn relative to the end of September 2009.

The fall in required yields on Croatian eurobonds that started in the second quarter of 2009 continued in the following three months. By the end of December 2009, the spreads between required yields on the Croatian eurobonds maturing in 2011, 2014 and 2015 and yields on the benchmark German bonds stood at 233, 215 and 274 basis points respectively, which was less than at the end of September,

when these spreads stood at 258, 226 and 300 basis points respectively. The yield spread between the new Croatian eurobond maturing in 2019 and the benchmark US bond totalled 239 basis points, which was a mild decrease relative to the period immediately after its issuing. In January 2010, the required yields on Croatian eurobonds maturing in 2011 and 2015 continued falling, while the required yields on Croatian eurobonds maturing in 2014 and 2019 grew.

Box 4 Asymmetric Correlations in the Domestic Capital Market

In research relating to financial economics special attention is given to the phenomenon of asymmetric correlation among share prices. In this context, asymmetry refers to the correlation among returns varying much more during times of turbulence in the market than in periods of calm. In general, during calm times in the capital markets the correlation among returns is low, which enables investors successfully to diversify their portfolios, depending on their risk aptitude. In contrast, turbulent times are characterised by the sudden rise in correlations so portfolio diversification under such conditions is made difficult. As a result of the integration of the international capital market this phenomenon, in addition to the correlation among individual shares in the same stock exchange, is characterised by the relationship among equity indices in the global market.

Recent literature has mostly investigated the asymmetry in developed capital markets, while trends in the developing markets are less explored. This analysis, accordingly, is aimed at investigating the existence of calm and turbulent regimes of returns on stock exchange indices in several Central and Eastern European countries (Croatia, the Czech Republic, Romania and Bulgaria). For comparison, in addition to transitional markets, we analysed the German DAX and the CEEC and EU aggregate indices. In the first step, by using the so-called Markov switching methodology,

two distributions of nominal monthly returns were identified, very different in their characteristics. The first distribution corresponds to the calm period and is characterised by positive returns and low volatility, while the second distribution relates to turbulent periods with negative returns and high volatility. Figure 66 shows monthly returns on the CROBEX and the probability that the market is in turbulent regime.

After the regime has been identified the second step is to examine the existence of asymmetric correlations among equity indices. For illustration of correlation asymmetry Figure 67 compares monthly returns on the CROBEX with the aggregate index of share prices in the EU on both identified regimes. The figure indicates that in turbulent markets trends in the domestic stock exchange coincided with external developments to a much greater extent than in calm periods. The same asymmetry was established both in relation to developed countries and in relation to CEE countries (Table 8).

What causes regime changes in capital markets? The prevalent opinion is that the main trigger of sudden changes in capital markets is the expected change in aggregate real activity. Assuming that the price of a share reflects the current value of expected payments of all future cash flows relating to the share (i.e. dividends), markets react to changes in the real business cycle. For instance, if the market expects a drop in real activity in the near future, it also expects weaker business results of companies in the market and

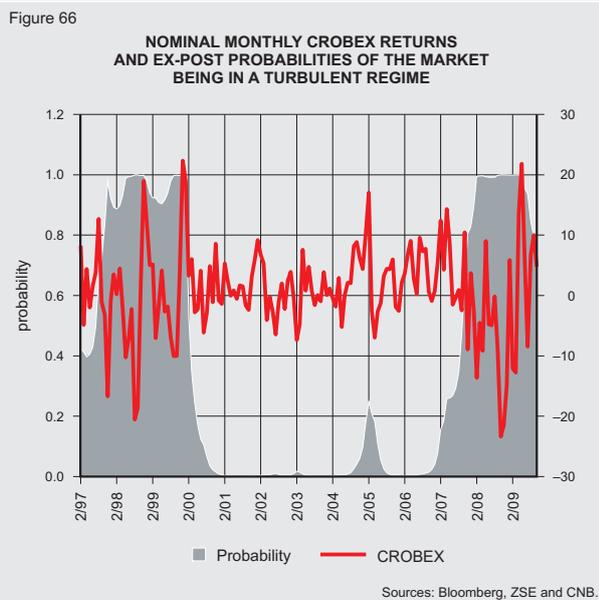
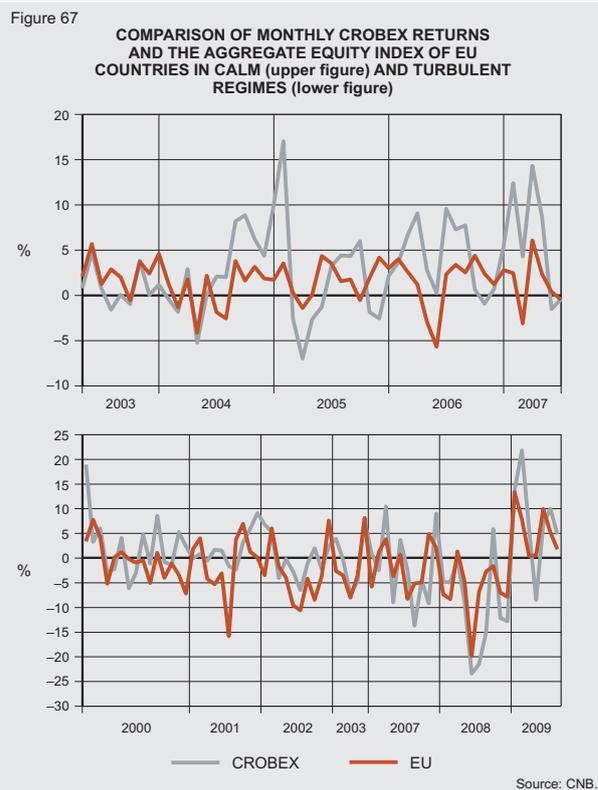


Table 8 CROBEX Correlations with Selected Indices

	Daily data			Monthly data		
	Calm	Turbulent	Difference	Calm	Turbulent	Difference
Bulgaria	0.07	0.25	0.18	0.04	0.61	0.57
Czech R.	0.13	0.53	0.40	0.29	0.58	0.29
Romania	0.09	0.50	0.41	0.34	0.59	0.25
CEE	0.15	0.53	0.38	0.27	0.62	0.35
Germany	0.11	0.43	0.32	0.28	0.57	0.29
EU	0.05	0.15	0.10	0.38	0.63	0.25

consequently lower profits in the form of smaller dividends. Thus, the ultimate consequence of the expected real drop in retail activity is the fall in the price of shares. As a result, stock exchange indices are often good leading indicators of real economic activity.

For the purpose of assessing the relationship between the real sector and the domestic capital market, a simple linear relation has been established between the returns on the CROBEX and a series of domestic and external indicators. When selecting a satisfactory econometric specification one should take into account the standard assumption that financial markets react to news and forecasts related to the domestic economy. Investors monitor not only domestic activity but also trends in the broader macroeconomic environment. The appropriate relations must therefore include an indicator of external real activity and foreign capital markets. Since the expected future drop in real activity leads to a decline in the price of shares, expectations formed by the market concerning real developments play an important



role in the model. The obtained estimates indicate that the domestic equity market reacts strongly both to the dynamics of foreign financial markets and to the (expected) change in domestic economic activity. Although the domestic market dynamics does not correlate with economic activity in the current month, there is a strong link between the return on the CROBEX and expected change in economic activity over the following few months. In order to check the possible asymmetry of the link between the domestic market and domestic and external economic indicators, this relation has been assessed separately for the calm and separately for the turbulent market. The impact of foreign markets on the returns of the domestic stock exchange turned out to be three times more prominent during turbulent times than in calm times. In addition, the returns on the CROBEX during calm times are significantly impacted by expectations about the state of the domestic economy (up to four months in advance). On the other hand, as soon as the market becomes turbulent, foreign market dynamics spills over onto the domestic stock exchange (Figure 67) and at times of increased insecurity expected economic activity on a horizon longer than one month does not help to explain the dynamics of returns on shares in the domestic stock exchange.

International Transactions

As suggested by external sector indicators, the current account deficit continued to decline in the last quarter of 2009. The capital and financial account saw much smaller inflows of foreign direct investment and the continuation of total external debt growth, primarily on account of the issue of

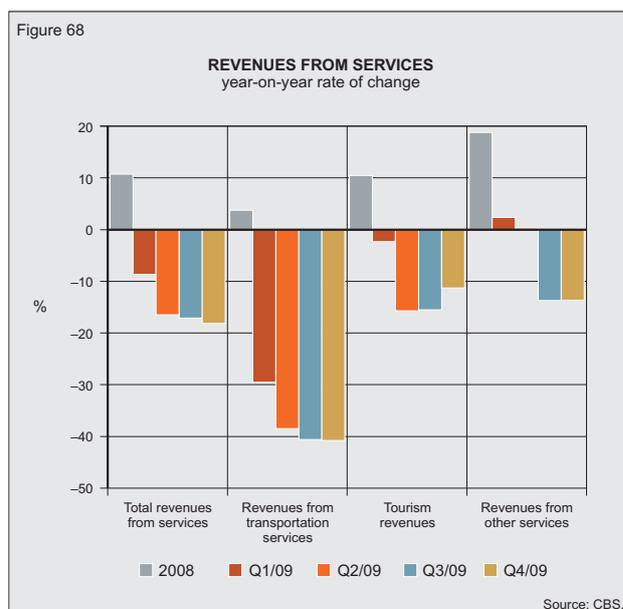
government bonds in the foreign market. The purchase of foreign exchange generated by government borrowing in the last quarter boosted international reserves. Despite a significant downturn in the absolute growth of external debt, the relative indicators of external debt worsened in 2009 due to a contraction in real economic activity and a marked decrease in exports of goods and services.

Current Account

The preliminary balance of payments data for the fourth quarter of 2009 indicate the continuation of the decrease in the negative balance, by 24.0% year-on-year. In fact, however, the contraction of the trade deficit slowed down somewhat in relation to the previous part of the year. Similarly, the annual fall of exports went down to –16.5% and the annual fall of imports to –21.2%. A contribution to the slowdown in the nominal fall in the value of imports and exports was made by the annual growth in prices, especially the prices of energy products and industrial and agricultural raw materials. In contrast to goods, the trade in services showed no recovery signs even in the reference quarter, and the contraction of net revenues became stronger. The factor income account saw a relatively high deficit growth – although the results for 2009 are not completely comparable with those for 2008 due to the change in the statistical monitoring of reinvested earnings. Mild positive changes in the account of current transfers, arising mainly from government transfers, contributed to the decrease of total balance of payments deficit in the fourth quarter of 2009.

The positive balance in the account of services fell by 18.2% in the fourth quarter, with revenues and expenditures decreasing at the same rate. In the structure of revenues, the largest decrease was again reported in transportation services which were strongly hit by the economic crisis and the reduction in international trade in goods. As for individual types of transportation, sea cargo transport and air passenger transport services reported the weakest results. Tourism revenues also continued to trend downward, although at somewhat slower pace than in the previous part of the year. The fall in revenues also marked the trade in other services and most strongly the trade in miscellaneous business services (legal and accounting services, management consulting and public relations services, and research and development services). They were also marked by a substantial fall in expenditures.

The decrease in tourism revenues of 11.3% in the fourth quarter of 2009 stems from the fall in the average spending of foreign guests and in the number of arrivals and nights stayed. According to CBS data covering commercial accommodation capacities, the number of arrivals fell by 4.5% and



the number of nights by 5.0%. The decrease in the number of nights was primarily due to the smaller number of nights stayed by guests from CEE countries, notably Slovenia, Slovakia and the Czech Republic, while guests from old EU member states stayed the same number of nights as in the last quarter of 2008. Guests from neighbouring developing countries, chiefly Bosnia and Herzegovina, stayed far fewer nights than in the previous year.

The factor income deficit went up in the last quarter of 2009 by more than one half year-on-year due to the strong fall in revenues. In contrast, total factor income expenditures decreased only negligibly. On the revenue side, the largest decrease was seen in reinvested earnings of foreign enterprises in resident ownership, which, due to the economic crisis, experienced losses in foreign markets. In addition, a decrease was also seen in central bank income from international reserves investment and in bank interest income from foreign assets investment. The fall in revenues was paralleled by a mild fall in total expenditures. Interest expenditures decreased substantially, especially those of enterprises (partly thanks to the continued fall in key interest rates), while interest expenditures of the central government rose slightly (for

Table 9 Current Account, in million EUR

	2007	2008	2009 ^a	Q4/2008	Q4/2009 ^a	Indices	
						2009 / 2008	Q4/2009 ^a / Q4/2008
CURRENT ACCOUNT	-3,238	-4,371	-2,361	-1,897	-1,442	54.0	76.0
1. Goods	-9,434	-10,794	-7,398	-2,448	-1,818	68.5	74.3
1.1. Credit (f.o.b.)	9,193	9,814	7,691	2,363	1,972	78.4	83.5
1.2. Debit (f.o.b.)	-18,626	-20,608	-15,089	-4,811	-3,789	73.2	78.8
2. Services	6,267	6,958	5,667	477	390	81.4	81.8
2.1. Credit	9,115	10,091	8,439	1,293	1,058	83.6	81.9
2.2. Debit	-2,847	-3,133	-2,772	-816	-669	88.5	81.9
3. Income	-1,114	-1,571	-1,664	-197	-306	105.9	154.9
3.1. Credit	1,293	1,352	791	299	169	58.5	56.7
3.2. Debit	-2,407	-2,923	-2,455	-496	-475	84.0	95.7
4. Current transfers	1,043	1,036	1,035	272	292	99.9	107.5
4.1. Credit	1,576	1,684	1,606	513	438	95.4	85.4
4.2. Debit	-533	-648	-572	-242	-146	88.1	60.5

^a Preliminary data. Source: CNB.

the most part in consequence of the issue of bonds in the US market). While on the one hand total interest expenditures were trending down, expenditures related to reinvested earnings of domestic enterprises and banks in foreign ownership surged in the fourth quarter. This, however, does not reflect any improvement in their operating results, rather the application of the new system for the statistical monitoring of reinvested earnings,¹⁶ which tends to overstate the amount of expenditures in the second half of the year. Indeed, if we observe 2009 as a whole, we see that expenditures related to reinvested earnings more than halved relative to 2008.

The current transfers balance improved by 7.5% in the fourth quarter of 2009 compared with the same period in 2008 due to a much stronger fall in expenditures than in revenues (-39.5% relative to -14.6%). The decrease in revenues and expenditures was more pronounced in the government sector, which reported uncommonly high amounts in the last quarter of the base 2008. However, this fall was much weaker in other sectors.

Trade in Goods

The trade in goods recovered in the fourth quarter of 2009. The improvement was somewhat stronger in exports which, as shown by seasonally adjusted data, increased by 4.7% relative to the previous quarter, while imports increased by 0.4%. Thanks to these developments, the trade deficit again contracted after the short-term trend reversal in the third quarter caused by the rise in imports of oil and refined petroleum products. In contrast, the effect of the trade in oil on total balance of trade in goods in the last quarter of 2009 was favourable thanks to the growth of exports and the noticeable fall in imports. This favourable effect was partly offset by a substantial deterioration in the balance of trade in other transportation equipment (mostly ships), which was for the most part the result of the strong increase of imports. If we exclude oil, refined petroleum products and ships from total trade in goods, we see that the deficit continued to contract on a quarterly basis, a trend first observed in the second



quarter of 2008.

According to the annual CBS data, total exports of goods stood at EUR 7.5bn in 2009 and imports of goods reached a total of EUR 15.2bn, decreasing by 21.6% and 26.9% respectively relative to 2008. As a result, the trade deficit decreased by almost one third. In the fourth quarter of 2009, exports of goods decreased by 16.7% relative to the same period in 2008, which was for the most part the consequence of the fall in exports of other transportation equipment. Exports of this division accounted for more than one half of the total decrease in exports due to the fall of ship exports to Italy, Great Britain and Cyprus. Exports of sugars and sugar preparations and fish and preparations decreased at a more substantial rate. In contrast, exports of oil increased at the strongest rate, due mainly to price effects, i.e. low crude oil prices in the world market at the end of 2008. In addition, growth was observed in exports of metalliferous ores and metal scrap, power generating machinery and equipment and medical and pharmaceutical products.

Table 10 Exports and Imports by Economic Classification of Countries, in %

	Exports			Imports		
	2007	2008	2009	2007	2008	2009
Developed countries	67.7	66.8	66.0	73.2	72.6	72.2
EU-27	60.3	60.9	60.5	64.8	64.1	62.7
Slovenia	8.3	7.8	7.4	5.9	5.6	5.7
Hungary	2.2	2.4	1.8	2.9	3.2	3.2
EU-15	43.7	44.2	43.9	48.8	48.5	47.0
Austria	6.1	5.8	5.4	5.3	4.9	5.0
Italy	19.2	19.2	19.1	16.1	17.1	15.4
Germany	10.0	10.7	11.0	14.4	13.4	13.5
EFTA	1.2	1.2	1.7	1.9	1.7	2.6
Developing countries	32.3	33.2	34.0	26.8	27.4	27.8
Bosnia and Herzegovina	14.4	15.3	12.9	2.8	2.7	2.7
Serbia, Montenegro	6.6	6.8	6.9	1.3	1.4	1.6
Russia	1.3	1.3	1.5	10.1	10.3	9.5
China	0.2	0.3	0.4	6.2	6.2	6.8

Source: CBS.

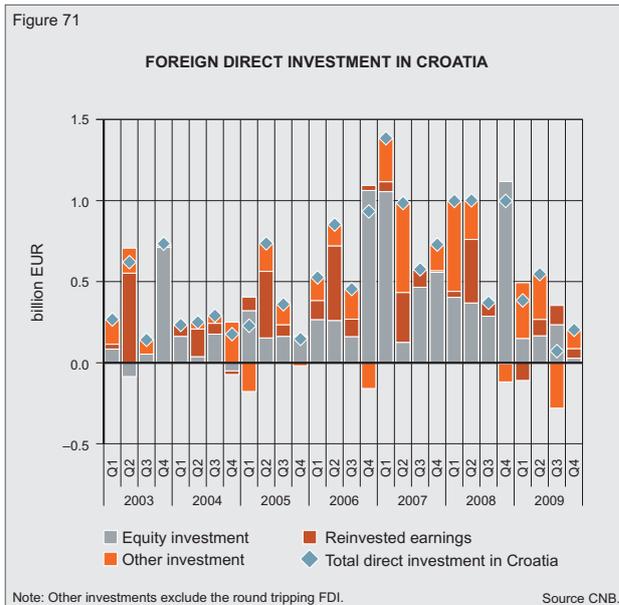
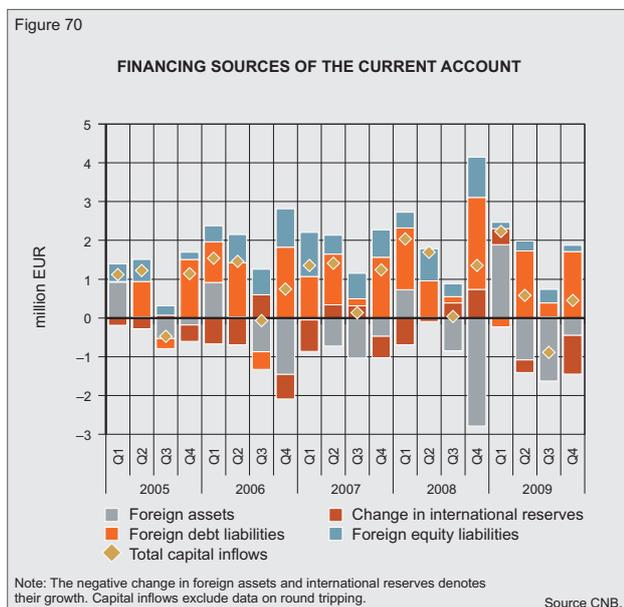
16 See Box 1 in Bulletin No. 149.

The annual fall of imports stood at 21.3% in the fourth quarter, down from the previous three quarters. With aggregate exports movements being largely affected by the decrease in only one division (ships), the fall of imports was the consequence of negative developments in almost all divisions. In fact, the increase in imports in the last quarter was observed in only six divisions, which account for no more than 2% of total imports. Among them, the most prominent were imports of organic chemicals and non-monetary gold. The strongest fall was however seen in the division of road vehicles in which from the beginning of 2009 imports stood at about one half of imports reported in the same period in 2008. A substantial fall of imports was also recorded in iron and steel, natural and manufactured gas and manufactures of metals (n.e.c.). The contraction of imports of capital goods (machinery and transport equipment, excluding ships and road vehicles) should also be mentioned; it accounted for almost one fourth of total decrease in imports.

The geographic structure of the trade in goods continued to be marked by a slight growth in the shares of exports to and imports from developing countries. In 2009, this was the result of the significant fall in trade in goods with developed countries relative to developing countries. As far as the latter are concerned, the largest decrease was seen in exports to Bosnia and Herzegovina, which accounted for 80% of total decrease in exports to this group of countries, while on the imports side the largest decrease involved Russia. In both cases, these changes may be attributed to the fall in the value of trade in oil and refined petroleum products. As for developed countries, almost one third of the fall in exports and imports is attributable to the trade with Italy, largely marked by the contraction in the trade in other transport equipment and the decrease in imports of oil.

Capital and Financial Account

In the fourth quarter of 2009, the financial and capital account saw a net foreign capital inflow of EUR 1.5bn (excluding the change in international reserves). Specifically,



domestic sectors increased their foreign liabilities by EUR 1.9bn and their foreign assets by EUR 0.4bn. Thanks mainly to the purchase of foreign exchange from the central government, international reserves grew by EUR 1bn in the reference period.

The increase in foreign assets of domestic sectors in the fourth quarter of 2009 was seen in both banks and other domestic sectors (mostly investment funds). Banks invested their additional financial funds chiefly in foreign bonds and money market instruments, withdrawing for this purpose one portion of the deposits held in foreign banks. Investment funds also invested a majority of their funds in debt instruments and somewhat smaller amounts in equity securities.

In the fourth quarter of 2009, foreign liabilities of domestic sectors were mostly composed of debt liabilities (the rise in foreign borrowing), with only a small portion of them being accounted for by equity liabilities arising from direct and portfolio equity investment. The rise in debt liabilities was mainly generated by the central government which issued US dollar-denominated bonds worth USD 1.5bn in the US market in November (EUR 1.1bn). In addition, banks and other domestic sectors additionally increased their external debt in the fourth quarter of 2009. Equity liabilities went up by EUR 0.1bn; more than one half of this amount was accounted for by reinvested earnings of foreign owners of domestic enterprises and banks and the remaining portion by new equity investment.

Investment in extraction of oil and natural gas and retail trade predominated in EUR 0.1bn worth of direct equity investment in Croatia (reinvested earnings included) in the fourth quarter of 2009. Moreover, the takeover of Zagrebačka pivovara (previously owned by a Belgian company) should also be pointed out; this transaction, on the one hand, decreased equity investment in Croatia by EUR 0.2bn due to the fact that the takeover by the foreign buyer was intermediated by a newly established resident enterprise and, on the other, increased direct debt investment in Croatia, i.e. external debt.

External Debt¹⁷

Croatia's external debt rose by EUR 1.7bn in the last quarter of 2009, the majority of this increase being due to additional borrowing by the central government. Banks also increased their foreign liabilities, at the very end of the year, while corporate borrowing remained modest in conditions of weak economic activity. Overall, the external debt rose by EUR 3.6bn in 2009, down about 40% relative to 2008. The contributions of individual sectors to the growth of total external debt in 2009 were quite different compared with previous years, involving stronger borrowing of the government sector and weaker borrowing of banks and especially enterprises.

In the last quarter of 2009, the external debt of the government sector went up by EUR 1.1bn on account of the issue of US dollar-denominated bonds worth USD 1.5bn (EUR 1.1bn). In contrast, the external debt of the CBRD and enterprises in public and mixed ownership, which together make the public sector debt, decreased in the fourth quarter of 2009 by a total of EUR 0.2bn. The contingent debt of the public sector (i.e. the publicly guaranteed private sector debt) remained on its trajectory path, ending December at only EUR 9m.

Banks increased their foreign liabilities (hybrid and subordinated instruments included) by EUR 0.5bn in the fourth quarter of 2009, this growth being generated entirely in December. Despite significant growth in foreign liabilities, the net foreign position of banks did not worsen substantially

due to a concurrent increase in bank foreign assets, including above all investment in bonds and money market instruments.

Weak current economic activity and great insecurity as regards any imminent recovery of the economy continued to affect corporate demand for foreign funding. Hence, the intensity of foreign borrowing of other domestic sectors (mostly enterprises) slowed down in the fourth quarter of 2009 even more than in the previous part of the year, the increase in their debt totalling EUR 0.2bn (inclusive of direct debt investment in enterprises) and their average debt growth in the first three quarters standing at EUR 0.5bn. With reference to this, it should be noted that overall debt growth in the fourth quarter was the result of net borrowing by Agrokor which issued EUR 400m worth of bonds in the foreign market and thus repaid a portion of its foreign liabilities. In addition, about EUR 0.2bn of the new debt included a loan granted to the domestic enterprise established to take over Zagrebačka pivovara. If we exclude these two enterprises, it becomes obvious that other domestic enterprises did not generate any additional debt. Furthermore, the debt of enterprises in public and mixed ownership and enterprises in majority private ownership mainly stagnated, while the debt of non-banking financial institutions (mostly leasing companies) decreased.

The trend of accelerated debt growth, present from 2005, reversed in 2009. A significant decrease in the absolute external debt growth notwithstanding, the relative indicators of external debt perceptibly deteriorated in 2009, primarily due to the decrease in GDP and exports of goods and services.

Table 11 Gross External Debt by Domestic Sectors, end of period, in million EUR and %

	Stock			Structure		Absolute growth			
	2007	2008	2009	2008	2009	2007	2008 ^a	Q4/2009	2009 ^b
1. Government ^c	5,372	4,197	5,191	10.7	12.0	-298	-1,241	1,069	1,024
2. Croatian National Bank	2	2	1	0.0	0.0	0	0	0	-1
3. Banks	8,879	10,079	10,680	25.8	24.8	-1,344	1,161	475	616
4. Other sectors	14,743	19,836	21,393	50.7	49.6	4,243	4,899	-104	1,260
5. Direct investment	3,933	5,010	5,826	12.8	13.5	1,054	1,052	280	702
o/w: Hybrid and subordinated instruments	56	218	378	0.6	0.9	-113	162	9	160
Total (1 + 2 + 3 + 4 + 5)	32,929	39,125	43,092	100.0	100.0	3,655	5,871	1,720	3,601

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

^c 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.

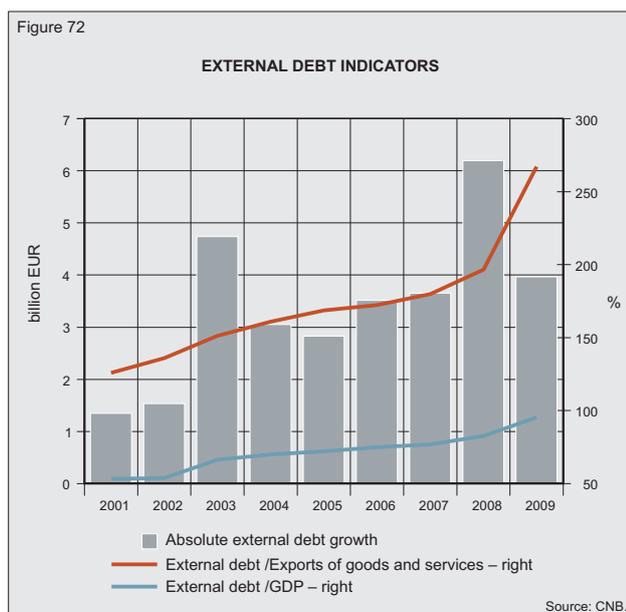
Table 12 Gross External Debt of Other Sectors, end of period, in million EUR and %

	Stock			Structure		Absolute growth			
	2007	2008	2009	2008	2009	2007	2008 ^a	Q4/2009	2009 ^b
1. Other banking institutions	0	0	0	0.0	0.0	0	0	0	0
2. Non-banking financial institutions	3,922	4,950	5,407	25.0	25.3	1,051	879	-160	184
3. Public and mixed enterprises	2,592	4,687	5,170	23.6	24.2	1,007	2,021	-150	300
5. Other enterprises	8,062	9,933	10,542	50.1	49.3	2,133	1,979	213	767
6. Non-profit institutions	5	4	2	0.0	0.0	0	1	0	0
7. Craftsmen and sole traders	24	17	11	0.1	0.1	-3	-7	-2	-6
8. Households	137	245	260	1.2	1.2	55	27	-5	15
Total (1+2+3+4+5)	14,743	19,836	21,393	100.0	100.0	4,243	4,899	-104	1,260

^a Comparable data have been used to calculate the debt growth (the application of the new system of reporting would increase the external debt balance of other sectors at end-2007 by EUR 194m).
^b 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 other sector at end-2008 by EUR 297m).

Source: CNB.

17 The reported and analysed external debt data do not include the debt arising from round-trip transactions.



The external debt to GDP ratio reached 95.3% at the end of 2009. Relative to the end of 2008, it rose by 12.7 percentage points, 8.4 percentage points being accounted for by the growth in absolute debt (only to a small extent was this result of the use of the improved data processing system) and the remaining percentage by the decline in GDP. Similarly, the ratio of external debt to exports of goods and services worsened by 70 percentage points (from 197% in 2008 to 267% in 2009), the decrease in the export value of goods and services accounting for a full 50 percentage points.

Government Finance

Fiscal Policy Features in the First Eleven Months of 2009

A pronounced economic downturn in the first eleven months of 2009 led to a major fall in revenues of consolidated central government. The sharp contraction in aggregate demand was above all reflected in the decline of tax revenues, primarily from indirect taxes. Notwithstanding the continued positive growth in the gross wage bill, the rising illiquidity in the economy slightly reduced revenues from social contributions. Still, due to changes in the tax system, including above all the introduction of the special tax on salaries, pensions and other income and the rise in the basic VAT rate, consolidated central government revenues, after trending downward for three consecutive quarters, reached their 2008 level in the last two months of the observed period. In contrast, consolidated central government expenditures increased but their growth decelerated from May 2009 onwards due to budget revisions that substantially reduced expenditure targets. At the same time, capital investments, though noticeably lower than in the same period of 2008, stayed strong. This resulted in net borrowing, i.e. a deficit (on a cash basis, GFS 2001) of HRK 9.0bn, which led to a noticeable deterioration in the central government balance relative to the previous year, when a surplus was recorded.

Still, it should be said that a real comparison of government finance in 2008 and 2009 will be possible only after data for the entire 2009 become available. The total fiscal deficit in 2008 was generated in December as the government had postponed the payment of an unusually large share of its liabilities for the very end of the year. Nevertheless, it is certain that a several-year downward trend in the deficit (as % of GDP) came to a halt due to the impact of the 2009 economic crisis, which was largely responsible for the growth in the debt.

As the central government raised the funds needed to finance the deficit and refinance its liabilities by borrowing, its debt grew by HRK 16.3bn between January and November 2009, while it rose by HRK 8.4bn in 2008 as a whole. The much stronger growth in debt than in the reported deficit is explained by the increase in funds deposited with the CNB, some of which were used to pay the obligations due in December while some were carried over into 2010. Also, the government used substantial funds for the payment of activated guarantees extended to shipyards, which the Ministry of Finance registers as loans granted. In addition to the domestic market, the government obtained the funds needed by two bond issues in foreign capital markets.

Consolidated Central Government Revenues

Preliminary MoF data on budget execution show that consolidated central government revenues were HRK 103.1bn in the first eleven months of 2009, 5.9% down on the same period of 2008. The drop in total revenues was mostly accounted for by VAT and excise revenues.

Revenues from indirect taxes were under the strong negative influence of the fall in personal consumption and international trade. However, the drop in excise revenues was to a large extent also due to arrears on excise duties on refined petroleum products and road fees incorporated in fuel prices.¹⁸ However, available data show that the bulk of this debt was settled in December, which means that the fall in excise revenues was smaller than planned at the entire 2009 level. The reduction in excise revenues was also strongly associated with adverse trends in revenues from excises on cars, reflecting the fact that car imports were half those in the same period of 2008. Revenues from excises on alcohol, beer and non-alcoholic beverages moved in the same direction due to weaker domestic demand as well as a sharp decrease in foreign tourist spending. In contrast, changes in the collection system and an increase in excises on tobacco products (in effect as of January and June 2009), which was made in line with EU practice, led to a slight increase in revenues from special taxes on tobacco products.

Profit tax revenues also contributed to the fall in total revenues. Their fall was in part due to weaker business performance of profit tax payers in 2008 than in 2007 but it was mostly due to increasingly adverse economic trends in 2009, which led to a further deterioration of business performance of economic entities and thus to lower profit tax revenues.

¹⁸ To ensure comparability with historical data, road fees incorporated in fuel prices are reported within excise revenues.

Although advance tax on current year profit is paid based on the tax return for the previous period (previous year), profit tax payers probably requested a reduction in their monthly advance tax payments for 2009 since, in line with the Profit Tax Act,¹⁹ the Tax Administration can, based on the data on a taxpayer's business performance, change (in this case, reduce) the amount of monthly advance payments upon request. The economic contraction also resulted in rising illiquidity in the economy and a deterioration in the collection of taxes and contributions. This is confirmed by the data on the arrears of legal entities arising from taxes and contributions in the first eleven months of 2009, which show an increase of nearly HRK 3bn.

Revenues from social contributions dropped due to increasingly negative trends in the labour market and the lack of liquid assets. Revenues from quasi-corporations and other taxes, which alone gave a sizeable positive contribution to total revenue growth, were the result of the allocation of a portion of CNB 2008 profit to the government budget in March 2009 and the introduction of the special tax on salaries, pensions and other income.

Consolidated Central Government Expenditures

Consolidated central government expenditures stood at HRK 109.5bn in the first eleven months of 2009, growing by 5.4% year-on-year. To a great extent, this was consequent upon increased expenditures on social benefits and wages of civil servants and government employees.

Social benefits, which account for the largest share of expenditures, went up 10.0% in the observed period. Their growth was largely fuelled by the increase in expenditures on social security benefits, due in part to the rise in pension expenditures and, to a large extent, expenditures on health care. The latter rise was probably influenced by the health care reform that began in late 2008 as well as the settlement of some health sector arrears. Growth was also recorded by social assistance benefits, comprising Croatian war veterans pensions, child allowances and expenditures related to various social risks.

Employee compensations grew by 5.4%, mostly on account of the increase at the beginning of the year. However, in view of a sharp drop in revenues, the wage calculation basis for civil servants and government employees had been rolled back to the level in December 2008 from May 2009 onwards, after which the rise in employee compensations decelerated. These compensations increased also due to employment growth in education, health care and social services, wage increases based on years of service as well as an agreement between the government and the trade unions of education and science sector employees, which provided for a 2.1% wage increase from July 2008 and, from July 2009 onwards, an additional 2.2% increase on top of the increase made in 2008.

Expenditures for the use of goods and services grew sharply in the first quarter when some of the expenditures transferred from 2008 were probably paid. As they were reduced

markedly afterward, these expenditures recorded a slightly negative rate of change in the first eleven months of 2009. In contrast, increased short-term borrowing in the domestic market and more expensive funding costs led to a noticeable growth in interest expenses. Expenditures on subsidies also grew markedly, primarily subsidies to private enterprises, while other capital expenditures alone narrowed considerably, partly as a result of smaller transfers to Croatian Motorways (CM).

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

In the first eleven months of 2009, a HRK 6.4bn negative net operating balance was generated as revenues dropped and expenditures grew. Acquisitions of non-financial assets totalled HRK 2.9bn; most funds were spent on the acquisition of long-term assets, notably buildings and structures and machinery and equipment. As the disposal of non-financial assets was several-fold lower than the acquisition in that period, the consolidated central government deficit (on a cash basis, GFS 2001) stood at HRK 9.0bn. The lion's share of the deficit was generated at the state budget level, and the rest was almost entirely due to operations of Croatian Roads (CR), whose negative balance was much larger than in the same period of 2008. Still, it should be noted that the larger CR deficit was not due to a rise in its expenditures but a drop in revenues from road fees. Within extrabudgetary funds, Croatian Waters, the Fund for Environmental Protection and Energy Efficiency and the State Agency for Deposit Insurance and Bank Rehabilitation generated a surplus.

As the consolidated central government deficit was financed by borrowing, financial liabilities increased substantially. Financial assets also grew sharply (HRK 7.5bn) as the bulk of the funds raised by a bond issue in early November was deposited with the CNB. One portion of these funds was used to finance liabilities in December and another was

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

	Consolidated central government		
	Jan. – Nov. 2008	Jan. – Nov. 2009	Jan. – Nov. 2009 / Jan. – Nov. 2008
1. Change in net worth (net operating balance)	5,712	-6,361	-
1.1. Revenue	109,530	103,090	-5.9
1.2. Expense	103,817	109,451	5.4
2. Change in net non-financial assets	3,052	2,615	-14.3
2.1. Acquisition of non-financial assets	3,483	2,909	-16.5
2.2. Disposal of non-financial assets	431	294	-31.8
3. Net lending (+) / borrowing (-) (1 – 2)	2,660	-8,976	-
3. Financing (5 – 4) Transactions in financial assets and liabilities	-2,660	8,976	-
4. Change in financial assets	4,539	7,476	64.7
4.1. Domestic	4,527	7,476	65.1
4.2. Foreign	12	1	-93.0
5. Change in liabilities	1,879	16,453	775.6
5.1. Domestic	3,094	8,901	187.7
5.2. Foreign	-1,215	7,551	-

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

19 OG 177/2004.

earmarked for the settlement of liabilities falling due in 2010. In addition, the rise in financial assets was largely affected by the payment of activated guarantees, mostly those issued to state-owned shipyards. In the public finance statistics, these payments are recorded as loans granted. However, as it is highly unlikely that these claims against shipyards will ever be collected, such expenditures should be registered within current expenditures.

Government Debt

The consolidated central government debt stood at HRK 114.6bn at the end of November 2009, increasing by HRK 16.3bn over the end of 2008. The increase was largely due to central government borrowing in the domestic market, while the external debt growth was the result of bonds issued in the US market in November (new external borrowing was almost equal to external debt payments in the first ten months of 2009). At the same time, contingent government debt arising from guarantees issued rose substantially, due mostly to borrowings of the CBRD and CM. Government guarantees stood at HRK 51.1bn at the end of the period under consideration, growing by HRK 6.4bn relative to end-2008.

Domestic debt of the consolidated central government grew by HRK 9.1bn from end-2008 to end-November 2009, reaching HRK 77.1bn. Debt increased mostly on account of new loans, while liabilities arising from T-bills also grew substantially, with many auctions of euro-denominated T-bills. A rise in domestic debt was particularly noticeable in early 2009, when government funding needs were substantial and yet access to foreign capital markets was considerably impeded due to the global financial turmoil. In that period, the CNB took a number of measures to help meet increased liquidity needs of the government.

The improvement of the global financial situation enabled the government to issue two bonds in the foreign market. The government first issued EUR 750m worth of bonds in late May and USD 1.5bn worth of bonds in the last quarter of 2009. However, this did not increase external debt by the

same amount, as the government repaid EUR 500m worth of foreign bonds, JPY 25bn worth of Samurai bonds, and the instalments payable to the London and Paris Clubs in 2009. From January to November 2009, external debt grew by HRK 7.2bn, standing at HRK 37.5bn at the end of the observed period.

Comparison between Croatia and Selected Central and Eastern European Countries

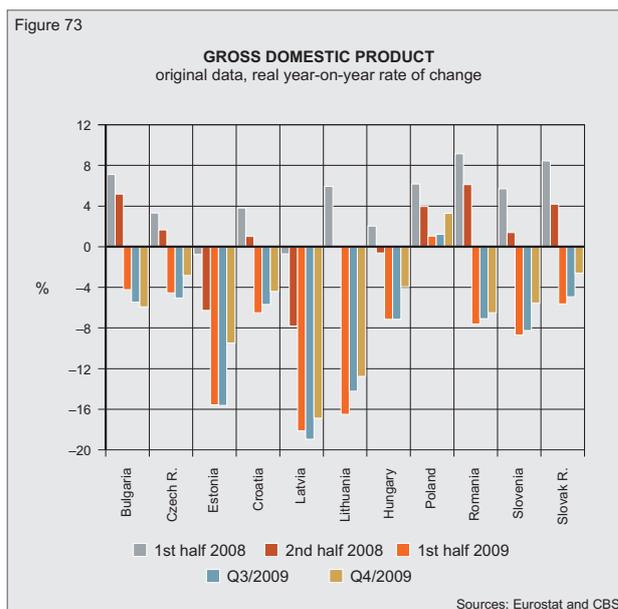
Following disturbances in the financial markets that marked the end of 2008 and a strong spillover of the crisis onto the real sector of their economies in early 2009, most countries in Central and Eastern Europe²⁰ were marked by somewhat more favourable developments in the remaining part of last year. Thus, at the beginning of the second half of the year all the countries except Estonia, Latvia and Hungary saw positive quarterly real GDP growth rates. The latest Eurostat estimates on real activity at the end of 2009 point to stagnation, thus supporting estimates given by numerous analysts that the observed group of countries is facing a long and unstable process of economic recovery.

Slightly positive developments in the third quarter of 2009 were almost entirely determined by growing dynamics of foreign demand, as shown by data on growing goods and services exports in all the observed countries except Croatia, where exports held steady. The largest exports growth was seen in the Czech Republic and Hungary. Detailed nominal data on trade in goods (seasonally adjusted) point to particularly positive developments in exports to the West European market, which can be attributed to growing optimism and a slight acceleration of economic activities in the old EU mem-

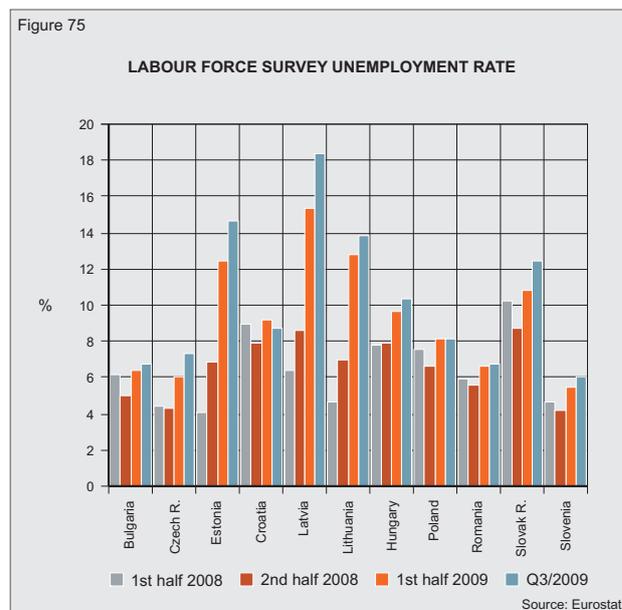
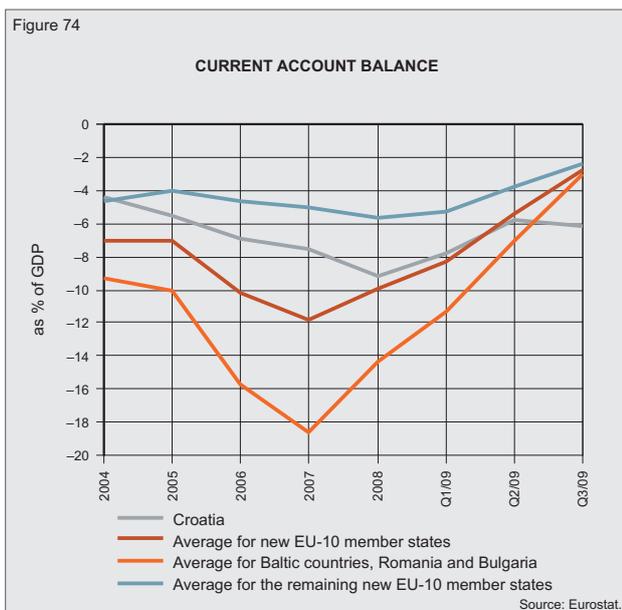
Table 14 Consolidated Central Government Debt, end of period, in million HRK

	Stock		Change	
	Dec. 2008	Nov. 2009	Jan. – Nov. 2008	Jan. – Nov. 2009
A. Central government debt (1 + 2)	98,257	114,572	2,701	16,316
1. Domestic central government debt	67,997	77,119	3,892	9,122
1.1. Domestic debt of the Republic of Croatia	64,962	73,287	2,709	8,325
1.2. Domestic debt of central government funds	3,035	3,832	-2,512	797
2. External central government debt	30,260	37,453	-1,191	7,194
2.1. External debt of the Republic of Croatia	28,459	35,741	-1,300	7,282
2.2. External debt of central government funds	1,800	1,712	109	-88
Supplement:				
B. Total guarantees issued by the Republic of Croatia	44,706	51,127	4,024	6,421
1. Domestic	13,299	15,331	161	2,032
2. Foreign	31,407	35,796	3,863	4,389

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



²⁰ In addition to Croatia, this analysis includes: Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Slovenia and the Slovak Republic.



ber states. By contrast, domestic demand continued to weaken steadily in the third quarter. Influenced by unfavourable changes in the labour market and a low level of optimism, personal consumption fell in all the observed countries except Poland and Slovakia. Capital investments were marked by similar developments attributable to under-utilisation of capacities, unfavourable borrowing terms and uncertainties of business entities as regards demand recovery. Despite a fall in government consumption in most of the observed countries, fiscal packages provided by their governments in an effort to stimulate economic recovery probably prevented an even stronger contraction of other components of aggregate demand.

Imports of goods grew slower than exports of goods and the services trade was again marked by negative trends in the third quarter of 2009. Nevertheless, current account balances in the observed countries continued to improve steadily: from -10.0% of GDP in 2008 and -5.4% of GDP in the first half of the year, the average annual current account deficit at the end of the third quarter of 2009 narrowed to -2.7% of GDP. The contraction of the deficit was most pronounced in the Baltic countries, Bulgaria and Romania, the countries that had generated the largest current account deficits in the preceding years. The deficit continued to contract in other new EU member states, unlike Croatia where the trend of annual current account deficit narrowing came to a halt, due to a fall in revenues from tourist services, which largely determine the developments in the current account in the third quarter.

Industrial production continued to grow steadily in the last quarter of 2009 in all the observed countries except Slovenia, Croatia and Bulgaria where it stagnated at the low previous-quarter level and Lithuania where it shrank. Detailed analysis by the main industrial groupings shows that the manufacture of capital and intermediate goods was the main generator of growth, which is again associated with the economic growth of the main trading partners. Indicators of domestic demand do not provide a clear picture of its intensity, although it is probable that it remained stifled in the last quarter as well. On the one hand, retail trade turnover (car and motorcycle

sales excluded) continued to fall in all the observed countries except Poland and Slovenia. On the other hand, data on construction activities point to further extremely unfavourable developments, more attributable to dynamics in residential construction than to other works.

Somewhat more favourable developments in the real sector notwithstanding, employment in most of the countries continued to shrink. Unfavourable developments, present since the second half of 2008, gained further momentum last year. Responding to low demand and rigid wages, the companies downsized their labour force. Among the observed countries, the effect of the crisis on the labour market was the least visible in Poland which only saw a slowdown in annual employment growth. This can be explained by the fact that Poland is the only one of the observed countries that managed to avoid recession. The total number of employees (Labour Force Survey data) fell during the third quarter in all other observed countries, with the fall ranging between 1.0% in Romania, 4.3% in Croatia and 15.8% in Latvia. Employment fell the most in the Baltic countries, whose economic activities have been contracting since the beginning of 2008. Almost all activities contributed to the large fall in employment, particularly construction, industry and trade. The structure of contributions to developments in employment was similar in many of the observed countries since these three activities were hit the hardest by the economic crisis. It is interesting, though, that employment in the public sector rose in most of the observed countries except the Baltic countries and Bulgaria where employment in the public sector fell and Slovakia where it held steady at the 2008 level. The highest unemployment rates during the third quarter of 2009 were seen in the Baltic countries, the lowest in Slovenia, while Croatia was the only one among the observed countries whose unemployment rate was lower than in the first half of the year, a result of a strong seasonal effect.

Wages continued to grow in the third quarter in all the observed countries except the Baltic countries where they declined considerably. Nevertheless, it should be noted that the growth of nominal gross wages slowed down compared to

the first part of the year. The developments in the public and private sectors were not identical in the observed countries. While wages in the public sector in the Czech Republic, Poland, Lithuania, Slovakia and Slovenia grew faster than those in the private sector, quite the opposite was the case in other countries. The largest difference in favour of the public sector was observed in Poland (13.8% compared to 2% in the private sector), however, note should be taken of the fact that wages in the Polish public sector are still much lower than in the private sector. Wages in the public sector fell the most in Latvia, which can be attributed to the stand-by arrangement entered into by that country with the IMF.

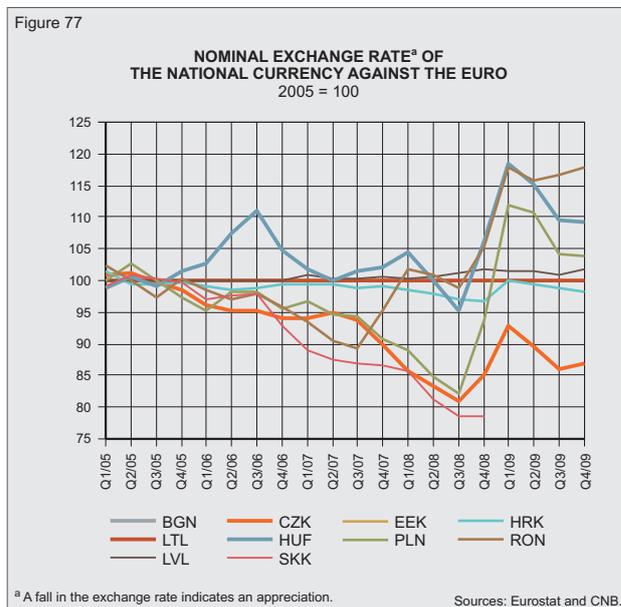
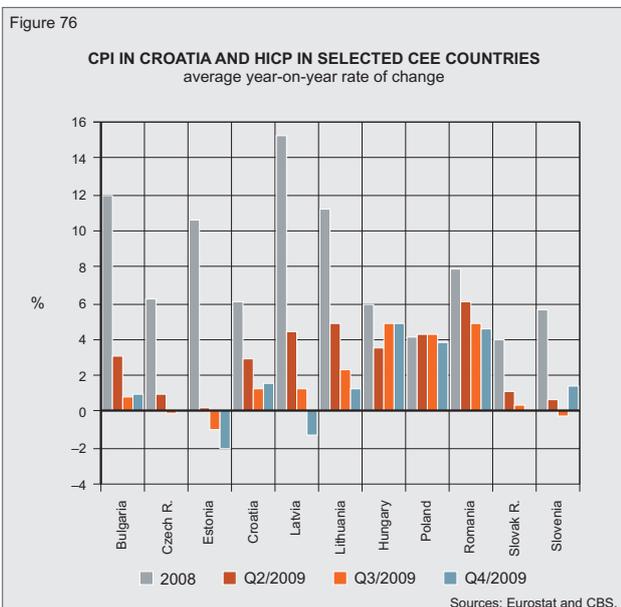
Developments in wages in the conditions of falling labour productivity resulted in an increase in unit labour costs in most of the countries. Nevertheless, there was no threat to price stability in the observed countries, not even if we consider the rising prices of raw materials on the global market. Indeed, in the second half of 2009, consumer price inflation in most of the countries of Central and Eastern Europe was low and steadily kept trending downwards, mainly as a result of poor domestic demand. In the last quarter of the year, inflation in Estonia and Latvia recorded negative annual growth rates while in Hungary, Romania and Poland it held steady at moderate levels. The annual growth rate of inflation in Slovenia and Croatia continued to be relatively low, despite its slight acceleration, mainly as a result of the unfavourable effect of the base period, i.e. the considerable fall in the prices of crude oil in the last quarter of 2008.

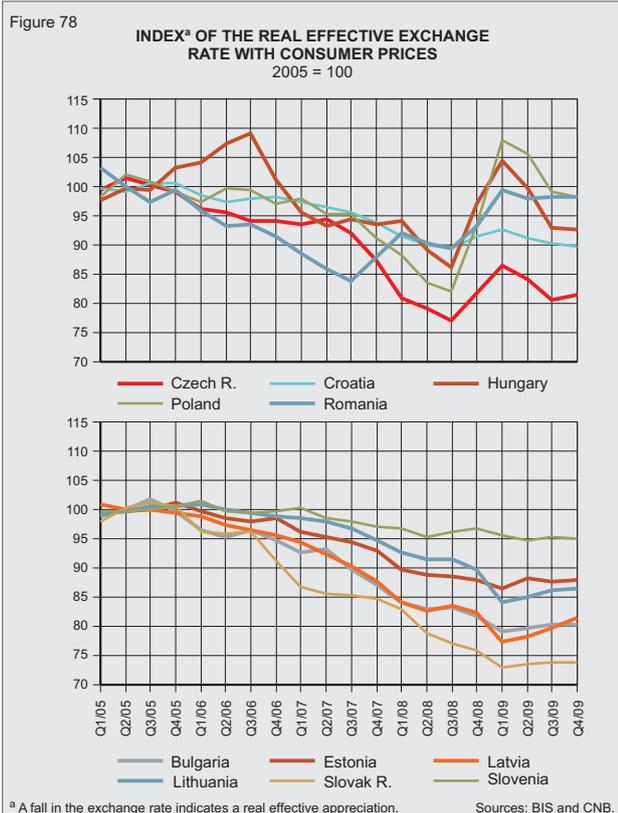
The proof that contraction in demand was crucial for price developments can be found in the fact that the weakening of the exchange rates of the observed countries' currencies towards the euro compared to 2008 did not have a negative effect on price dynamics. The average exchange rate in the last quarter of 2009 in the countries with a fluctuating exchange rate was much weaker than before the onset of the financial crisis (between 4.4% in the Czech Republic and 22.9% in Poland). Note should be taken of rather strong depreciation pressures between September 2008 and March 2009. The exchange rates of most of the observed national currencies

against the euro stabilised by the end of 2009, influenced by a slight growth in optimism, somewhat more favourable developments in the global financial markets and a gradual reduction in investor risk aversion. In the last quarter of 2009, the average exchange rate of the kuna against the euro was almost equal to that in the second quarter of 2008.

Developments in prices and nominal exchange rates in the last quarter of 2009 resulted in a slight worsening of price competitiveness in most of the observed countries. The index of the real effective exchange rate deflated by consumer prices appreciated slightly in most of the observed countries compared to the previous quarter. This also applies to Croatia where the real effective exchange rate appreciated as a result of nominal strengthening of the exchange rate of the kuna against a basket of currencies. At the same time, the real effective exchange rate depreciated only in the Czech Republic and the Baltic countries, largely as a result of more favourable price developments than those in their main trading partners. Compared to the second quarter of 2008, Poland saw the biggest change in export price competitiveness. The real effective exchange rate deflated by consumer prices in that country depreciated by a high 17.8% as a result of marked nominal depreciation of the zloty against the basket of currencies. The real effective exchange rate depreciated also in Hungary, the Czech Republic and Romania while in Croatia it held steady at its previous year's level. In the remaining countries, the exchange rates appreciated slightly, mainly as a result of nominal developments in the exchange rate.

With further contraction of the current account deficit, most of the countries of Central and Eastern Europe continued to see limited inflow of direct investment and very slow external debt growth, although relative indicators of external debt continued to worsen due to GDP contraction and a fall in the value of goods and services exports. The average annual growth of external debt of the ten new EU member states at the end of the third quarter of 2009 was 4.5%, only a slight increase on its annual growth at the end of the second quarter. The Czech Republic and Estonia continued to stand out in terms of the magnitude of their annual external debt





fall while most other countries saw either a stagnation or a small growth in external debt. Only Slovakia and Hungary stood out in terms of the size of their external debt growth.

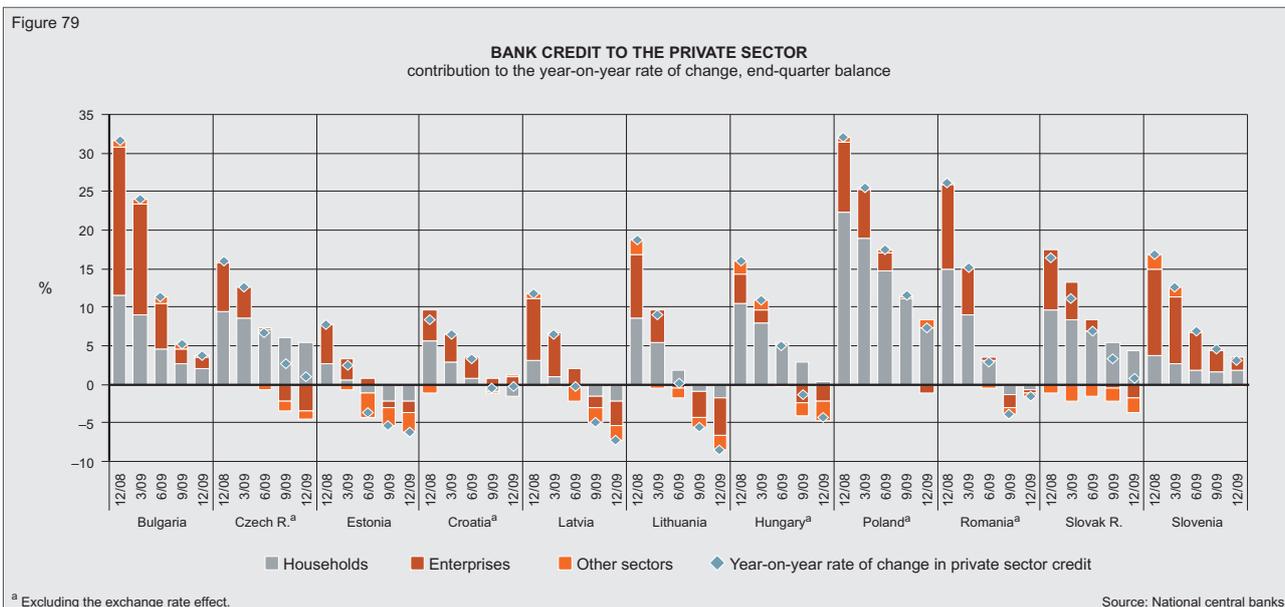
In the light of considerably more favourable real and financial developments than at the beginning of the year and of a stable exchange rate, in the last quarter of 2009 the central banks of the observed countries did not have to change their existing monetary instruments. Despite central bank interventions through various forms of liquidity creation and release, reduction of benchmark interest rates and improved conditions in the interbank market (see Box 5 Responses of Central Banks to the Problems Arising from the Financial Cri-

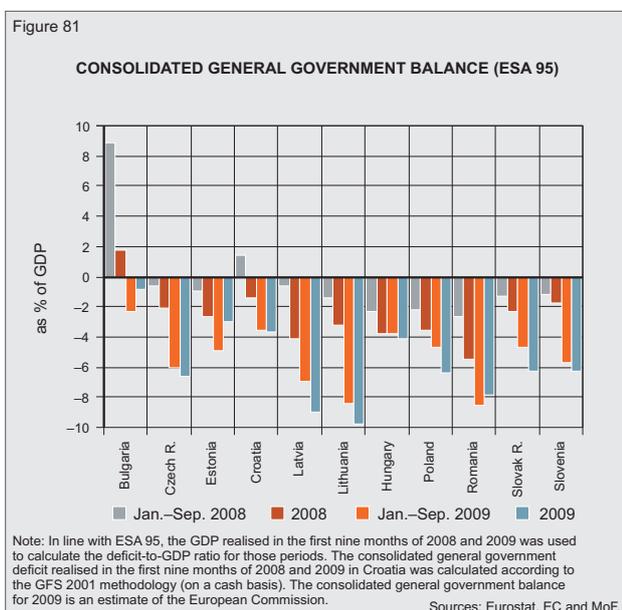
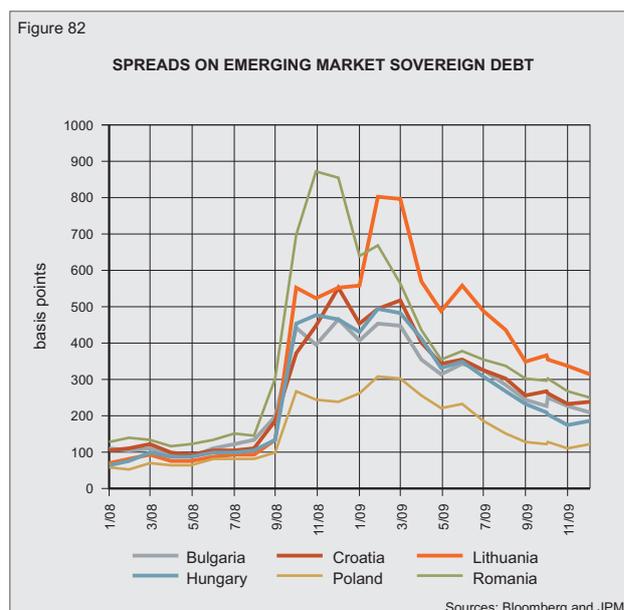
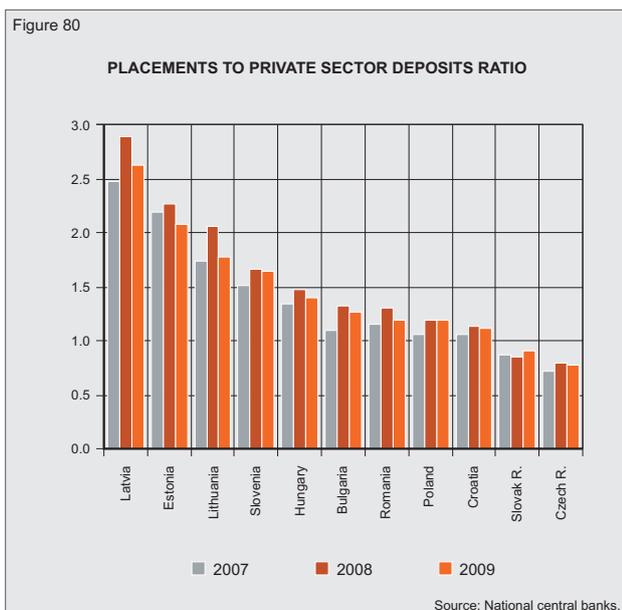
sis), private sector lending still showed no signs of recovery.

The biggest fall in placements to the private sector in the last quarter and throughout 2009 was seen in the Baltic countries (over 5% on an annual level) and in Hungary. Poland and Bulgaria saw a slower but positive increase in these placements. In Croatia, as in Romania and the Czech Republic, bank placements to the private sector came close to stagnation throughout 2009. The explanation for such developments should be sought on the side of supply as well as demand for loans. As regards loan supply, a high perception of risk discouraged new bank placements. The share of non-performing loans in total loans also rose, a trend that is expected to continue in the forthcoming period. Private sector demand for loans also declined significantly. In response to poor domestic and foreign demand and relative under-utilisation of capacities, the companies reduced their investment activity and consequently demand for new loans. Corporate lending thus kept contracting steadily in all the observed countries in the last quarter of 2009, but was most prominent in the Baltic countries and the Czech Republic. With corporate placements rising moderately in the last quarter as well as throughout 2009, Croatia was an exception. By contrast, a large number of the observed countries saw an increase in household lending in the fourth quarter of 2009.

Savings and time deposits of the domestic sectors either held steady or rose slightly in the last quarter of 2009 and on an annual level almost all the observed countries witnessed an increase in savings. In Croatia and Bulgaria, for instance, growth in deposits slowed down only slightly compared to 2008, while other countries witnessed a much slower growth in savings. The household sector provides the biggest contribution to growth in savings, in contrast to companies, which reduced their liquidity reserves with the banks in response to difficult financial conditions.

Given that negative developments in loans were more pronounced than those in deposits, all the observed countries except Slovakia witnessed a fall in the loan-to-deposit ratio of the private sector in 2009. As regards the level of this indicator, the Baltic countries again stood out. In Latvia and





governments to take tougher measures to support aggregate demand growth. However, fiscal policies of Central and Eastern European countries had to reckon with a marked fall in revenues and an increase in expenditures in the first nine months of 2009 compared to the same period previous year (with the exception of Latvia). This led to a visible widening of the consolidated general government deficit which, coupled with more difficult borrowing on the international capital market, limited the possibilities of anticyclic fiscal policy measures.

All the observed countries attempted to curb further deficit widening through strict expenditure control or taxation system changes (Estonia, Lithuania, Latvia, Hungary, Romania and Croatia) and most of them introduced fiscal stimuli packages in an attempt to stimulate and/or accelerate economic recovery (see Box 6 Fiscal Measures Aimed At Stimulating Economic Growth).

In light of the stabilisation in the global financial markets and predominantly positive expectations as regards recovery of the global economy and the position that economic outlooks of the observed countries have neither improved nor deteriorated significantly in the last quarter of 2009 and in early 2010, Standard & Poor's have not changed their long-term credit ratings for any of the observed countries. Nevertheless, the EMBI yield spread on government eurobonds continued to trend downwards in most of the observed countries in the last quarter of 2009, in line with a trend that started in early 2009 with a changed perception of risk by foreign investors. The risk premium on eurobonds of all the observed countries declined during the observed period. At end-December 2009, the largest EMBI yield spread on sovereign debt was recorded by Lithuania, followed by Romania, Croatia, Bulgaria and Hungary. Poland had the smallest EMBI yield spread on sovereign debt.

Estonia, for instance, the total amount of loans granted to the private sector more than doubled the amount of this sector's deposits. From this it can be inferred that the bulk of bank loans granted to domestic sectors in these countries were financed by foreign borrowing. Quite unlike these countries, Croatia stands out as a country in which granted loans have a relatively good deposit base. For instance, at the end of 2009, the total amount of loans granted to the private sector was almost entirely covered by this sector's savings.

And while monetary policy in most of the observed countries managed to maintain stability of their banking systems, high liquidity has so far not led to more intensive private sector lending, a crucial precondition for any significant economic recovery. This led to a surge in demands on the

Box 5 Responses of Central Banks to the Problems Arising from the Financial Crisis

This box gives a brief description of: central banks' responses to the problems arising from the financial crisis, support provided by international financial institutions, behaviour of foreign-owned banks and prospects for the monetary integration of the countries under review.

Among the measures taken by the central banks of the countries²¹ reviewed, which were mostly aimed at relaxing monetary policy²² and increasing system liquidity, particularly noteworthy were the following:

- reduction of key interest rates, particularly in countries with flexible exchange rate regimes (Hungary, Czech R., Romania, Poland and Latvia);
- reduction of the reserve requirement rate (Romania, Bulgaria, Hungary, Poland, Croatia, Latvia);
- expansion of eligible collateral for open market operations and relaxation of collateral criteria (Hungary, Poland); and
- organisation of extraordinary auctions to create liquidity (Czech R.) and auctions for the purchase of government bonds (Hungary).

In view of problems with external debt refinancing and for the purpose of supporting banking sector stability, some countries in the region requested assistance from the IMF,²³ ECB and other international financial institutions (World Bank), as well as bilateral assistance (e.g. Estonia from Sweden). The following countries²⁴ under review were involved:

- Hungary: Total support amounted to some EUR 20bn, including a stand-by arrangement with IMF and World Bank support. An ECB credit line of EUR 5.0bn was provided.
- Romania: A financial assistance package of around EUR 20bn was provided. It involved the World Bank, EU, EIB and EBRD, and the largest amount was provided by the IMF (EUR 12.9bn).
- Latvia: Total financial support, including EU funds, a stand-by arrangement concluded with the IMF, and individual support provided by a number of countries amounted to around EUR 7.5bn.
- Poland: The IMF approved a flexible credit line of over EUR 15bn, but only as a precautionary arrangement. An ECB credit line of EUR 10bn was provided.
- In addition, the ECB opened an EUR/CHF swap line (foreign exchange swap agreements) to the central banks

21 When discussing measures taken by central banks, one should keep in mind that the countries observed could be put into three groups according to their monetary framework: a) countries with inflation targeting that have free floating exchange rate regimes (Czech R., Hungary, Poland, Romania); b) countries with fixed exchange rate regimes and/or a currency board (the Baltic countries and Bulgaria); c) countries that adopted the euro (Slovenia and the Slovak R.).

22 The exceptions were the Hungarian National Bank, which increased its interest rate at the onset of the crisis in response to a sharp depreciation, and the Czech National Bank, which slowed down the lowering of its key interest rate, also to defend the national currency.

23 IMF (2009): *Review of the Recent Crises Measures*.

24 Some countries outside the group under consideration did the same: Belarus, Bosnia and Herzegovina, Serbia and Ukraine.

of Hungary and Poland. The last such agreement was made in early 2010. The purpose of swaps was to provide domestic market access to Swiss franc funds that were lacking during the crisis.

The support provided by international financial institutions was timely and, one may say, crucial in cushioning the initial impact of the financial crisis. One must also remember the general and special allocation of special drawing rights, which the IMF approved in late 2009 to strengthen foreign currency reserves in IMF member countries.

Equally as important as the support of international financial institutions was that provided by foreign (parent) banks, which remained present in all countries in the region. This commitment was on the one hand of an informal nature and yet on the other hand it was an integral part of the support packages that foreign banks received from their home countries. In the context of the so-called Vienna Initiative,²⁵ parent banks have committed to staying in countries that received IMF and EIB support, maintaining a comfortable liquidity position and recapitalising their affiliates, if necessary. Furthermore, EU member states in which parent banks have their registered office supported their banks by packages that included support in cross-border transactions. Finally, under the Joint IFI Action Plan, the EBRD, EIB, and the World Bank launched a program to support banking sector stability through lending to the private sector in the region, with a budget of EUR 25.0bn over 2009 and 2010.

Overall, coordinated action of international financial institutions, of the European Commission and the private sector prevented capital flight and maintained stability of financial sectors in the region. The fact that banks in the surveyed countries are mostly in foreign ownership had no negative effect on the stability of their banking sectors. It should be noted that in an environment of abundant liquidity and low growth in private sector credit, the share of bank claims on the government increased sharply as governments increasingly financed their deficits by borrowing from domestic banks.

Once the initial blow of the crisis had been softened, links in the monetary transmission mechanism weakened in most countries, i.e. a high primary liquidity position and low interest rates added little impetus to credit growth in the economy. In particular, it turned out that the credit and interest rate channels through which monetary policy affects the real sector in periods of growth are less effective during a crisis. Accordingly, central banks in most countries primarily aimed at maintaining financial stability and providing sufficient liquidity, while fiscal and other economic policies were given the opportunity to be more proactive. With regard to economic recovery measures, the leading role has been gradually taken over by fiscal policy in the form of numerous structural funds or support to particular sectors, and various economic policies, e.g. the flexibilisation of the labour market, and tax and social policies (see Box 6 Fiscal

25 EBRD (2009): *Transition Report*, EIB web site: <http://www.eib.europa.eu/about/news/joint-support-for-central-eastern-and-southern-europe.htm>.

Measures Aimed at Stimulating Economic Growth).

The global financial crisis has slowed down the monetary integration of the countries under review. Only Estonia, which entered the ERM II mechanism in June 2004, reaffirmed 1 January 2011 as the target date for euro adoption. Other countries, some of which had already joined the

ERM II (Lithuania and Latvia) or which had set the date for entry to the ERM II (Poland 2009, Romania 2012) have postponed the target date for euro adoption (Lithuania and Latvia to 2014 at the earliest, Romania to 2015 and Poland indefinitely). The Czech Republic, Hungary and Bulgaria still have no target date for entry to the ERM II mechanism.

Box 6 Fiscal Measures Aimed at Stimulating Economic Growth

In addition to monetary policy measures which helped preserve banking system stability, the developed countries provided significant fiscal stimuli in an effort to halt and reverse unfavourable trends in economic developments. They encouraged aggregate demand but also sought to raise consumer and business confidence as regards economic recovery and thus stimulate consumption and investments. The countries of Central and Eastern Europe adopted similar fiscal packages, though the amounts provided were much smaller than those in the developed countries. Owing to growing fiscal deficits, arising from the activity of automatic stabilisers, the observed countries had large borrowing needs. Any significant widening of the deficit that might have arisen from larger fiscal stimuli packages would probably have resulted in a worsening of the perception of risk by investors/creditors, and made borrowing more difficult or more expensive.

Unfavourable developments in public finances forced countries such as Hungary, Latvia and Romania into standby arrangements with the IMF which required large fiscal consolidation if any funds were to be drawn under the arrangement. In the conditions characterised by fiscal savings, larger financial assistance to the economy could not be expected. By contrast, in the observed group of countries, the Czech Republic, Slovenia and Poland stood out in terms of the amount of planned fiscal stimuli packages. This probably has to do with the fact that the macroeconomic fundamentals of these countries are considered more stable, which facilitates access to international capital markets and ensures more favourable borrowing compared to other countries in the observed group.

Measures taken to stimulate and/or accelerate economic recovery can be divided into three groups: increasing purchasing power of households, encouraging labour market recovery and stimulating business activity.

Increasing Purchasing Power of Households

These measures aim to increase the disposable income of households and act towards recovery of consumer confidence which is still very low. The Czech Republic thus reduced the rate of social contributions paid by employees and provided a one-off wage increase to government employees. Poland reduced contributions for pension insurance and introduced child support relief. The existing three income tax rates (19%, 30% and 40%) were replaced by only two income tax rates (18% and 32%). Slovakia raised the non-taxable part of income, reduced social contribu-

tions for self-employed, introduced a bonus on wages of employees who found employment on their own and who had previously been registered as unemployed for a minimum period of three months and whose wages did not exceed a certain amount, and also introduced temporary home loan instalment repayment co-financing to persons unable to meet their home loan obligations. Romania raised the minimum pension and introduced co-financing of 90% of medical-related costs of pensioners with low pensions while Bulgaria subsidised consumer lending at lower interest rates through a state-owned bank. This category could also include Slovakian subsidies provided for new car purchases in exchange for each scrapped car older than 10 years. Similar programmes stimulating new car sales, and thus the domestic car industry, were also introduced in Romania and the Czech Republic.

Encouraging Labour Market Recovery

Pressed by growing unemployment, most of the observed countries introduced measures to help prevent or at least mitigate further unfavourable developments in the labour market. Bulgaria, Croatia, Poland, Slovakia and Slovenia introduced subsidies for reduced working hours, a possibility poorly explored by Croatian employers. A large number of countries increased their efforts towards additional training and re-training of workers. Romania co-finances 50% of the costs for the newly-employed for a year, and, to reduce labour costs for employers and to keep jobs at the time of crisis, Bulgaria introduced subsidies for a part of contributions for pension insurance and reduced contributions paid by employers and workers to the social security fund by 2 percentage points.

Stimulating Business Activity

A very important objective of fiscal measures in the observed countries was also to facilitate corporate business activity against the backdrop of illiquidity and economic contraction. To achieve this objective, the Czech Republic and Slovenia decided to reduce profit tax while Slovakia diminished this tax only for companies investing in research and development. Slovenia and Slovakia shortened the time needed for the refund of the amount of VAT businesses can claim back and Slovenia also increased tax deduction on corporate investment and reduced advance profit tax.

In addition to tax system changes, a number of countries sought to stimulate business activity by providing funds and issuing government guarantees to small and medium-size companies through national development banks. Slovenia, with Croatia following suit, has set up a guarantee fund to help promote corporate lending. The Government of the

Republic of Slovenia can assume a maximum 80% of the risk associated with any individual loan granted to a company. The maximum amount of loan that can be granted to an individual company is EUR 70m and the amount granted may not exceed the total amount of expenditures for wages in 2008. In addition to risk diversification, the banks are interested in granting such loans since they can use them as collateral for borrowing from the European Central Bank.

In addition to these measures, most of the governments in the observed group of countries tried to influence demand over a short term by means of a fiscal multiplier, mainly by increasing public investment.

It should be noted that it is extremely difficult to obtain data on the actual amount of funds that went into the mentioned fiscal stimuli programmes as data on public finances in 2009 are not available yet for most of the countries. However, estimates of international organisations suggest that fiscal stimuli packages in Central and Eastern European countries in 2009 stood at up to 1% of GDP. According to available data, in 2010 only Poland and Estonia are expected to increase their fiscal policy packages, while those in other countries are expected to either fall or hold steady at their 2009 levels.

Statistical Survey

Classification and Presentation of Data on Claims and Liabilities

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

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

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

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

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

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

Foreign sector includes foreign legal and natural persons.

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

Table A1: Monetary and Credit Aggregates

end of period, million kuna and %

Year	Month	Reserve money	Money M1	Money M1a	Broadest money M4	Net domestic assets	Domestic credit	Monthly rates of growth					
								Reserve money	Money M1	Money M1a	Broadest money M4	Net domestic assets	Domestic credit
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	February	54,449.0	46,762.1	47,344.2	221,445.7	190,333.8	235,352.0	-4.42	-5.67	-5.82	0.00	3.47	0.37
	March	52,693.8	46,636.5	47,203.8	218,626.7	192,083.0	234,856.8	-3.22	-0.27	-0.30	-1.27	0.92	-0.21
	April	53,075.1	46,419.2	46,877.0	218,797.6	192,003.3	234,342.1	0.68	-0.47	-0.69	0.08	-0.04	-0.22
	May	53,900.4	47,447.0	47,941.0	218,112.8	193,128.0	232,234.6	1.55	2.21	2.27	-0.31	0.59	-0.90
	June	55,100.6	47,698.9	48,149.7	218,416.2	188,300.5	230,767.0	2.23	0.53	0.44	0.14	-2.50	-0.63
	July	55,147.1	47,664.7	48,169.2	221,354.8	189,639.5	231,193.3	0.08	-0.07	0.04	1.35	0.71	0.18
	August	55,346.9	47,815.0	48,297.2	224,444.3	186,660.7	230,228.9	0.36	0.32	0.27	1.40	-1.57	-0.42
	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

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

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

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

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

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

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

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

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

Table B1: Monetary Survey

end of period, million kuna

	2004	2005	2006	2007	2008	2009				2010
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.*	Jan.
ASSETS										
1. Foreign assets (net)	31,742.6	23,303.8	27,614.5	49,446.5	41,739.4	26,543.7	30,115.8	39,369.2	45,011.4	41,846.6
2. Domestic credit	141,278.1	168,427.7	200,328.9	226,076.1	254,569.8	264,320.2	258,820.4	259,043.6	253,523.6	258,672.7
2.1. Claims on central government and funds (net)	13,969.6	19,259.4	16,949.4	15,247.7	21,587.7	29,463.4	28,053.5	30,284.4	21,861.7	25,625.0
2.2. Claims on other domestic sectors	125,790.7	147,414.3	181,031.9	207,398.7	231,472.7	233,363.2	228,967.9	227,098.7	229,870.2	231,076.3
2.3. Claims on other banking institutions	624.0	592.2	1,029.5	1,640.0	441.9	417.3	565.6	537.9	681.7	844.2
2.4. Claims on non-banking financial institutions	893.9	1,161.8	1,318.1	1,789.7	1,067.4	1,076.3	1,233.5	1,122.6	1,109.9	1,127.3
Total (1+2)	173,020.7	191,731.5	227,943.3	275,522.6	296,309.2	290,863.9	288,936.2	298,412.8	298,534.9	300,519.3
LIABILITIES										
1. Money	34,562.1	38,817.1	48,521.0	57,878.3	55,222.3	46,636.5	47,698.9	45,559.4	47,181.7	48,084.2
2. Savings and time deposits	22,479.2	27,992.1	44,836.8	53,644.9	50,070.3	47,233.4	45,005.5	43,089.9	39,139.4	37,566.6
3. Foreign currency deposits	81,742.9	86,760.8	88,256.7	103,090.1	117,194.8	122,865.0	123,889.1	133,426.0	135,410.6	136,377.7
4. Bonds and money market instruments	1,163.5	1,077.0	844.1	1,208.8	2,531.1	1,891.8	1,822.7	2,011.2	1,362.8	1,458.3
5. Restricted and blocked deposits	2,067.0	2,092.3	2,504.5	2,280.9	3,094.2	2,913.1	3,113.2	2,931.3	2,598.3	2,585.2
6. Other items (net)	31,006.1	34,992.2	42,980.2	57,419.6	68,196.5	69,324.1	67,406.7	71,394.9	72,842.0	74,447.3
Total (1+2+3+4+5+6)	173,020.7	191,731.5	227,943.3	275,522.6	296,309.2	290,863.9	288,936.2	298,412.8	298,534.9	300,519.3

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	February	36	2	7	1	11	6	9	2	1	1	–
	March	35	2	7	1	10	7	8	2	1	1	–
	April	36	3	7	1	10	7	8	2	1	1	–
	May	36	3	6	2	10	7	8	2	1	1	–
	June	36	3	6	2	10	7	8	2	1	1	–
	July	36	3	6	2	10	7	8	2	1	1	–
	August	36	3	6	2	10	7	8	2	1	1	–
	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	–

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

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

which have not initiated winding-up proceedings.

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

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

Table C1: Monetary Authorities Accounts

end of period, million kuna

	2004	2005	2006	2007	2008	2009				2010
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.
ASSETS										
1. Foreign assets	49,373.4	54,862.5	64,088.2	68,177.8	66,805.5	66,142.5	66,285.1	67,909.8	75,807.8	76,012.6
1.1. Gold	–	–	–	–	–	–	–	–	–	–
1.2. Holdings of SDRs	4.8	6.3	5.3	5.6	5.3	4.7	4.5	2,406.1	2,423.7	2,463.3
1.3. Reserve position in the IMF	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
1.4. Currency and demand deposits with foreign banks	5.7	7.7	7.2	7.2	1,472.7	1,499.7	1,465.9	1,756.8	1,763.8	1,772.9
1.5. Time deposits with foreign banks	24,337.7	28,274.1	33,243.0	33,204.4	13,189.3	14,013.6	14,427.3	10,323.5	17,534.5	17,592.5
1.6. Securities in f/c	25,023.7	26,573.0	30,831.2	34,959.3	52,136.9	50,623.0	50,386.1	53,422.1	54,084.5	54,182.6
1.7. Non-convertible foreign exchange	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Claims on central government and funds	3.3	1.4	0.9	1.0	2.2	0.8	1.2	–	2.9	2.5
2.1. Claims in kuna	3.3	1.4	0.9	1.0	2.2	0.8	1.2	–	2.9	2.5
2.2. Claims in f/c	–	–	–	–	–	–	–	–	–	–
3. Claims on other domestic sectors	82.9	73.4	64.0	67.9	64.2	64.2	4.3	4.3	4.2	4.1
4. Claims on banks	408.9	4,215.6	3,911.5	4,178.3	13.9	1,396.7	2,425.5	13.5	13.5	13.5
4.1. Credits to banks	408.9	4,215.6	3,911.5	4,178.3	13.9	1,372.8	2,425.5	13.5	13.5	13.5
Lombard credits	–	–	–	1,349.1	–	–	–	–	–	–
Short-term liquidity credits	–	–	–	–	–	–	–	–	–	–
Other credits	15.0	14.5	14.5	14.7	13.9	14.0	13.6	13.5	13.5	13.5
Reverse repo transactions	394.0	4,201.1	3,897.0	2,814.5	–	1,358.8	2,412.0	–	–	–
4.2. Overdue claims	–	–	–	–	–	23.9	–	–	–	–
5. Claims on other banking institutions	–	–	–	–	–	–	–	–	–	–
Total (1+2+3+4+5)	49,868.5	59,153.0	68,064.6	72,425.1	66,885.8	67,604.1	68,716.2	67,927.6	75,828.3	76,032.8
LIABILITIES										
1. Reserve money	33,924.4	40,390.8	46,331.2	51,923.9	49,743.0	52,717.7	55,100.6	52,791.1	56,141.9	57,770.5
1.1. Currency outside banks	10,955.6	12,163.8	14,609.3	16,007.5	17,051.0	15,826.2	16,914.7	16,012.8	15,282.1	14,778.3
1.2. Banks' cash in vaults	1,871.0	2,210.7	2,698.0	3,305.8	3,428.3	2,934.4	3,454.5	3,294.7	3,659.6	3,194.5
1.3. Banks' deposits	21,082.6	26,016.3	29,023.9	32,610.6	29,263.7	33,957.1	34,731.5	33,483.5	37,200.1	39,797.7
Settlement accounts	6,408.2	8,411.1	8,535.7	7,553.9	9,520.3	9,307.6	11,097.6	9,689.3	12,024.6	8,756.8
Statutory reserves	14,674.4	17,605.2	20,478.2	22,275.6	19,222.7	24,079.9	23,493.4	23,662.4	23,600.6	23,545.8
CNB bills on obligatory basis	–	–	–	1991.1	460.6	569.6	140.4	131.8	–	–
Overnight deposits	–	–	10.0	790.0	60.0	–	–	–	1,575.0	7,495.0
1.4. Deposits of other banking institutions	–	–	–	–	–	–	–	–	–	–
1.5. Deposits of other domestic sectors ^b	15.1	–	–	–	–	–	–	0.0	–	–
2. Restricted and blocked deposits	10,777.1	13,551.8	16,633.5	14,286.0	8,064.1	4,634.8	4,722.0	4,828.6	5,091.6	5,145.5
2.1. Statutory reserve in f/c	10,764.7	13,495.9	16,576.7	14,257.5	8,008.3	4,581.7	4,668.9	4,777.8	5,041.7	5,091.0
2.2. Restricted deposits	12.4	55.9	56.9	28.6	55.8	53.1	53.1	50.8	49.9	54.5
2.3. Escrow deposits	–	–	–	–	–	–	–	–	–	–
3. Foreign liabilities	18.1	18.9	18.9	17.2	16.6	14.9	8.3	7.9	8.1	8.3
3.1. Use of IMF credit	–	–	–	–	–	–	–	–	–	–
3.2. Liabilities to international organisations	18.1	18.9	18.9	17.2	16.6	14.9	8.3	7.9	8.1	8.3
3.3. Liabilities to foreign banks ^a	–	–	–	–	–	0.0	–	–	–	–
4. Central government and funds' deposits	263.2	332.2	188.0	199.1	206.9	383.4	962.3	277.7	4,171.4	2,135.2
4.1. Demand deposits	228.0	319.0	174.5	125.8	171.1	376.2	255.7	257.7	1,839.2	248.9
Central government demand deposits	123.0	246.3	138.6	100.3	43.0	338.4	118.7	212.6	1,772.9	190.0
Central government funds' demand deposits	105.0	72.7	35.9	25.4	128.2	37.7	137.0	45.0	66.2	59.0
4.2. Central government f/c deposits	35.2	13.2	13.5	73.3	35.8	7.2	706.7	20.0	2,332.2	1,886.3
4.3. CNB bills	–	–	–	–	–	–	–	–	–	–
5. CNB bills	–	–	–	–	–	–	–	–	–	–
5.1. CNB bills in kuna	–	–	–	–	–	–	–	–	–	–
5.2. CNB bills in f/c	–	–	–	–	–	–	–	–	–	–
6. Capital accounts	5,096.5	5,357.4	5,408.8	6,664.5	9,562.4	10,579.2	8,639.5	10,759.7	11,151.3	11,710.7
7. Other items (net)	–210.8	–498.2	–515.8	–665.6	–707.1	–725.9	–716.5	–737.4	–735.9	–737.5
Total (1+2+3+4+5+6+7)	49,868.5	59,153.0	68,064.6	72,425.1	66,885.8	67,604.1	68,716.2	67,927.6	75,828.3	76,032.8

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

Table C1: Monetary Authorities Accounts

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table D1: Banks' Accounts

end of period, million kuna

	2004	2005	2006	2007	2008	2009				2010
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.
ASSETS										
1. Reserves with the CNB	33,718.2	41,775.2	48,384.7	50,178.9	40,705.6	41,454.4	42,860.4	41,560.4	45,902.1	48,086.9
1.1. In kuna	22,962.9	28,283.1	31,814.1	35,929.1	32,700.5	36,873.4	38,192.0	36,783.4	40,860.4	42,995.9
1.2. In f/c	10,755.3	13,492.1	16,570.6	14,249.8	8,005.1	4,581.0	4,668.5	4,777.1	5,041.7	5,091.0
2. Foreign assets	43,551.0	35,572.5	39,621.2	46,438.5	50,246.6	36,959.4	41,619.5	48,050.2	49,577.0	42,798.2
3. Claims on central government and funds	21,051.3	28,877.2	27,936.8	28,971.5	37,801.1	46,657.2	46,391.7	47,758.1	44,249.5	44,532.5
4. Claims on other domestic sectors	125,707.9	147,340.9	180,967.8	207,330.7	231,408.6	233,299.0	228,963.5	227,094.5	229,866.1	231,072.1
4.1. Claims on local government	1,787.9	1,767.2	1,892.0	2,140.8	2,077.4	1,994.4	1,843.0	1,826.6	2,074.2	2,100.2
4.2. Claims on enterprises	58,643.3	67,017.9	83,386.5	92,265.1	102,779.8	104,546.1	103,335.9	102,550.2	104,898.1	105,968.8
4.3. Claims on households	65,276.7	78,555.7	95,689.3	112,924.9	126,551.4	126,758.5	123,784.6	122,717.6	122,893.7	123,003.1
5. Claims on other banking institutions	624.0	592.2	1,029.5	1,640.0	441.9	417.3	565.6	537.9	681.7	844.2
6. Claims on non-banking financial institutions	893.9	1,161.8	1,318.1	1,789.7	1,067.4	1,076.3	1,233.5	1,122.6	1,109.9	1,127.3
Total (1+2+3+4+5+6)	225,546.2	255,319.8	299,258.1	336,349.4	361,671.2	359,863.6	361,634.2	366,123.7	371,386.3	368,461.3
LIABILITIES										
1. Demand deposits	23,591.3	26,653.3	33,911.7	41,870.8	38,171.2	30,810.3	30,784.2	29,546.5	31,899.6	33,305.9
2. Savings and time deposits	22,479.2	27,992.1	44,836.8	53,644.9	50,070.3	47,233.4	45,005.5	43,089.9	39,139.4	37,566.6
3. Foreign currency deposits	81,742.9	86,760.8	88,256.7	103,090.1	117,194.8	122,865.0	123,889.1	133,426.0	135,410.6	136,377.7
4. Bonds and money market instruments	1,163.5	1,077.0	844.1	1,208.8	2,531.1	1,891.8	1,822.7	2,011.2	1,362.8	1,458.3
5. Foreign liabilities	61,163.7	67,112.3	76,076.0	65,152.6	75,296.1	76,543.2	77,780.5	76,582.9	80,365.3	76,956.0
6. Central government and funds' deposits	6,821.8	9,287.0	10,800.4	13,525.8	16,007.5	16,811.2	17,377.1	17,196.0	18,219.3	16,774.8
7. Credit from central bank	408.9	4,215.6	3,911.4	4,178.3	14.0	1,372.8	2,425.5	13.5	13.5	13.5
8. Restricted and blocked deposits	2,054.6	2,036.4	2,447.6	2,252.3	3,038.4	2,860.0	3,060.1	2,880.5	2,548.4	2,530.7
9. Capital accounts	28,666.4	32,665.7	40,805.1	53,178.9	60,317.4	61,848.5	62,875.9	64,473.8	66,306.4	66,809.4
10. Other items (net)	-2,546.3	-2,480.4	-2,631.7	-1,753.2	-969.7	-2,372.6	-3,386.5	-3,096.7	-3,879.1	-3,331.7
Total (1+2+3+4+5+6+7+8+9+10)	225,546.2	255,319.8	299,258.1	336,349.4	361,671.2	359,863.6	361,634.2	366,123.7	371,386.3	368,461.3

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, million kuna

	2004	2005	2006	2007	2008	2009				2010
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.
1. Foreign assets in f/c	43,428.1	35,457.9	39,454.5	45,837.2	49,705.1	36,418.8	40,873.9	47,284.3	49,230.3	42,429.9
1.1. Claims on foreign financial institutions	35,911.0	27,228.5	30,404.1	37,824.9	38,038.3	25,953.3	31,059.3	35,483.3	34,186.6	29,040.1
Foreign currencies	1,190.0	1,136.1	1,232.1	1,245.5	1,973.2	1,432.4	1,992.5	1,693.4	1,772.6	1,525.0
Demand deposits	906.2	860.2	870.1	1,305.2	2,109.8	1,122.9	1,224.5	1,400.0	1,338.7	1,219.4
Time and notice deposits	30,943.7	20,874.6	23,509.4	31,726.1	31,444.5	20,865.3	25,559.9	30,471.1	29,254.5	24,447.6
Securities	2,674.1	4,197.0	4,441.5	3,210.4	2,307.1	2,302.2	2,000.0	1,724.4	1,629.0	1,664.5
Loans and advances	189.0	152.9	339.2	195.9	166.3	192.6	234.6	137.7	117.6	121.1
Shares and participations	8.1	7.8	11.8	141.9	37.4	37.9	47.8	56.6	74.2	62.6
1.2. Claims on foreign non-banks	7,517.1	8,229.4	9,050.4	8,012.3	11,666.8	10,465.5	9,814.6	11,801.0	15,043.7	13,389.8
Claims on foreign governments	7,066.6	7,735.7	8,217.0	6,696.1	9,976.8	8,801.9	8,441.8	10,322.7	13,477.2	11,836.4
Claims on other non-residents	450.2	493.1	798.1	1,295.2	1,613.5	1,575.1	1,340.7	1,443.2	1,534.5	1,536.6
Securities	77.4	68.0	141.5	180.9	235.1	227.9	222.3	198.5	205.4	202.9
Loans and advances	372.8	425.2	656.6	1,114.3	1,378.4	1,347.3	1,118.4	1,244.7	1,329.1	1,333.7
Shares and participations	0.3	0.5	35.3	20.9	76.5	88.4	32.2	35.2	32.0	16.8
2. Foreign assets in kuna	122.9	114.6	166.7	601.3	541.5	540.6	745.5	765.9	346.7	368.4
2.1. Claims on foreign financial institutions	77.8	71.3	96.9	408.1	144.1	133.3	379.4	424.1	86.3	108.5
2.2. Claims on foreign non-banks	45.1	43.4	69.8	193.3	397.4	407.3	366.2	341.8	260.3	259.9
o/w: Loans and advances	44.3	42.6	69.2	192.7	396.8	406.7	365.8	341.5	260.0	259.6
Total (1+2)	43,551.0	35,572.5	39,621.2	46,438.5	50,246.6	36,959.4	41,619.5	48,050.2	49,577.0	42,798.2

Table D2: Banks' Foreign Assets

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

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

eign currency.

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

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

end of period, million kuna

	2004	2005	2006	2007	2008	2009				2010
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.
1. In kuna	16,270.2	20,532.7	22,703.0	24,081.8	24,901.6	27,318.0	27,133.0	28,358.3	24,461.9	24,758.0
1.1. Claims on central government	14,465.6	17,352.6	18,361.2	19,057.3	19,899.5	21,952.4	21,892.3	23,208.5	19,230.6	19,545.9
Securities	11,779.1	16,037.7	14,546.7	16,099.8	16,969.0	16,923.2	16,824.1	17,399.3	16,305.4	16,283.9
o/w: Bonds (c/part to f/c savings deposits)	532.0	20.6	8.3	6.4	6.1	5.6	5.5	5.6	5.2	5.1
Loans and advances	2,686.5	1,314.9	3,814.5	2,957.5	2,930.4	5,029.2	5,068.2	5,809.3	2,925.1	3,262.0
1.2. Claims on central government funds	1,804.6	3,180.1	4,341.9	5,024.5	5,002.1	5,365.6	5,240.8	5,149.7	5,231.3	5,212.1
Securities	621.1	–	–	–	6.1	0.0	–	6.3	–	–
Loans and advances	1,183.5	3,180.1	4,341.9	5,024.5	4,996.1	5,365.6	5,240.8	5,143.4	5,231.3	5,212.1
2. In f/c	4,781.1	8,344.5	5,233.8	4,889.7	12,899.5	19,339.2	19,258.6	19,399.9	19,787.7	19,774.6
2.1. Claims on central government	3,548.4	7,241.0	4,624.4	4,388.6	9,843.6	15,170.3	15,123.0	14,785.2	14,793.1	14,804.0
Securities	1,117.0	1,248.1	429.0	268.4	300.7	197.3	517.1	232.6	234.7	232.6
Loans and advances	2,431.3	5,992.8	4,195.4	4,120.1	9,542.9	14,973.1	14,605.9	14,552.7	14,558.4	14,571.4
2.2. Claims on central government funds	1,232.8	1,103.5	609.4	501.2	3,055.9	4,168.8	4,135.6	4,614.6	4,994.6	4,970.6
Securities	163.1	144.2	109.2	82.1	50.9	51.5	51.1	52.0	52.0	40.1
Loans and advances	1,069.7	959.3	500.2	419.1	3,005.1	4,117.4	4,084.5	4,562.6	4,942.6	4,930.5
Total (1+2)	21,051.3	28,877.2	27,936.8	28,971.5	37,801.1	46,657.2	46,391.7	47,758.1	44,249.5	44,532.5

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

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

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

Table D4: Banks' Claims on Other Domestic Sectors

end of period, million kuna

	2004	2005	2006	2007	2008	2009				2010
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.
1. Claims in kuna	114,635.7	133,603.5	166,755.1	194,476.7	216,530.8	216,871.5	212,352.8	210,030.5	211,273.4	211,910.8
1.1. Money market instruments	2,510.0	2,329.9	1,980.7	2,147.4	2,674.5	2,488.9	2,369.5	2,098.0	2,040.2	1,980.9
1.2. Bonds	559.8	361.6	1,088.8	1,366.0	1,341.4	1,457.9	1,634.4	1,640.0	1,691.0	1,720.4
1.3. Loans and advances	109,523.9	128,882.3	161,694.2	188,462.5	210,424.0	210,733.2	206,151.3	204,034.7	205,279.3	205,933.2
1.4. Shares and participations	2,042.0	2,029.6	1,991.4	2,500.8	2,090.8	2,191.5	2,197.5	2,257.8	2,262.9	2,276.4
2. Claims in f/c	11,072.2	13,737.4	14,212.8	12,854.0	14,877.8	16,427.6	16,610.8	17,063.9	18,592.7	19,161.3
2.1. Securities	213.5	307.6	221.1	249.2	109.3	97.3	122.1	114.8	441.1	403.2
2.2. Loans and advances	10,858.6	13,429.8	13,991.6	12,604.9	14,768.5	16,330.3	16,488.6	16,949.1	18,151.7	18,758.1
Total (1+2)	125,707.9	147,340.9	180,967.8	207,330.7	231,408.6	233,299.0	228,963.5	227,094.5	229,866.1	231,072.1

Table D4: Banks' Claims on Other Domestic Sectors

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

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

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

end of period, million kuna

	2004	2005	2006	2007	2008	2009				2010
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.
LOANS IN KUNA										
1. Loans to central government and funds	3,870.0	4,495.0	8,156.4	7,982.0	7,926.5	10,394.8	10,309.0	10,952.7	8,156.4	8,474.1
1.1. Loans to central government	2,686.5	1,314.9	3,814.5	2,957.5	2,930.4	5,029.2	5,068.2	5,809.3	2,925.1	3,262.0
1.2. Loans to central government funds	1,183.5	3,180.1	4,341.9	5,024.5	4,996.1	5,365.6	5,240.8	5,143.4	5,231.3	5,212.1
2. Loans to local government	1,701.9	1,613.9	1,720.3	1,867.5	1,786.9	1,699.7	1,565.7	1,545.4	1,795.4	1,828.1
3. Loans to enterprises	42,844.7	49,105.9	64,666.3	74,001.7	82,431.7	82,614.9	81,123.7	80,088.3	80,913.1	81,431.5
4. Loans to households	64,977.2	78,162.4	95,307.6	112,593.3	126,205.3	126,418.6	123,461.8	122,401.0	122,570.8	122,673.5
o/w: Housing loans	21,397.9	27,571.1	36,927.3	45,218.6	52,305.5	52,988.7	52,028.6	52,388.1	52,949.4	53,321.3
5. Loans to other banking institutions	154.5	46.5	304.4	213.6	36.1	34.2	141.1	127.5	236.5	137.9
6. Loans to non-banking financial institutions	558.0	591.8	854.4	947.6	741.4	692.8	772.4	709.3	689.0	741.0
A. Total (1+2+3+4+5+6)	114,106.4	134,015.6	171,009.4	197,605.7	219,128.0	221,855.1	217,373.8	215,824.2	214,361.3	215,286.1
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	19,090.4	18,690.4	19,115.3	19,501.0	19,501.9
1.1. Loans to central government	2,431.3	5,992.8	4,195.4	4,120.1	9,542.9	14,973.1	14,605.9	14,552.7	14,558.4	14,571.4
1.2. Loans to central government funds	1,069.7	959.3	500.2	419.1	3,005.1	4,117.4	4,084.5	4,562.6	4,942.6	4,930.5
2. Loans to local government	31.9	63.0	11.3	8.7	5.5	5.6	4.3	3.0	3.0	1.7
3. Loans to enterprises	10,527.3	12,973.5	13,598.5	12,264.5	14,416.8	15,984.8	16,161.5	16,629.5	17,825.7	18,426.8
4. Loans to households	299.5	393.3	381.8	331.6	346.1	339.9	322.8	316.6	323.0	329.6
5. Loans to other banking institutions	52.9	19.9	68.1	74.0	1.2	22.4	30.3	8.6	31.0	14.2
6. Loans to non-banking financial institutions	255.3	512.3	360.5	668.0	143.5	211.6	283.1	253.7	269.4	232.0
B. Total (1+2+3+4+5+6)	14,667.8	20,914.1	19,115.9	17,886.0	27,461.1	35,654.7	35,492.4	36,326.6	37,953.0	38,506.2
TOTAL (A+B)	128,774.2	154,929.7	190,125.3	215,491.7	246,589.1	257,509.8	252,866.1	252,150.9	252,314.3	253,792.3

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

The table shows data on kuna and foreign currency loans granted

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

Table D6: Demand Deposits with Banks

end of period, million kuna

	2004	2005	2006	2007	2008	2009				2010
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.
1. Local government	2,020.7	1,688.7	1,803.8	2,689.4	2,441.1	1,599.9	1,192.9	1,242.2	1,377.7	1,264.1
2. Enterprises	12,036.9	13,344.2	16,668.6	19,599.3	16,896.1	13,061.2	13,122.8	13,022.5	14,893.1	16,442.4
3. Households	8,773.0	10,728.3	14,257.8	17,896.7	17,620.1	15,318.0	15,565.9	14,526.1	14,218.6	14,108.7
4. Other banking institutions	245.4	322.1	485.1	481.1	293.6	152.9	151.0	154.8	517.1	435.7
5. Non-banking financial institutions	517.5	571.3	697.6	1,205.2	921.1	678.7	752.1	601.3	893.4	1,055.2
6. Less: Checks of other banks and checks in collection	-2.2	-1.3	-1.2	-0.9	-0.7	-0.4	-0.5	-0.3	-0.3	-0.3
Total (1+2+3+4+5+6)	23,591.3	26,653.3	33,911.7	41,870.8	38,171.2	30,810.3	30,784.2	29,546.5	31,899.6	33,305.9

Table D6: Demand Deposits with Banks

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

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

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

Table D7: Time and Savings Deposits with Banks

end of period, million kuna

	2004	2005	2006	2007	2008	2009				2010
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.
1. Savings deposits	2,233.9	2,493.6	2,905.6	3,086.1	2,770.3	2,558.4	2,623.7	2,498.7	2,523.1	2,528.5
1.1. Local government	4.6	2.7	2.8	2.5	0.0	0.1	0.2	0.2	0.0	0.1
1.2. Enterprises	38.8	101.6	110.3	154.7	108.8	110.4	169.5	139.5	203.7	253.9
1.3. Households	2,190.5	2,388.3	2,792.4	2,929.0	2,657.7	2,447.0	2,443.7	2,348.9	2,268.9	2,260.8
1.4. Other banking institutions	–	–	–	–	–	–	–	5.0	5.0	5.0
1.5. Non-banking financial institutions	0.0	1.0	0.0	–	3.7	0.9	10.4	5.1	45.5	8.7
2. Time and notice deposits	20,245.4	25,498.4	41,931.3	50,558.8	47,300.1	44,675.0	42,381.8	40,591.2	36,616.3	35,038.1
2.1. Local government	550.8	508.7	491.8	549.5	726.0	1,340.8	1,101.6	1,210.3	498.8	813.3
2.2. Enterprises	8,698.5	8,222.5	14,715.4	18,414.8	16,268.0	13,849.9	12,278.4	13,819.0	11,559.0	9,057.6
2.3. Households	9,321.4	13,254.9	20,755.0	20,479.1	22,721.6	20,976.3	19,849.5	17,077.8	16,910.7	17,193.8
2.4. Other banking institutions	215.9	931.9	2,697.9	6,386.5	2,563.4	2,774.3	3,776.8	3,235.9	3,039.8	3,409.9
2.5. Non-banking financial institutions	1,458.8	2,580.4	3,271.3	4,728.9	5,021.1	5,733.8	5,375.5	5,248.2	4,608.1	4,563.5
Total (1+2)	22,479.2	27,992.1	44,836.8	53,644.9	50,070.3	47,233.4	45,005.5	43,089.9	39,139.4	37,566.6

Table D7: Time and Savings Deposits with Banks

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

Table D8: Foreign Currency Deposits with Banks

end of period, million kuna

	2004	2005	2006	2007	2008	2009				2010
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.
1. Savings deposits	22,144.6	22,641.0	22,698.6	22,845.0	21,262.2	20,815.2	20,791.9	22,266.5	20,781.0	20,660.7
1.1. Local government	15.6	11.9	30.8	27.5	22.1	9.9	21.5	9.5	25.5	10.0
1.2. Enterprises	4,273.2	4,408.3	4,589.7	5,543.6	5,132.0	4,497.2	5,135.4	5,755.5	5,053.6	4,758.6
1.3. Households	17,708.9	17,933.6	17,609.9	16,720.8	15,682.8	15,584.0	15,260.8	15,845.5	15,148.7	15,316.9
1.4. Other banking institutions	15.4	116.0	276.7	251.7	121.4	77.6	86.9	155.3	150.4	159.7
1.5. Non-banking financial institutions	131.6	171.3	191.4	301.5	303.9	646.5	287.2	500.7	402.9	415.5
2. Time deposits	59,598.3	64,119.7	65,558.1	80,245.1	95,932.6	102,049.7	103,097.2	111,159.5	114,629.6	115,717.0
2.1. Local government	0.3	3.2	1.9	2.1	2.3	2.6	2.5	8.5	2.5	6.2
2.2. Enterprises	8,518.6	8,154.2	7,086.2	10,391.9	11,215.5	10,815.2	10,910.4	12,914.5	13,516.9	13,250.9
2.3. Households	50,636.0	55,036.1	57,210.8	66,465.7	80,419.6	86,495.8	86,353.9	92,165.0	95,598.0	96,524.5
2.4. Other banking institutions	20.7	242.0	366.2	1,038.6	808.2	590.7	628.4	650.7	663.0	649.2
2.5. Non-banking financial institutions	422.7	684.2	892.9	2,346.8	3,487.0	4,145.4	5,202.1	5,420.8	4,849.1	5,286.2
Total (1+2)	81,742.9	86,760.8	88,256.7	103,090.1	117,194.8	122,865.0	123,889.1	133,426.0	135,410.6	136,377.7

Table D8: Foreign Currency Deposits with Banks

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

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

Table D9: Bonds and Money Market Instruments

end of period, million kuna

	2004	2005	2006	2007	2008	2009				2010
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.
1. Money market instruments (net)	–	–	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
2. Bonds (net)	170.5	164.9	340.9	632.0	609.5	601.8	606.4	619.9	765.3	766.0
3. Other domestic borrowing	993.0	912.1	502.5	576.0	1,920.8	1,289.3	1,215.5	1,390.5	596.7	691.6
3.1. Local government	–	–	–	–	–	–	–	–	–	–
3.2. Enterprises	40.3	40.8	0.0	152.9	3.5	3.8	4.1	5.3	4.6	4.5
3.3. Other banking institutions	842.8	828.1	492.8	266.4	1,719.2	1,285.5	1,206.4	1,383.1	551.8	669.4
3.4. Non-banking financial institutions	109.9	43.2	9.6	156.6	198.0	–	5.0	2.1	40.4	17.7
Total (1+2+3)	1,163.5	1,077.0	844.1	1,208.8	2,531.1	1,891.8	1,822.7	2,011.2	1,362.8	1,458.3

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 se-

curities issued.

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

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

Table D10: Banks' Foreign Liabilities

end of period, million kuna

	2004	2005	2006	2007	2008	2009				2010
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.
1. Foreign liabilities in f/c	54,536.7	52,073.3	55,114.3	48,461.3	54,726.8	56,979.1	56,174.0	57,000.3	60,046.7	57,947.6
1.1. Liabilities to foreign financial institutions	48,967.5	45,747.7	48,561.3	41,483.1	47,878.5	49,858.0	48,661.7	48,976.3	51,702.3	49,471.9
Demand deposits	127.6	156.3	195.0	258.8	176.6	171.0	196.2	296.3	221.0	248.5
Time and notice deposits	16,056.8	12,523.1	12,174.1	10,562.9	14,016.4	17,744.1	18,245.9	20,913.8	21,945.8	20,476.7
Loans and advances	29,369.5	29,775.6	32,903.9	27,373.0	30,408.3	28,603.7	27,106.3	27,766.3	29,535.4	28,746.6
o/w: Subordinated and hybrid instruments	2,399.4	1,167.4	820.7	405.9	1,585.1	1,958.3	1,922.4	1,925.1	2,000.7	2,007.6
Bonds	3,413.6	3,292.6	3,288.3	3,288.4	3,277.1	3,339.2	3,113.2	–	–	–
1.2. Liabilities to foreign non-banks	5,569.2	6,325.6	6,553.0	6,978.2	6,848.4	7,121.1	7,512.4	8,024.0	8,344.4	8,475.7
Savings and time deposits	5,002.2	5,846.3	6,192.4	6,729.9	6,719.0	7,047.4	7,440.4	8,015.4	8,336.3	8,467.6
Sight deposits	1,052.5	1,172.9	1,635.8	1,537.2	1,374.5	1,420.1	1,494.8	1,262.8	1,267.8	1,265.6
Time and notice deposits	3,949.6	4,673.4	4,556.7	5,192.7	5,344.6	5,627.4	5,945.6	6,752.6	7,068.6	7,202.0
Loans and advances	567.1	479.3	360.5	248.3	129.3	73.7	72.0	8.6	8.0	8.1
o/w: Subordinated and hybrid instruments	0.2	–	–	–	–	–	–	–	–	–
2. Foreign liabilities in kuna	6,627.0	15,039.1	20,961.8	16,691.3	20,569.2	19,564.2	21,606.5	19,582.6	20,318.6	19,008.4
2.1. Liabilities to foreign financial institutions	6,103.9	14,099.6	20,087.0	16,093.8	20,061.0	19,087.8	21,175.9	19,191.8	19,943.0	18,619.5
Demand deposits	145.1	179.6	1,438.1	519.0	898.1	426.2	315.7	215.8	359.1	497.6
Time and notice deposits	2,846.9	6,979.5	11,198.8	11,423.7	15,014.2	14,512.8	15,956.1	14,059.3	14,654.3	13,180.7
Loans and advances	3,111.9	6,940.5	7,450.2	4,151.2	4,148.8	4,148.8	4,904.1	4,916.7	4,929.6	4,941.2
o/w: Subordinated and hybrid instruments	–	405.7	404.0	0.4	–	–	723.7	736.3	749.2	760.7
2.2. Liabilities to foreign non-banks	523.1	939.5	874.8	597.5	508.2	476.4	430.6	390.8	375.7	388.9
Demand deposits	95.9	180.3	170.1	253.2	257.0	237.6	217.7	208.0	222.8	236.5
Time and notice deposits	419.2	755.2	703.3	340.6	245.7	233.2	204.4	174.2	144.4	143.9
Loans and advances	8.0	4.0	1.4	3.7	5.5	5.5	8.5	8.5	8.5	8.5
o/w: Subordinated and hybrid instruments	8.0	4.0	1.4	3.7	5.5	5.5	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	76,543.2	77,780.5	76,582.9	80,365.3	76,956.0

Table D10: Banks' Foreign Liabilities

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

Banks' foreign liabilities comprise foreign currency liabilities and

foreign kuna liabilities.

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

Table D11: Central Government and Funds' Deposits with Banks

end of period, million kuna

	2004	2005	2006	2007	2008	2009				2010
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.
1. In kuna	5,627.2	7,596.1	9,030.0	11,535.0	14,185.1	14,752.1	15,003.4	15,720.0	15,124.1	15,236.1
1.1. Central government deposits	445.1	605.0	497.5	666.4	429.5	378.2	1,021.7	1,353.8	356.6	493.2
Demand deposits	373.3	458.1	366.2	454.9	176.7	154.4	174.2	169.3	189.3	255.6
Savings deposits	4.2	1.8	2.1	1.2	1.1	0.7	0.8	0.7	0.6	0.6
Time and notice deposits	66.5	144.0	128.1	209.3	251.6	223.1	846.7	1,183.8	166.7	237.0
Loans and advances	1.1	1.0	1.0	1.0	–	–	–	–	–	–
1.2. Central government funds' deposits	5,182.2	6,991.1	8,532.6	10,868.6	13,755.5	14,373.9	13,981.7	14,366.2	14,767.5	14,742.9
Demand deposits	266.3	580.2	254.6	330.1	645.6	412.9	276.6	282.8	389.5	201.5
Savings deposits	3.5	1.9	14.6	2.4	0.0	0.0	0.0	0.0	0.3	0.1
Time and notice deposits	262.3	251.7	496.7	413.6	385.8	584.7	719.0	451.3	410.8	475.0
Loans and advances	4,650.0	6,157.3	7,766.7	10,122.4	12,724.1	13,376.4	12,986.2	13,632.1	13,966.9	14,066.2
2. In f/c	1,194.6	1,690.9	1,770.4	1,990.8	1,822.5	2,059.1	2,373.7	1,476.0	3,095.2	1,538.8
2.1. Central government deposits	891.0	906.2	811.7	759.4	1,122.5	1,286.6	1,144.3	1,004.3	1,088.3	1,015.7
Savings deposits	189.7	340.6	264.8	527.4	666.8	754.6	522.2	469.2	716.8	337.5
Time and notice deposits	23.2	38.7	275.0	49.7	330.0	428.5	526.9	474.0	309.4	646.1
Refinanced loans and advances	678.1	527.0	271.9	182.3	125.7	103.6	95.3	61.1	62.2	32.1
2.2. Central government funds' deposits	303.6	784.7	958.6	1,231.4	699.9	772.4	1,229.4	471.7	2,006.9	523.1
Savings deposits	156.5	139.4	93.4	85.7	107.1	59.5	86.3	94.3	106.6	54.3
Time and notice deposits	147.1	25.8	356.2	153.8	519.6	563.8	482.4	377.4	256.4	212.8
Loans and advances	–	619.6	509.0	991.8	73.2	149.1	660.7	–	1,643.9	256.0
Total (1+2)	6,821.8	9,287.0	10,800.4	13,525.8	16,007.5	16,811.2	17,377.1	17,196.0	18,219.3	16,774.8

Table D11: Central Government and Funds' Deposits with Banks

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

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

Table D12: Restricted and Blocked Deposits with Banks

end of period, million kuna

	2004	2005	2006	2007	2008	2009				2010
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.
1. Restricted deposits	2,014.6	2,036.4	2,447.6	2,252.3	3,038.4	2,860.0	3,060.1	2,880.5	2,548.4	2,530.7
1.1. In kuna	1,267.4	1,277.1	1,427.0	1,322.8	1,478.8	1,430.7	1,546.5	1,444.8	1,366.0	1,394.1
1.2. In f/c	747.2	759.3	1,020.5	929.5	1,559.6	1,429.3	1,513.6	1,435.7	1,182.5	1,136.6
2. Blocked f/c deposits of households	40.0	–	–	–	–	–	–	–	–	–
Total (1+2)	2,054.6	2,036.4	2,447.6	2,252.3	3,038.4	2,860.0	3,060.1	2,880.5	2,548.4	2,530.7

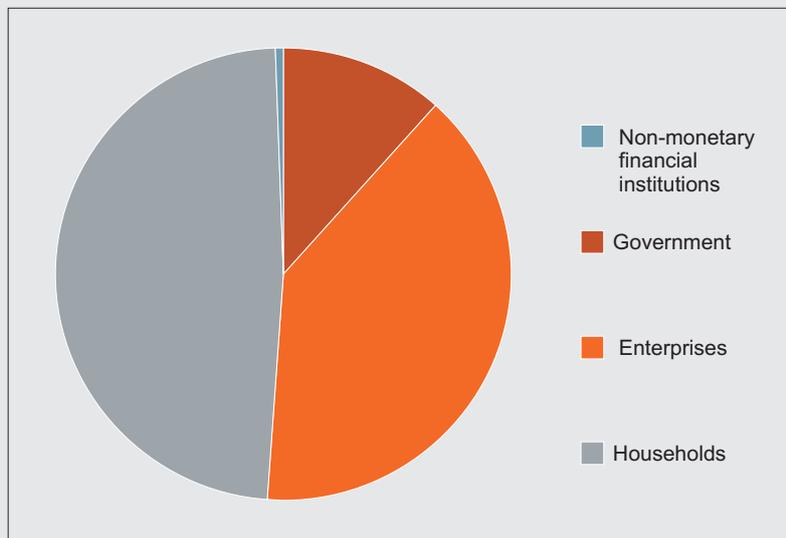
Table D12: Restricted and Blocked Deposits with Banks

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

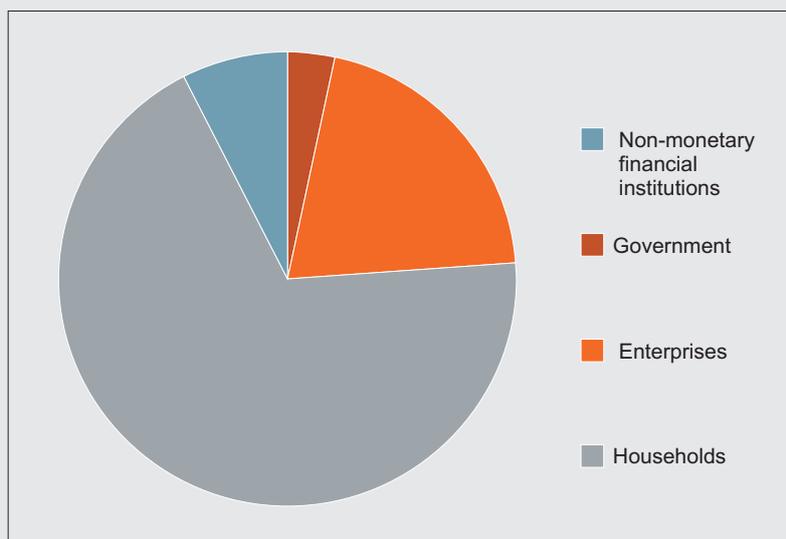
DISTRIBUTION OF BANKS' LOANS BY DOMESTIC INSTITUTIONAL SECTORS



January 2010

Figure D2

DISTRIBUTION OF BANKS' DEPOSITS BY DOMESTIC INSTITUTIONAL SECTORS



January 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.

Table E1: Housing Savings Banks' Accounts

end of period, million kuna

	2004	2005	2006	2007	2008	2009				2010
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.
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	3,257.2	3,173.7	3,118.7	3,137.9	3,128.2
3. Claims on other domestic sectors	373.2	575.5	1,296.0	2,220.4	2,857.9	2,962.7	2,938.4	2,958.4	2,979.1	2,970.9
o/w: Claims on households	373.2	575.5	1,296.0	2,220.4	2,857.9	2,962.7	2,938.4	2,958.4	2,979.1	2,970.9
4. Claims on banks	824.2	994.4	181.4	133.6	533.7	232.9	257.6	286.6	294.8	300.1
5. Claims on other banking institutions	–	–	–	–	–	–	–	–	–	–
Total (1+2+3+4+5)	4,976.6	5,844.2	6,152.3	6,390.5	6,787.1	6,452.8	6,369.7	6,363.7	6,411.7	6,399.2
LIABILITIES										
1. Time deposits	4,728.2	5,514.7	5,803.6	6,037.9	6,297.6	5,939.5	5,733.5	5,669.9	5,711.8	5,716.9
2. Bonds and money market instruments	10.7	10.3	61.7	40.1	91.5	102.3	156.4	179.7	230.8	198.7
3. Capital accounts	206.7	258.0	244.7	303.0	390.6	391.9	446.1	464.0	478.1	486.4
4. Other items (net)	30.8	61.1	42.2	9.6	7.4	19.0	33.8	50.1	–8.9	–2.8
Total (1+2+3+4)	4,976.6	5,844.2	6,152.3	6,390.5	6,787.1	6,452.8	6,369.7	6,363.7	6,411.7	6,399.2

Table E1: Housing Savings Banks' Accounts

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

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

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

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

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

tions with banks.

Claims on other banking institutions include investments in investment funds.

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

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

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

Table F1: Credit Rates of the Croatian National Bank

in percentage, on annual basis

Year	Month	CNB discount rate	CNB repo rate ^a	Credit rates					
				On lombard credits ^b	On intervention credits	On intra-day refinancing facility ^b	On short-term liquidity credits	On inaccurately calculated statutory reserves ^b	On arrears
1	2	3	4	5	6	7	8	9	10
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	February	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	March	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	April	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	May	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	June	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	July	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	August	9.00	6.00	9.00	–	–	10.00	15.00	15.00
	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

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

Table F1: Credit Rates of the Croatian National Bank

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

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

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

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

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

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

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

Table F2: Deposit Rates of the Croatian National Bank

in percentage, on annual basis

Year	Month	Interest rates on statutory reserves dep. with the CNB	Interest rates on CNB bills on an obligatory basis	Interest rates on CNB bills on a voluntary basis ^a				Interest rates on f/c CNB bills on a voluntary basis					Interest rates on overnight deposits
				Due in 7 days	Due in 35 days	Due in 70 days	Due in 105 days	Due in 35 days	Due in 63 days	Due in 91 days	Due in 182 days	Due in 364 days	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
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	February	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	March	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	April	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	May	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	June	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	July	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	August	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
	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	0.25	–	–	–	–	–	–	–	–	–	0.50

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

Table F2: Deposit Rates of the Croatian National Bank

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

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

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

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

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

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

Table F3: Banks' Reserve Requirements

daily averages and percentages, million kuna and %

Year	Month	Weighted average res. requirement in % on res. base	Reserve requirement (RR)			Other obligatory deposits with the CNB	Statutory reserves deposited with the CNB		Weighted avg. remuneration rate on immobilised funds in kuna	Weighted avg. remuneration rate on allocated funds in f/c
			Total	In kuna	In f/c		In kuna	In f/c		
1	2	3	4=5+6	5	6	7	8	9	10	11
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	February	14.00	40,527.5	34,390.5	6,137.0	520.7	24,073.3	4,489.8	0.52	0.48
	March	14.00	40,827.0	34,487.6	6,339.4	546.4	24,125.1	4,648.0	0.52	0.39
	April	14.00	40,250.8	33,875.8	6,375.0	380.4	23,707.5	4,667.4	0.52	0.31
	May	14.00	40,074.1	33,683.7	6,390.5	167.1	23,578.5	4,691.6	0.52	0.30
	June	14.00	39,992.9	33,592.4	6,400.5	144.0	23,514.6	4,711.6	0.52	0.25
	July	14.00	39,996.9	33,607.3	6,389.6	140.2	23,525.1	4,703.7	0.52	0.22
	August	14.00	40,057.0	33,623.7	6,433.2	136.0	23,536.5	4,726.5	0.52	0.30
	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	0.0	23,567.0	4,937.3	0.52	–

Table F3: Banks' Reserve Requirements

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

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

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

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

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

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

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

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

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

Table F4: Banks' Liquidity Indicators

daily averages and percentages, million kuna and %

Year	Month	Free reserves		Primary liquidity ratio	Secondary liquidity sources	Kuna CNB bills	F/c CNB bills	Kuna MoF treasury bills
		In kuna	In f/c					
1	2	3	4	5	6	7	8	9
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	February	347.9	29,085.6	0.30	1,224.6	–	–	5,099.0
	March	293.1	25,644.7	0.27	1,266.3	–	–	6,156.5
	April	266.5	25,096.0	0.25	377.8	–	–	5,244.3
	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	–	–	–

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

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.

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	February	18.97	16.43	11.53	11.59	10.24	12.54	13.10	4.52	10.38	9.57	11.08	
	March	13.67	14.57	11.61	11.69	10.25	12.53	13.15	4.48	10.29	9.26	10.97	
	April	6.13	7.55	11.38	11.44	9.96	12.36	12.93	4.48	10.43	9.63	11.03	
	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	
	Relative significance ^a	–	–	74.41	71.30	27.70	43.60	41.14	2.47	3.10	0.67	2.44	

^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 sep-

arately 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.

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

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

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

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

Year	Month	Interest rates on kuna credits indexed to foreign currency									Interest rates on credits in euros		
		On short-term credits						On long-term credits			Total average	On short-term credits	On long-term credits
		Total average	Total average	Enterprises	Households	Total average	Enterprises	Households					
								Total average	Housing credits	Other			
1	2	3	4	5	6	7	8	9	10	11	12	13	14
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	February	7.88	8.05	7.96	9.24	7.73	6.93	8.25	6.21	9.33	6.39	6.52	6.20
	March	8.20	8.56	8.53	9.12	7.91	7.37	8.25	6.19	9.25	6.98	7.08	6.81
	April	8.08	8.44	8.36	9.44	7.82	6.95	8.47	6.27	9.53	7.04	7.42	5.70
	May	8.08	8.11	8.01	9.55	8.05	7.24	8.55	6.33	9.68	7.56	7.72	7.28
	June	8.21	8.36	8.29	9.43	8.10	7.85	8.36	6.28	9.59	7.65	7.82	7.24
	July	8.06	8.36	8.23	10.44	7.88	7.34	8.56	6.49	9.73	7.69	7.82	7.50
	August	8.19	8.47	8.41	9.43	8.00	7.21	8.61	6.45	9.87	7.77	8.08	7.43
	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
	Relative significance ^a	18.54	8.76	8.42	0.35	9.78	3.84	5.94	1.75	4.19	7.05	2.34	4.72

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

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

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

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

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

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

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

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

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

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

Year	Month	Interest rates on kuna deposits not indexed to foreign currency								
		Total average	In giro and current accounts	On time deposits						
				Total average	On short-term deposits			On long-term deposits		
					Total average	Households	Enterprises	Total average	Households	Enterprises
1	2	3	4	5	6	7	8	9	10	11
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	February	4.41	0.47	11.83	11.96	5.68	12.73	9.67	5.67	10.24
	March	3.77	0.46	9.30	9.28	5.51	9.69	9.82	5.89	10.56
	April	3.32	0.44	6.49	6.41	5.30	6.56	8.12	6.17	8.46
	May	3.19	0.44	6.01	5.87	5.38	5.94	8.17	6.21	8.53
	June	3.13	0.45	6.05	5.93	5.38	6.01	7.93	6.27	8.22
	July	3.27	0.45	6.83	6.69	5.23	6.86	8.80	6.12	9.13
	August	3.12	0.46	6.48	6.34	5.12	6.45	8.46	6.18	8.70
	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
	Relative significance ^a	51.58	33.83	14.84	12.38	3.12	9.26	2.46	0.38	2.08

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

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

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

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

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

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

Column 3 reports the weighted averages of monthly interest rates

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

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

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

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

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

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

Year	Month	Interest rates on savings and time deposits indexed to f/c			Interest rates on foreign currency deposits					
		Total average	On short-term deposits	On long-term deposits	Total average	Savings deposits				
						Households		Enterprises		
1	2	3	4	5	6	7	EUR	USD	EUR	USD
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	February	4.23	3.74	4.55	3.90	0.19	0.20	0.15	0.20	0.09
	March	3.52	3.72	4.83	3.92	0.19	0.21	0.16	0.16	0.12
	April	3.94	3.75	2.67	3.96	0.19	0.21	0.17	0.14	0.11
	May	3.70	3.66	4.25	3.88	0.19	0.21	0.16	0.14	0.09
	June	3.99	3.59	4.21	3.96	0.18	0.21	0.16	0.11	0.08
	July	4.24	3.68	4.82	4.03	0.18	0.20	0.16	0.12	0.08
	August	3.95	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 ^b	3.07	3.33	3.88	0.19	0.22	0.16	0.11	0.07
	Relative significance ^a	0.78	0.74	0.04	47.65	21.48	14.81	1.75	4.49	0.43

^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, 37.83% refers to enterprises.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Year	Month	Interest rates on foreign currency deposits										
		On time deposits										
		Total average	On short-term deposits				On long-term deposits					
			Total average	Households		Enterprises		Total average	Households		Enterprises	
EUR	USD	EUR		USD	EUR	USD	EUR		USD			
1	2	12	13	14	15	16	17	18	19	20	21	22
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	February	3.74	3.52	4.18	2.72	3.62	1.85	5.48	5.57	3.68	5.11	2.00
	March	3.88	3.71	4.11	2.67	3.68	2.18	5.17	5.44	3.78	4.59	–
	April	3.91	3.72	4.16	2.69	3.49	2.44	5.44	5.57	3.69	5.13	3.50
	May	3.60	3.43	4.10	2.67	2.97	2.07	5.18	5.42	3.85	3.25	–
	June	3.85	3.71	4.25	2.69	3.42	2.59	5.29	5.55	3.99	3.54	2.27
	July	3.95	3.80	4.39	2.72	3.51	2.54	5.54	5.60	3.86	5.57	3.04
	August	3.95	3.83	4.48	2.77	3.45	2.38	5.37	5.40	3.99	5.71	–
	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
	Relative significance ^a	26.17	23.54	12.18	0.67	9.67	1.02	2.62	2.43	0.11	0.08	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).

Table G5: Banks' Trade with Foreign Exchange

million euros, current exchange rate

	2004	2005	2006	2007	2008	2009	2009				2010 Jan.
							Mar.	Jun.	Sep.	Dec.	
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	1,435.6	1,410.9	1,800.8	3,422.9	1,707.5
2. Natural persons	3,934.4	4,931.8	6,262.7	6,151.3	4,755.3	4,920.3	337.0	461.8	384.0	369.6	263.7
2.1. Residents	3,586.1	4,662.6	5,909.4	3,184.0	4,252.9	4,389.6	316.9	395.3	335.7	342.3	240.2
2.2. Non-residents	348.3	269.2	353.2	326.3	502.4	530.7	20.1	66.5	48.4	27.4	23.5
3. Domestic banks	10,799.3	9,069.9	14,380.1	20,141.3	20,017.6	10,964.5	425.9	1,208.8	1,163.3	950.2	767.9
4. Foreign banks	1,426.2	2,602.3	5,056.8	5,194.1	7,342.5	5,681.9	381.6	643.8	439.4	454.2	365.7
5. Croatian National Bank	33.0	–	125.5	–	420.6	1,899.4	261.3	288.0	–	–	–
Total (1+2+3+4)	24,110.1	25,106.0	40,439.5	57,851.7	65,594.2	43,405.9	2,841.4	4,013.3	3,787.5	5,196.9	3,104.8
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	1,360.2	1,790.6	1,961.2	3,169.4	1,657.0
2. Natural persons	1,671.1	2,722.5	4,109.1	3,712.5	4,366.4	3,205.5	268.4	178.3	230.7	197.2	123.5
2.1. Residents	1,654.5	2,693.9	4,056.4	2,071.3	4,335.2	3,186.0	267.3	176.9	229.0	196.0	122.8
2.2. Non-residents	16.6	28.6	52.6	40.0	31.2	19.5	1.1	1.4	1.7	1.2	0.8
3. Domestic banks	10,799.3	9,069.9	14,380.1	20,141.3	20,017.6	10,964.5	425.9	1,208.8	1,163.3	950.2	767.9
4. Foreign banks	1,001.1	1,407.1	3,526.1	4,072.6	6,615.7	5,281.5	450.3	662.1	395.1	353.1	393.5
5. Croatian National Bank	543.2	670.8	1,329.5	839.0	409.1	2,224.2	619.2	–	1.3	271.3	–
Total (1+2+3+4)	25,295.0	26,892.7	40,859.7	57,329.5	66,857.5	43,382.7	3,124.0	3,839.8	3,751.7	4,941.2	2,941.9
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	75.4	–379.7	–160.4	253.4	50.5
2. Natural persons	2,263.3	2,209.3	2,153.6	2,438.9	388.9	1,714.8	68.6	283.5	153.3	172.4	140.2
2.1. Residents	1,931.6	1,968.7	1,853.0	1,112.7	–82.2	1,203.6	49.6	218.4	106.7	146.3	117.5
2.2. Non-residents	331.7	240.6	300.6	286.3	471.1	511.2	19.0	65.1	46.6	26.1	22.8
3. Foreign banks	425.1	1,195.2	1,530.7	1,121.4	726.8	400.4	–68.7	–18.2	44.2	101.1	–27.8
4. Croatian National Bank	–510.2	–670.8	–1,204.0	–839.0	11.5	–324.8	–357.9	288.0	–1.3	–271.3	–
Total (1+2+3)	–1,636.9	–1,845.2	–592.1	522.2	–1,263.3	23.2	–282.6	173.5	35.8	255.7	162.9
Memo items: Other Croatian National Bank transactions											
Purchase of foreign exchange	145.1	–	3.1	5.1	265.4	664.6	0.2	473.2	0.2	119.1	0.1
Sale of foreign exchange	239.3	167.6	441.3	176.7	83.7	98.3	–	–	1.6	11.6	0.0

Table G5: Banks' Trade with Foreign Exchange

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

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

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

Table H1: Balance of Payments – Summary^{a,b}

million euros

	2004	2005	2006	2007 ^c	2008 ^c	2009 ^d	2009			
							Q1 ^c	Q2 ^c	Q3 ^c	Q4 ^d
A. CURRENT ACCOUNT (1+6)	-1,433.7	-1,975.6	-2,717.1	-3,237.7	-4,371.0	-2,361.1	-1,845.7	-868.2	1,794.4	-1,441.7
1. Goods, services, and income (2+5)	-2,625.5	-3,159.5	-3,824.5	-4,280.7	-5,406.9	-3,395.6	-2,052.5	-1,162.7	1,553.3	-1,733.8
1.1. Credit	14,952.8	15,990.2	17,883.1	19,600.2	21,256.5	16,920.6	2,916.7	4,224.5	6,579.8	3,199.5
1.2. Debit	-17,578.4	-19,149.7	-21,707.6	-23,880.9	-26,663.5	-20,316.3	-4,969.2	-5,387.3	-5,026.5	-4,933.3
2. Goods and services (3+4)	-1,955.3	-2,200.2	-2,641.6	-3,166.6	-3,835.9	-1,731.2	-1,597.0	-609.7	1,903.4	-1,428.0
2.1. Credit	14,243.5	15,272.9	16,990.4	18,307.2	19,904.6	16,129.7	2,701.9	4,023.0	6,374.7	3,030.0
2.2. Debit	-16,198.8	-17,473.2	-19,632.0	-21,473.8	-23,740.5	-17,860.9	-4,298.9	-4,632.7	-4,471.3	-4,458.0
3. Goods	-6,724.2	-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
3.1. Credit	6,606.8	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
3.2. Debit	-13,330.9	-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
4. Services	4,768.9	5,317.7	5,702.7	6,267.4	6,957.9	5,666.8	134.8	1,402.1	3,740.2	389.8
4.1. Credit	7,636.7	8,052.6	8,526.8	9,114.7	10,090.6	8,439.1	773.3	2,121.4	4,486.1	1,058.3
4.2. Debit	-2,867.8	-2,734.9	-2,824.2	-2,847.3	-3,132.7	-2,772.4	-638.6	-719.3	-745.9	-668.5
5. Income	-670.2	-959.2	-1,182.9	-1,114.1	-1,571.1	-1,664.4	-455.4	-553.1	-350.1	-305.8
5.1. Credit	709.4	717.3	892.7	1,293.0	1,351.9	791.0	214.8	201.5	205.1	169.5
5.2. Debit	-1,379.6	-1,676.5	-2,075.6	-2,407.1	-2,922.9	-2,455.4	-670.3	-754.6	-555.2	-475.3
6. Current transfers	1,191.8	1,183.8	1,107.4	1,043.0	1,035.9	1,034.5	206.8	294.6	241.1	292.1
6.1. Credit	1,584.6	1,628.4	1,639.5	1,576.1	1,684.4	1,606.1	348.7	431.0	388.3	438.2
6.2. Debit	-392.8	-444.6	-532.1	-533.1	-648.5	-571.6	-141.9	-136.4	-147.2	-146.1
B. CAPITAL AND FINANCIAL ACCOUNT	2,561.0	3,014.3	3,670.2	4,141.9	5,951.4	3,058.8	2,301.2	532.9	-248.4	473.2
B1. Capital account	31.4	53.8	-134.0	29.6	15.3	39.4	-3.4	5.3	5.8	31.7
B2. Financial account, excl. reserves	2,572.6	3,782.3	5,216.4	4,833.9	5,605.7	3,915.8	1,893.8	859.0	-281.4	1,444.4
1. Direct investment	670.8	1,276.1	2,556.6	3,490.0	3,226.5	963.2	416.2	467.1	-34.1	114.1
1.1. Abroad	-278.8	-191.8	-208.2	-180.2	-965.2	-912.0	-35.1	-28.5	-743.4	-105.0
1.2. In Croatia	949.6	1,467.9	2,764.8	3,670.2	4,191.7	1,875.2	451.2	495.6	709.2	219.1
2. Portfolio investment	287.1	-1,177.9	-542.3	-2.9	-627.2	274.7	-425.3	369.8	-399.6	729.8
2.1. Assets	-736.1	-571.2	-472.5	-413.7	-273.3	-761.5	146.3	-65.1	-248.9	-593.7
2.2. Liabilities	1,023.2	-606.6	-69.8	410.8	-353.9	1,036.2	-571.6	435.0	-150.7	1,323.5
3. Financial derivatives	0.0	-88.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Other investment	1,614.7	3,772.5	3,202.1	1,346.8	3,006.4	2,677.9	1,903.0	22.1	152.3	600.5
4.1. Assets	-498.4	982.2	-692.3	-1,653.3	-1,620.9	681.8	1,938.5	-947.4	-616.3	307.1
4.2. Liabilities	2,113.0	2,790.3	3,894.4	3,000.1	4,627.3	1,996.1	-35.5	969.5	768.6	293.4
B3. Reserve assets	-43.0	-821.8	-1,412.2	-721.6	330.4	-896.4	410.7	-331.3	27.2	-1,003.0
C. NET ERRORS AND OMISSIONS	-1,127.3	-1,038.6	-953.1	-904.2	-1,580.4	-697.7	-455.5	335.3	-1,546.0	968.6

^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 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.

Table: H1-H6: Balance of Payments

The balance of payments of the Republic of Croatia represents a systematic overview of the value of economic transactions performed by the Croatian residents with foreign countries within a particular period. It is compiled in accordance with the recommendations of the International Monetary Fund (Balance of Payments Manual, Fifth Edition, 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:

- 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 previ-

Table H2: Balance of Payments – Goods and Services

million euros

	2004	2005	2006	2007	2008	2009 ^a	2009			
							Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^a
Goods	-6,724.2	-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. Credit	6,606.8	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
1.1. Exports (f.o.b.) in trade statistics	6,453.8	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
1.2. Adjustments for coverage	153.0	150.9	212.0	191.0	228.9	173.8	35.8	37.0	53.4	47.5
2. Debit	-13,330.9	-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
2.1. Imports (c.i.f.) in trade statistics	-13,354.4	-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
2.2. Adjustments for coverage	-474.7	-346.4	-341.1	-370.4	-421.4	-331.1	-65.7	-81.5	-100.6	-83.3
2.3. Adjustments for classification	498.1	557.6	638.0	570.4	630.8	461.1	112.3	119.7	113.3	115.8
Services	4,768.9	5,317.7	5,702.7	6,267.4	6,957.9	5,666.8	134.8	1,402.1	3,740.2	389.8
1. Transportation	299.3	376.1	474.2	542.1	508.5	255.0	51.2	72.4	90.8	40.5
1.1. Credit	791.3	880.3	1,037.5	1,165.4	1,209.4	752.0	173.9	197.2	220.6	160.3
1.2. Debit	-492.0	-504.2	-563.2	-623.3	-700.9	-497.1	-122.7	-124.8	-129.8	-119.8
2. Travel	4,822.3	5,394.9	5,708.7	6,035.2	6,694.0	5,648.6	171.9	1,399.9	3,660.9	415.9
2.1. Credit	5,505.6	5,998.9	6,293.3	6,752.6	7,459.4	6,366.8	300.7	1,590.1	3,897.0	579.0
2.1.1. Business	328.2	504.0	388.4	389.2	386.4	255.7	40.0	94.3	65.7	55.8
2.1.2. Personal	5,177.4	5,494.9	5,904.9	6,363.4	7,073.1	6,111.0	260.7	1,495.8	3,831.3	523.2
2.2. Debit	-683.3	-604.1	-584.6	-717.3	-765.5	-718.2	-128.8	-190.2	-236.1	-163.0
2.2.1. Business	-297.3	-267.4	-229.5	-266.9	-261.3	-240.8	-40.2	-70.1	-63.9	-66.6
2.2.2. Personal	-386.0	-336.7	-355.1	-450.4	-504.2	-477.3	-88.7	-120.0	-172.2	-96.4
3. Other services	-352.7	-453.3	-480.3	-310.0	-244.6	-236.8	-88.4	-70.2	-11.6	-66.7
3.1. Credit	1,339.8	1,173.4	1,196.0	1,196.8	1,421.8	1,320.4	298.7	334.1	368.5	319.1
3.2. Debit	-1,692.5	-1,626.6	-1,676.3	-1,506.7	-1,666.4	-1,557.2	-387.1	-404.3	-380.0	-385.7

^a Preliminary data. ^b Revised data.

ously 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 sup-

plemented by a portion of transportation and insurance costs related to imports of goods which belongs to non-residents and which is estimated by adjusting the value of imports at c.i.f. parity to the value of imports f.o.b.

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

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

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

Table H3: Balance of Payments – Income and Current Transfers

million euros

	2004	2005	2006	2007	2008 ^a	2009 ^b	2009			
							Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^b
Income	-670.2	-959.2	-1,182.9	-1,114.1	-1,571.1	-1,664.4	-455.4	-553.1	-350.1	-305.8
1. Compensation of employees	233.9	259.7	373.2	494.2	564.1	586.5	146.0	149.3	141.8	149.5
1.1. Credit	268.3	289.2	404.3	527.8	599.7	624.2	154.9	159.1	151.1	159.1
1.2. Debit	-34.4	-29.5	-31.1	-33.6	-35.5	-37.6	-8.9	-9.8	-9.3	-9.7
2. Direct investment income	-441.6	-739.0	-1,002.0	-923.3	-1,138.1	-1,002.6	-271.7	-387.8	-181.7	-161.4
2.1. Credit	175.6	112.7	80.7	174.5	194.6	-59.2	-6.7	-9.9	8.9	-51.5
o/w: Reinvested earnings	165.8	63.8	64.0	123.3	118.6	-97.6	-15.2	-19.1	-5.0	-58.2
2.2. Debit	-617.3	-851.8	-1,082.7	-1,097.8	-1,332.6	-943.4	-264.9	-377.9	-190.6	-109.9
o/w: Reinvested earnings	-291.7	-570.5	-717.5	-483.3	-508.5	-171.3	109.3	-101.3	-120.7	-58.6
3. Portfolio investment income	-250.0	-217.6	-175.9	-162.9	-145.8	-150.5	-29.7	-33.8	-43.3	-43.7
3.1. Credit	32.7	46.2	57.4	74.5	74.6	70.2	17.8	15.3	12.0	25.2
3.2. Debit	-282.7	-263.8	-233.3	-237.4	-220.4	-220.7	-47.5	-49.0	-55.3	-68.9
4. Other investment income	-212.5	-262.3	-378.2	-522.2	-851.3	-1,097.8	-300.0	-280.7	-266.9	-250.1
4.1. Credit	232.7	269.1	350.3	516.2	483.0	155.8	48.9	37.1	33.1	36.7
4.2. Debit	-445.2	-531.4	-728.6	-1,038.4	-1,334.3	-1,253.6	-348.9	-317.9	-300.0	-286.8
Current transfers	1,191.8	1,183.8	1,107.4	1,043.0	1,035.9	1,034.5	206.8	294.6	241.1	292.1
1. General government	2.6	9.7	-8.6	-16.7	-54.6	-30.7	-31.5	20.4	-30.5	10.9
1.1. Credit	180.1	219.6	255.7	260.2	342.6	308.4	52.2	100.7	59.9	95.5
1.2. Debit	-177.5	-209.9	-264.4	-276.8	-397.3	-339.0	-83.7	-80.3	-90.4	-84.6
2. Other sectors	1,189.2	1,174.1	1,116.0	1,059.6	1,090.5	1,065.2	238.3	274.1	271.6	281.1
2.1. Credit	1,404.5	1,408.8	1,383.8	1,316.0	1,341.7	1,297.8	296.5	330.2	328.4	342.7
2.2. Debit	-215.3	-234.6	-267.7	-256.3	-251.2	-232.6	-58.2	-56.1	-56.8	-61.5

^a Revised data. ^b Preliminary data.

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

transactions related to insurance services.

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

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

Data on equity portfolio investments are collected from the same data source as the data on direct investments. Debt portfolio investments include all investments in short-term and long-term debt securities that cannot be classified under direct investments. In the 1997-1998 period, these data were collected through the CNB Research on direct and portfolio investments, and since 1999 data on external debt relations and monetary statistics data for bank investment have

Table H4: Balance of Payments – Direct and Portfolio Investments^{a,b}

million euros

	2004	2005	2006	2007	2008 ^c	2009 ^d	2009			
							Q1 ^c	Q2 ^c	Q3 ^c	Q4 ^d
Direct investment	670.8	1,276.1	2,556.6	3,490.0	3,226.5	963.2	416.2	467.1	-34.1	114.1
1. Abroad	-278.8	-191.8	-208.2	-180.2	-965.2	-912.0	-35.1	-28.5	-743.4	-105.0
1.1. Equity capital and reinvested earnings	-259.6	-121.0	-211.9	-234.3	-1,071.0	-905.1	-103.7	-43.1	-715.7	-42.6
1.1.1. Claims	-260.0	-122.2	-211.9	-237.4	-1,071.0	-1,002.7	-119.0	-62.2	-720.7	-100.8
1.1.2. Liabilities	0.4	1.3	0.0	3.1	0.0	97.6	15.2	19.1	5.0	58.2
1.2. Other capital	-19.2	-70.9	3.7	54.1	105.7	-6.9	68.6	14.5	-27.7	-62.4
1.1.1. Claims	-23.6	-59.8	-13.9	20.2	106.8	-43.2	47.3	-13.9	-42.4	-34.1
1.2.2. Liabilities	4.4	-11.1	17.6	33.9	-1.1	36.3	21.4	28.4	14.8	-28.3
2. In Croatia	949.6	1,467.9	2,764.8	3,670.2	4,191.7	1,875.2	451.2	495.6	709.2	219.1
2.1. Equity capital and reinvested earnings	611.4	1,363.5	2,460.9	2,685.8	2,680.6	743.8	38.3	266.5	353.3	85.7
2.1.1. Claims	-22.4	0.0	-0.1	0.0	-6.9	-109.3	-109.3	0.0	0.0	0.0
2.1.2. Liabilities	633.8	1,363.5	2,461.0	2,685.8	2,687.4	853.1	147.6	266.5	353.3	85.7
2.2. Other capital	338.2	104.4	303.8	984.5	1,511.1	1,131.4	412.9	229.1	355.9	133.4
2.2.1. Claims	-17.8	0.0	16.6	-2.7	-26.3	-31.2	-13.1	8.4	0.7	-27.3
2.2.2. Liabilities	356.0	104.4	287.3	987.2	1,537.4	1,162.6	426.0	220.7	355.2	160.7
Portfolio investment	287.1	-1,177.9	-542.3	-2.9	-627.2	274.7	-425.3	369.8	-399.6	729.8
1. Assets	-736.1	-571.2	-472.5	-413.7	-273.3	-761.5	146.3	-65.1	-248.9	-593.7
1.1. Equity securities	-39.1	-193.0	-320.5	-843.5	147.3	-108.3	12.2	-56.1	-16.4	-48.1
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. Banks	0.0	0.0	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1.2. Other sectors	-39.1	-193.0	-323.1	-843.5	147.3	-108.3	12.2	-56.1	-16.4	-48.1
1.1.2. Debt securities	-696.9	-378.2	-152.0	429.7	-420.6	-653.1	134.0	-9.1	-232.5	-545.6
1.2.1. Bonds	-567.1	-396.5	98.7	323.0	-322.6	-320.5	133.9	-64.9	-109.4	-280.0
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	-575.0	-360.2	142.4	261.1	-221.0	-53.8	189.7	0.8	-98.1	-146.3
1.2.1.3. Other sectors	7.9	-36.3	-43.7	61.9	-101.6	-266.7	-55.8	-65.7	-11.4	-133.8
1.2.2. Money market instruments	-129.9	18.3	-250.6	106.7	-98.1	-332.7	0.1	55.9	-123.1	-265.6
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	-129.9	18.3	-250.6	106.7	-98.1	-332.7	0.1	55.9	-123.1	-265.6
1.2.2.3. Other sectors	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
1.2. Liabilities	1,023.2	-606.6	-69.8	410.8	-353.9	1,036.2	-571.6	435.0	-150.7	1,323.5
2.1. Equity securities	141.6	89.2	325.7	315.7	-87.1	-15.9	-0.3	-22.2	-12.0	18.7
2.1.1. Banks	0.8	-12.8	41.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2. Other sectors	140.7	102.0	284.0	315.7	-87.1	-15.9	-0.3	-22.2	-12.0	18.7
2.2. Debt securities	881.7	-695.8	-395.6	95.1	-266.8	1,052.1	-571.3	457.2	-138.7	1,304.8
2.2.1. Bonds	915.6	-695.8	-395.6	95.1	-266.8	1,052.1	-571.3	457.2	-138.7	1,304.8
2.2.1.1. General government	165.7	-705.9	-463.7	-276.4	-208.0	1,008.4	-572.4	460.0	58.4	1,062.4
2.2.1.2. Banks	453.2	3.2	1.2	1.0	-1.6	-446.5	2.8	3.3	-452.6	0.0
2.2.1.3. Other sectors	296.7	6.9	66.9	370.5	-57.3	490.1	-1.7	-6.1	255.5	242.4
2.2.2. Money market instruments	-34.0	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	-34.0	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.

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

Table H5: Balance of Payments – Other Investment^a

million euros

	2004	2005	2006	2007	2008 ^b	2009 ^c	2009			
							Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^c
Other investment (net)	1,614.7	3,772.5	3,202.1	1,346.8	3,006.4	2,677.9	1,903.0	22.1	152.3	600.5
1. Assets	-498.4	982.2	-692.3	-1,653.3	-1,620.9	681.8	1,938.5	-947.4	-616.3	307.1
1.1. Trade credits	-188.1	-134.8	-33.3	-99.4	-126.5	148.9	12.3	-38.4	129.3	45.7
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
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	-188.1	-134.8	-33.3	-99.4	-126.5	148.9	12.3	-38.4	129.3	45.7
1.1.2.1. Long-term	18.1	10.4	-4.9	-63.5	26.7	58.0	16.2	11.6	11.1	19.1
1.1.2.2. Short-term	-206.1	-145.3	-28.4	-35.9	-153.2	90.9	-3.9	-50.0	118.2	26.6
1.2. Loans	43.8	-116.8	-153.1	-4.5	-107.5	41.5	18.6	35.2	1.2	-13.5
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	3.7	-28.5	-80.4	-32.6	-66.7	20.5	-1.7	28.3	-9.7	3.6
1.2.2.1. Long-term	-0.1	-20.5	-58.9	-25.4	-26.8	-28.7	-0.8	4.8	-23.1	-9.5
1.2.2.2. Short-term	3.9	-8.0	-21.5	-7.3	-39.9	49.2	-0.8	23.5	13.4	13.1
1.2.3. Other sectors	40.0	-88.3	-72.7	28.1	-40.8	21.0	20.3	6.9	10.8	-17.0
1.2.3.1. Long-term	41.4	-89.2	-73.0	28.1	-37.6	20.9	20.3	9.2	8.7	-17.4
1.2.3.2. Short-term	-1.3	1.0	0.3	0.0	-3.2	0.1	0.0	-2.3	2.1	0.3
1.3. Currency and deposits	-354.1	1,233.8	-505.9	-1,549.4	-1,386.8	491.4	1,907.6	-944.3	-746.8	274.9
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	-446.7	1,313.7	-462.1	-1,317.1	-136.4	425.8	1,752.9	-855.5	-693.6	221.9
1.3.3. Other sectors	92.6	-79.8	-43.8	-232.3	-1,250.5	65.7	154.7	-88.8	-53.2	53.0
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	2,113.0	2,790.3	3,894.4	3,000.1	4,627.3	1,996.1	-35.5	969.5	768.6	293.4
2.1. Trade credits	-54.5	15.1	18.5	313.5	32.0	-143.5	-250.5	68.6	51.5	-13.0
2.1.1. General government	-0.3	0.4	-0.7	-0.6	-0.5	0.0	0.0	0.0	0.0	0.0
2.1.1.1. Long-term	-0.3	0.4	-0.7	-0.6	-0.5	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	-54.2	14.7	19.2	314.2	32.5	-143.5	-250.5	68.6	51.5	-13.0
2.1.2.1. Long-term	-16.7	27.4	-3.7	165.0	34.9	-58.0	-1.9	-33.8	7.9	-30.2
2.1.2.2. Short-term	-37.5	-12.7	22.9	149.2	-2.4	-85.5	-248.6	102.4	43.6	17.1
2.2. Loans	1,676.4	2,405.7	3,059.2	2,890.3	3,703.9	969.3	-131.9	506.8	537.6	56.8
2.2.1. Croatian National Bank	-367.7	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	-367.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2. General government	571.4	97.2	165.0	161.0	96.7	-7.4	36.0	17.3	-33.0	-27.8
2.2.2.1. Long-term	571.4	97.2	165.0	161.0	65.0	24.3	44.7	26.0	-24.4	-22.0
2.2.2.1.1. Drawings	767.5	342.0	477.8	523.5	330.1	306.0	106.9	106.9	38.0	54.1
2.2.2.1.2. Repayments	-196.1	-244.8	-312.8	-362.5	-265.2	-281.7	-62.3	-80.9	-62.4	-76.1
2.2.2.2. Short-term	0.0	0.0	0.0	0.0	31.7	-31.7	-8.6	-8.6	-8.6	-5.8
2.2.3. Banks	650.4	826.0	541.2	-1,065.0	115.2	-166.5	-341.1	-111.5	76.3	209.9
2.2.3.1. Long-term	741.7	281.1	419.5	-630.8	-276.1	158.1	18.0	-118.3	-27.9	286.3
2.2.3.1.1. Drawings	1,260.0	1,236.1	2,833.6	1,216.2	609.4	1,219.2	140.6	511.2	183.8	383.6
2.2.3.1.2. Repayments	-518.3	-955.0	-2,414.1	-1,847.0	-885.4	-1,061.1	-122.6	-629.4	-211.7	-97.3
2.2.3.2. Short-term	-91.2	544.9	121.7	-434.2	391.3	-324.6	-359.1	6.7	104.2	-76.4
2.2.4. Other sectors	822.2	1,482.6	2,353.0	3,794.4	3,492.0	1,143.2	173.1	601.1	494.3	-125.3
2.2.4.1. Long-term	786.7	1,428.1	2,264.1	3,184.9	3,175.7	866.9	141.3	404.0	425.2	-103.6
2.2.4.1.1. Drawings	2,260.4	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
2.2.4.1.2. Repayments	-1,473.8	-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
2.2.4.2. Short-term	35.5	54.5	88.9	609.5	316.2	276.2	31.9	197.0	69.1	-21.7
2.3. Currency and deposits	488.2	366.7	814.0	-206.4	890.2	1,168.3	346.6	393.6	179.2	248.9
2.3.1. General government	0.0	0.1	0.1	-0.1	-0.1	-1.2	-0.3	-0.8	0.0	0.0
2.3.2. Banks	488.2	366.6	813.9	-206.4	881.6	1,180.0	351.8	398.4	181.0	248.9
2.3.3. Other sectors	0.0	-0.1	0.1	0.1	8.7	-10.6	-4.9	-3.9	-1.8	0.0
2.4. Other liabilities	3.0	2.8	2.7	2.7	1.3	2.0	0.3	0.5	0.4	0.8

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

Table H6: Balance of Payments – Summary^a

million kuna

	2004	2005	2006	2007 ^b	2008 ^b	2009 ^c	2009			
							Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^c
A. CURRENT ACCOUNT (1+6)	-11,167.8	-14,828.7	-20,064.6	-23,886.5	-31,677.7	-17,497.1	-13,685.8	-6,415.4	13,142.1	-10,538.0
1. Goods, services, and income (2+5)	-20,094.6	-23,586.8	-28,173.7	-31,537.4	-39,153.4	-25,036.7	-15,221.0	-8,583.7	11,378.6	-12,610.6
1.1. Credit	111,525.4	117,994.9	130,756.5	143,640.8	153,418.7	124,109.1	21,610.8	31,070.1	48,161.4	23,266.9
1.2. Debit	-131,620.0	-141,581.7	-158,930.2	-175,178.2	-192,572.1	-149,145.7	-36,831.8	-39,653.7	-36,782.7	-35,877.4
2. Goods and services (3+4)	-15,083.2	-16,508.1	-19,535.2	-23,342.4	-27,771.7	-12,797.3	-11,843.9	-4,510.9	13,941.9	-10,384.3
2.1. Credit	106,225.6	112,693.7	124,216.9	134,156.6	143,655.7	118,300.6	20,018.2	29,586.9	46,660.8	22,034.8
2.2. Debit	-121,308.8	-129,201.8	-143,752.1	-157,499.0	-171,427.5	-131,098.0	-31,862.1	-34,097.8	-32,718.9	-32,419.1
3. Goods	-50,327.5	-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
3.1. Credit	49,507.8	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
3.2. Debit	-99,835.3	-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
4. Services	35,244.3	39,060.0	41,548.7	45,876.2	50,212.6	41,532.0	1,004.1	10,300.4	27,386.1	2,841.5
4.1. Credit	56,717.8	59,296.0	62,228.3	66,731.8	72,798.9	61,846.8	5,726.7	15,586.4	32,837.6	7,696.1
4.2. Debit	-21,473.5	-20,236.0	-20,679.6	-20,855.6	-22,586.3	-20,314.7	-4,722.6	-5,286.0	-5,451.5	-4,854.6
5. Income	-5,011.4	-7,078.7	-8,638.5	-8,195.0	-11,381.7	-12,239.3	-3,377.1	-4,072.7	-2,563.2	-2,226.3
5.1. Credit	5,299.8	5,301.2	6,539.7	9,484.1	9,762.9	5,808.5	1,592.6	1,483.2	1,500.6	1,232.1
5.2. Debit	-10,311.1	-12,379.9	-15,178.1	-17,679.1	-21,144.6	-18,047.8	-4,969.7	-5,555.9	-4,063.8	-3,458.3
6. Current transfers	8,926.8	8,758.1	8,109.0	7,650.9	7,475.7	7,539.5	1,535.3	2,168.2	1,763.5	2,072.6
6.1. Credit	11,872.9	12,047.2	12,005.6	11,562.1	12,159.5	11,697.6	2,586.1	3,170.7	2,841.0	3,099.7
6.2. Debit	-2,946.1	-3,289.1	-3,896.5	-3,911.1	-4,683.7	-4,158.0	-1,050.8	-1,002.5	-1,077.6	-1,027.2
B. CAPITAL AND FINANCIAL ACCOUNT	18,720.3	22,085.4	26,918.4	30,269.7	42,648.4	22,521.3	17,037.4	3,910.8	-1,821.5	3,394.6
B1. Capital account	235.5	396.8	-981.8	217.3	111.2	325.5	-19.0	39.0	51.2	254.3
B2. Financial account, excl. reserves	18,821.3	27,764.0	38,213.6	35,367.4	40,229.2	28,707.1	14,046.8	6,295.2	-2,071.7	10,436.7
1. Direct investment	4,452.8	9,093.0	18,726.0	25,643.9	22,897.2	7,113.4	3,086.9	3,440.6	-248.6	834.6
1.1. Abroad	-2,077.2	-1,415.4	-1,525.6	-1,325.3	-6,945.8	-6,679.7	-261.5	-212.2	-5,443.2	-762.8
1.2. In Croatia	6,530.0	10,508.5	20,251.6	26,969.2	29,843.0	13,793.1	3,348.4	3,652.7	5,194.5	1,597.4
2. Portfolio investment	2,111.7	-8,713.6	-4,008.6	-29.7	-4,436.3	1,901.4	-3,144.6	2,701.6	-2,924.0	5,268.3
2.1. Assets	-5,563.8	-4,195.8	-3,483.3	-3,050.8	-1,913.9	-5,566.0	1,101.9	-473.4	-1,820.2	-4,374.4
2.2. Liabilities	7,675.5	-4,517.8	-525.3	3,021.2	-2,522.4	7,467.4	-4,246.5	3,175.0	-1,103.8	9,642.7
3. Financial derivatives	0.0	-659.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Other investment	12,256.9	28,044.0	23,496.2	9,753.1	21,768.3	19,692.2	14,104.5	153.1	1,100.9	4,333.8
4.1. Assets	-3,671.1	7,421.4	-5,121.6	-12,078.3	-11,587.5	5,116.4	14,406.7	-6,979.0	-4,509.8	2,198.5
4.2. Liabilities	15,927.9	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
B3. Reserve assets (CNB)	-336.5	-6,075.4	-10,313.4	-5,315.0	2,308.1	-6,511.3	3,009.5	-2,423.4	199.1	-7,296.4
C. NET ERRORS AND OMISSIONS	-7,552.5	-7,256.7	-6,853.8	-6,383.3	-10,970.7	-5,024.2	-3,351.6	2,504.6	-11,320.7	7,143.4

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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.

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

end of period, million euros

Year	Month	International reserves of the Croatian National Bank							Banks' foreign currency reserves
		Total	Special drawing rights	Reserve position in the Fund	Gold	Foreign currency			
						Total	Currency and deposits	Bonds and notes	
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	March	8,869.5	0.6	0.2	–	8,868.7	2,080.3	6,788.4	3,002.2
	April	8,885.1	0.7	0.2	–	8,884.2	2,284.1	6,600.1	3,408.6
	May	8,788.5	0.6	0.2	–	8,787.7	2,299.1	6,488.7	3,428.8
	June	9,090.1	0.6	0.2	–	9,089.3	2,179.5	6,909.7	3,802.7
	July	9,030.9	0.7	0.2	–	9,030.1	1,899.5	7,130.5	3,942.3
	August	9,292.2	296.1	0.2	–	8,995.9	1,915.6	7,080.3	4,279.8
	September	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 ^b	10,081.5	345.2	0.2	–	9,736.1	2,762.1	6,974.0	3,649.9

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

Table H7: International Reserves and Banks' Foreign Currency Reserves

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

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

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

Table H8: International Reserves and Foreign Currency Liquidity

end of period, million euros

	2004	2005	2006	2007	2008	2009			2010	
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.
I. Official reserve assets and other f/c assets (approximate market value)										
A. Official reserve assets	6,436.2	7,438.4	8,725.3	9,307.4	9,120.9	8,869.5	9,090.1	9,317.6	10,375.8	10,394.0
(1) Foreign currency reserves (in convertible f/c)	6,235.4	7,337.3	8,162.8	8,911.0	8,625.0	8,319.2	8,437.3	8,697.3	9,243.3	9,079.3
(a) Securities	3,262.0	3,602.8	4,197.5	4,772.5	7,118.2	6,788.4	6,909.7	7,329.8	7,402.6	7,409.0
o/w: Issuer headquartered in reporting country but located abroad	–	–	–	–	–	–	–	–	–	–
(b) Total currency and deposits with:	2,973.3	3,734.5	3,965.3	4,138.4	1,506.7	1,530.8	1,527.5	1,367.5	1,840.8	1,670.3
(i) Other national central banks, BIS and IMF	233.1	407.3	198.7	190.7	1,397.3	1,468.7	1,329.4	942.4	1,698.9	1,594.7
(ii) Banks headquartered in the reporting country	–	–	–	–	–	–	–	–	–	–
o/w: Located abroad	–	–	–	–	–	–	–	–	–	–
(iii) Banks headquartered outside the reporting country	2,740.3	3,327.2	3,766.6	3,947.7	109.5	62.1	198.1	425.1	141.8	75.6
o/w: Located in the reporting country	–	–	–	–	–	–	–	–	–	–
(2) IMF reserve position	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
(3) SDRs	0.6	0.9	0.7	0.8	0.7	0.6	0.6	330.1	331.7	336.8
(4) Gold	–	–	–	–	–	–	–	–	–	–
(5) Other reserve assets	200.0	100.0	561.6	395.5	495.0	549.5	652.0	290.0	800.6	977.8
– Reverse repo	200.0	100.0	561.6	395.5	495.0	549.5	652.0	290.0	800.6	977.8
B. Other foreign currency assets (specify)	–	–	–	–	–	–	–	–	–	–
– Time deposits	–	–	–	–	–	–	–	–	–	–
C. Total (A+B)	6,436.2	7,438.4	8,725.3	9,307.4	9,120.9	8,869.5	9,090.1	9,317.6	10,375.8	10,394.0
II. Predetermined short-term net drains on f/c assets (nominal value)										
1. F/c loans, securities, and deposits (total net drains up to one year)	–988.6	–899.7	–650.5	–521.1	–1,084.1	–1,039.0	–864.9	–896.2	–989.3	–974.6
(a) Croatian National Bank	–1.8	–1.1	–1.6	–2.0	–0.9	–0.2	–0.1	–0.2	–	–
Up to 1 month										
Principal	–	–	–	–	–	–	–	–	–	–
Interest	–1.8	–1.1	–1.6	–2.0	–0.9	–0.2	–0.1	–0.2	–	–
More than 1 and up to 3 months										
Principal	–	–	–	–	–	–	–	–	–	–
Interest	–	–	–	–	–	–	–	–	–	–
More than 3 months and up to 1 year										
Principal	–	–	–	–	–	–	–	–	–	–
Interest	–	–	–	–	–	–	–	–	–	–
(b) Central government (excl. central government funds)	–986.8	–898.6	–648.9	–519.1	–1,083.2	–1,038.8	–864.8	–896.1	–989.3	–974.6
Up to 1 month										
Principal	–76.5	–77.9	–48.3	–47.6	–50.8	–13.9	–55.2	–8.2	–39.9	–494.0
Interest	–13.8	–	–	–	–	–	–	–	–	–
More than 1 and up to 3 months										
Principal	–510.1	–603.0	–138.4	–133.2	–616.8	–273.2	–49.8	–119.7	–625.3	–122.0
Interest	–169.0	–	–	–	–	–	–	–	–	–6.8
More than 3 months and up to 1 year										
Principal	–143.7	–160.2	–399.8	–284.5	–348.3	–647.8	–630.5	–677.3	–207.1	–202.1
Interest	–73.8	–57.5	–62.3	–53.8	–67.4	–103.9	–129.4	–90.8	–117.0	–149.6
2. Aggregate short and long positions in forwards and futures in f/c vis-a-vis the domestic currency (including the forward leg of currency swaps)	–	–	–	–	–	–	–	–	–	–
(a) Short positions (–)	–	–	–	–	–	–	–	–	–	–
Up to 1 month	–	–	–	–	–	–	–	–	–	–
More than 1 and up to 3 months	–	–	–	–	–	–	–	–	–	–
More than 3 months and up to 1 year	–	–	–	–	–	–	–	–	–	–
(b) Long positions (+)	–	–	–	–	–	–	–	–	–	–
Up to 1 month	–	–	–	–	–	–	–	–	–	–
More than 1 and up to 3 months	–	–	–	–	–	–	–	–	–	–
More than 3 months and up to 1 year	–	–	–	–	–	–	–	–	–	–
3. Other	–	–	–	–	–	–	–	–	–	–
– Outflows related to repos (–)	–	–	–	–	–	–	–	–	–	–
Up to 1 month										
Principal	–	–	–	–	–	–	–	–	–	–
Interest	–	–	–	–	–	–	–	–	–	–
More than 1 and up to 3 months										
Principal	–	–	–	–	–	–	–	–	–	–
Interest	–	–	–	–	–	–	–	–	–	–
More than 3 months and up to 1 year										
Principal	–	–	–	–	–	–	–	–	–	–
Interest	–	–	–	–	–	–	–	–	–	–
4. Total predetermined short-term net drains on f/c assets (1+2+3)	–988.6	–899.7	–650.5	–521.1	–1,084.1	–1,039.0	–864.9	–896.2	–989.3	–974.6
III. Contingent short-term net drains on f/c assets (nominal value)										
1. Contingent liabilities in foreign currency	–1,772.9	–2,273.1	–2,734.9	–2,607.4	–1,896.1	–1,399.0	–1,445.4	–1,459.0	–1,351.6	–1,311.8
(a) Collateral guarantees on debt falling due within 1 year	–370.9	–443.8	–478.9	–662.1	–803.2	–784.7	–805.1	–803.6	–661.5	–615.6

	2004	2005	2006	2007	2008	2009				2010
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Jan.
– Croatian National Bank	–	–	–	–	–	–	–	–	–	–
– Central government (excl. central government funds)	–370.9	–443.8	–478.9	–662.1	–803.2	–784.7	–805.1	–803.6	–661.5	–615.6
Up to 1 month	–62.7	–59.6	–71.9	–54.3	–91.8	–31.3	–45.0	–34.3	–30.3	–2.2
More than 1 and up to 3 months	–33.9	–53.0	–84.8	–42.4	–58.4	–252.0	–70.0	–306.0	–101.3	–135.3
More than 3 months and up to 1 year	–274.4	–331.2	–322.2	–565.3	–652.9	–501.4	–690.1	–463.3	–529.8	–478.1
(b) Other contingent liabilities	–1,402.0	–1,829.3	–2,256.0	–1,945.3	–1,092.9	–614.3	–640.2	–655.4	–690.1	–696.1
– Croatian National Bank	–1,402.0	–1,829.3	–2,256.0	–1,945.3	–1,092.9	–614.3	–640.2	–655.4	–690.1	–696.1
Up to 1 month	–	–	–	–	–	–	–	–	–	–
More than 1 and up to 3 months	–1,402.0	–1,829.3	–2,256.0	–1,945.3	–1,092.9	–614.3	–640.2	–655.4	–690.1	–696.1
More than 3 months and up to 1 year	–	–	–	–	–	–	–	–	–	–
– Central government (excl. central government funds)	–	–	–	–	–	–	–	–	–	–
2. Foreign currency securities issued with embedded options (puttable bonds)	–	–	–	–	–	–	–	–	–	–
3. Undrawn, unconditional credit lines provided by:	–	–	–	–	–	–	–	–	–	–
– BIS (+)	–	–	–	–	–	–	–	–	–	–
– IMF (+)	–	–	–	–	–	–	–	–	–	–
4. Aggregate short and long positions of options in f/c vis-a-vis the domestic currency	–	–	–	–	–	–	–	–	–	–
5. Total contingent short-term net drains on f/c assets (1+2+3+4)	–1,772.9	–2,273.1	–2,734.9	–2,607.4	–1,896.1	–1,399.0	–1,445.4	–1,459.0	–1,351.6	–1,311.8
IV. Memo items										
(a) Short-term domestic currency debt indexed to the exchange rate	–	–	–	–	–	–	–	–	–	–
o/w: Central government (excl. central government funds)	–	–	–	–	–	–	–	–	–	–
(b) Financial instruments denominated in foreign currency and settled by other means (e.g., in domestic currency)	–	–	–	–	–	–	–	–	–	–
(c) Pledged assets	–	–	–	–	–	–	–	–	–	–
(d) Securities lent and on repo	–	–	–	–	–	–	–	–	–	–
– Lent or repoed and included in Section I	–	–	–	–	–6.1	–2.5	–3.5	–	–	–1.8
– Lent or repoed but not included in Section I	–	–	–	–	–	–	–	–	–	–
– Borrowed or acquired and included in Section I	–	–	–	–	–	–	–	–	–	–
– Borrowed or acquired but not included in Section I	180.7	88.5	559.5	389.7	478.6	528.2	623.0	275.6	766.5	940.1
(e) Financial derivative assets (net, marked to market)	–	–	–	–	–	–	–	–	–	–
(f) Currency composition of official reserves assets										
– Currencies in SDR basket	6,436.2	7,438.1	8,725.0	9,307.1	9,120.8	8,869.5	9,090.0	9,317.6	10,375.7	10,393.9
– Currencies not in SDR basket	0.0	0.3	0.3	0.3	0.1	0.1	0.1	0.0	0.1	0.1
– By individual currencies										
USD	1,609.1	1,104.5	1,266.0	1,357.2	2,064.6	1,842.2	1,932.0	1,801.0	2,461.8	2,426.6
EUR	4,826.3	6,332.5	7,458.0	7,944.2	7,054.9	7,025.9	7,156.7	7,185.7	7,581.5	7,629.7
Other	0.8	1.3	1.3	6.0	1.5	1.4	1.4	330.9	332.5	337.7

Table H8: International Reserves and Foreign Currency Liquidity

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

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

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

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

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

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

Year	Month	HRK/EUR	HRK/ATS	HRK/FRF	HRK/100 ITL	HRK/CHF	HRK/GBP	HRK/USD	HRK/DEM
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	March	7.426911				4.936146	8.096949	5.710075	
	April	7.417872				4.893342	8.243502	5.624643	
	May	7.358491				4.867836	8.305715	5.408127	
	June	7.303089				4.825087	8.502475	5.208034	
	July	7.319051				4.815732	8.499728	5.197322	
	August	7.322721				4.802812	8.497132	5.140614	
	September	7.314846				4.828248	8.215257	5.030900	
	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	

from drawdowns under these credits.

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

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

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

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

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

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

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

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

Year	Month	HRK/EUR	HRK/ATS	HRK/FRF	HRK/100 ITL	HRK/CHF	HRK/GBP	HRK/USD	HRK/DEM
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	March	7.457249				4.920977	8.015100	5.660151	
	April	7.425124				4.932326	8.283271	5.610218	
	May	7.326488				4.841398	8.388468	5.204211	
	June	7.292035				4.774461	8.596057	5.204507	
	July	7.333135				4.792272	8.592846	5.209672	
	August	7.326773				4.827550	8.326825	5.107545	
	September	7.288341				4.824479	7.922110	4.999548	
	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	

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^a

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	March	99.21	93.05	95.88	
	April	98.81	92.36	94.54	
	May	97.41	91.14	92.78	
	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 ^b	90.20 ^b	
	2010	January	95.55	89.90 ^b	90.38 ^b
		February	96.58		

^a Time series have been revised. For details see the corresponding methodological notes. ^b 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.

Table H12: Gross External Debt by Domestic Sectors^a

million euros

	2004	2005	2006	2007	2008 ^b		2009			
	Dec.	Dec.	Dec.	Dec. ^a	Dec. ^c	Dec. ^{d*}	Mar.*	Jun.*	Sep.*	Dec.
1. Government	6,546.5	6,152.7	5,670.1	5,371.8	4,197.3	4,167.3	3,666.6	4,108.6	4,121.9	5,190.9
Short-term	2.7	2.0	1.3	5.3	35.7	32.1	23.6	14.6	6.0	0.1
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	0.0	0.0	0.0	31.7	31.7	23.1	14.4	5.8	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	2.7	2.0	1.3	5.3	4.0	0.4	0.6	0.2	0.2	0.1
Principal arrears	2.4	1.8	0.0	1.1	3.9	0.0	0.1	0.0	0.1	0.1
Interest arrears	0.3	0.2	1.2	4.2	0.1	0.4	0.5	0.2	0.2	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	6,543.9	6,150.7	5,668.8	5,366.5	4,161.6	4,135.2	3,643.0	4,094.0	4,116.0	5,190.8
Bonds	4,291.2	3,663.4	3,109.1	2,756.9	2,621.9	2,562.4	2,000.4	2,444.4	2,501.1	3,594.6
Credits	2,250.6	2,484.8	2,557.8	2,608.4	1,538.9	1,572.0	1,641.8	1,649.0	1,614.1	1,595.6
Trade credits	2.1	2.6	1.9	1.2	0.7	0.7	0.7	0.7	0.7	0.7
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Croatian National Bank	2.4	2.6	2.6	2.3	2.3	2.3	2.0	1.1	1.1	1.1
Short-term	2.4	2.6	2.6	2.3	2.3	2.3	2.0	1.1	1.1	1.1
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	2.4	2.6	2.6	2.3	2.3	2.3	2.0	1.1	1.1	1.1
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	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
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
3. Banks	7,731.7	8,978.7	10,222.6	8,879.1	10,079.1	10,063.9	10,053.1	10,376.9	10,205.6	10,680.3
Short-term	1,969.2	2,505.2	3,362.7	2,361.2	3,793.3	3,793.1	2,975.3	3,150.3	2,907.2	3,098.8
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	519.9	1,064.8	1,150.4	710.8	1,121.1	1,121.1	777.9	786.1	890.4	813.8
Currency and deposits	1,448.4	1,438.6	2,211.1	1,648.8	2,670.3	2,670.3	2,196.3	2,362.9	2,015.4	2,283.9
Other debt liabilities	0.9	1.7	1.2	1.7	2.0	1.7	1.1	1.4	1.5	1.2
Principal arrears	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	0.9	1.7	1.2	1.5	2.0	1.7	1.1	1.4	1.5	1.2
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	5,762.5	6,473.6	6,859.9	6,517.9	6,285.8	6,270.8	7,077.7	7,226.5	7,298.3	7,581.5
Bonds	453.2	456.6	457.9	459.0	456.8	440.8	442.7	445.5	0.0	0.0
Credits	3,517.4	3,822.7	4,217.3	3,565.1	3,373.9	3,375.0	3,381.4	3,266.0	3,243.3	3,538.8
Currency and deposits	1,791.9	2,194.3	2,184.7	2,493.9	2,455.0	2,455.0	3,253.6	3,515.0	4,055.0	4,042.7
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Other sectors	6,606.7	8,176.4	10,500.2	14,743.1	19,835.7	20,133.0	20,378.2	20,834.6	21,497.3	21,393.4
Short-term	535.6	706.7	700.9	1,478.2	925.2	984.0	995.2	1,185.2	1,130.8	1,284.6
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	686.1	831.4	741.3	593.5
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	39.2	42.1	36.8	27.9
Other debt liabilities	413.5	545.9	510.0	766.0	232.9	222.7	269.9	311.7	352.7	663.2
Principal arrears	377.1	502.1	460.6	683.4	170.4	172.5	208.5	242.3	279.5	538.7
Interest arrears	36.3	43.8	49.4	82.6	62.5	50.2	61.4	69.5	73.2	124.5
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	19,383.0	19,649.4	20,366.5	20,108.8
Bonds	749.0	763.9	837.8	1,208.3	1,186.4	1,195.1	1,194.1	1,187.7	1,444.0	1,689.9
Credits	5,192.3	6,542.1	8,816.1	11,766.9	17,391.3	17,603.9	17,835.4	18,150.6	18,607.5	18,137.4
Currency and deposits	0.0	0.0	0.0	0.0	10.6	10.6	5.7	1.8	0.0	0.0
Trade credits	129.8	163.7	145.4	289.8	322.2	339.4	347.9	309.3	314.9	281.5
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	2004	2005	2006	2007	2008 ^b		2009			
	Dec.	Dec.	Dec.	Dec. ^a	Dec. ^c	Dec. ^{d*}	Mar.*	Jun.*	Sep.*	Dec.
5. Direct investment	2,046.1	2,450.7	2,878.4	3,932.8	5,835.9	5,949.8	6,208.4	6,501.5	7,026.0	7,324.8
Short-term	124.1	177.5	233.9	540.4	1,415.7	1,318.2	1,286.8	1,242.4	1,325.8	446.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	33.0	36.3	51.2	216.8	1,314.0	1,227.4	1,204.8	1,155.4	1,240.1	344.1
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	91.2	141.2	182.7	323.6	101.6	90.9	82.0	87.0	85.7	101.9
Principal arrears	78.1	121.8	158.2	293.9	85.8	69.0	58.2	64.4	64.0	78.7
Interest arrears	13.1	19.4	24.5	29.7	15.8	21.9	23.8	22.7	21.6	23.2
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	4,921.6	5,259.1	5,700.2	6,878.8
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	4,916.0	5,253.6	5,694.7	6,877.8
Trade credits	29.8	33.9	26.4	18.0	5.5	1.5	5.6	5.5	5.5	1.0
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	40,308.3	41,822.7	42,851.9	44,590.5

^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 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). ^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

million euros

	2004	2005	2006	2007	2008 ^b		2009			
	Dec.	Dec.	Dec.	Dec. ^a	Dec. ^c	Dec. ^{d*}	Mar.*	Jun.*	Sep.*	Dec.
1. Public sector	8,580.3	8,501.6	8,256.8	9,259.5	10,247.8	10,425.2	10,134.6	10,659.8	11,237.8	12,231.6
Short-term	29.5	23.2	41.7	72.5	184.6	237.0	205.4	239.7	215.2	135.5
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	183.8	200.5	176.8	90.9
Currency and deposits	2.4	2.6	2.6	2.3	2.3	2.3	2.0	1.1	1.1	1.1
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	26.4	18.3	23.9	34.7	18.2	19.0	19.6	38.1	37.4	43.5
Principal arrears	25.4	17.1	20.6	29.9	17.1	14.8	15.2	34.6	33.9	39.8
Interest arrears	1.0	1.2	3.3	4.8	1.1	4.1	4.4	3.5	3.5	3.8
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	9,927.5	10,418.4	11,020.9	11,922.6
Bonds	4,662.3	4,052.0	3,640.5	3,859.7	3,714.5	3,656.3	3,094.8	3,539.6	3,841.6	4,930.8
Credits	3,833.2	4,314.5	4,485.2	5,120.3	6,068.5	6,232.2	6,536.8	6,614.0	6,909.2	6,731.3
Currency and deposits	0.0	0.0	0.0	0.0	10.6	10.6	5.7	1.8	0.0	0.0
Trade credits	54.1	110.8	87.9	205.2	267.9	287.4	290.3	263.0	270.2	260.4
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	1.7	1.7	1.7	173.5
2. Publicly guaranteed private sector	334.1	289.7	204.2	139.9	80.3	64.1	38.0	38.0	9.1	9.2
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	38.0	38.0	9.1	9.2
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	38.0	38.0	9.1	9.2
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	30,135.7	31,125.0	31,605.0	32,349.7
Short-term	2,456.9	3,171.4	4,008.7	3,763.3	4,564.9	4,574.5	3,790.8	4,111.6	3,829.9	4,249.1
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	617.7	1,195.5	1,290.2	1,356.4	1,641.6	1,661.3	1,303.3	1,431.4	1,460.7	1,316.4
Currency and deposits	1,448.4	1,438.6	2,211.1	1,648.8	2,670.3	2,670.3	2,196.3	2,362.9	2,015.4	2,283.9
Trade credits	23.7	27.8	35.9	31.1	39.5	37.0	39.2	42.1	36.8	27.9
Other debt liabilities	367.1	509.5	471.5	727.0	213.5	205.9	252.0	275.2	317.0	621.0
Principal arrears	338.5	472.5	425.6	645.4	150.2	157.7	193.4	207.8	245.7	499.1
Interest arrears	28.6	37.0	45.8	81.7	63.3	48.2	58.6	67.4	71.3	121.9
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	20,138.2	20,513.6	20,750.8	20,949.3
Bonds	831.1	831.8	764.3	564.4	550.6	542.0	542.4	537.9	103.6	353.6
Credits	6,817.9	8,267.8	10,919.0	12,691.4	16,162.4	16,254.6	16,283.8	16,413.6	16,546.7	16,531.3
Currency and deposits	1,791.9	2,194.3	2,184.7	2,493.9	2,455.0	2,455.0	3,253.6	3,515.0	4,055.0	4,042.7
Trade credits	76.3	54.8	59.4	85.8	55.0	52.8	58.3	47.1	45.5	21.8
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	2,044.9	2,449.6	2,876.9	3,931.1	5,834.2	5,948.1	6,206.7	6,499.8	7,024.3	7,151.3
Total (1+2+3)	22,933.4	25,761.1	29,273.9	32,929.2	39,950.2	40,316.3	40,308.3	41,822.7	42,851.9	44,590.5

^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 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). ^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

million euros

	Gross external debt 31/12/2009	Immediate	Projected future principal payments													
			Q1/10	Q2/10	Q3/10	Q4/10	2010	2011	2012	2013	2014	2015	2016	2017	Other	
1. Government	5,190.9	0.1	667.3	56.7	99.8	64.2	887.9	921.6	155.4	140.4	603.9	931.6	90.1	70.9	1,389.0	
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	0.1	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	
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	5,190.8	0.0	667.3	56.7	99.8	64.2	887.9	921.6	155.4	140.4	603.9	931.6	90.1	70.9	1,389.0	
Bonds	3,594.6	0.0	632.2	0.0	26.0	0.0	658.2	729.2	0.0	0.0	483.5	679.6	0.0	0.0	1,044.1	
Credits	1,595.6	0.0	35.1	56.6	73.8	64.1	229.6	192.3	155.3	140.3	120.4	251.9	89.9	70.9	344.9	
Trade credits	0.7	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	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	1.1	0.0	1.1	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Short-term	1.1	0.0	1.1	0.0	0.0	0.0	1.1	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	1.1	0.0	1.1	0.0	0.0	0.0	1.1	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	10,680.3	1.2	2,856.7	576.3	838.6	664.7	4,936.4	2,459.3	1,329.2	464.4	475.2	45.3	290.9	41.3	637.1	
Short-term	3,098.8	1.2	2,552.4	238.8	155.7	150.7	3,097.7	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	813.8	0.0	720.7	88.1	5.0	0.0	813.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Currency and deposits	2,283.9	0.0	1,831.7	150.7	150.7	150.7	2,283.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other debt liabilities	1.2	1.2	0.0	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	1.2	1.2	0.0	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	7,581.5	0.0	304.3	337.6	682.9	514.0	1,838.8	2,459.3	1,329.2	464.4	475.2	45.3	290.9	41.3	637.1	
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	3,538.8	0.0	44.8	83.2	428.6	263.4	820.0	883.0	483.3	464.4	475.2	45.3	290.9	41.3	35.5	
Currency and deposits	4,042.7	0.0	259.5	254.3	254.3	250.6	1,018.8	1,576.3	845.9	0.0	0.0	0.0	0.0	0.0	601.6	
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
4. Other sectors	21,393.4	663.2	1,348.3	1,521.9	994.5	1,054.9	4,919.5	3,373.5	2,054.4	2,250.3	1,008.4	871.3	1,306.0	1,342.8	3,603.9	
Short-term	1,284.6	663.2	180.9	300.7	101.6	35.1	618.4	3.0	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	593.5	0.0	180.9	300.7	73.7	35.1	590.5	3.0	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	
Trade credits	27.9	0.0	0.0	0.0	27.9	0.0	27.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other debt liabilities	663.2	663.2	0.0	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	538.7	538.7	0.0	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	124.5	124.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
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	20,108.8	0.0	1,167.4	1,221.1	892.8	1,019.8	4,301.1	3,370.5	2,054.4	2,250.3	1,008.4	871.3	1,306.0	1,342.8	3,603.9	
Bonds	1,689.9	0.0	39.0	0.0	0.0	18.3	57.3	318.3	296.6	29.9	29.9	29.9	380.6	547.3	0.0	
Credits	18,137.4	0.0	1,055.1	1,173.0	820.1	965.4	4,013.7	3,006.5	1,756.4	2,216.3	978.4	841.4	925.4	795.5	3,603.9	
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Trade credits	281.5	0.0	73.3	48.1	72.7	36.0	230.2	45.7	1.5	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	

	Gross external debt 31/12/2009	Immediate	Projected future principal payments												
			Q1/10	Q2/10	Q3/10	Q4/10	2010	2011	2012	2013	2014	2015	2016	2017	Other
5. Direct investment	7,324.8	101.9	552.1	439.2	188.6	1,515.8	2,695.6	1,247.0	653.9	317.3	257.0	153.0	240.5	122.3	1,536.3
Short-term	446.0	101.9	105.6	156.4	19.4	60.6	342.1	2.0	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	344.1	0.0	105.6	156.4	19.4	60.6	342.1	2.0	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	101.9	101.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	78.7	78.7	0.0	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	23.2	23.2	0.0	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	6,878.8	0.0	446.5	282.8	169.2	1,455.1	2,353.5	1,245.0	653.9	317.3	257.0	153.0	240.5	122.3	1,536.3
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	6,877.8	0.0	446.2	282.8	169.2	1,454.9	2,353.0	1,244.8	653.7	317.1	257.0	153.0	240.5	122.3	1,536.3
Trade credits	1.0	0.0	0.3	0.0	0.0	0.2	0.5	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)	44,590.5	766.4	5,425.5	2,594.1	2,121.4	3,299.6	13,440.6	8,001.3	4,192.9	3,172.4	2,344.5	2,001.2	1,927.4	1,577.3	7,166.4
Supplement: Projected interest payments			121.1	262.1	197.8	293.4	874.4	877.5	668.9	584.3	484.3	378.1	298.1	223.9	648.4

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

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

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

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

Projected payments of 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^a

million euros

	2004	2005	2006	2007	2008 ^b		2009			
	Dec.	Dec.	Dec.	Dec. ^a	Dec.	Dec. ^{c+}	Mar.*	Jun.*	Sep.*	Dec.
1. Other sectors	6,606.7	8,176.4	10,500.1	14,743.1	19,835.7	20,133.0	20,378.2	20,834.6	21,497.3	21,393.4
Short-term	535.6	706.7	700.9	1,478.2	925.3	984.0	995.2	1,185.2	1,130.8	1,284.6
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	686.1	831.4	741.3	593.5
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	39.2	42.1	36.8	27.9
Other debt liabilities	413.5	545.9	510.0	766.0	232.9	222.7	269.9	311.7	352.7	663.2
Principal arrears	377.1	502.1	460.6	683.4	170.4	172.5	208.5	242.3	279.5	538.7
Interest arrears	36.3	43.8	49.4	82.6	62.5	50.2	61.4	69.5	73.2	124.5
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	19,383.0	19,649.4	20,366.5	20,108.8
Bonds	749.0	763.9	837.8	1,208.3	1,186.4	1,195.1	1,194.1	1,187.7	1,444.0	1,689.9
Credits	5,192.3	6,542.1	8,816.1	11,766.9	17,391.3	17,603.9	17,835.4	18,150.6	18,607.5	18,137.4
Currency and deposits	0.0	0.0	0.0	0.0	10.6	10.6	5.7	1.8	0.0	0.0
Trade credits	129.8	163.7	145.4	289.8	322.2	339.4	347.9	309.3	314.9	281.5
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	5,175.8	5,247.1	5,566.4	5,406.8
Short-term	9.5	19.6	60.1	201.6	155.4	176.7	183.1	268.4	305.0	311.7
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	178.4	263.3	300.6	307.0
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	4.0	5.3	13.6	17.1	10.9	5.3	4.8	5.1	4.3	4.7
Principal arrears	1.5	2.9	6.4	2.9	4.2	1.4	1.3	1.5	1.2	1.3
Interest arrears	2.5	2.4	7.2	14.2	6.7	3.9	3.4	3.5	3.2	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	4,992.6	4,978.7	5,261.5	5,095.1
Bonds	371.1	388.6	531.4	806.7	791.5	796.3	791.5	788.7	1,042.5	1,032.1
Credits	1,311.3	1,723.8	2,279.9	2,913.7	3,992.3	4,238.9	4,195.4	4,188.3	4,219.0	4,063.0
Currency and deposits	0.0	0.0	0.0	0.0	10.6	10.6	5.7	1.8	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	5,062.5	5,037.0	5,320.5	5,170.4
Short-term	20.6	13.3	31.6	48.3	145.1	202.6	149.5	167.7	152.5	78.3
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	0.0	15.2	35.4	132.4	184.1	130.5	129.9	115.3	34.8
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	19.0	37.8	37.2	43.4
Principal arrears	20.0	12.5	14.5	12.5	11.8	14.8	15.1	34.5	33.8	39.7
Interest arrears	0.6	0.8	1.9	0.5	0.9	3.7	3.9	3.3	3.3	3.8
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	4,913.0	4,869.4	5,168.1	5,092.2
Bonds	0.0	0.0	0.0	296.2	301.2	297.6	302.8	306.6	297.9	304.2

	2004	2005	2006	2007	2008 ^b		2009			
	Dec.	Dec.	Dec.	Dec. ^a	Dec.	Dec. ^{c+}	Mar.*	Jun.*	Sep.*	Dec.
Credits	919.4	1,026.8	1,066.8	1,470.2	3,254.7	4,083.8	4,320.6	4,300.5	4,600.7	4,528.3
Trade credits	32.5	81.8	70.1	182.7	244.5	286.6	289.6	262.2	269.4	259.7
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	9,871.4	10,272.5	10,329.4	10,541.9
Short-term	483.4	653.7	578.8	1,174.3	619.2	600.3	657.7	723.2	638.1	860.1
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	81.7	114.8	86.9	451.2	373.8	366.7	374.6	414.8	292.7	219.6
Trade credits	23.7	27.8	35.9	31.1	39.5	37.0	39.2	42.1	36.8	27.9
Other debt liabilities	378.1	511.1	456.0	692.0	205.9	196.7	243.9	266.3	308.6	612.5
Principal arrears	346.8	473.4	420.3	630.2	151.2	154.1	189.9	203.7	242.0	495.1
Interest arrears	31.3	37.7	35.7	61.8	54.7	42.5	54.1	62.6	66.6	117.4
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	9,213.6	9,549.4	9,691.3	9,681.9
Bonds	377.9	375.3	306.4	105.4	93.8	101.2	99.7	92.4	103.6	353.6
Credits	2,545.3	3,377.5	4,989.1	6,701.7	9,168.7	9,023.3	9,058.5	9,412.4	9,544.2	9,308.3
Trade credits	67.1	48.1	54.8	80.8	51.7	49.5	55.4	44.6	43.4	20.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.6. Non-profit institutions	4.0	4.9	5.3	5.4	3.8	2.8	2.6	2.5	2.4	2.3
1.7. Craftsmen and sole traders	42.7	35.2	26.8	24.1	17.1	17.1	15.8	14.3	13.0	11.4
1.8. Households	49.7	73.3	82.7	137.2	244.7	245.8	250.2	261.0	265.6	260.5

^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}

million euros

	2004	2005 ^c	2006 ^c	2007 ^c	2008 ^c	2009 ^d	2009			
							Q1 ^e	Q2 ^e	Q3 ^e	Q4 ^d
1. International investment position (net)	-15,371.4	-20,227.6	-30,060.0	-39,698.8	-35,295.5	-39,216.8	-36,948.7	-38,518.3	-39,077.7	-39,216.8
2. Assets	15,118.2	16,061.4	18,154.2	21,433.8	22,263.6	24,122.0	19,780.6	21,022.7	23,094.7	24,122.0
2.1. Direct investment abroad	1,563.4	1,729.8	1,833.3	2,365.1	3,513.8	4,059.9	3,518.8	3,474.8	4,100.8	4,059.9
2.2. Portfolio investment	1,506.0	2,155.7	2,487.0	3,257.1	2,643.3	3,360.2	2,251.8	2,533.7	2,729.8	3,360.2
2.2.1. Equity securities	176.8	379.6	559.4	1,756.7	660.8	773.4	494.1	616.7	719.3	773.4
2.2.2. Debt securities	1,329.1	1,776.1	1,927.6	1,500.4	1,982.5	2,586.8	1,757.7	1,917.0	2,010.5	2,586.8
Bonds	1,168.7	1,628.9	1,536.2	1,220.0	1,600.1	1,878.2	1,392.5	1,608.5	1,579.0	1,878.2
Money market instruments	160.4	147.1	391.4	280.4	382.4	708.6	365.1	308.5	431.6	708.6
2.3. Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4. Other investment	5,612.7	4,737.6	5,108.5	6,504.2	6,985.5	6,326.1	5,140.6	5,924.2	6,946.5	6,326.1
2.4.1. Trade credits	222.2	262.9	230.5	248.9	224.7	122.2	156.6	154.0	143.9	122.2
2.4.2. Loans	102.2	146.2	239.5	296.4	435.9	373.4	404.9	362.8	359.8	373.4
2.4.3. Currency and deposits	5,288.2	4,328.5	4,638.3	5,958.9	6,324.9	5,830.6	4,579.1	5,407.4	6,442.9	5,830.6
2.4.4. Other assets	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.5. Reserve assets (CNB)	6,436.1	7,438.4	8,725.3	9,307.4	9,120.9	10,375.8	8,869.5	9,090.1	9,317.7	10,375.8
3. Liabilities	30,489.5	36,289.0	48,214.2	61,132.7	57,559.1	63,338.8	56,729.3	59,541.1	62,172.4	63,338.8
3.1. Direct investment in Croatia	9,114.2	12,332.0	20,782.0	30,611.5	22,827.3	25,407.7	22,062.1	23,624.9	25,682.3	25,407.7
3.2. Portfolio investment	5,981.5	5,530.4	5,441.6	5,949.1	4,882.6	5,949.8	4,204.6	4,672.5	4,609.4	5,949.8
3.2.1. Equity securities	488.1	646.5	1,036.8	1,524.9	617.4	665.4	567.3	594.9	664.2	665.4
3.2.2. Debt securities	5,493.4	4,883.8	4,404.8	4,424.2	4,265.2	5,284.4	3,637.2	4,077.6	3,945.2	5,284.4
Bonds	5,493.4	4,883.8	4,404.8	4,424.2	4,265.2	5,284.4	3,637.2	4,077.6	3,945.2	5,284.4
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	0.0	0.0
3.4. Other investment	15,393.9	18,426.6	21,990.6	24,572.1	29,849.2	31,981.3	30,462.7	31,243.7	31,880.7	31,981.3
3.4.1. Trade credits	209.4	249.5	244.9	337.8	367.5	333.8	388.5	372.9	371.8	333.8
3.4.2. Loans	11,941.7	14,541.4	17,347.4	20,088.8	24,343.4	25,319.5	24,616.2	24,989.6	25,437.2	25,319.5
3.4.3. Currency and deposits	3,242.7	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
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

million euros

	2004	2005 ^b	2006 ^b	2007 ^b	2008 ^b	2009 ^c	2009			
							Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^c
Direct investment (net)	-7,550.8	-10,602.2	-18,948.7	-28,246.4	-19,313.6	-21,347.8	-18,543.3	-20,150.1	-21,581.5	-21,347.8
1. Abroad	1,563.4	1,729.8	1,833.3	2,365.1	3,513.8	4,059.9	3,518.8	3,474.8	4,100.8	4,059.9
1.1. Equity capital and reinvested earnings	1,502.2	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
1.1.1. Claims	1,502.2	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
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	61.2	119.3	108.2	101.0	189.7	95.1	113.4	87.9	71.9	95.1
1.1.1. Claims	89.6	138.0	144.8	175.4	220.2	217.0	218.9	221.4	221.0	217.0
1.2.2. Liabilities	28.4	18.7	36.6	74.4	30.5	121.9	105.6	133.4	149.1	121.9
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	9,114.2	12,332.0	20,782.0	30,611.5	22,827.3	25,407.7	22,062.1	23,624.9	25,682.3	25,407.7
2.1. Equity capital and reinvested earnings	7,116.4	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
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	7,116.4	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
2.2. Other capital	1,997.8	2,411.8	2,820.7	3,834.3	5,781.1	7,158.5	6,070.8	6,347.4	6,859.7	7,158.5
2.2.1. Claims	19.9	20.1	21.1	24.2	24.3	44.4	32.0	20.7	17.3	44.4
2.2.2. Liabilities	2,017.7	2,431.9	2,841.8	3,858.5	5,805.4	7,202.9	6,102.8	6,368.1	6,876.9	7,202.9
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

million euros

	2004	2005	2006 ^b	2007 ^b	2008 ^b	2009 ^c	2009			
							Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^c
Portfolio investment (net)	-4,475.5	-3,374.7	-2,954.6	-2,692.0	-2,239.3	-2,589.7	-1,952.8	-2,138.8	-1,879.6	-2,589.7
1. Assets	1,506.0	2,155.7	2,487.0	3,257.1	2,643.3	3,360.2	2,251.8	2,533.7	2,729.8	3,360.2
1.1. Equity securities	176.8	379.6	559.4	1,756.7	660.8	773.4	494.1	616.7	719.3	773.4
1.1.1. Banks	5.1	5.9	6.7	8.3	11.6	12.8	12.9	10.2	11.9	12.8
1.1.2. Other sectors	171.8	373.7	552.7	1,748.4	649.2	760.6	481.1	606.5	707.4	760.6
1.2. Debt securities	1,329.1	1,776.1	1,927.6	1,500.4	1,982.5	2,586.8	1,757.7	1,917.0	2,010.5	2,586.8
2. Liabilities	5,981.5	5,530.4	5,441.6	5,949.1	4,882.6	5,949.8	4,204.6	4,672.5	4,609.4	5,949.8
2.1. Equity securities	488.1	646.5	1,036.8	1,524.9	617.4	665.4	567.3	594.9	664.2	665.4
2.1.1. Banks	64.7	84.0	145.0	164.6	70.5	66.3	64.5	63.7	74.6	66.3
2.1.2. Other sectors	423.4	562.6	891.8	1,360.3	547.0	599.1	502.8	531.2	589.6	599.1
2.2. Debt securities	5,493.4	4,883.8	4,404.8	4,424.2	4,265.2	5,284.4	3,637.2	4,077.6	3,945.2	5,284.4
2.2.1. Bonds	5,493.4	4,883.8	4,404.8	4,424.2	4,265.2	5,284.4	3,637.2	4,077.6	3,945.2	5,284.4
2.2.1.1. General government	4,291.2	3,663.4	3,109.1	2,756.9	2,621.9	3,594.6	2,000.4	2,444.4	2,501.1	3,594.6
2.2.1.2. Banks	453.2	456.6	457.9	459.0	456.8	0.0	442.7	445.5	0.0	0.0
2.2.1.3. Other sectors	749.0	763.9	837.8	1,208.3	1,186.4	1,689.9	1,194.1	1,187.7	1,444.0	1,689.9
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

million euros

	2004	2005	2006	2007	2008	2009 ^b	2009			
							Q1 ^c	Q2 ^c	Q3 ^c	Q4 ^b
Other investment (net)	-9,781.2	-13,689.0	-16,882.1	-18,067.8	-22,863.7	-25,655.1	-25,322.1	-25,319.5	-24,934.2	-25,655.1
1. Assets	5,612.7	4,737.6	5,108.5	6,504.2	6,985.5	6,326.1	5,140.6	5,924.2	6,946.5	6,326.1
1.1. Trade credits	222.2	262.9	230.5	248.9	224.7	122.2	156.6	154.0	143.9	122.2
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
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	222.2	262.9	230.5	248.9	224.7	122.2	156.6	154.0	143.9	122.2
Long-term	181.4	190.9	177.5	228.8	202.6	98.7	142.0	130.7	118.3	98.7
Short-term	40.8	72.0	53.0	20.1	22.1	23.4	14.6	23.3	25.6	23.4
1.2. Loans	102.2	146.2	239.5	296.4	435.9	373.4	404.9	362.8	359.8	373.4
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	0.0	0.4	0.4	0.4	0.4	0.4
Long-term	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.4	0.4
1.2.3. Banks	81.6	113.2	188.5	214.8	285.3	267.2	292.8	262.0	270.8	267.2
Long-term	62.6	85.3	140.0	160.0	193.6	230.8	206.0	199.2	221.4	230.8
Short-term	19.0	27.9	48.5	54.8	91.7	36.4	86.8	62.9	49.4	36.4
1.2.4. Other sectors	20.0	32.3	50.4	81.1	150.0	105.2	111.1	99.9	88.0	105.2
Long-term	18.7	32.0	50.2	81.0	146.8	105.0	110.1	97.0	87.2	105.0
Short-term	1.3	0.3	0.2	0.1	3.3	0.3	1.0	2.9	0.7	0.3
1.3. Currency and deposits	5,288.2	4,328.5	4,638.3	5,958.9	6,324.9	5,830.6	4,579.1	5,407.4	6,442.9	5,830.6
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	4,319.7	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
1.3.3. Other sectors	968.5	1,216.3	1,138.3	1,243.8	1,461.3	1,387.7	1,422.3	1,423.3	1,787.8	1,387.7
1.4. Other assets	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Liabilities	15,393.9	18,426.6	21,990.6	24,572.1	29,849.2	31,981.3	30,462.7	31,243.7	31,880.7	31,981.3
2.1. Trade credits	209.4	249.5	244.9	337.8	367.5	333.8	388.5	372.9	371.8	333.8
2.1.1. General government	2.2	2.6	1.9	1.2	0.7	0.7	0.7	0.7	0.7	0.7
Long-term	2.2	2.6	1.9	1.2	0.7	0.7	0.7	0.7	0.7	0.7
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	207.2	246.9	243.0	336.6	366.7	333.1	387.8	372.2	371.0	333.1
Long-term	183.6	219.1	207.0	305.5	327.2	305.2	348.6	330.1	334.2	305.2
Short-term	23.7	27.8	35.9	31.1	39.5	27.9	39.2	42.1	36.8	27.9
2.2. Loans	11,941.7	14,541.4	17,347.4	20,088.8	24,343.4	25,319.5	24,616.2	24,989.6	25,437.2	25,319.5
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	2,253.1	2,486.7	2,559.0	2,613.7	1,574.6	1,595.7	1,665.5	1,663.6	1,620.1	1,595.7
Long-term	2,253.1	2,486.7	2,559.0	2,613.7	1,542.9	1,595.7	1,642.4	1,649.2	1,614.3	1,595.7
Short-term	0.0	0.0	0.0	0.0	31.7	0.0	23.1	14.4	5.8	0.0
2.2.3. Banks	4,038.1	4,889.2	5,368.9	4,276.8	4,496.7	4,353.4	4,160.1	4,053.1	4,134.8	4,353.4
Long-term	3,517.4	3,822.9	4,217.4	3,565.2	3,374.7	3,538.8	3,381.4	3,266.2	3,243.5	3,538.8
Short-term	520.7	1,066.3	1,151.6	711.7	1,122.0	814.6	778.7	786.9	891.3	814.6
2.2.4. Other sectors	5,650.5	7,165.5	9,419.4	13,198.2	18,272.0	19,370.4	18,790.7	19,272.9	19,682.3	19,370.4
Long-term	5,499.9	6,964.8	9,187.2	12,371.2	17,589.5	18,716.1	18,048.2	18,383.7	18,882.8	18,716.1
Short-term	150.6	200.8	232.2	827.1	682.5	654.3	742.5	889.3	799.4	654.3
2.3. Currency and deposits	3,242.7	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
2.3.1. Croatian National Bank	2.4	2.6	2.6	2.3	2.3	1.1	2.0	1.1	1.1	1.1
2.3.2. Banks	3,240.3	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
2.3.3. Other sectors	0.0	0.0	0.0	0.0	10.6	0.0	5.7	1.8	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 Preliminary data. ^c Revised data.

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

million kuna

	2004	2005	2006	2007	2008	2009					
						Mar.	Jun.	Jul.	Aug.	Sep.	Oct.
1. REVENUE (A+B)	87,019.3	92,642.5	100,392.6	113,386.2	120,036.7	10,185.6	9,003.7	10,024.2	9,536.9	9,860.2	9,874.4
A) Budgetary central government	80,463.5	85,653.0	95,234.1	108,297.0	115,766.5	9,894.4	8,723.2	9,604.4	9,219.0	9,551.5	9,427.5
B) Extrabudgetary users	6,555.8	6,989.5	5,158.5	5,089.2	4,270.2	291.3	280.6	419.7	317.9	308.7	446.9
1. Croatian Pension Insurance Administration	129.9	38.0	293.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Croatian Institute for Health Insurance	663.1	863.9	848.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Croatian Employment Service	15.5	18.9	18.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Croatian Waters	1,224.4	1,227.8	1,526.9	2,041.2	2,105.0	176.7	149.4	204.0	205.3	175.4	220.5
5. Fund for Environmental Protection and Energy Efficiency	170.7	214.7	659.8	1,102.9	1,221.2	97.5	102.5	86.2	108.0	98.5	91.0
6. Croatian Motorways Ltd.	2,295.4	2,547.0	1,271.1	1,375.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7. Croatian Roads Ltd.	1,417.8	1,474.7	64.7	119.9	81.0	11.0	6.2	9.4	3.1	9.5	21.2
8. State Agency for Deposit Insurance and Bank Rehabilitation	575.9	367.4	409.6	391.4	808.3	4.9	15.5	115.7	0.5	18.8	113.3
9. Croatian Privatisation Fund	62.9	237.0	65.9	58.3	54.7	1.3	7.1	4.3	1.0	6.5	1.0
2. EXPENSE (A+B)	86,941.4	92,332.1	98,751.4	109,075.0	118,686.0	10,927.8	10,038.3	10,271.8	9,655.9	10,424.5	9,276.9
A) Budgetary central government	81,861.2	86,715.6	91,979.7	103,004.9	113,309.5	10,448.4	9,600.5	9,818.3	9,206.0	10,002.4	8,892.9
B) Extrabudgetary users	5,080.3	5,616.5	6,771.7	6,070.1	5,376.5	479.4	437.8	453.5	449.9	422.1	384.0
1. Croatian Pension Insurance Administration	587.4	382.2	565.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Croatian Institute for Health Insurance	831.3	914.3	931.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Croatian Employment Service	141.3	145.9	155.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Croatian Waters	1,426.3	1,489.5	1,779.1	2,099.0	2,335.4	128.5	218.6	177.1	183.4	183.3	127.9
5. Fund for Environmental Protection and Energy Efficiency	32.4	172.0	734.8	1,083.3	1,106.7	96.1	81.9	125.4	65.1	123.1	152.3
6. Croatian Motorways Ltd.	752.3	1,085.1	1,272.7	1,509.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7. Croatian Roads Ltd.	934.6	1,062.4	1,226.9	1,241.9	1,592.6	223.4	104.1	122.9	173.4	86.0	74.8
8. State Agency for Deposit Insurance and Bank Rehabilitation	314.5	183.0	27.4	47.8	254.7	22.6	23.9	22.2	22.4	22.6	22.0
9. Croatian Privatisation Fund	60.1	182.1	78.4	88.2	87.0	8.8	9.3	5.9	5.7	7.2	7.0
NET/GROSS OPERATING BALANCE (1–2)	77.8	310.3	1,641.2	4,311.2	1,350.7	-742.2	-1,034.5	-247.7	-119.0	-564.3	597.5
3. CHANGE IN NET WORTH: TRANSACTIONS (3.1.+3.2.–3.3.)	77.8	310.3	1,641.2	4,311.2	1,350.7	-742.2	-1,034.5	-247.7	-119.0	-564.3	597.5
3.1. CHANGE IN NET ACQUISITION OF NON-FINANCIAL ASSETS	8,373.5	6,699.4	6,108.6	7,811.0	4,228.2	422.0	232.4	330.4	334.9	254.6	240.8
Acquisition	8,648.4	7,024.2	6,836.4	8,378.6	4,713.2	457.6	258.3	351.3	364.1	290.2	266.7
A) Budgetary central government	1,663.9	1,828.8	1,908.5	3,043.9	3,291.5	265.5	184.3	257.5	179.2	198.3	174.8
B) Extrabudgetary users	6,984.5	5,195.4	4,927.9	5,334.7	1,421.7	192.1	74.0	93.8	184.9	91.9	91.9
Disposals	274.9	324.8	727.7	567.7	485.0	35.5	25.8	20.9	29.1	35.6	25.9
A) Budgetary central government	244.4	275.1	352.7	498.7	303.4	28.9	25.4	20.6	27.1	35.1	25.8
B) Extrabudgetary users	30.5	49.6	375.1	69.0	181.6	6.7	0.5	0.3	2.0	0.5	0.1
NET LENDING/BORROWING (1–2–3.1.)	-8,295.6	-6,389.1	-4,467.4	-3,499.8	-2,877.5	-1,164.2	-1,267.0	-578.1	-453.9	-818.9	356.8
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING) (3.3.–3.2.)	8,295.6	6,389.1	4,467.4	3,499.8	2,877.5	1,164.2	1,267.0	578.1	453.9	818.9	-356.8
3.2. CHANGE IN NET ACQUISITION OF FINANCIAL ASSETS	28.4	1,609.8	-2,576.7	-2,939.2	2,776.6	1,101.3	1,414.4	-342.1	162.7	242.0	563.3
3.2.1. Domestic	18.6	1,614.6	-2,593.4	-2,957.2	2,764.1	1,101.3	1,413.5	-342.1	162.7	242.0	563.3
A) Budgetary central government	138.6	1,747.7	-3,063.9	-3,752.8	1,690.5	829.3	1,495.1	-323.7	71.7	329.3	447.0
B) Extrabudgetary users	-120.0	-133.1	470.5	795.6	1,073.6	272.1	-81.6	-18.4	91.0	-87.3	116.3
3.2.2. Foreign	9.8	-4.9	16.7	18.0	12.4	0.0	0.0	0.0	0.0	0.0	0.0
A) Budgetary central government	9.8	-4.9	16.7	18.0	12.4	0.0	0.9	0.0	0.0	0.0	0.0
B) Extrabudgetary users	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	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	0.0	0.0
3.3. CHANGE IN NET INCURRENCE OF LIABILITIES	8,324.0	7,998.8	1,890.7	560.6	5,654.1	2,265.5	2,681.4	236.0	616.6	1,060.9	206.6
3.3.1. Domestic	4,107.7	12,041.7	5,282.8	2,017.1	6,795.7	2,222.4	-1,615.9	703.7	564.4	1,041.6	172.2
A) Budgetary central government	4,038.7	10,591.6	3,166.3	1,477.6	5,656.6	1,677.5	-1,589.7	737.6	365.6	1,073.9	190.3
B) Extrabudgetary users	69.0	1,450.1	2,116.5	539.5	1,139.1	545.0	-26.2	-33.9	198.8	-32.3	-18.1
3.3.2. Foreign	4,216.3	-4,042.8	-3,392.1	-1,456.5	-1,141.7	43.1	4,297.3	-467.8	52.3	19.2	34.4
A) Budgetary central government	270.3	-5,080.6	-3,943.2	-2,980.2	-1,445.8	27.7	4,243.1	-494.3	8.6	4.7	12.4
B) Extrabudgetary users	3,946.0	1,037.8	551.2	1,523.7	304.1	15.4	54.1	26.5	43.7	14.5	22.0

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

Table I2: Budgetary Central Government Operations^a

million kuna

	2004	2005	2006	2007	2008	2009					
						Mar.	Jun.	Jul.	Aug.	Sep.	Oct.
1. REVENUE	80,463.5	85,653.0	95,235.6	108,320.6	115,772.7	9,894.4	8,723.2	9,604.4	9,220.2	9,551.5	9,430.0
1.1. Taxes	47,149.9	50,687.6	58,469.1	64,234.5	69,572.7	4,743.6	4,944.5	5,680.7	5,567.2	5,732.0	5,716.8
1.2. Social contributions	29,477.6	31,301.3	33,877.1	37,203.5	40,703.5	3,329.5	3,353.4	3,526.9	3,296.4	3,285.7	3,283.7
1.3. Grants	10.1	27.5	196.0	428.0	468.6	44.0	8.1	29.4	51.9	21.9	22.4
1.4. Other revenue	3,825.9	3,636.6	2,693.3	6,454.5	5,027.8	1,777.2	417.3	367.5	304.8	511.9	407.1
2. EXPENSE	83,131.1	87,857.5	95,950.0	108,007.6	115,292.4	10,533.6	9,721.6	9,934.6	9,370.6	10,137.6	9,036.7
2.1. Compensation of employees	22,268.3	23,182.6	24,313.9	27,545.1	29,948.5	2,625.1	2,547.0	2,810.9	2,498.8	2,553.6	2,525.5
2.2. Use of goods and services	4,358.7	4,951.9	6,069.1	7,162.4	8,113.7	857.8	638.2	671.9	535.4	560.8	483.6
2.3. Consumption of fixed capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4. Interest	3,972.5	4,387.0	4,713.6	4,535.0	4,683.2	856.4	369.4	201.4	355.8	624.4	104.5
2.5. Subsidies	4,968.1	5,248.7	5,670.8	6,492.0	6,859.5	728.4	528.3	510.5	353.4	710.1	316.3
2.6. Grants	3,420.3	3,796.8	6,653.0	8,363.2	5,783.1	396.2	454.3	523.1	486.9	563.7	455.6
2.7. Social benefits	39,730.9	41,358.5	43,444.6	48,176.0	52,593.2	4,690.5	4,752.9	4,715.0	4,634.7	4,694.6	4,713.3
2.8. Other expense	4,412.4	4,931.9	5,085.0	5,733.9	7,311.2	379.3	431.5	501.8	505.6	430.4	437.9
3. CHANGE IN NET WORTH: TRANSACTIONS	-2,667.6	-2,204.5	-714.4	313.0	480.2	-639.3	-998.5	-330.2	-150.4	-586.1	393.3
3.1. Change in net acquisition of non-financial assets	1,419.5	1,553.7	1,555.8	2,545.2	2,988.1	236.6	158.9	236.9	152.1	163.2	149.0
3.1.1. Fixed assets	1,384.6	1,517.0	1,595.1	2,625.7	2,719.5	228.9	148.2	203.4	135.9	148.8	149.0
3.1.2. Inventories	0.0	0.0	-80.2	-161.4	79.4	1.4	4.0	11.7	19.0	0.0	0.0
3.1.3. Valuables	7.5	7.2	7.8	9.6	10.1	0.6	0.4	0.6	0.0	0.6	0.9
3.1.4. Non-produced assets	27.3	29.5	33.1	71.3	179.1	5.7	6.4	21.2	-2.8	13.8	-0.9
3.2. Change in net acquisition of financial assets	222.0	1,752.8	-3,047.2	-3,734.8	1,702.9	829.3	1,496.0	-323.7	71.7	329.3	447.0
3.2.1. Domestic	212.2	1,757.7	-3,063.9	-3,752.8	1,690.5	829.3	1,495.1	-323.7	71.7	329.3	447.0
3.2.2. Foreign	9.8	-4.9	16.7	18.0	12.4	0.0	0.9	0.0	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	0.0	0.0
3.3. Change in net incurrence of liabilities	4,309.0	5,510.9	-777.0	-1,502.6	4,210.8	1,705.2	2,653.4	243.3	374.2	1,078.6	202.7
3.3.1. Domestic	4,038.7	10,591.6	3,166.3	1,477.6	5,656.6	1,677.5	-1,589.7	737.6	365.6	1,073.9	190.3
3.3.2. Foreign	270.3	-5,080.6	-3,943.2	-2,980.2	-1,445.8	27.7	4,243.1	-494.3	8.6	4.7	12.4

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

Table I3: Central Government Debt^a

end of period, million kuna

	2004	2005	2006	2007	2008	2009			
	Dec.	Dec.	Dec.	Dec.	Dec.*	Mar.*	Jun.*	Sep.*	Dec.
1. Domestic debt of central government	41,295.1	54,794.2	59,688.4	63,240.9	67,996.8	76,932.6	77,433.9	78,828.7	78,170.0
1.1. Domestic debt of the Republic of Croatia	37,364.0	50,840.7	54,490.4	56,883.1	64,961.8	72,876.9	73,517.0	75,075.8	74,375.6
Treasury bills	8,811.7	12,278.0	12,412.9	11,740.6	14,440.7	15,066.2	15,390.5	16,912.8	18,802.5
Money market instruments	–	0.9	–	–	10.7	7.0	7.0	19.2	19.3
Bonds	23,371.7	31,151.8	35,249.6	39,273.5	39,306.7	39,079.7	39,608.9	39,112.4	39,271.2
Credits from the CNB	3.3	1.4	0.9	1.0	2.2	0.8	1.2	–	2.9
Credits from banks	5,177.2	7,408.6	6,827.0	5,867.9	11,201.5	18,723.2	18,509.4	19,031.4	16,279.8
1.2. Domestic debt of central government funds	3,931.2	3,953.5	5,198.0	6,357.8	3,035.0	4,055.7	3,916.8	3,752.9	3,794.4
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	4,055.7	3,916.8	3,752.9	3,794.4
2. External debt of central government	49,978.2	45,164.3	41,494.8	39,610.7	30,259.7	27,066.8	29,692.0	29,803.5	37,688.7
2.1. External debt of the Republic of Croatia	42,231.2	36,414.5	32,556.6	29,424.0	28,459.4	25,287.0	27,917.8	28,104.7	35,971.4
Money market instruments	–	–	–	–	–	–	–	–	–
Bonds	32,919.3	27,020.1	22,836.9	20,397.3	18,768.2	14,917.8	17,824.4	18,229.2	26,262.7
Credits	9,311.9	9,394.5	9,719.7	9,026.7	9,691.2	10,369.2	10,093.4	9,875.5	9,708.7
2.2. External debt of central government funds	7,747.0	8,749.8	8,938.2	10,186.7	1,800.3	1,779.7	1,774.2	1,698.8	1,717.2
Money market instruments	–	–	–	–	–	–	–	–	–
Bonds	–	–	–	–	–	–	–	–	–
Credits	7,747.0	8,749.8	8,938.2	10,186.7	1,800.3	1,779.7	1,774.2	1,698.8	1,717.2
3. Total (1+2)	91,273.3	99,958.5	101,183.1	102,851.6	98,256.5	103,999.4	107,125.9	108,632.2	115,858.7
Supplement: Central government guaranteed debt									
– guarantees for domestic debt	5,024.2	5,880.2	7,660.3	8,110.6	13,299.2	13,983.7	13,863.7	14,285.9	14,961.9
– guarantees for external debt	13,247.0	13,853.9	14,303.7	19,024.2	31,406.6	32,158.3	32,673.6	36,595.5	35,005.2

^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.

Table J1: Consumer Price and Producer Price Indices

Year	Month	Basic indices, 2005 = 100			Chain indices				Monthly year-on-year indices			
		Consumer price indices			Consumer price indices ^a			Producer prices ^b	Consumer price indices ^c			Producer prices ^b
		Total	Goods	Services	Total	Goods	Services		Total	Goods	Services	
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	March	115.2	115.2	115.6	100.2	100.3	99.9	98.8	103.8	103.5	105.0	99.9
	April	116.0	116.4	115.3	100.8	101.0	99.8	100.5	103.9	103.7	104.4	99.9
	May	116.0	116.3	115.7	100.0	99.9	100.3	100.6	102.7	102.4	104.2	99.3
	June	116.1	116.1	116.9	100.1	99.8	101.0	100.9	102.1	101.6	103.8	99.0
	July	115.3	114.7	118.4	99.3	98.7	101.3	100.6	101.2	100.5	104.0	97.2
	August	115.2	114.5	118.9	99.9	99.8	100.4	100.8	101.5	100.8	103.9	98.2
	September	115.0	114.5	117.3	99.8	100.1	98.7	99.3	101.0	100.3	103.8	97.7
	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

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

Table J1: Consumer Price and Producer Price Indices

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

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

Table J2: Core Consumer Price Indices

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

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

Table J2: Core Consumer Price Indices

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

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

Table J3: Average Monthly Net Wages

in current prices, in kuna

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

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	February	-44.1	-31.3	-41.7	-30.4	-20.8	-55.8	-41.7	56.6	-38.9	-57.4
	March	-45.3	-35.0	-41.7	-31.1	-23.8	-57.7	-46.1	59.6	-36.4	-51.6
	April	-44.3	-32.2	-43.6	-32.0	-20.7	-58.3	-43.6	54.3	-40.6	-58.6
	May	-38.9	-26.5	-39.2	-31.5	-16.6	-54.4	-36.4	47.8	-31.7	-54.6
	June	-45.0	-32.4	-42.4	-33.4	-21.7	-60.3	-43.1	55.5	-33.6	-59.7
	July	-47.7	-39.2	-46.0	-38.0	-30.2	-62.2	-48.2	56.4	-37.7	-56.0
	August	-52.3	-44.5	-50.0	-39.9	-34.8	-65.5	-54.2	61.5	-44.7	-58.5
	September	-40.8	-27.6	-44.7	-36.3	-20.4	-59.7	-34.7	48.0	-38.2	-60.1
	October	-41.0	-25.1	-46.8	-35.8	-18.2	-62.3	-31.9	57.1	-42.2	-56.9
	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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The components of composite indices are as follows:

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

CEI: I2, I4

CSI: I1, I3, I8.

List of Banks and Savings Banks

1 March 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. Županjska banka d.d., Županja	3/5/1999

Banks and savings banks undergoing winding-up proceedings

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

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

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

Management of the Croatian National Bank

1 March 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, Analysis and Accounting Area	Diana Jakelić
Payment Operations Area	Neven Barbaroša
Information Technology Area	Mario Žgela
Support Services Area	Boris Ninić
International Relations Area	Michael Faulend

