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BULLETIN

Zagreb, 2006

General Information on Croatia

Economic Indicators

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
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)	4.494	4.572	4.501	4.554	4.381	4.437	4.443	4.442	4.439	4.439
GDP (million HRK, current prices)	107,981	123,811	137,604	141,579	152,519	165,639	181,231	198,422	212,827	229,031
GDP (million EUR, current prices) ^a	15,869	17,790	19,281	18,679	19,976	22,177	24,468	26,234	28,395	30,949
GDP per capita (in EUR)	3,531	3,891	4,284	4,102	4,560	4,998	5,507	5,906	6,397	6,972
GDP – year-on-year rate of growth (in %, constant prices)	5.9	6.8	2.5	-0.9	2.9	4.4	5.6*	5.3*	3.8	4.3
Average year-on-year inflation rate ^b	3.5	3.6	5.7	4.0	4.6	3.8	1.7	1.8	2.1	3.3
Current account balance (million EUR) ^c	-755	-2,192	-1,305	-1,311*	-477*	-814*	-2,094*	-1,874*	-1,404*	-1,960*
Current account balance (as % of GDP)	-4.8	-12.3	-6.8	-7.0	-2.4*	-3.7	-8.6	-7.1	-4.9*	-6.3
Exports of goods and services (as % of GDP) ^c	38.7	40.3	39.8	40.9	47.1	48.7	45.5	50.1	50.1	49.4
Imports of goods and services (as % of GDP) ^c	48.0	56.8	49.1	49.3	52.3	54.6	56.4	57.9	57.0*	56.4
Outstanding external debt (million EUR, end of year) ^d	4,284	6,761	9,173	10,101	12,109	13,458	15,055	19,811	22,781	25,541
Outstanding external debt (as % of GDP)	27.0	38.0	47.6	54.1	60.6	60.7	61.5	75.5	80.2	82.5
Outstanding external debt (as % of exports of goods and services)	69.8	94.4	119.4	132.2	128.7	124.6	135.3	150.8	160.0	167.0
External debt service (as % of exports of goods and services) ^{d,e}	9.0	9.8	12.3	21.1	23.6	26.2	27.4	20.1	21.3	24.0*
Gross international reserves (million EUR, end of year)	1,868	2,304	2,400	3,013	3,783	5,334	5,651	6,554	6,436	7,438
Gross international reserves (in terms of months of imports of goods and services, end of year)	2.9	2.7	3.0	3.9	4.3	5.3	4.9	5.2	4.8	5.1
National currency: Croatian kuna (HRK)										
Exchange rate on 31 December (HRK : 1 EUR)	6.8636	6.9472	7.3291	7.6790	7.5983	7.3700	7.4423	7.6469	7.6712	7.3756
Exchange rate on 31 December (HRK : 1 USD)	5.5396	6.3031	6.2475	7.6477	8.1553	8.3560	7.1457	6.1185	5.6369	6.2336
Average exchange rate (HRK : 1 EUR)	6.8047	6.9597	7.1366	7.5796	7.6350	7.4690	7.4068	7.5634	7.4952	7.4002
Average exchange rate (HRK : 1 USD)	5.4338	6.1571	6.3623	7.1124	8.2768	8.3391	7.8637	6.7014	6.0355	5.9480
Consolidated central government balance (as % of GDP) ^f	....	....	....	-6.5	-7.1	-6.7	-4.5	-4.6*	-4.6	-3.4
Unemployment rate (ILO, persons above 15 years of age) ^g	10.0	9.9	11.4	13.6	16.1	15.8	14.8	14.3	13.8	12.7
Employment rate (ILO, persons above 15 years of age) ^g	50.6	49.3	47.0	44.8	42.6	41.8	43.3	43.1	43.5	43.3

^a Calculated by applying the average annual exchange rate (HRK/1 EUR) to the GDP in kuna terms.

^b Inflation rate was measured by the RPI in the 1994-1998 period. From 1999 on, it is measured by the CPI.

^c Preliminary data.

^d External debt indicators for 2002 and 2003 are shown on a gross basis, while the indicators for 2001 and previous years do not include interest arrears and accrual interest, hybrid and subordinated instruments, repo transactions of banks and the CNB, deposits of international financial institutions with the CNB, and one-sided effects of the secondary bond market.

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

^f On a cash basis.

^g Employment and unemployment rates as at November 1996 and as at June 1997.

Sources: CBS, MoF and CNB.

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Quarterly Report

Introduction

Quarterly GDP data for 2005, released at the end of March, show that real GDP growth accelerated to 4.3% in 2005 from 3.8% in 2004. The composition of growth changed as well, with the contribution of personal consumption falling to 2.1 percentage points, and the contribution of investment in fixed capital rising to 1.4 percentage points. Government consumption made a slight positive contribution, as did net exports.

Monthly data available for the first quarter of 2006 suggest a continuation of solid growth. Volume indices of growth in industry, trade and construction, as well as retail trade data suggest stronger domestic demand as well as stronger foreign demand.

Regarding external demand, Eurostat's flash estimate of GDP for the first quarter of 2006 shows eurozone growth accelerating to 2.0%. Although growth rates among Croatia's other main trading partners are mixed, with some partners experiencing slower growth recently (e.g. Slovenia) and other more rapid growth, the outlook for the year as a whole is positive. Croatia's seasonally adjusted merchandise exports, which grew 20.7% in the first quarter of 2006, support this claim.

Regarding domestic demand, indicators of consumer confidence and retail sales increased in the first quarter. The growth rate of production of consumer non-durables fell slightly over the last quarter, while the growth rate of production of consumer durables and the growth rate of imports of both categories of goods rose. Although wage growth has been slow, bank lending to households has remained strong. Thus, even though real personal consumption has fallen considerably from its peak in mid-2002, there is reason to expect a continuation of moderate consumption growth.

Real investment growth, which was very low at the beginning of 2005, has been accelerating since then. Investment has shifted from public investment, mainly motorway building, to private investment. Growth rates of domestic production of capital and intermediate goods slowed down in the first quarter of 2006, but imports of both categories of goods speeded up. Growing rates of bank lending to enterprises suggest growth in private investment activity, which should lead to increased output and productivity in the future. However, strong construction activity and very rapid growth in home mortgage lending suggest that a substantial portion of the expected growth in investment activity might be accounted for by residential construction.

On the production side, industrial output grew 4.0% year-on-year in cumulative terms in the first four months of 2006, according to the seasonally adjusted data. Labour productivity in industry grew by 6.6% annually in the first quarter, down from 7.1% in the fourth quarter of 2005, despite decreases in employment in early 2006. But real retail trade turnover grew at 3.7% in the first quarter, up from 2.2% in the fourth quarter of last year. And construction accelerated sharply, with the annual growth rate of the total volume of construction works reaching 15.1% for the Janu-

ary-February. Taken together, stronger growth in trade and construction suggest strong growth overall, despite slower growth of industrial output.

Continued output growth has resulted in decreasing unemployment. The Labour Force Survey, which uses the internationally-accepted methodology of the ILO, showed unemployment of 12.3% in the second half of 2005, and an annual unemployment rate of 12.7%, the lowest rate in six years. However, despite favourable trend in unemployment reduction, the Survey also showed a decline in employment to 43.2%. It is important to clarify that the decrease in the unemployment rate may be the result of increased job creation and decreased rate of activity.

Registered unemployment stood at 302 400 in April 2006, 17 900 less than in April 2005. The main cause of the fall was a decrease in new registration. During the first quarter, almost 3 000 registered unemployed obtained new jobs, 10.4% more than in the same period the year before. Data from the Croatian Pension Insurance Administration show an average increase of 3.0% in those registering for pension insurance during the first quarter, 0.4 percentage points more than in the fourth quarter last year. Employment rose in the education, health, financial intermediation, real estate intermediation and business services, and construction sectors, and fell in mining and extraction, agriculture and manufacturing.

Real gross wages grew only 2.0% in the first quarter of 2006, while real net wages grew 1.2%. Although low, these growth rates outpaced the growth rates of real gross and net wages paid in the last quarter of 2005, as well as their growth in the entire 2005. With real wage growth so low, and productivity rising sharply, price pressures from the labour market are highly muted.

Inflation decelerated slightly during the first four months of 2006, with the annual change in consumer prices falling from 3.6% in December 2005 to 3.5% in April 2006. The main factors pushing inflation higher came from administrative measures that increased the price of water, waste removal and beverages (new packaging waste disposal system). Meat prices, a factor that had been pushing inflation higher in 2005, lost their momentum. Reflecting the predominance of administrative factors in consumer price developments, core inflation fell from 3.0% in December 2005 to 2.3% in April 2006.

While the overall environment of restrained nominal wage growth, strong labour productivity and nominal currency appreciation remains supportive of low inflation, one must take into account strong pressure of administrative prices, energy prices and other raw materials prices on inflation developments. Hence, the average daily price of crude oil barrel rose by a total of 20.5% between December 2005 and April 2006, and non-energy raw materials prices rose 15.8% on world markets in the same period. The central bank will need to continue to keep a watchful eye on inflationary pressures for these reasons.

The exchange rate of the kuna has appreciated mildly against the euro in 2006, strengthening 1.5% between the end of December 2005 and the end of May 2006. In response to these pressure, the central bank intervened several

times in the foreign exchange market (in February and May), buying EUR 303.2m and thereby created a total of HRK 2.2bn. The interventions helped alleviate the appreciation pressures and keep the average daily exchange rate volatility low, while the kuna ended the month just above 7.26 kuna per euro.

During this period, the kuna also appreciated some 9.3% against the US dollar, 1.8% against the Swiss franc and 1.5% against the Slovene tolar. Overall, the daily nominal effective exchange rate of the kuna appreciated 3.7% against the basket of currencies in the first five months of the year. The real effective exchange rate, which takes inflation into account and thus is a better measure of relative prices, appreciated 1.7% measured by consumer prices and 1.3% measured by producer prices in the first quarter.

Strong growth in bank lending, financed by increased bank foreign borrowing, has been a key factor creating appreciation pressures. The growth rate of bank placements, adjusted for exchange rate changes, accelerated from 19.9% at the end of 2005 to 23.4% at the end of April. Importantly, the growth rate of bank loans to enterprises rose from 16.7% to 23.9% during this period, virtually reaching the same growth rate as loans to households (24.1%).

In order to intensify dynamics and ensure the sources of funds for financing of accelerated credit growth, banks continued to borrow from abroad. Banks' foreign liabilities rose HRK 6.3bn (9.3%) in the first quarter, while their foreign assets fell HRK 8.5bn (23.8%). In addition, banks made a syndicated loan of EUR 400m to the central government in March, and they were allowed to count this loan towards their foreign exchange liquidity requirement in the March-October period of 2006 in accordance with the central bank's amendments to the relevant decision. It is foreseen that the loan will be paid off in October through privatisation proceeds.

At the same time, broad money (M4) remained roughly unchanged during the first quarter. Money (M1) followed the usual seasonal pattern, and decreased mildly during the same period (1.6%). Within the M1 structure, demand deposits fell by 2.1% due to a strong fall in funds in transaction accounts of enterprises (7.4%). Currency in circulation remained unchanged.

Kuna quasi-money continued its strong growth in the first quarter, growing at some 40.0% year-on-year. Enterprise deposits accounted for the bulk of this growth, household kuna quasi-money also grew steadily, while faster growth in kuna savings was seen in non-banking financial institutions. It should be remembered that much of the growth in kuna quasi-money is in kuna deposits linked to the euro, and thus this rapid growth does not necessarily reflect strengthening confidence in the kuna.

Foreign currency deposits, the largest category within total deposits, fell during the first quarter. The annual growth rate of foreign currency deposits fell to 4.3%, adjusted for exchange rate changes. However, foreign currency deposits usually grow during the summer months, thanks to inflows from tourism and worker remittances.

The central bank's response to this situation of lending growth funded by foreign borrowing has been to attempt to

make foreign borrowing more expensive. The central bank raised the marginal reserve requirement to 55% in January, and added a special reserve requirement on debt securities issued by banks, effective in March. At the same time, the central bank has met the liquidity needs of the banking system through weekly reverse repo auctions, lowered its reserve requirement from 18% to 17%, and injected liquidity into the system via foreign exchange auctions.

In line with good liquidity, turnover at reverse repo auctions was lower than in last quarter of 2005, and the interest rate on repos has remained constant at 3.5%. During the first quarter, banks deposited an average of HRK 466m in the central bank's overnight deposit facility. This amount fell to HRK 206m in April and May, as demand for kuna intensified and banks' surpluses decreased.

Thanks to abundant liquidity of the banking sector and despite a marked increase in kuna demand in February, generated by the issue of the second tranche of the government bond (the first tranche was issued in December 2005) and the issue of a five-year kuna bond of Raiffeisenbank worth HRK 600m, money market interest rates remained at a relatively low level in the first quarter of 2006. Interest rates on overnight lending fell from 1.60% in January to 0.91% in March but grew moderately in April and May, to 1.09% and 1.69% respectively.

The stock of subscribed T-bills dropped in the first quarter of 2006 over the same period last year as a result of the decrease in interest rates on MoF T-bills of all maturities. The weighted interest rate on 364-day T-bills, which account for the largest share in the structure of subscribed bills, stood at 3.68% in March, a substantial decrease over its November level of 4.40%. Following slight increase in April and May, this rate reached 3.78% and 3.96% respectively.

The central bank's international reserves rose by EUR 1.064m during the first five months of 2006, reaching EUR 8.502bn. The marginal reserve requirement accounted for the largest portion of this increase, EUR 817m. In addition, the growth in international reserves was also accounted for by the purchase of foreign exchange from banks. The central bank's net usable international reserves, which do not include banks' foreign currency reserve requirement and marginal reserve requirement deposits and CNB's foreign liabilities, rose by EUR 264m to EUR 5.869m in May.

During the first quarter, Croatia's current account deficit rose to EUR 1.993m, 29.1% more than in the same quarter last year. The main cause of this deterioration was weaker performance in merchandise trade, along with an increase in the factor income deficit. In addition, the Easter holiday fell during the second quarter this year, while it fell in the first quarter last year, resulting in lower tourism revenues in the first quarter of 2006.

Merchandise exports grew 26.3% at constant exchange rates in the first quarter, far better than the 5.3% growth seen in the first quarter of 2005. Much of this was due to ship exports, which grew 92.8% year-on-year. Also, exports of oil and refined petroleum products grew strongly, helped by higher prices and larger export volumes. Exports excluding ships, oil and refined petroleum products grew by 17.5%, up from 12.9% in the same period of last year, indi-

cating that the improvement in export performance was not confined to ships and refined petroleum products. Fish exports doubled, and exports of natural and industrial gas and electric energy increased.

At the same time, merchandise imports grew 25.3% at constant exchange rates, accelerating from 7.7% in the first quarter of last year. Oil and refined petroleum products were the main generators of this growth. Excluding oil and refined petroleum products, imports grew 19.1%, far faster than the 4.4% registered during the first quarter of 2005 (which, it should not be forgotten, was a quarter of unusually slow economic growth). Imports of capital goods accelerated in the first three months of 2006, which seems to be connected with increased private investment.

Croatian exports to European Union members grew in the first quarter, particularly to Italy, Germany and Sweden. Exports to Serbia and Montenegro also grew strongly, while exports to Romania, Bosnia and Herzegovina, Liberia and Syria fell. On the import side, imports from Russia (energy) and China grew strongly, along with imports from Bulgaria and Bosnia and Herzegovina.

On the services account, strong growth was seen in net imports of other services, including architectural, engineering and other technical services, royalties and licensing fees, trade and other related services, legal and accounting fees and consulting and public relations. On the factor income account, dividends paid to foreign investors rose strongly. In particular, the payment of EUR 56m in dividends by HT had a large impact on this account.

On the capital and financial account, net foreign direct investment rose to EUR 249m in the first quarter, 42.3% more than in the same quarter of 2005. The main receiving sectors were other monetary intermediation (recapitalisation of foreign-owned banks), trade and extraction of crude oil and natural gas. The portfolio investment account showed outflows of EUR 0.5bn. This was mainly due to the government's repayment of 300 million euros worth of euro-bonds and 25 billion yens worth of Samurai bonds, along with regular London Club repayments. The government did not issue any new foreign bonds.

Net liabilities of domestic sectors under the heading of other investment grew by EUR 2.4bn, with a EUR 1.1bn decrease in foreign assets and a EUR 1.4bn increase in foreign liabilities. The decrease in foreign assets resulted from banks withdrawing their deposits abroad, while the increase in foreign liabilities came from increases in long-term borrowing (EUR 0.8bn), mainly by enterprises and banks.

The balance of payments data shows an increase in gross international reserves of EUR 673m. The balance of payments data does not take into consideration changes in exchange rates, so that balance of payments figures do not agree with those shown in monetary statistics.

Croatia's external debt rose to EUR 26.8bn at the end of April, an increase of EUR 1.3bn or 5.1% relative to the end of 2005. Banks' external debt (hybrid and subordinated instruments included) rose by EUR 1.3bn and the banking sector laid claim to the title of the sector with the largest share of the external debt. The debt of other domestic sectors rose by EUR 0.5bn. It is possible that this slower in-

crease in enterprise debt was due to the acceleration in domestic bank lending to enterprises. The government's external debt, including central government, central government funds, the Croatian Bank for Reconstruction and Development and local government, fell by EUR 0.5bn.

The index of foreign exchange market pressure remained well below alarm levels in the first quarter of 2006. The key contributors to this were increased international reserves and kuna/euro exchange rate appreciation.

During the first quarter of 2006, strong consolidated general government revenues led to a somewhat better than expected fiscal outturn. Consolidated general government revenues amounted to HRK 24.6bn, 11.2% more than in the first quarter of 2005. The growth rate should be considered with a bit of caution, since the first quarter of 2005 was characterised by slow growth and weak revenue collection.

Nonetheless, tax revenues rose 14.4% year-on-year, with VAT revenues up some 21.8%. The amendments to the Value Added Tax Act came into effect early in 2006. Important changes in the VAT are the removal of the zero VAT rate on organised tours paid for by foreign payment orders and the rate of 22% on organised tours paid for by domestic payment orders, as well as the introduction of a uniform 10% VAT rate for accommodation services or bed and breakfast, half board and full board in all types of commercial accommodation facilities and for services provided for by foreign tour operators. Overall, these changes are expected to decrease government revenues by about HRK 100m.

Excise revenues grew by 8.2%, led by cigarette tax revenues, which grew 15.6% and excises on automobiles, which grew 28.1%. Local government revenues rose 5.9%.

On the expenditure side, HRK 25.6bn was spent, 1.3% less than in the same period last year. Decreases were made in subsidies, other capital expenditures, and interest paid on foreign liabilities. Compensation of employees increased by 5.9%, social benefits by 2.1% and foreign interest payments by 31.8%. Local government expenditures rose 8.7%.

In line with developments in revenues and expenditures and transactions in non-financial assets, net general government borrowing fell by HRK 5.8bn in the first quarter of 2005 to HRK 2.5bn in the first quarter of 2006. Consolidated general government liabilities rose by HRK 1.9bn, while financial assets decreased by HRK 0.6bn.

The deficit of consolidated general government (on cash basis, GFS 1986) stood at HRK 3.1bn in the first quarter of 2006, which was 49.5% less than in the same quarter of 2005. However, it should be noted that three-quarters of last year's deficit were incurred in the first quarter. The dynamics of the deficit are likely to be different this year. According to the modified accrual principle used in Croatia's Stand-By Arrangement with the IMF, which corrects the cash balance with contractual obligations of Croatian Motorways and Croatian Roads (accrual basis) and the change in general government arrears, the consolidated general government deficit in the first quarter was HRK 3.9bn.

General government domestic debt, including CBRD, amounted to HRK 108.7bn at the end of the first quarter, only HRK 128.7m more than at the end of 2005. If government guarantees are included, the total debt of general gov-

ernment amounts to HRK 121bn. General government domestic debt (CBRD excluded) stood at HRK 59.9bn at end-March, an increase of HRK 3.9bn over the end of 2005. This figure includes the EUR 400m borrowed by the government from commercial banks.

General government external debt (CBRD excluded) was HRK 41.9bn at the end of the first quarter, a decrease of HRK 3.4bn over the end of December 2005. Although PAL1 was extended during the observed period and central government funds (especially CM and CR) increased their foreign borrowing, total external debt repayments outpaced its growth, contributing to the fall in general government external debt.

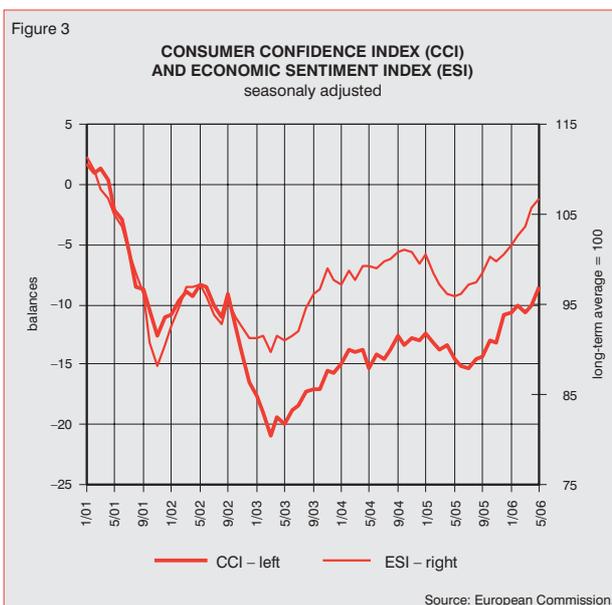
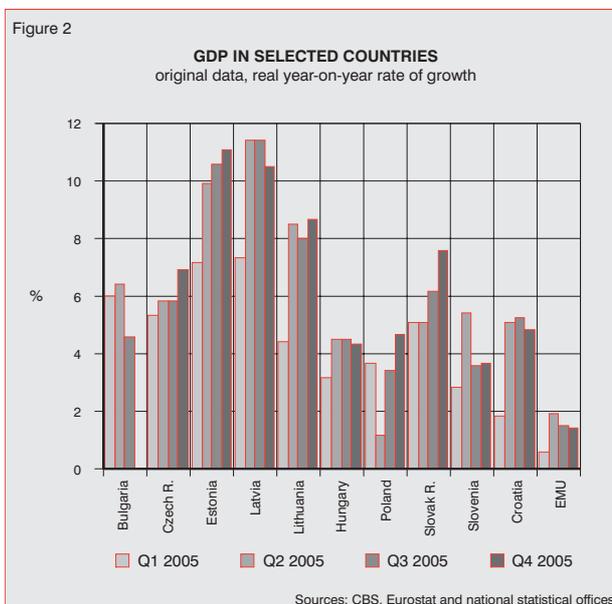
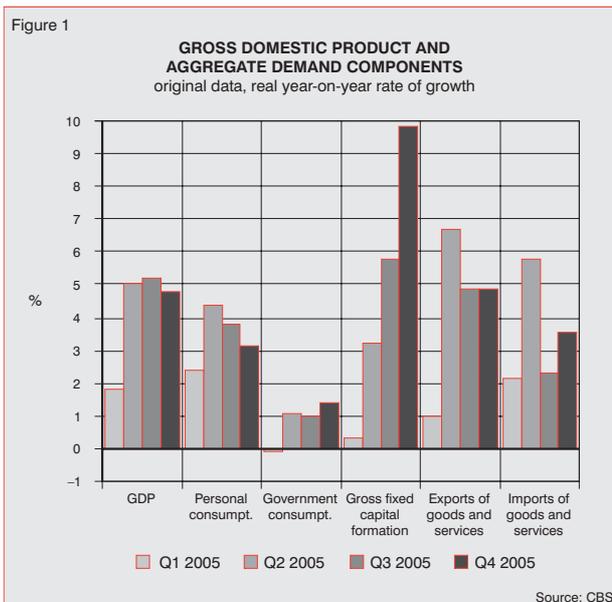
Demand

The quarterly GDP estimate suggests that real annual GDP growth accelerated from 3.8% in 2004 to 4.3% in 2005.¹ The largest contributor to economic activity growth in 2005 was personal consumption, with 2.1 percentage points, 0.3 percentage points less than in 2004. Gross fixed capital formation contributed 1.4 percentage points to real GDP growth, while government consumption, contributing slightly negatively in 2004, made a slightly positive contribution in 2005. The change in inventories showed similar contribution trends. The contribution of net foreign demand to total GDP, although positive (0.1 percentage points), was still far below its contribution in 2004, due to a continued steady increase in goods and services imports accompanying the already slow total exports growth in 2005.

The available monthly economic indicators confirm that positive developments continued in 2006. The volume indices of growth in industry, trade and construction, as well as merchandise trade data for the first quarter 2006, suggest an increase in both domestic and foreign demand, indicating continued strong GDP growth in the first quarter.²

Domestic imports were stimulated by prevailing high growth rates in Croatia's main trading partners in 2005. Economic growth accelerated in Bulgaria, the Czech Republic, Slovakia and the Baltic countries in 2005 compared with 2004, decelerating in Hungary, Poland, Slovenia and eurozone countries, whose economic activity growth rates were lower than Croatia's.³

According to the most recent Eurostat's flash estimate for the first quarter of 2006, annual GDP growth in eurozone countries accelerated to 2.0%, according to seasonally adjusted data. The European Commission's latest forecasts, issued in spring 2006,⁴ suggest a 2.1% increase in the annual GDP growth in 2006 from 2005, according to seasonally adjusted data. In addition, the most recent results of the



1 CBS data on GDP for 2004 and 2005 are temporary, based on the quarterly GDP estimate and not harmonised with the annual GDP estimate.

2 According to CBS's Advance Release Calendar for 2006, the quarterly GDP estimate for the first quarter 2006 will be available on 30 June 2006.

3 With data on foreign economic trends being subject to revisions, the real changes presented in CNB's Quarterly Bulletins do not necessarily match preliminary data.

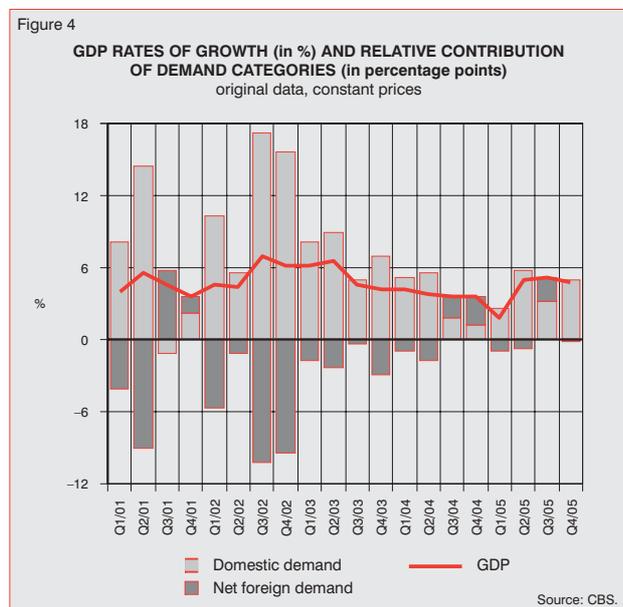
4 Source: *European Commission: Economic Forecasts*, spring 2006.

Consumer and Business Confidence Surveys carried out in eurozone countries point to a continued increase in business optimism since summer 2005. The Economic Sentiment Index in the eurozone rose the most in May 2006, mainly on account of a rise of industry, service sector and consumer optimism. The largest increase in optimism was in May recorded in Germany and Spain.

Foreign Demand

According to the quarterly GDP estimate, goods and services exports slowed in 2005, while imports continued to rise at the same rate as in the previous year. Exports rose at a slower pace than imports only in the first quarter 2005.

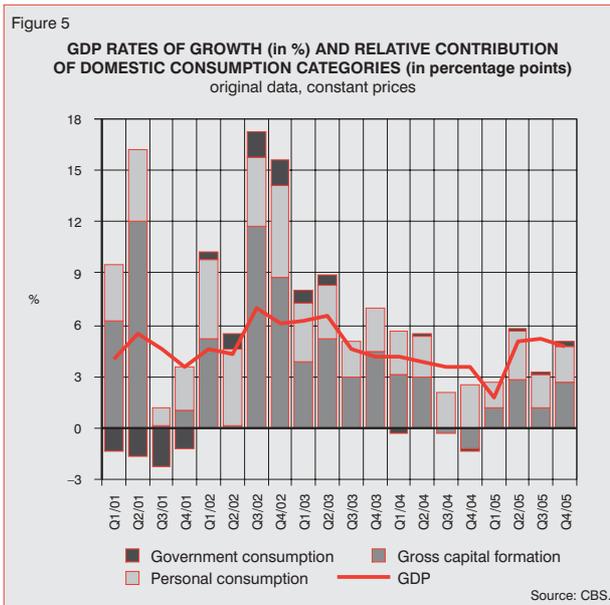
According to CBS nominal seasonally adjusted merchandise trade data, the annual growth rate of goods exports went up from 9.6% in the last quarter 2005 to 20.7% in the first three months in 2006. With the exception of intermediate goods, whose exports slowed, all the main industrial



groupings recorded an accelerated growth rate. In addition, the goods imports annual growth rate rose from 12.6% in the fourth quarter 2005 to 24.8% in the first quarter 2006, mainly in consequence of increased energy imports, but also of growing imports in all other industrial groupings in the observed period.

Domestic Demand

Domestic demand contributed 4.2 percentage points to GDP growth in 2005, an increase compared with 3.4 percentage points contributed in the previous year. This was due to the contribution of gross capital formation rising from 1.1 percentage point in 2004 to 2.0 percentage points in 2005 and to a sharp increase in the contribution of the inventory change, combined with a statistical discrepancy accounted for by the difference between GDP estimates compiled by the production and expenditure approaches. Domestic demand made the largest contribution to GDP

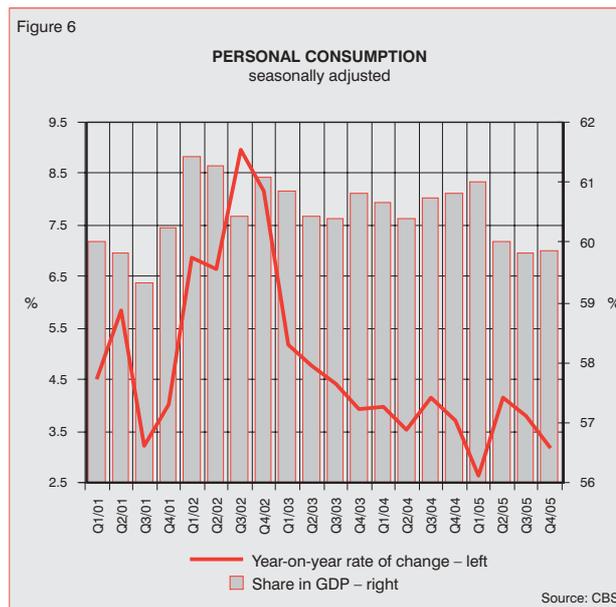


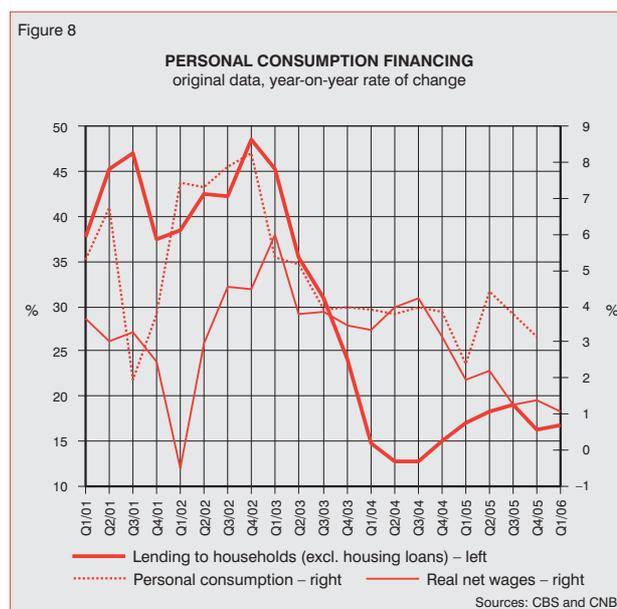
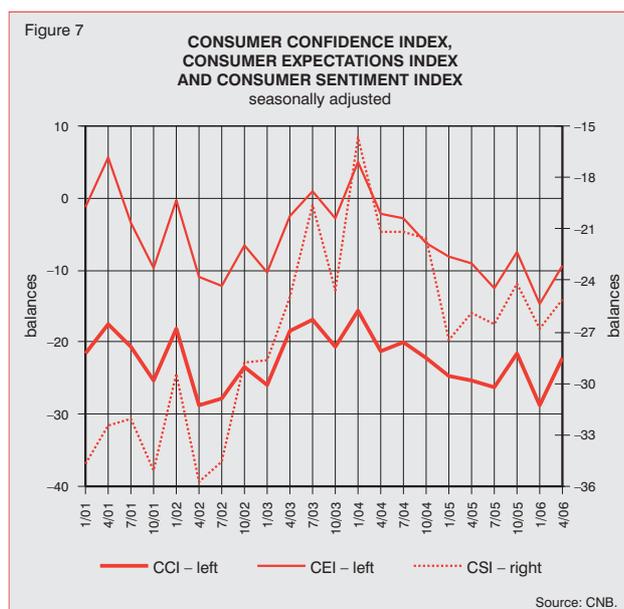
growth in the second quarter of 2005 and the lowest in the first quarter.

The available total industrial production volume indicators suggest a continued strong growth of economic activity in the first quarter 2006. This was also confirmed by the Business and Consumer Confidence Surveys, indicating a recovery of consumer optimism early in the second quarter this year, a surge of optimism in industry, a dip in an otherwise strong optimism in construction and a strong recovery of optimism in trade.

Personal Consumption

Despite its real growth decelerating for the third successive year, personal consumption was the leading GDP growth generator in 2005, with its growth rate at the lowest level in the first quarter and rising in the remaining part of the year. Due to its growth rate decreasing from 3.9% in 2004 to 3.4% in 2005, the contribution of personal consumption to GDP formation dropped to 2.1 percentage points.





According to seasonally adjusted data, retail trade recovered late in the previous year and early this year, final goods inventories decreased significantly, from 9.5% in the fourth quarter 2005 to 1.6% in the first quarter 2006, while VAT revenues rose sharply in the first three months of this year.

The CNB's Consumer Confidence Survey provides information on customers' intentions, expectations and potential personal consumption trends. The latest survey from the first half of April points to a recovery of consumer optimism, based on seasonally adjusted data. All three composite indices (Consumer Confidence Index (CCI), Consumer Expectations Index (CEI) and Consumer Sentiment Index (CSI)) trended upwards.

No definite conclusions can be drawn as to short-term personal consumption trends based on the changes in its financing sources. According to CBS data, the wage bill annual dynamics was slightly negative in the observed period, with a mild slowdown in employment growth in the first quarter 2006 (according to temporary CBS data), paralleled by a mild slowdown in the annual growth of the average real net wage compared with the fourth quarter 2005 and the ensuing deceleration in the annual wage bill growth. However, the number of insured with the CPIA, presumably a more reliable indicator of employment trends than preliminary CBS data, increased annually. Moreover, having slowed down late in 2005, as shown by the average end of the period loan balance, bank placements to households, exclusive of home loans, rebounded in nominal terms in the first quarter 2006, growing at an accelerated rate of 16.7% per year. Bank placements to households which comprise loans with the excluded exchange rate impact, paralleled these trends in the first quarter, while April saw similar trends in both types of placements. Additionally, by an increase of 1.6%, January pensions were in March indexed⁵ to the semi-annual nomi-

nal gross wage growth, which will positively influence personal consumption trends. In contrast, a negative effect will be produced by the nominal annual growth of consolidated general government transfers to households, down from 3.4% in the fourth quarter 2005 to 2.1% in the first quarter 2006.

Investment Consumption

Gross fixed capital formation⁶ rose at an accelerated annual rate of 4.8% in 2005. Standing at a low 0.3% in the first quarter, this rate accelerated in the following quarters and reached 9.9% in real terms in the fourth quarter, its record high since the fourth quarter 2003. The corresponding trends of gross fixed capital formation and value added in constructions give an indication of the importance of investment in construction works, accounting for the largest share of total investment in fixed assets. According to MoF nominal data, consolidated general government capital expenditures (GFS 1986),⁷ making up slightly less than a fourth of capital investments, decreased in 2005. In contrast, private investments grew in nominal terms in 2005, offsetting the slowdown in public investments.

The available investment indicators for the first quarter 2006 suggest further investment growth in early 2006. The annual growth of intermediate and capital goods production decelerated in the first quarter from end-2005. As these product groups' imports accelerated in the same period, growing domestic demand for investment goods has seemingly been met by imports, substituted for domestic production. The growth of final goods inventories in industry decelerated considerably early this year, with investment goods

5 Pension indexation has been carried out since 2004, pursuant to the Act on the Amendments to the Pension Insurance Act (Official Gazette, 30/2004). Under the new Act on the Amendments to the Pension Insurance Act (Official Gazette, 92/2005), which came into effect on 31 December 2005, pensions are indexed semi-annually based on the semi-annual rate of change in the CPI and average gross wage.

6 Gross capital formation is composed of gross fixed capital formation and the change in inventories. However, as the change in inventories includes a statistical discrepancy, inventory amounts and trends within gross capital formation escape precise assessment. The change in inventories accounts for less than 3% of GDP and less than one tenth of total investment.

7 Data on government capital expenditures, as a GFS 1986 category, have been recomputed based on GFS 2001 data.

Box 1: Final Annual GDP Estimate for 2002 and 2003

The Central Bureau of Statistics compiles and releases GDP estimates at current and constant prices using the expenditure and production methods. The final annual GDP estimate follows some time after the quarterly estimate is released. Although both estimates are based on the same principles, the quarterly estimate, being less reliable owing to a narrower scope and incompleteness of data, provides only an indication of GDP trends. The annual GDP estimate includes additional data, available only annually (e.g. financial statements) and therefore allows for a more accurate assessment of economic trends and the GDP level. The quarterly estimate is essential for a prompt and frequent release of GDP data, while the annual estimate provides more reliable data, but with a longer time lag.

The CBS press release⁸ from late March 2006 presented final annual GDP data for 2002 and 2003, with quarterly estimates of real GDP growth rates adjusted upwards from 5.2% to 5.6% for 2002 and from 4.3% to 5.3% for 2003.⁹

In the 2002 estimate, the largest adjustment on the expenditure side was made to the government consumption contribution to GDP growth, which was revised upwards from a negative 0.4 percentage points in the quarterly estimate to 1.1 percentage points. The contribution of gross capital formation was also considerably revised upwards, from 5.4 to 6.5 percentage points.¹⁰ The contribution of personal consumption was only slightly adjusted, from 4.5 to 4.6 percentage points, while the revision of the external

imbalance estimate increased the negative contribution of net foreign demand from -4.2 to -6.7 percentage points.

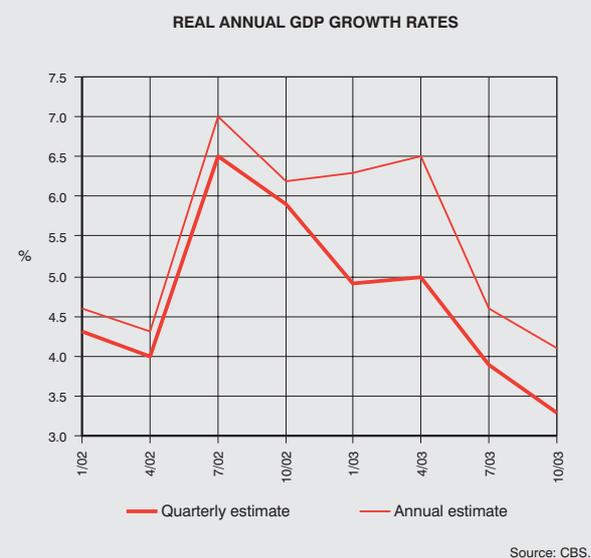
The year-on-year rate of change of the implicit GDP deflator was revised upwards from 2.9% according to the quarterly estimate to 3.6%, with the largest adjustments made to the gross capital formation deflator and goods and services exports deflator. The nominal GDP for 2002 was revised upwards by HRK 1.84bn, to HRK 181.231bn.

Quarterly values were also revised, all upwards, in the annual estimate for 2002, while the trend remained unchanged. The real annual GDP growth rate was thus adjusted from 4.3% to 4.7% for the first quarter 2002, from 4.0% to 4.3% for the second quarter, from 6.5% to 7.0% for the third quarter and from 5.9% to 6.2% for the fourth quarter.

On the production side, the gross value added growth rate for 2002 was revised upwards by 0.1 percentage point, to 5.3%. The contributions of industry, construction, transport, financial intermediation and public administration to GVA growth were revised downwards, while the contribution of hotels and restaurants remained almost unchanged. The largest adjustments were made to the contributions of agriculture and trade, while the negative contribution of financial intermediation services, indirectly measured, was reduced. Revised from 1.6 percentage points according to the quarterly estimate to a high 3.1 percentage points, the increased contribution of trade made up for most of the reductions in the contributions of other categories to real GVA growth.

The largest adjustment in the annual GDP estimate for 2003 was for the contribution of gross fixed capital formation, which was revised by 2.0 percentage points from the quarterly estimate, to 6.0 percentage points. The contribution of personal consumption to GDP growth was revised from 2.5 to 2.8 percentage points and the government consumption contribution was revised upwards by 0.4 percentage points, to 0.3 percentage points. The negative contribution of net exports was revised upwards for 2003 too,

Figure 9

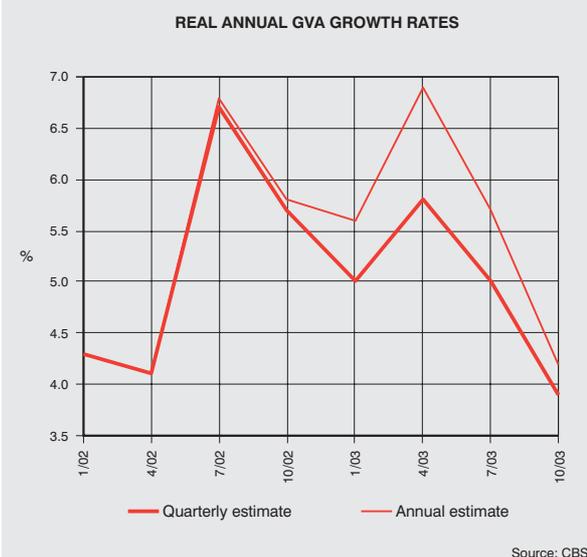


⁸ The quarterly GDP estimate for the fourth quarter 2005.

⁹ The previous annual GDP estimate, published in the CBS Statistical Yearbook for 2003 (CNB Bulletin, No. 88, December 2003) related to 2001. The revision of the quarterly GDP estimates for 1999 and 2000 according to the annual estimate was published in autumn 2002 (CNB Bulletin, No. 75, November 2002).

¹⁰ Gross capital formation is composed of gross fixed capital formation and the change in inventories. The latter also includes a statistical discrepancy.

Figure 10



from -1.5 to -1.8 percentage points. According to the annual estimate, the change of inventories also contributed negatively to economic activity growth, by -1.9 percentage points.

The year-on-year rate of change of the implicit GDP deflator was revised upwards to 3.9%, an increase of 0.7 percentage points compared with the quarterly GDP estimate. In consequence, the overall GDP at current prices for 2003 was revised upwards by HRK 5.36bn, to HRK 198.422bn.

Individual quarterly values were also adjusted within the annual estimate for 2003. GDP growth rates were adjusted upwards for each quarter, whereas the trend remained the same. The real annual GDP growth rate was thus revised by 1.4 percentage points for the first quarter 2003, to 6.3%, by 1.5 percentage points for the second quarter, to 6.5%, by 0.7 percentage points for the third quarter, to 4.6%, and by 0.8 percentage points for the fourth quarter, to 4.1%.

GVA trends in 2003, calculated according to the production method, were also adjusted within the annual estimate – its annual growth rate was revised upwards by 0.7 percentage points, to 5.6%. The contributions of agriculture, transport, financial intermediation and public administration to GDP growth were adjusted downwards, while the largest adjustments were made to the contributions of industry, construction, trade and financial intermediation services, indirectly measured. The contribution of trade was revised upwards the most, from 0.9 percentage points based on the quarterly estimate, to 2.1 percentage points according to the annual GDP estimate for 2003.

The new GDP values for 2002 and 2003 also resulted in the changes in the quarterly GDP estimates for 2004 and 2005. The real growth rates in these quarters remained unaltered due to the fact that data adjustments are made by altering their nominal level, the GDP deflator and the contribution of specific categories.

contributing the most to it in the first two months, and consumer goods in March. However, a rapid increase in construction works, providing a major stimulus to investments in the previous period, was in proof of investment increase in the beginning of this year.

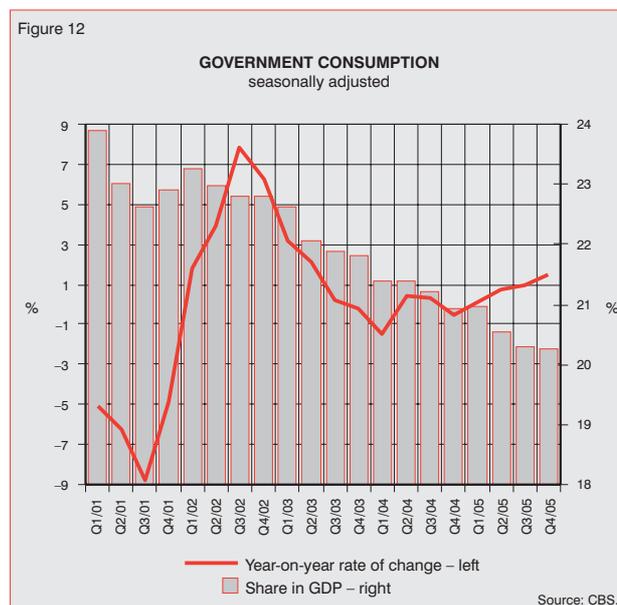
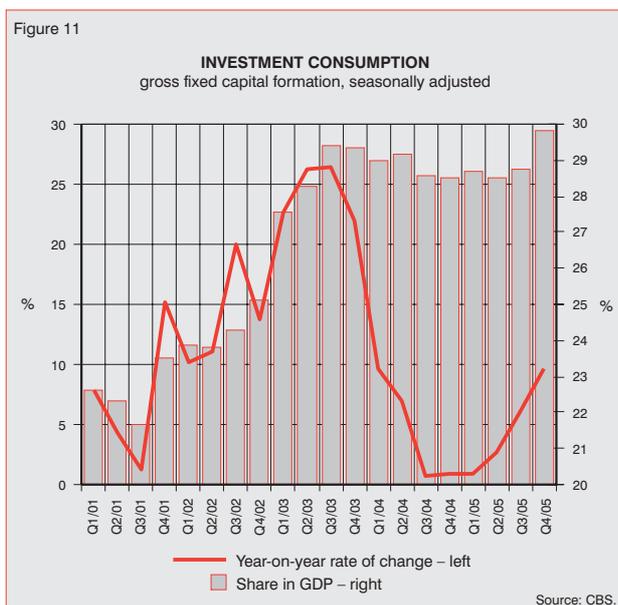
As shown by nominal MoF data on consolidated general government revenues and expenditures (GFS 2001), government capital expenditures, having increased in late 2005, decreased annually in the first quarter 2006. However, this category's volatility should also be taken into account. In contrast, the annual growth of bank corporate placements accelerated in the beginning of this year, reaching 22.7% in nominal terms in the first quarter, as shown by the end of the period loan balance. The growth rate gets higher when the exchange rate impact is excluded. Similar trends in corporate placements continued in April. Home loans grew at an accelerated rate in the first quarter and in April, while the value of net construction work orders rose in January, signi-

fying further growth in real estate investments. This was confirmed by the CNB's Consumer Confidence Survey, carried out in April 2006, suggesting further increase in real estate investments planned in the following 12 months.

Government Consumption

Having decreased in 2004, government consumption inched up slightly in real terms in 2005. However, it continued to grow at a lower rate than other aggregate demand categories, reducing its share in GDP to slightly over 20%. This category contributed positively to GDP growth in 2005, by 0.2 percentage points, whereas in 2004 it contributed by a negative 0.1 percentage point.

As shown by nominal MoF data on compensation of employees (including severance pays in public administration) and expenditures for the use of goods and services at the consolidated general government level, government consumption decelerated in nominal terms in the first quarter of 2006.



Output

Quarterly GDP estimate according to the production method shows that GVA rose by 4.1% in real terms in 2005 compared with the previous year which saw the same GVA growth rate. In 2005, the growth of gross value added of all economic activities combined declined by 0.2 percentage points compared with GDP growth, due to unexpectedly rapid growth of taxes on goods reduced by government subsidies. Such developments in taxes reduced by subsidies arose from accelerated growth of taxes and a simultaneous decline in subsidies in 2005.

Volume indices available on a monthly level point to acceleration in annual value added growth in the first quarter of 2006, mainly due to acceleration in trade and construction. Tourist nights, according to original CBS data, fell, and there was a significant deceleration in the growth of tourist arrivals.

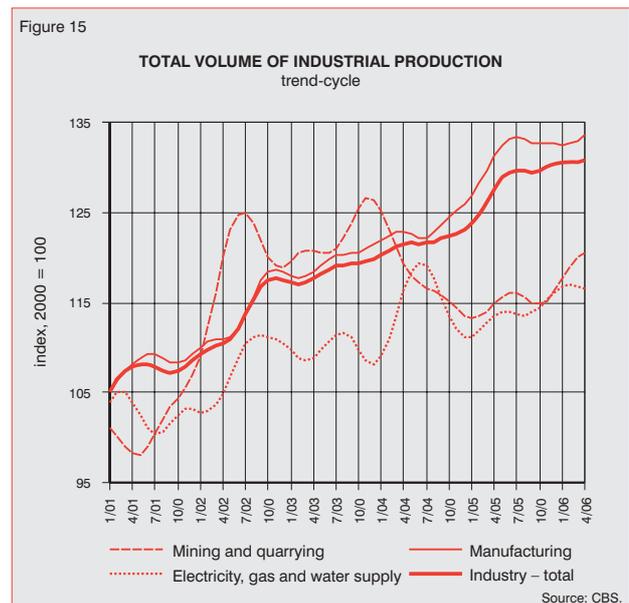
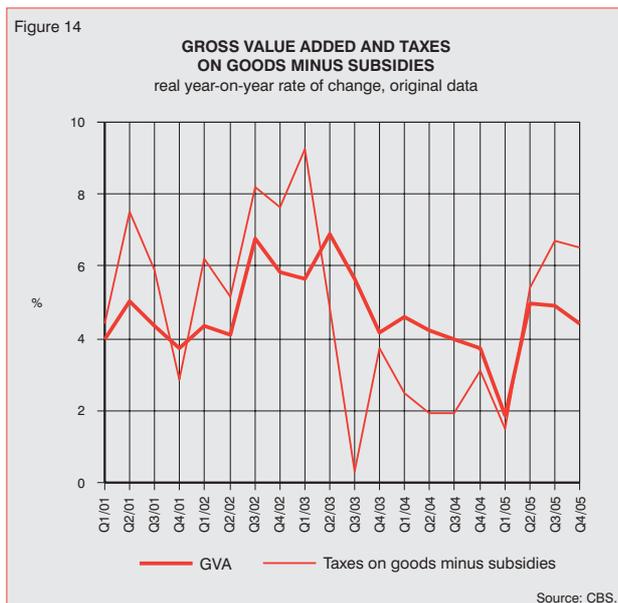
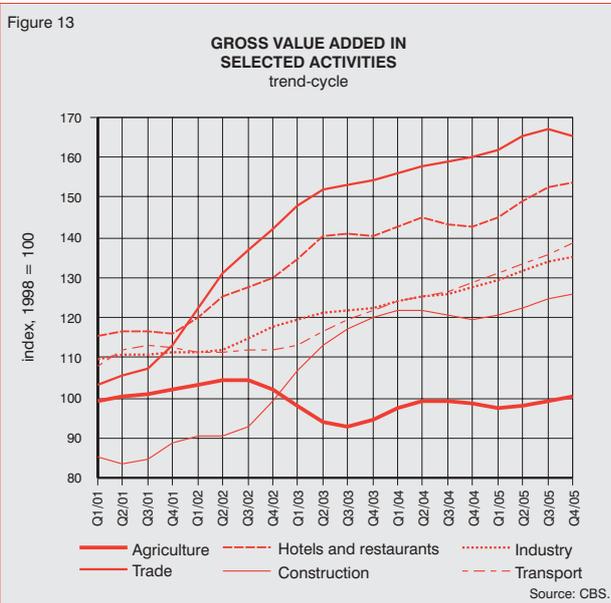
According to nominal data of the Ministry of Finance for the first quarter of 2006, the consolidated general government (GFS 2001) saw acceleration in the annual growth of revenue from indirect taxes, accompanied by a fall in expenditures for subsidies to public sector enterprises, as well as enterprises outside the public sector. This suggests more rapid annual growth of GDP, compared with GVA, in the first quarter of the year.

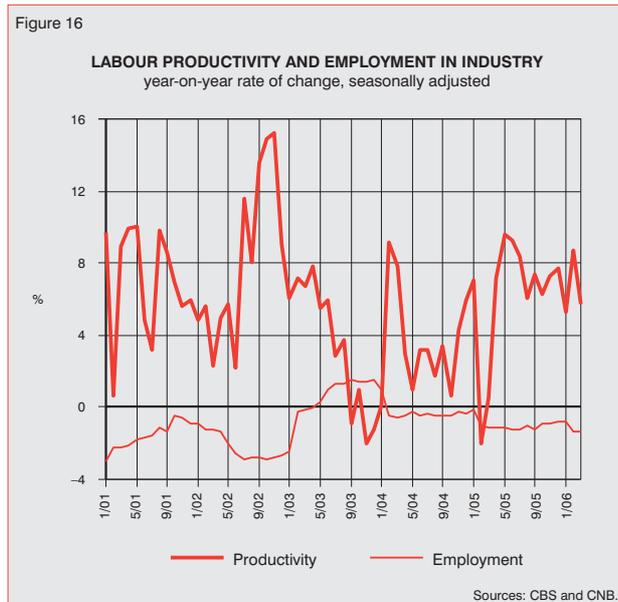
Industry

The real growth of GVA in industry accelerated from 4.0% in 2004 to 5.5% in 2005. As in the previous 2004, this activity made the largest contribution to GVA growth in 2005 (1.5 percentage points).

Monthly indices of the volume of industrial production in the first four months of this year point to a slowdown in the growth of total industrial production, particularly in April, as suggested by seasonally adjusted data. The annual growth rate of industrial production in the first quarter of the year amounted to 5.2%. However, seasonally and calendar adjusted April data, point to its slight annual growth of 0.4%. Owing to April developments, the annual growth of industrial production in the first four months of this year fell from 5.2% year-on-year in the first quarter to 4.0% year-on-year in the first four months of this year. Contribution to this slowdown was provided by manufacture of intermediate, capital and non-durable consumer goods, which account for over 3/4 of total industrial production.

Nominal CBS data on merchandise trade (seasonally adjusted) point to a fast acceleration in the annual growth of exports and imports of goods in the first quarter of this year compared to the last quarter of 2005. The annual growth of goods exports accelerated from 9.6% in the last quarter of last year to 20.7% in the first three months of this year, largely due to acceleration in the growth of energy and capital goods exports. The annual growth of imports of goods also accelerated in the first quarter of this year compared with the fourth quarter previous year (from 12.6% to





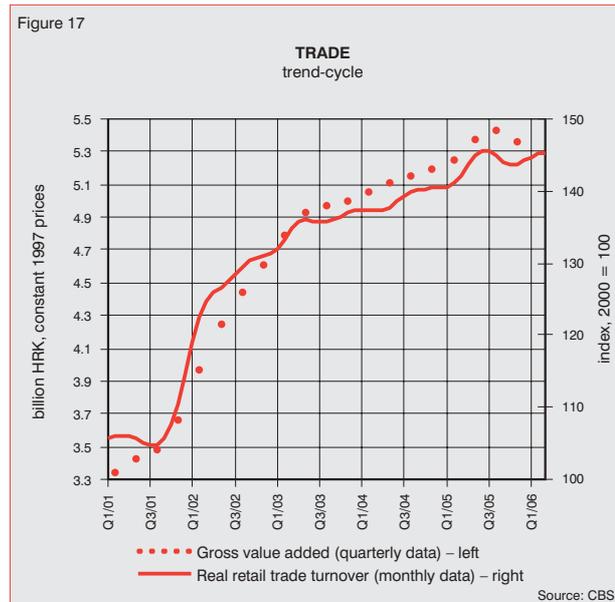
24.8%), mainly due to a fast acceleration in the growth of imports of energy and capital goods. The first quarter of the year also saw a fast deceleration in the growth of final goods inventories in industry. In January and February, this was mainly caused by investment goods inventories accumulation with the structure changing in favour of consumer goods, mostly food products and beverages, in March.

As shown by seasonally adjusted data, manufacturing, which accounts for over 80% of all industrial production, rose 3.5% annually in the first four months of this year, which is a slowdown compared with its annual growth rate of 7.0% in the fourth quarter of 2005. Particularly negative developments were observed in April (0.5% annual fall). By contrast, the growth of energy supply and mining and quarrying saw significant acceleration early this year. Thus, after growing 3.5% annually in the fourth quarter of 2005, energy supply grew 4.4% in the first four months of 2006. Following stagnation in the fourth quarter of 2005, mining and quarrying grew 6.2% cumulatively on an annual level from January to April 2006. Such developments are in line with positive movements recorded in construction at the beginning of the year.

Following CBS revision of preliminary data on industry employment in April this year, the annual growth of labour productivity was adjusted downwards and amounted to 6.2% throughout the year, according to seasonally adjusted data. The growth of labour productivity in industry steadily continued its downward trend from mid-2005 in the first three months of 2006. The annual growth rate of labour productivity stood at 6.6% in the first quarter of 2006, compared with 7.1% in the last quarter of 2005. A slowdown in labour productivity in industry took place despite further fall in industry employment earlier this year.

Trade

GVA dynamics in trade stabilised at 4.2% in 2005, thus halting its decelerating trend noticeable since 2003. Its contribution to total GVA growth also remained unchanged



compared with 2004, and stood at 0.7 percentage points. Looking by quarters, following initially low growth rates earlier in the year, its growth strengthened in the second and the third quarters and slowed down again in the last quarter of the year.

Seasonally adjusted monthly indicators of developments in trade point to acceleration in the growth of trade in early 2006 as can be seen in the growth rate of real retail trade turnover of 3.7% in the first quarter of 2006, compared with 2.2% in the last quarter of 2005. According to original data, annual growth in March was only 0.1% (due to Easter holidays) but after seasonal adjustments and the exclusion of the effects of moving holidays, its growth rate amounted to 2.2%.

Real retail trade turnover, real turnover in motor vehicles and motorcycles excluded, points to a similar retail trade dynamics, but at somewhat higher annual growth rates in the first quarter of 2006. Such developments could partly be attributed to a slowdown in the annual growth rate of real turnover in motor vehicles in the first quarter of the year.

Looking at retail trade turnover by branches, the first three months of 2006 saw high nominal growth rates of automotive fuels and motor vehicles, which made the largest positive contribution to nominal retail trade growth. The largest negative contribution to retail trade growth during the observed period came from retail sale of books, newspapers and stationery. The contributions of all the mentioned categories were much larger than their shares in nominal retail trade turnover.

Construction

GVA in construction rose by 2.2% in 2005 compared with the year before. On an annual level, construction activities contracted in the first quarter but recovered and accelerated later on in the year.

According to monthly indicators, total volume of construction works grew rapidly in January and February this year, steadily continuing their positive trends from the sec-

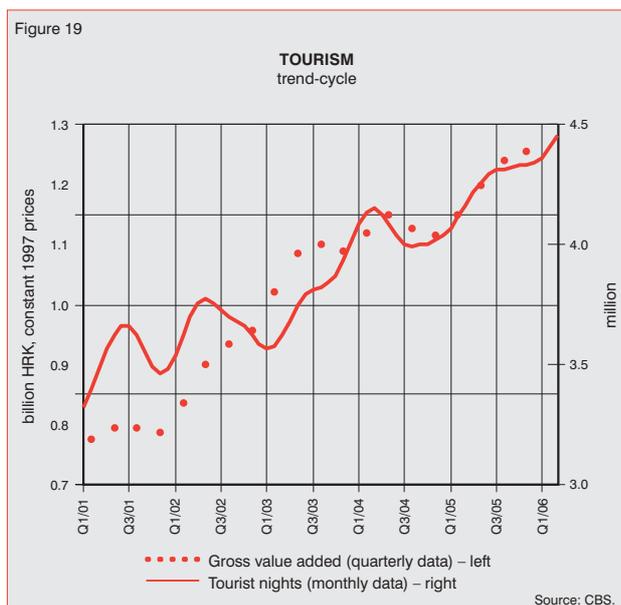


ond half of previous year. Cumulative annual growth rate of construction activity in January and February was 15.1%, according to seasonally adjusted data. Construction of buildings grew faster, although civil engineering works also grew at high annual growth rates.

Leading indicators of construction works (value of net construction project orders and value of works according to building permits issued) point to continued positive developments in construction in the months to follow. Such developments are supported by rapid recovery in manufacturing and acceleration in imported goods in mining and quarrying.

Tourism

According to quarterly GDP calculation, the growth of GVA in hotels and restaurants was up from 3.2% in 2004 to 5.1% in 2005, an acceleration mainly due to high growth of this activity in the second half of the year (7.6% and 7.9% in the third and fourth quarters of 2005, respectively). This



also led to its increased contribution to GVA growth, from 0.1 percentage points in 2004 to 0.2 percentage points in 2005. Such developments were in line with the tendency of acceleration in the growth of total nominal revenues from tourism recorded in the balance of payments for 2005. Such performance was supported by data on developments in volume indices available on a monthly level (number of tourist nights and number of tourist arrivals).

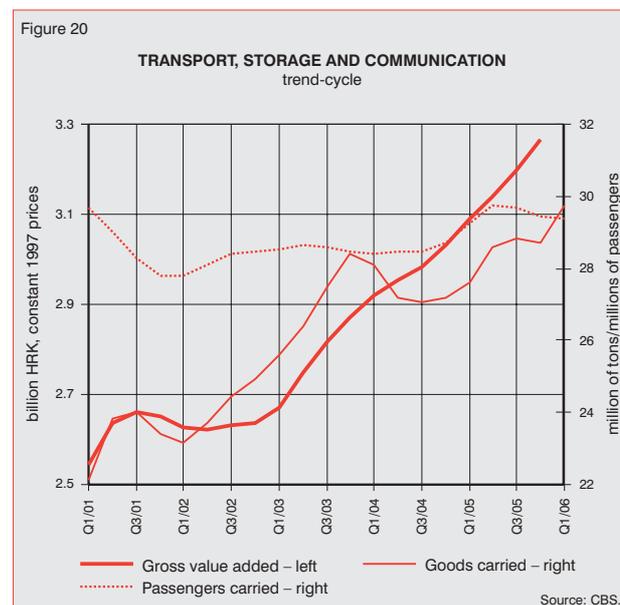
According to original CBS data, the number of tourist nights fell slightly in the first quarter of 2006, while the number of tourist arrivals rose somewhat on an annual level. To an extent, this can be attributed to the base effect of Easter. Such developments are also supported by financial indicators of tourism in the balance of payments with annual fall in exports of tourist services and rising annual net exports. Seasonally adjusted volume indices in tourism point to an acceleration in the annual growth rates of tourist nights and tourist arrivals of 10.1% and 11.7%, respectively, compared with 6.4% and 5.7%, respectively in the fourth quarter of 2005.

Transport and Communications

Following acceleration in 2004, the real growth of GVA in transport, storage and communication slowed down to 6.5% in 2005, a growth rate still above average compared with other activities. The contribution of this activity to real overall GVA growth held steady at 0.6 percentage points in 2005.

According to seasonally adjusted data, the annual growth of passenger transport slowed down to 0.3% in the first quarter of 2006, from 3.2% in the fourth quarter of 2005. By contrast, the annual growth of goods transport accelerated to 11.4% in the first quarter of 2006, from 4.6% in the fourth quarter of 2005.

In the first three months of 2006, passenger transport, as measured by their number, in road transport as the most important type of transport which accounts for over one half of total passenger transport, continued to fall slightly on an annual level. By contrast, road passenger transport, as mea-



sured in passenger-kilometres, rose on an annual level, following a slight fall towards the end of last year. The annual growth rate of road transport of goods, as measured in ton-kilometres, was 8.0% during the observed period, an indication of its slower growth compared with the previous three-month period. The annual growth rate of road transport of goods, as measured in ton-kilometres, was even higher and stood at 18.5%.

As regards telecommunication services, the first quarter of 2006 saw a steady annual fall in the number of minutes spent in fixed network (12.5% compared with the same period previous year), and an increase in the number of minutes spent in mobile network, whose growth rate accelerated to 57.1% during the observed period. Such developments reflect rapid growth of this segment of transport and telecommunications.

Labour Market

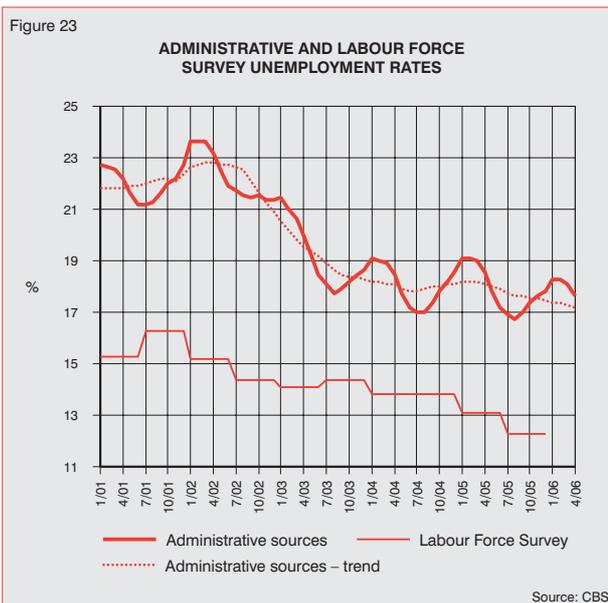
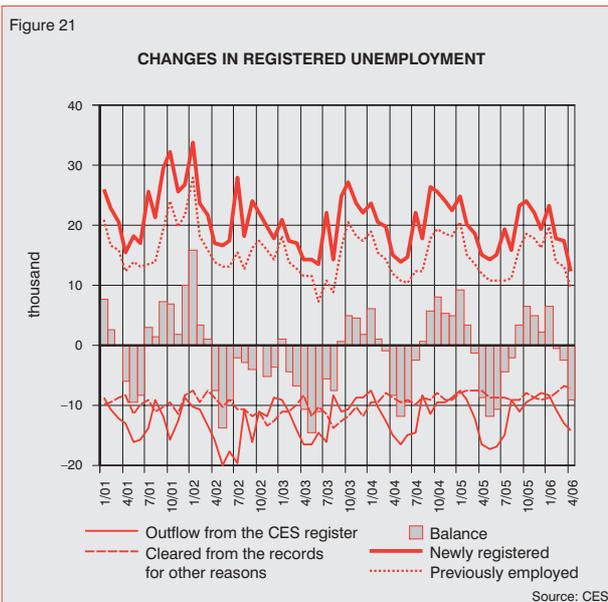
The downward trend in registered unemployment, observed during 2005, accelerated in the first quarter of 2006. This was due to a strong decline in the number of the newly registered with the CES and an increase in employment from the CES register. The Labour Force Survey, published in mid-May, showed unemployment of 12.3% in the second half of 2005, and an annual unemployment rate of 12.7%, the lowest rate in six years. According to the preliminary CBS data, total employment continued to trend upwards in the first quarter of 2006, which is corroborated by the data on the number of persons insured with the CPIA. Real gross wages grew at accelerated pace in the first three months of 2006, while, due to tax progression, the growth of average real net wages was somewhat lower than the growth of average real gross wages.

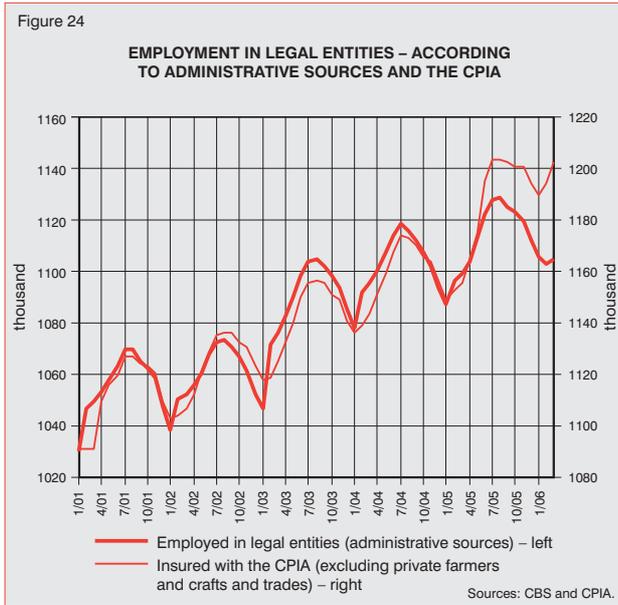
Unemployment and Employment

Registered unemployment stood at 302 400 in April 2006, 17 900 less than in April 2005. The main cause of the fall was a decrease in new registration and an increase in outflows from the CES register. As a result, the registered unemployment rate was 17.6% in April, 0.9 percentage points below the rate in the same month last year.

In the first quarter of 2006, the monthly average of the number of the newly registered with the CES stood at 19 600, approximately 5 000 or 7.6% less than in the same period of 2005. This trend continued in April when the number of the newly registered with the CES reached 12 300, the lowest number ever since 1997.

In contrast to inflows into the register, which declined early in the year, outflows from the register grew over the same period, primarily due to increased labour market demand which is commonly seen at the beginning of the first and at the end of the second quarter. During the first quarter, almost 3 000 registered unemployed obtained new jobs, 10.2% more than in the same period the year before. The number of persons cleared from the records for reasons other than employment remained low also during the first

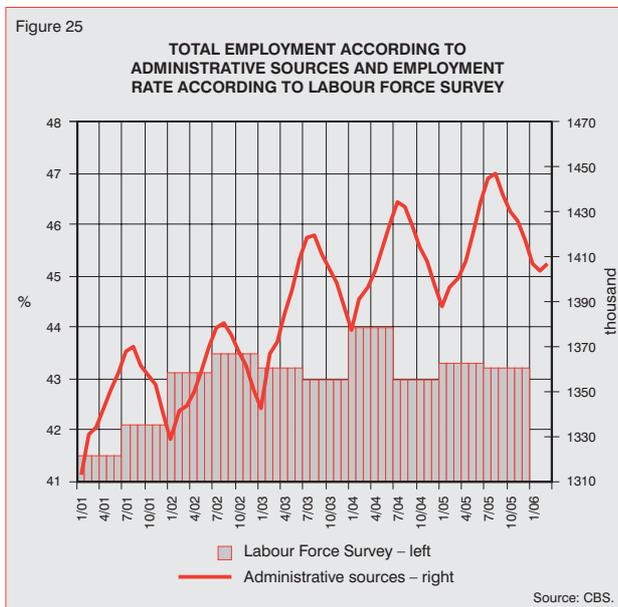




quarter of 2006.

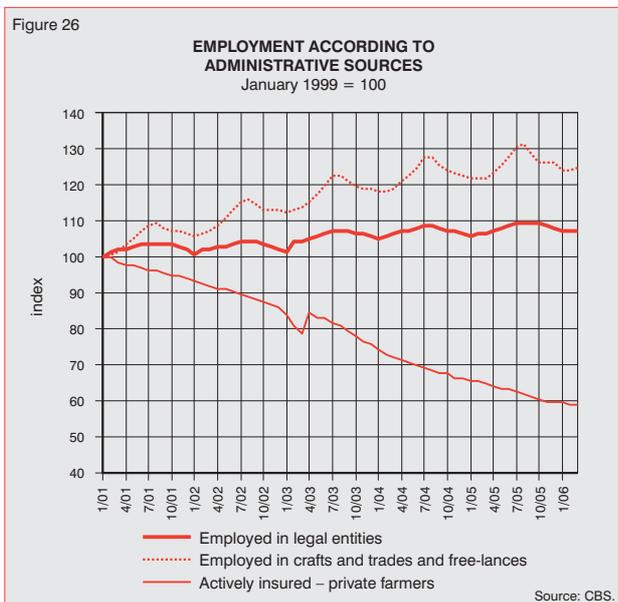
Figures from the Labour Force Survey published in mid-May reveal that unemployment has continued to trend downward in the second half of 2005. The Survey unemployment rate shrank to 12.3% in the second half of 2005 (13.1% in the first half of 2005), bringing down the average for the year to 12.7%, the lowest rate in six years. The Survey unemployment structure showed that the largest decrease in the number of unemployed was registered in the group of middle-aged men (between 25 and 49 years of age).

Data on the number of insured persons with the CPIA, a good short-term indicator of employment, suggest the continuation of total employment growth in the first quarter of 2006. Over the period in question, the number of insured grew by an average of 3% year-on-year or 0.4 percentage points more than in the last quarter of 2005. According to the preliminary CBS data, total employment grew by 0.8% year-on-year in the first quarter of the year, equalling the growth rate for the entire 2005. It should be clarified that this rate of growth is derived from the revised data on employment in the period up to January 2006 and the preliminary data for the period after January 2006. Hence, the employment growth rate is expected to increase following the update in the preliminary data on employment in 2006 at the end of April 2007.



In contrast to the Survey results on unemployment, employment declined by 0.1 percentage point in the second half of 2005 over the first half of 2005, standing at 43.2%. In addition, the Survey employment structure showed that a considerable increase in employment of men in the age group 50-64 was to a large extent offset by a decrease in employment of women in the age group 15-24 and the age group 25-49.

After growing at an annual rate of 2.4% in the second half of 2005, employment in crafts and trades and free-lances rose by 2.1% year-on-year in the first quarter of 2006. The number of private farmers actively insured with the CPIA continued to trend downwards. Moreover, employment in legal entities, which is estimated on the basis of the survey on enterprises and subject to subsequent revisions, went up by 0.9% year-on-year.



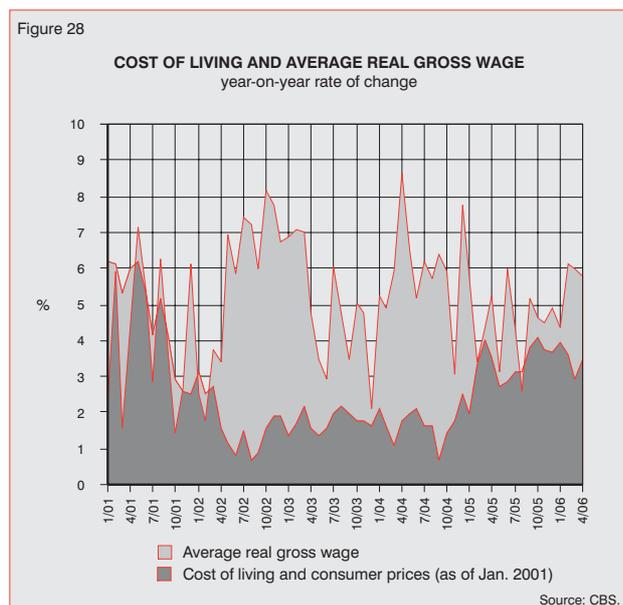
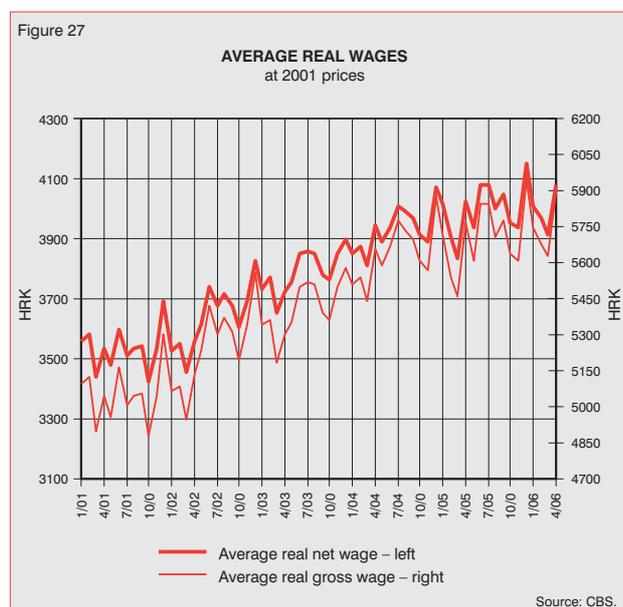
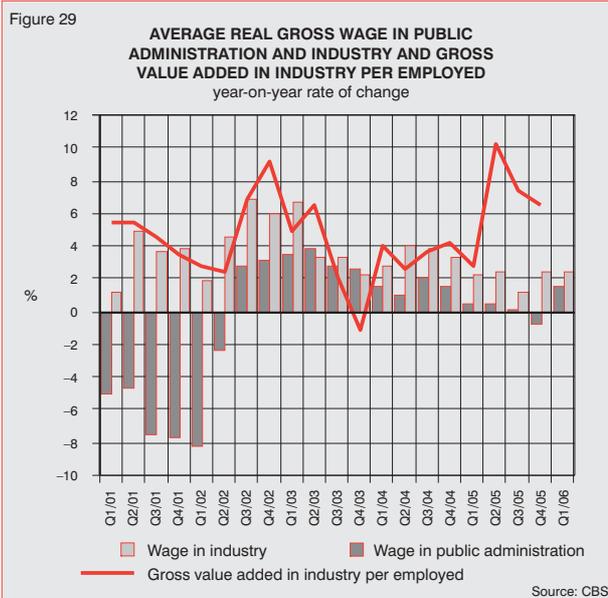
Shown by economic activities, the largest year-on-year fall in employment in the first quarter of 2006 was seen in mining and quarrying (0.1 thousand or 1.5%), agriculture (0.4 thousand or 1.2%) and manufacturing (2.6 thousand or 0.9%). Employment also decreased in a narrowly defined public administration (0.5 thousand or 0.5%) but grew in education (2.2 thousand or 2.4%) and health care (1.2 thousand or 1.4%). These changes notwithstanding, employment in the overall public administration trended upwards. The key contributors to total employment growth were financial intermediation (1.5 thousand or 4.8%), real estate and other business activities (4.1 thousand or 4.7%), and construction (4.5 thousand or 3.8%), which saw a continuation of the recovery that had started in early 2005.

Wages and Labour Costs

Real gross wages grew by 2.0% year-on-year in the first quarter of 2006, up 1.1 percentage points over the last quarter in 2005 and 0.8 percentage points over the entire 2005. Real wages in the first quarter of the year were to a large extent determined by the developments in nominal gross wages and only to a small extent by the annual growth in the cost of living.

Due to the impact of tax regression, the growth of the average real net wage was somewhat lower than the growth of the average real gross wage. The year-on-year growth rate of the average real net wage was 2.1%, a slight acceleration compared with the last quarter of 2005 (1.5%) and the entire 2005 (1.7%).

The real wage dynamics in most divisions did not vary significantly from those of average real wages. In the first quarter of 2006, somewhat stronger annual growth in real gross wages was recorded in agriculture (3.9%) and mining

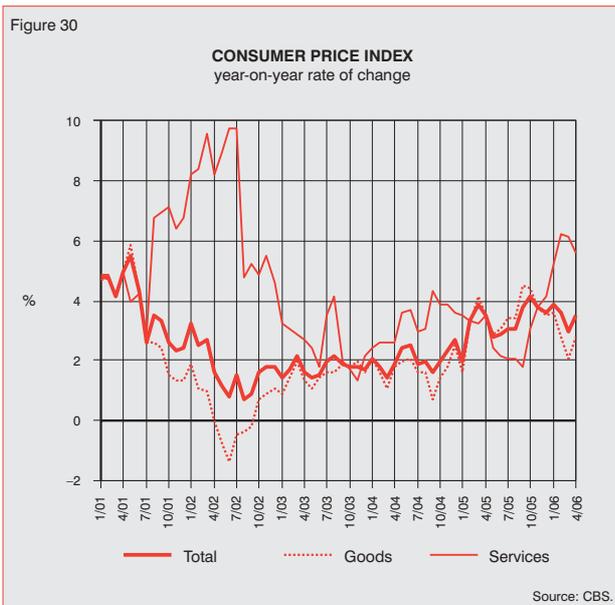


and quarrying (8.4%). However, given the modest shares of the above mentioned divisions in total employment, their contributions to total average growth remained insignificant. Manufacturing made the most significant positive contribution to average real wage growth (0.7%), while the joint contribution of construction, transport and communications, real estate activities and health care amounted to 1%. After showing a low annual growth rate in 2005, real gross wages in the overall public administration grew by 1.5% year-on-year in the first quarter of the year, which may be attributed to all activities of the overall public administration.

The average real gross wage in industry grew at an annual rate of 2.4% the first quarter of 2006, or slightly more than in the last quarter of 2005. The growth in labour productivity in industry, measured by the dynamics of gross value added in industry, at constant prices, per employee, reached 6.5% in the fourth quarter of 2005, which was a significant increase compared with the growth in real gross wages during the same period. As shown by the stated real wage and labour productivity dynamics, price pressures coming from the labour market were not particularly strong.

Prices

The year-on-year consumer price inflation rate decelerated from 3.6% in December 2005 to 3.5% in April 2006, oscillating between its record high of 3.9% in January and record low of 3.0% in March. The contribution of food to overall inflation dropped the most in the said four-month period, by 0.4 percentage points, mostly on account of the reduced year-on-year meat price growth rate, whereas the contribution of clothing and footwear and recreation and culture diminished by 0.1 percentage point respectively. In contrast, the contribution of housing and utility services to overall consumer price inflation rose by a considerable 0.5 percentage points. The strongest upward pressures on prices came from some administrative decisions leading to an increase in the prices of water and utility services, as well



as of beverages, due to the new packaging waste disposal system. There were also imported inflationary pressures, related to the price rise of crude oil and other raw materials in the world market. However, inflation in the domestic economy was kept at low levels due to the appreciation of the kuna/euro exchange rate, modest nominal wage increase, and labour productivity growth.

The year-on-year inflation rate growth in January 2006 resulted both from a 0.6% monthly increase in the overall CPI and the base period effect related to the lower monthly price increase (0.3%) in January 2005. The January price rise was generated by the increase in some administrative prices (e.g., the prices of water supply, waste disposal and refined petroleum, going up 9.3%, 4.5% and 2.1% respectively relative to December) and the seasonal rise in vegetable prices, up by a sharp 14.9% from the previous month. In addition, with the Ordinance on Packaging Waste Handling coming into effect in January 2006, some producers transferred additional expenses arising from its implementation to consumers, which led to an increase in beverage and milk

prices. The contribution of the said price increases to the overall monthly CPI rate in January 2006 was only partly offset by a sharp seasonal drop, averaging 8.2%, in clothing and footwear prices compared with the previous month.

Although rather strong (0.8%), the monthly consumer price increase in February 2006 was nevertheless weaker than in February 2005, with the result that the favourable base period effect brought down the year-on-year consumer price inflation rate from 3.9% in January to 3.6% in February. The February price growth was mainly due to the anticipated seasonal rise in agricultural products prices, contributing 0.3 percentage points to the overall monthly inflation rate. The prices of water supply and waste disposal, growing by an additional 4.4% and 20.5% respectively, contributed a significant 0.2 percentage points to the monthly consumer price rise in February. Continuing the upward trend began in January, after coming into effect of the Ordinance on Packaging Waste Handling, the rising prices of milk, non-alcoholic and alcoholic beverages contributed to the monthly inflation rate again in February (0.1 percentage point).

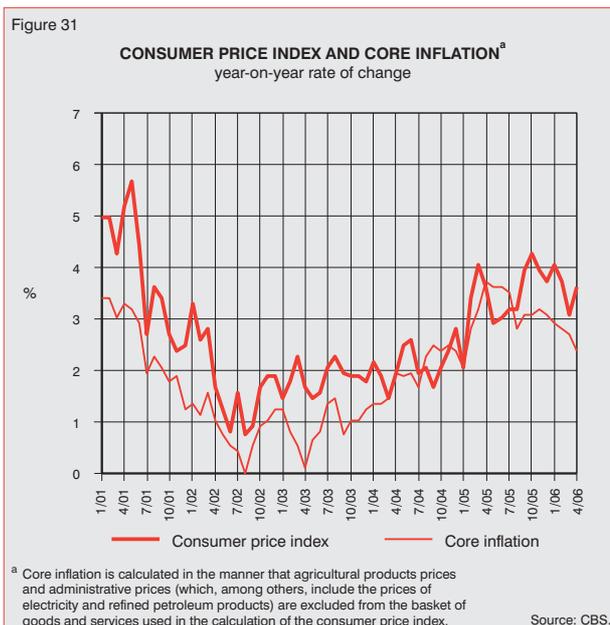
The year-on-year consumer price inflation rate came down to 3.0% in March 2006 from 3.6% in February. The base period effect, produced by the price growth rate standing at a low 0.1% in March compared with February, significantly below the 0.7% growth rate in March 2005, contributed to the decrease in the year-on-year consumer price inflation rate. The said monthly increase in the CPI in March was to the largest extent due to the seasonal growth of clothing and footwear prices (4.0%) and to a smaller extent to fuels and energy price growth (1.1%). The decrease in food prices (primarily the 4.7% decrease in vegetable prices) and in package tours prices (23.0%), considerably offset the overall rise in the CPI in March relative to February.

The largest contribution (0.3 percentage points) to the 0.2% increase in the overall CPI in April from March came from the 3.3% price rise in clothing and footwear, whereas the 1.4% increase in refined petroleum prices made a slightly lower contribution of 0.1 percentage points. In contrast, the

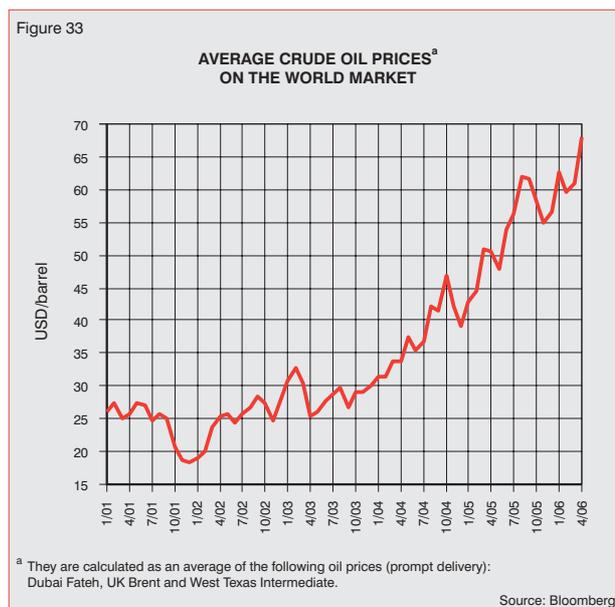
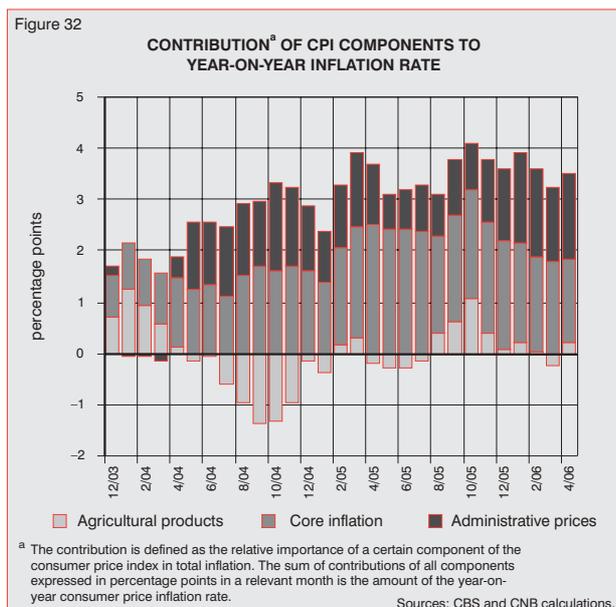
Table 1: Consumer Price Index, year-on-year rate of change

	Weight 2006	12/05	1/06	2/06	3/06	4/06
Total	100.0	3.6	3.9	3.6	3.0	3.5
Food and non-alcoholic beverages	32.9	3.7	4.1	2.7	0.9	2.4
Alcoholic drinks and tobacco	5.6	1.1	1.4	1.5	1.3	1.5
Clothing and footwear	8.0	3.6	0.8	1.0	2.9	2.5
Housing, water, energy, gas and other fuels	15.1	5.4	7.2	8.8	9.1	8.7
Furniture, equipment and maintenance	4.7	2.9	2.9	2.5	2.4	1.9
Health	2.9	8.6	8.9	9.1	9.4	8.8
Transport	11.3	3.8	4.9	4.3	2.8	4.1
Communication	4.2	0.2	0.2	0.1	0.1	0.1
Recreation and culture	5.5	2.6	2.6	1.7	0.9	0.4
Education	0.9	6.2	6.0	5.7	5.8	5.8
Catering services	3.2	3.3	3.2	3.5	3.3	2.8
Miscellaneous goods and services	5.8	2.0	2.2	2.4	2.5	2.3
Goods	76.9	3.5	3.6	2.8	2.1	2.8
Services	23.1	4.1	5.2	6.2	6.1	5.6

Source: CBS.



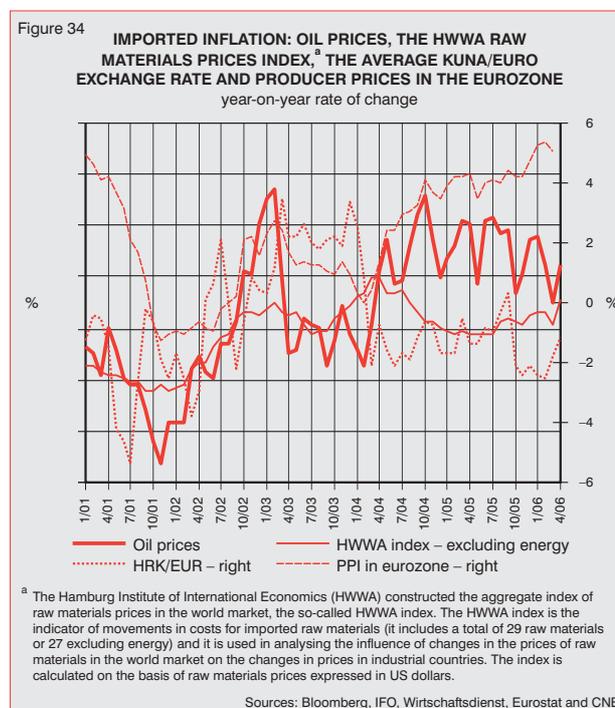
^a Core inflation is calculated in the manner that agricultural products prices and administrative prices (which, among others, include the prices of electricity and refined petroleum products) are excluded from the basket of goods and services used in the calculation of the consumer price index.



monthly consumer price drop in April was primarily due to the prices of agricultural products and waste disposal decreasing by 1.2% and 9.0% contributing -0.1 percentage points respectively.

Continuously decreasing over the first four months 2006, the year-on-year core inflation rate was down from 3.0% in December 2005 to 2.3% in April 2006, by 0.7 percentage points. The largest contribution to this fall came from the year-on-year rate of change of meat prices¹¹ decreasing from 6.1% in December to 0.6% in April, which is a sign that the meat market had stabilised. In contrast, the year-on-year growth rate of administrative prices accelerated from 6.1% in December 2005 to 7.0% in April 2006, while the year-on-year growth rate of agricultural products prices rose from 1.2% to 3.4% over the same period. The largest contribution to the administrative price growth was due to the annual growth rate of water supply and miscellaneous services prices rising from 0.6% in December 2005 to 14.1% in April 2006.

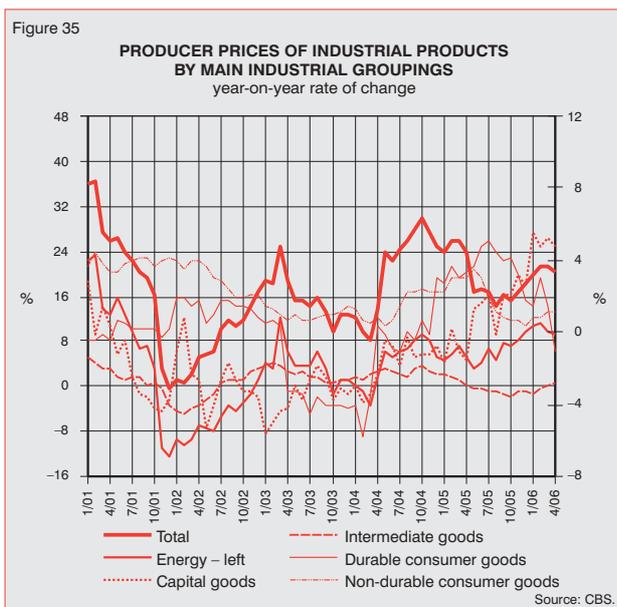
Raw materials prices on the world market advanced significantly in the first four months 2006. The average daily price of crude oil was up 20.5%, from USD 56.4 per barrel in December 2005 to USD 68.1 in April 2006, with Brent and WTI crude oil prices exceeding USD 73.5 per barrel in the second half of April and early May. These trends were due to rising political tensions in major crude oil exporters, tied to Iran's nuclear programme, political unrest in Nigeria and discouraging prospects for production recovery in Iraq. The prices were also boosted by market participants' rising concern over the supply of refined petroleum products being limited prior to the peak tourist season. Also rising considerably, the world market prices of other raw materials (excluding energy) were 15.8% higher in April than at the previous year-end, with the prices of iron ore and ferrous metals going up at especially high rates of 29.5% and 17.0% respectively. In addition to the global economic upturn and restricted supply, analysts ascribe the price rise in raw materi-



als to financial investors increasing their investments in the purchase of raw materials.

In Croatia, refined petroleum products prices climbed by 3.7% from December 2005 to April 2006. However, due to the positive base period effect, the year-on-year price growth rate decreased from 15.2% in December to 10.8% in April. The average world market price of a crude oil barrel, expressed in kuna, drifted upwards by 9.4% in April from March, while the price of refined petroleum products on the domestic market went up only by 1.4%. Due to the price rise in refined petroleum products in the world market, Ina twice requested Government approval to increase prices in April, but obtained it only for the price rise in the first half of the month, with the Government standing by its decision not to allow the price of Eurosuper 95 to go over the ceiling of HRK 8.00. Taking into account the price increase in refined

¹¹ These prices account for a considerable 14.2% of core inflation.



prices of final goods were low in April, standing at -1.1% for durable consumer goods and at 1.1% for non-durable consumer goods, which is an indication that the increase in energy prices had failed to spill over to final goods prices in a large extent. Croatia's major trading partners, eurozone countries, have registered similar producer price trends, with the year-on-year growth rate of final goods producer prices hovering around a low 1.5%. This, in addition to the kuna/euro exchange rate appreciation, affects the stability of import prices included in the domestic CPI basket.

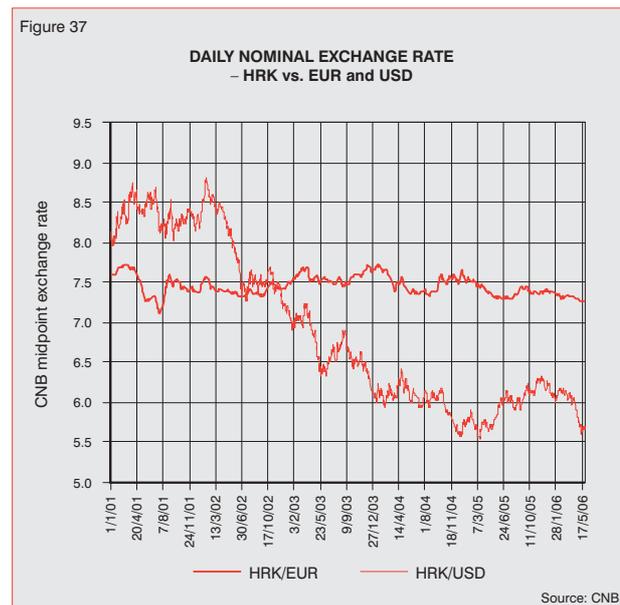
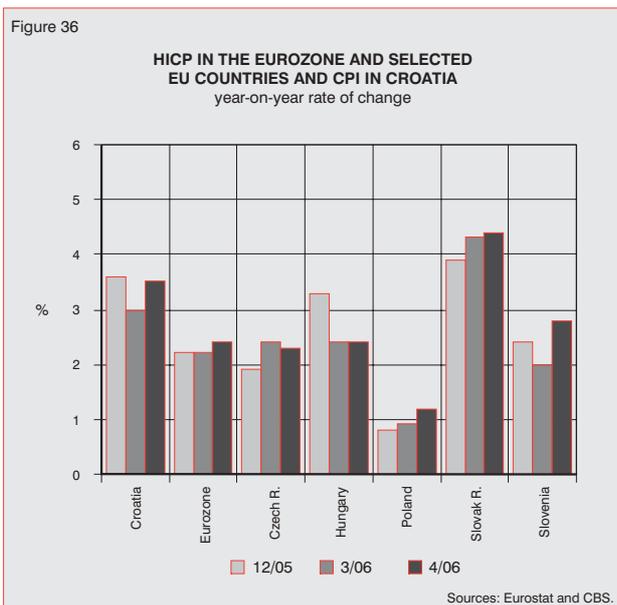
The eurozone year-on-year inflation rate measured by the harmonised consumer price index was 2.4% in April this year, a decrease of 1.1 percentage points compared with Croatia's inflation rate. The prices of food and housing and of other utility services made a smaller contribution to inflation in the eurozone than in Croatia.

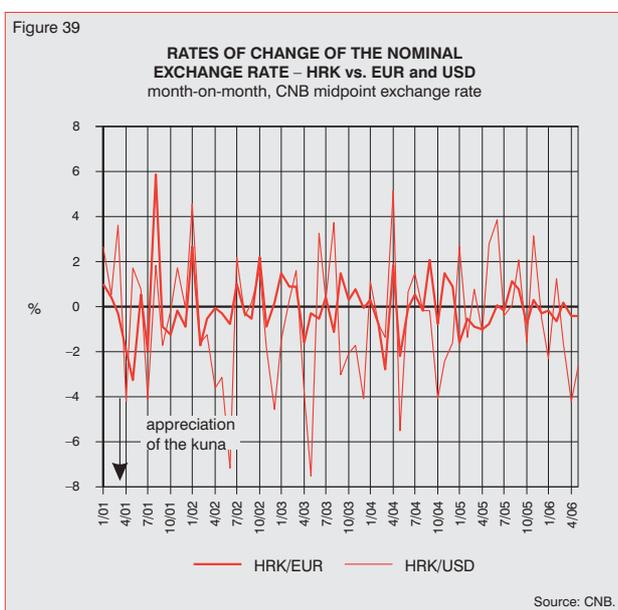
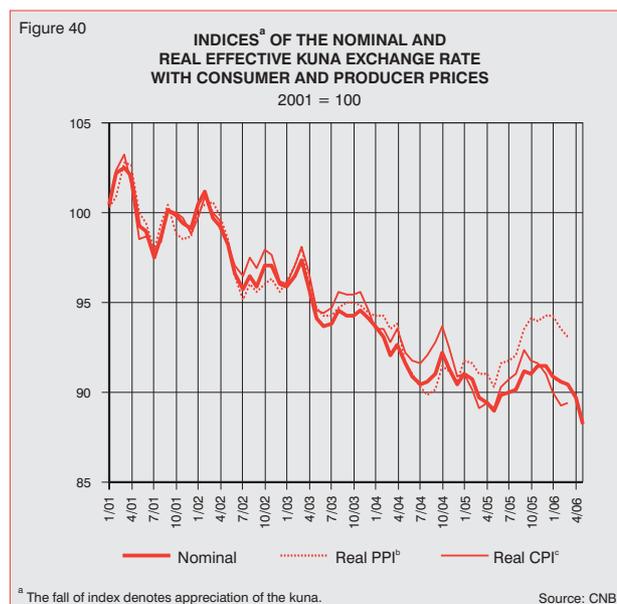
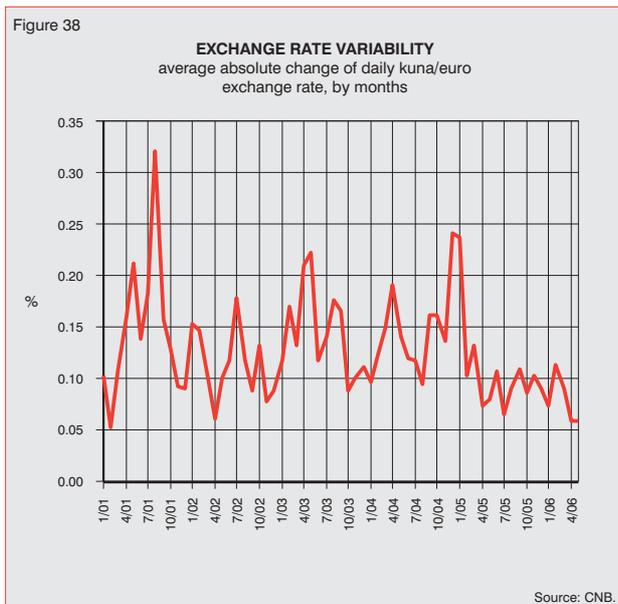
Exchange Rate

petroleum products on the world market and ensuing upward pressures on domestic refined petroleum products prices, at end-April the Government proposed amendments to the Act on Special Taxes on Refined Petroleum Products, authorising it to enact decisions on the amount of excises on refined petroleum products, previously prescribed by law. With this, the Government will be able to promptly react to changes on the world oil market by prescribing adequate excise amounts in order to avoid any excessive refined petroleum products price growth having a damaging effect on the domestic economy. Pending the enactment of the Ordinance on the Change of Excises on Refined Petroleum Products, the special tax prescribed by the Act from 2002 will be applied.

The year-on-year growth rate of producer prices in Croatia went up from 2.7% at end-2005 to 3.4% in April 2006, due to the increase in the year-on-year rate of change in capital, intermediary and non-durable consumer goods. The year-on-year rates of change in industrial producer

The kuna slightly appreciated against the euro in the first five months 2006, rising by a total of 1.5%, from HRK 7.38/EUR at end-2005 to HRK 7.26/EUR on 31 May 2006. An increased foreign exchange supply on the domestic foreign exchange market generated by foreign borrowing, especially of banks, led to continuous appreciation pressures. However, the exchange rate appreciated less in the first five months this year than in the same period in 2004 and 2005 (3.6% and 4.7% respectively). In an effort to mitigate somewhat stronger appreciation pressures in February and May, the central bank purchased EUR 118.6m and EUR 184.6m at foreign exchange auctions in the two months respectively, releasing HRK 2.2bn. May saw three foreign exchange auctions – EUR 44.7m was purchased from banks on 8 May, EUR 70.3m on 9 May and EUR 69.6m on 15 May – and no foreign exchange transactions between the central bank and the MoF. With central bank participating actively on the foreign exchange market in May, the kuna exchange rate appreciated only by 0.4% against the euro, and the average vari-





ability of the daily exchange rate amounted to a very low 0.06%.

The kuna continued to appreciate significantly against the US dollar from March into April and May 2006, in tune with the weakening of the US dollar against the euro in the world's foreign exchange market. The exchange rate of the kuna strengthened by 9.3% against the US dollar during the first five months 2006, up from HRK 6.23/USD at end-2005 to HRK 5.65/USD on 31 May 2006. The downward pressures on the US dollar against the euro were attributed to the expected further narrowing of the spread between US and eurozone interest rates and an improvement of the eurozone economic outlook, indicated by the Business Confidence Survey. The dollar was additionally weakened due to some central banks' announcements to reduce its share in their foreign exchange reserves. In addition to appreciating nominally by 1.5% against the euro and by 9.3% against the US dollar, the kuna appreciated by 1.8%, 1.5% and 1.4% against the Swiss franc, Slovene tolar and pound

sterling respectively in the first five months 2006. These kuna exchange rate trends resulted in the index of the daily nominal effective kuna exchange rate appreciating by 3.7% against the currency basket (as at 31 May 2006 compared with 31 December 2005).

The index of the real effective exchange rate of the kuna deflated by consumer prices suggests that the kuna exchange rate appreciated by 1.7% in real terms against the currency basket in the first quarter 2006 (March 2006 compared with December 2005), while the appreciation indicated by the index deflated by producer prices amounts to a slightly lower 1.3%. With the average monthly index of the nominal effective kuna exchange rate appreciating by 1.3% in the said period, the difference between these two rates of the real effective exchange rate appreciation points to domestic consumer price growth outstripping foreign consumer price growth and to domestic producer prices growing at an equal rate as foreign producer prices.

Monetary Policy and Instruments

Monetary Environment

Increased inflow of foreign capital in the first and early second quarters of 2006 created appreciation pressures prompting the central bank to respond strongly by purchasing foreign currency from the banks. The central bank managed to alleviate appreciation pressures on the exchange rate of the kuna which strengthened 1.5% in the first five months of 2006, compared with 4.7% in the same period of 2005. Good liquidity created by foreign currency purchases lessened demand at reverse repo auctions, while the central bank, in an effort to avoid creating excess liquidity, refused some of the bids received from banks.

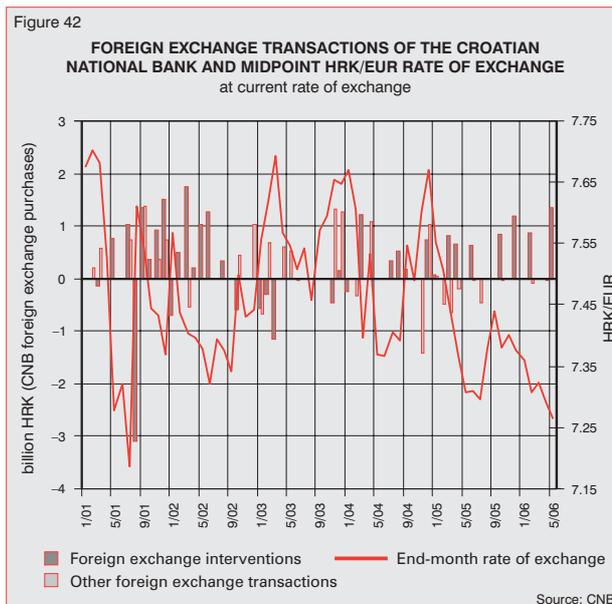
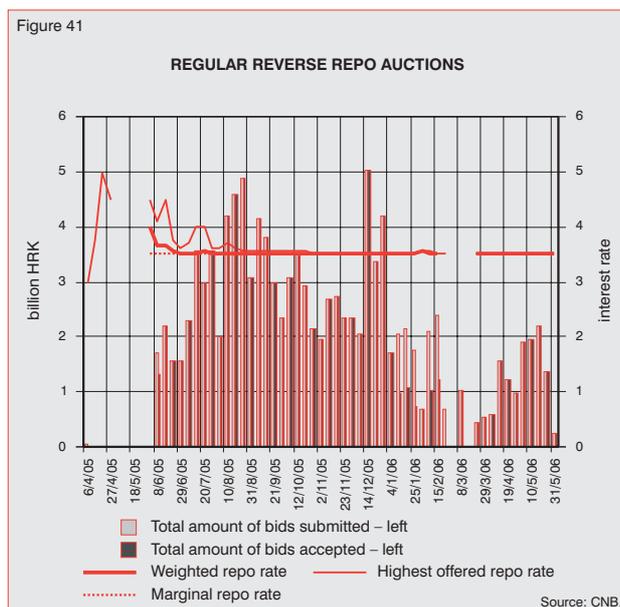
Banks accounted for the largest share of capital inflows which led to a rapid growth in marginal reserve require-

ments allocated with the CNB. The banks continued to pursue their aggressive lending policies despite higher costs created by larger marginal reserve requirements allocations in order to maintain the level of their last year's placements growth. An important characteristic of monetary developments in the first four months of 2006 was faster growth of corporate than household loans. Such developments suggest faster economic growth and increased demand of economic entities for new funding.

High liquidity in the system benefited the central government in that it could meet all its financing needs on the domestic market. So, in addition to its traditional use of T-bills of the Ministry of Finance to cover its financing needs, the central government raised HRK 2.0bn through an issue of a second tranche of government bonds in February and additional EUR 400m in short-term syndicated foreign currency loan from the banks in March. Amending its decision on the minimum required foreign currency claims, the central bank made it possible that those foreign currency placements of banks to the central government be included in the minimum required foreign currency claims in the period from March to October 2006 to enable banks to maintain minimum coverage of their foreign currency liabilities (32%).

Uses of Instruments of Monetary Policy

The central bank withdrew some of the surplus liquidity in the system by means of smaller amounts of reverse repo operations in early 2006, proving thereby again the significance of this instrument in liquidity management. Smaller demand of banks at reverse repo auctions of the CNB during the first quarter was the result of exceptionally good liquidity at the beginning of the year and late last year. January cut in the reserve requirement rate from 18% to 17% created additional liquidity in the system. The banks chose not to raise funds at two auctions in March, for the first time since more intensive use of open market operations. The central bank also, on its part, in an effort to avoid excess liquidity creation, turned down some of the bids received at auctions.



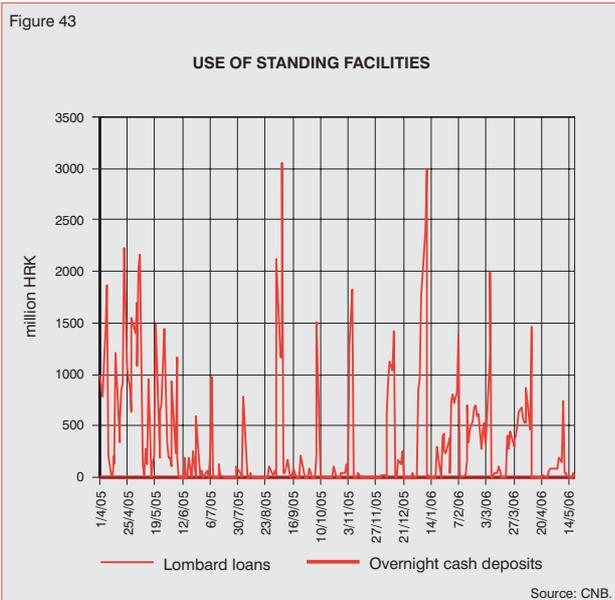
Significant kuna liquidity (HRK 0.9bn) created after a February purchase of foreign currency from the banks also decreased the need for the placement of additional funds at reverse repo auctions.

Turnover at regular reverse repo auctions increased at the beginning of the second quarter, fuelled by seasonally increased demand for kuna. The average level of free reserves fell from HRK 0.9bn in the first quarter of the year to HRK 0.5bn in April. The average amount of bids received at reverse repo auctions in the first quarter was HRK 0.7bn with no turnover at three out of the total of thirteen auctions. Average turnover rose to HRK 1.3bn in April and May and the CNB accepted all the bids received from the banks. The marginal repo rate did not change during that period and stood at 3.5%.

Following its February foreign exchange intervention involving a purchase of EUR 118.6m, the central bank, prompted by appreciation pressures early in the second quarter, had to intervene in the foreign exchange market again, thus improving kuna liquidity in the system. CNB's midpoint exchange rate for the euro fell below 7.30 towards the end of April, steadily falling further to HRK 7.26/EUR in May. Such pre-season appreciation pressures on the exchange rate of the kuna were also present in 2005, though unlike this year, the exchange rate never fell below the level of HRK 7.30/EUR. In only a week, during the period from 8 – 15 May, the CNB intervened three times, purchasing a total of EUR 184.6m and creating HRK 1.3bn.

Unlike last year, when the CNB ensured the foreign currency needed for the repayment of government's foreign loans, foreign currency sales to the government were insignificant in the first five months of 2006. In its foreign currency transactions with the banks and the Ministry of Finance in the first five months of the year, the CNB created a net HRK 2,109m. By contrast, the net amount created by means of CNB's foreign currency transactions in 2005 was only HRK 259m.

Higher level of free reserves in the first three months of 2006 turned banks increasingly to the overnight deposit fa-



cility with the CNB for their surplus liquidity. Average daily balance of overnight deposits with the CNB was HRK 466m in the first quarter, falling to HRK 206m in the first two months of the second quarter. The banks commonly turned to the overnight deposit facility in the period immediately preceding the beginning of the new reserve requirement allocation.

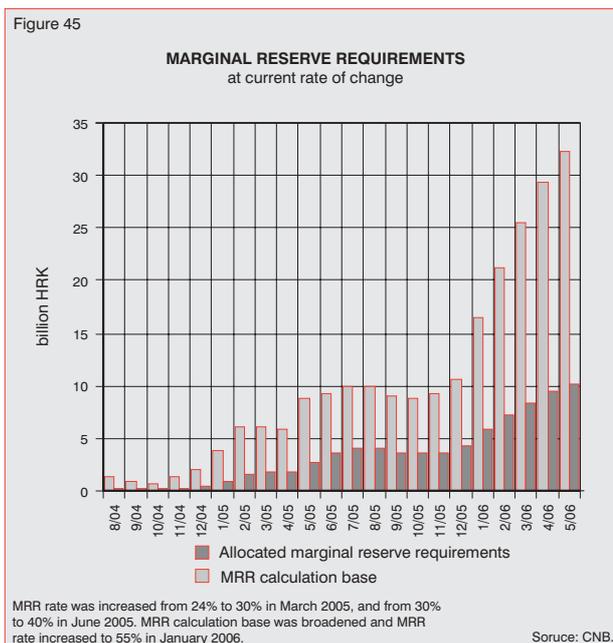
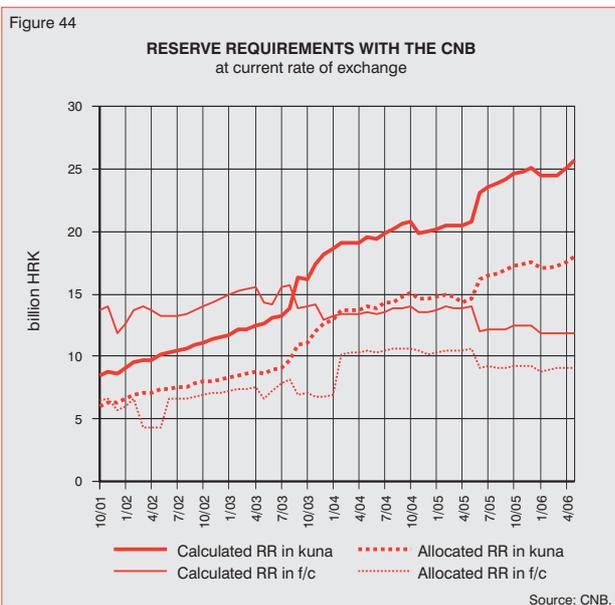
Following their decline in the first three months of 2006, total calculated reserve requirements rose early in the second quarter due to an increase in this instrument's kuna component. Their decline in the first quarter can be attributed to a reduction from 18% to 17% in the rate of reserve requirements as well as a decline in the reserve requirements calculation base due to a seasonal fall in domestic sources of funds, particularly foreign currency deposits. As the effect of reduction in the rate of reserve requirements wore off and the trend of faster kuna savings growth settled in, kuna reserve requirements started rising as evidenced by their April and May calculations. At the same time, foreign currency re-

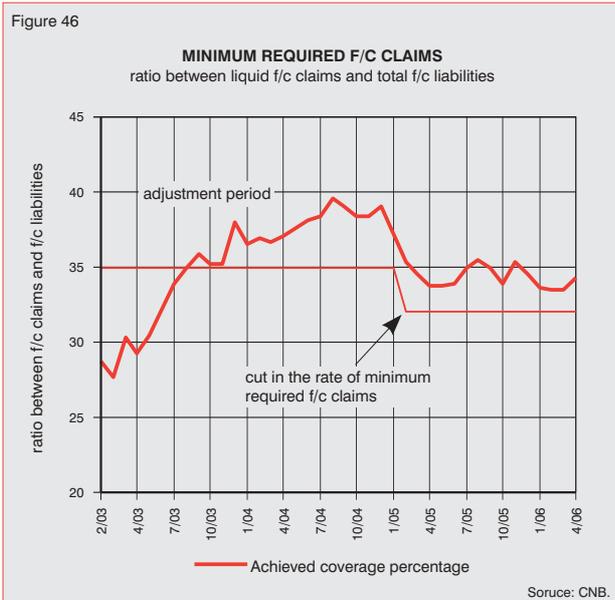
serve requirements held steady, following their fall in the first quarter.

In the first five months of 2006, the calculated kuna reserve requirements rose by HRK 0.6bn and stood at HRK 25.7bn at end-May. By contrast, the calculated foreign currency reserve requirements declined by HRK 0.6bn and stood at HRK 11.8bn. The banks had to allocate HRK 0.4bn more in kuna reserve requirements and HRK 0.3bn less in foreign currency reserve requirements in May, compared with the end of last year. When considering foreign currency reserve requirements in kuna terms, account should be taken of the appreciation of the exchange rate of the kuna in the first five months of 2006.

Continued foreign borrowing of banks and application of the higher allocation rate alongside with the widening of the calculation base, led to a rapid growth in marginal reserve requirements of banks in 2006. Total MRR calculation base rose by HRK 21.7bn in the first five months of the year and amounted to HRK 32.3bn at the time of the May calculation. In line with such an increase in the base, the MRR allocated more than doubled during the same period, even exceeding the amount of allocated foreign currency reserve requirements. Hence, the banks interest free allocation obligation with the CNB amounted to HRK 10.1bn in May, compared with HRK 4.2bn in December. Such extraordinary growth of allocated marginal reserve requirements seems to suggest that banks are prepared to pay the cost of new foreign borrowing if that means maintaining their rapid growth of placements.

Under the instrument of special reserve requirements, applied for the first time in March, banks are obligated to allocate 55% of the funds raised through securities issues. The February issue of kuna bonds by one bank led to an allocation of HRK 179m in March. There were no further issues of banks' bonds later in the year which seems to suggest that this measure was successful in preventing banks from using funds raised through securities issues to boost their faster placements growth.





The rate of minimum required foreign currency claims maintained was around 33.5% in the first quarter of 2006, while foreign currency claims to liabilities ratio at end-April amounted to 34.2%. This can be attributed to the growth in foreign assets and banks' foreign currency claims arising from the allocated MRR, while on the liabilities side, there was a fall in foreign currency deposits of the non-banking sector and an increase in foreign currency component of foreign liabilities of banks.

Reserve Money and International Reserves

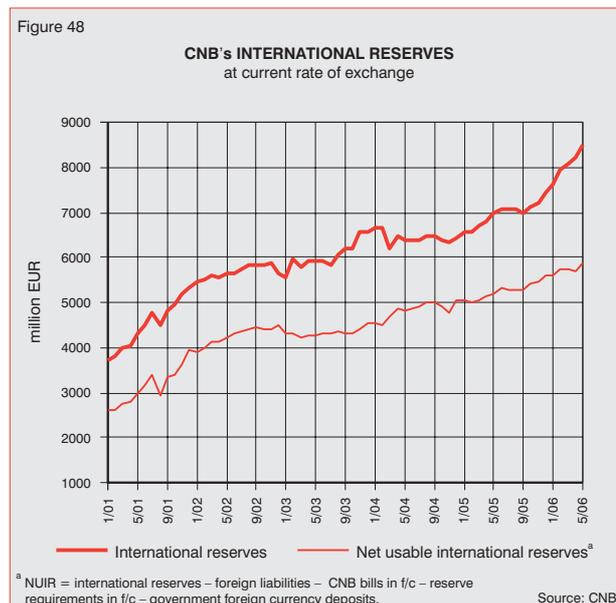
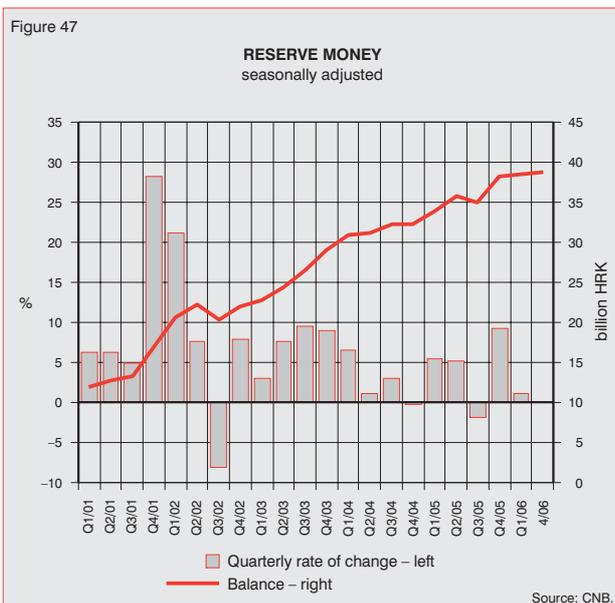
Seasonal fall in reserve money (M0) in early 2006 was only temporary as its recovery was soon felt towards the end of the first and early in the second quarter. January reduction in the rate of reserve requirements, coupled with a seasonal fall in currency and withdrawal of surplus liquidity created towards the end of 2005, led to a fall in reserve money. This fall was not compensated later on in the quarter so M0

declined by HRK 2.6bn at end-March compared with end-2005. Nevertheless, looking at its average balance in the first quarter of 2006, M0 was up 13.4% compared with the same period previous year.

Stronger demand for reserve money early in the second quarter was due to seasonal demand for currency in circulation during Easter holidays and demand for larger kuna reserve requirements allocations as a result of rapid growth in kuna savings in 2006. At end-May, M0 stood at HRK 38.8bn, growing annually by 16.8%.

Almost entire fall in reserve money in the first quarter of 2006 was caused by a nominal fall of HRK 2.6bn in bank deposits with the CNB, while the average balance of currency held steady at its last quarter 2005 level. The described surplus liquidity from end-last year enabled significant withdrawals by banks from the settlement accounts and bank vaults (almost HRK 2.7bn), while allocated kuna reserve requirements fell by HRK 0.3bn. As regards reserve money structure, overnight deposits of banks with the CNB which stood at HRK 640m at end-March and special reserve requirements, a new instrument also included in M0, which stood at HRK 179m were the only ones that grew. However, April recovery of currency (HRK 635m) and HRK 500m in allocated reserve requirements led to a recovery in reserve money while settlement account and banks vaults balances increased on average by HRK 0.4bn and stood at HRK 8.2bn in April and May.

The average balance of kuna government deposits was HRK 308m in the first quarter of 2006, which is a significant fall compared with their average balance in the last quarter of 2005 (HRK 490m). There was only one temporary increase in mid-February, following an issue of HRK 0.9bn in government bonds. There was also an absence of large increases in government account balances on the last day of the month, common in the previous years. Foreign currency government deposits were low, except in January, at the time of PAL1-associated inflow of EUR 150m. Developments in government deposits with the CNB continued to be stable early in the second quarter. The average balance of kuna



government deposits stood at HRK 327m in April and May, while foreign currency deposits in kuna countervalue were HRK 4m.

Driven by favourable conditions created by increased capital inflows and net increase in foreign currency funds from abroad, international reserves of the CNB continued to grow in 2006. As in the year before, increased purchases of foreign currency from the banks coupled with the growth of foreign currency allocated with the CNB, were the main factors contributing to a high increase in international reserves. The total amount purchased by means of foreign currency interventions in the first five months was EUR 303m, while foreign currency transactions with the government involved a sale of only EUR 14m for payment of its obligations abroad. The largest contribution to international reserves growth was provided by an increase in marginal reserve requirements of EUR 817m.

In the first five months of 2006, international reserves of the CNB rose by a total of EUR 1bn, which equals their total 2005 increase. At end-May, total international reserves were EUR 8,502m, an increase of EUR 1,064m compared with the end of previous year. At the same time, net usable international reserves, which exclude banks' foreign currency and marginal reserve requirements allocated with the CNB and CNB's obligations abroad, rose by EUR 264m, and stood at EUR 5,869m at end-May.

Monetary Developments

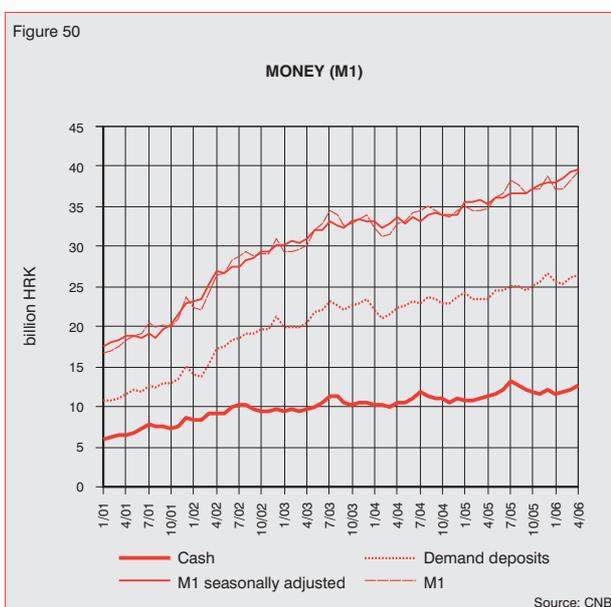
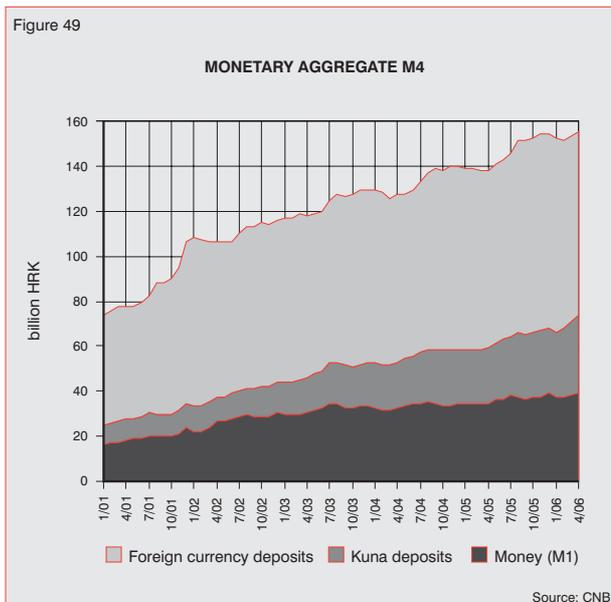
Monetary developments in the first quarter of 2006 were marked by accelerated growth of placements to companies which, alongside with steady growth in household placements, boosted total growth of bank placements to the non-banking sector. The first three months of this year, just like the same period previous year, saw an increase in bank placements to the central government. With a seasonal fall in money and stagnation in other domestic sources of funds, the first quarter of the year saw acceleration in the growth of foreign liabilities of banks.

Total Liquid Assets

Total liquid assets (M4) held steady in the first three months of 2006. Given the usual seasonal developments in money, kuna non-monetary deposits grew rapidly and foreign currency deposits declined, causing a significant change in the structure of quasi-money. At the end of April, total liquid assets reached HRK 155.1bn, growing annually by 12.5%, which is an increase of 4.8 percentage points compared with the annual growth rate in the same period previous year.

Money

Money (M1) declined seasonally in the first quarter of 2006. Given that money held steady in the same period previous year, the annual growth rates of M1 declined compared with end-2005 due to the effects of the base period. Money recovered at the beginning of the second quarter. At end-April 2006, money stood at HRK 39.2bn, growing annually by 12.6%.



Demand deposits fell by HRK 1.3bn in the first two months of this year, a fall only partly compensated for in March with a net fall in demand deposits amounting to HRK 0.6bn in the first quarter (2.1%). Due to strong demand for transaction money early in the second quarter, demand deposits accelerated strongly and reached their end-2005 level (HRK 26.5bn). Their annual growth rate amounted to 13.2% at end-April, exceeding three times their annual growth rate in the same period previous year (4.3%).

Developments in demand deposits in the first quarter were largely due to a decline of HRK 1.5bn in corporate current and giro account balances in the first two months of this year. A decline in corporate demand deposits was compensated by a steady growth in household demand deposits which rose by HRK 0.7bn in the first quarter. Due to their continued growth, household giro and current account balances reached HRK 11.8bn in April with their growth rate holding steady at 23.1% at the end of that month.

Currency in circulation held steady at its end-2005 level

in the first quarter of 2006. However, its average balance rose by 8.3% in the first three months of the year compared with the same period previous year. Early in the second quarter, demand for currency rose sharply (HRK 0.6bn), particularly during Easter holidays. At end-April, currency in circulation reached HRK 12.8bn, growing annually by 11.6%.

Non-Monetary Deposits

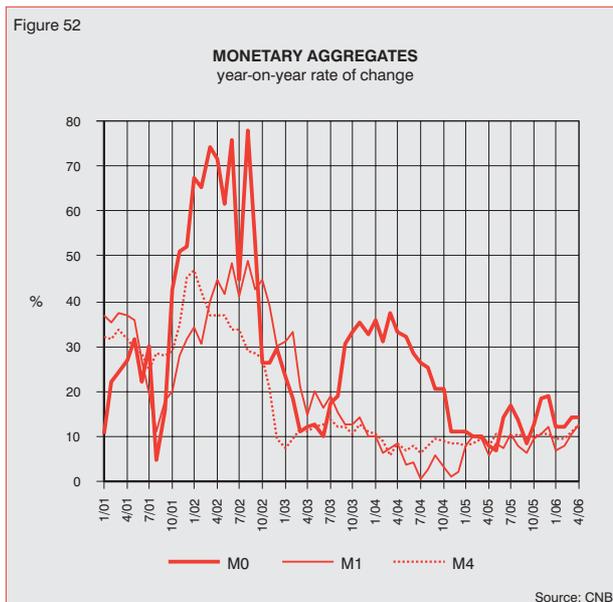
One of the main characteristics of monetary developments last year was a steep growth in kuna non-monetary deposits. Despite a large share of kuna deposits being indexed to a foreign currency (46.6% at end-March 2006), macroeconomic stability, notably low inflation and stable exchange rate of the kuna against the euro, bolster confidence in the domestic currency and lead to rising level of kuna deposits without a currency clause.

Kuna non-monetary deposits rose by HRK 3.6bn (12.7%) in the first quarter of the year. Time deposits accounted for the overall increase, with the share of kuna time deposits in total time deposits continuing to grow, increasing by 3.7 percentage points compared with end-last year (from 29.4% to 33.1%). Total kuna non-monetary deposits reached 32.4bn at end-April, while their annual growth rate amounted to a high 39.4%.

The corporate sector provided the largest boost to accelerated growth of kuna non-monetary deposits in the first quarter. This sector's kuna deposits rose by HRK 1.7bn (21.2%) during that period. At the beginning of the second quarter, corporate kuna deposits continued to grow steadily (HRK 0.3bn) and stood at HRK 9.9bn at end-April, growing annually by a high 33.9%.

Household kuna non-monetary deposits also continued to grow steadily. As in the same period 2005, household savings and time deposits rose by HRK 1.3bn (8.4%) in the first quarter of this year. Their growth was also visible early in the second quarter. At end-April, household deposits were HRK 17.4bn, while their annual growth rate held steady at 34.0%.

In addition to companies and households, non-banking



financial institutions also recorded notable growth of kuna deposits in the first four months of this year (HRK 0.6bn). At end-April this year, their kuna deposits, together with kuna deposits of other banking institutions amounted to HRK 4.0bn and combined accounted for 12.3% of total kuna non-monetary deposits, which is an increase of 4.3 percentage points compared with April previous year.

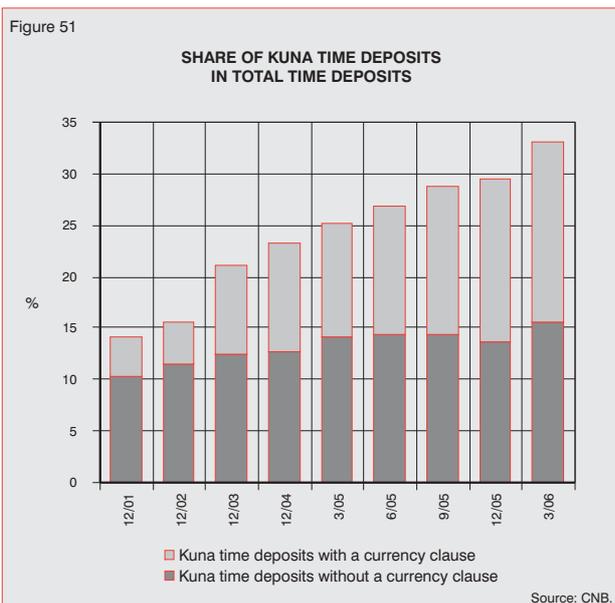
Developments in foreign currency deposits in the first quarter of this year were marked by their slower growth in January and February and eventual decline of HRK 4.3bn (5.0%) in the first quarter. Such developments had an impact on the annual growth rate which more than halved at end-March 2006 compared with the same month previous year (3.7% and 8.2%, respectively). Exchange rate effects excluded, foreign currency deposits held steady throughout April, and stood at HRK 81.7bn at the end of the month, growing annually by 4.3%.

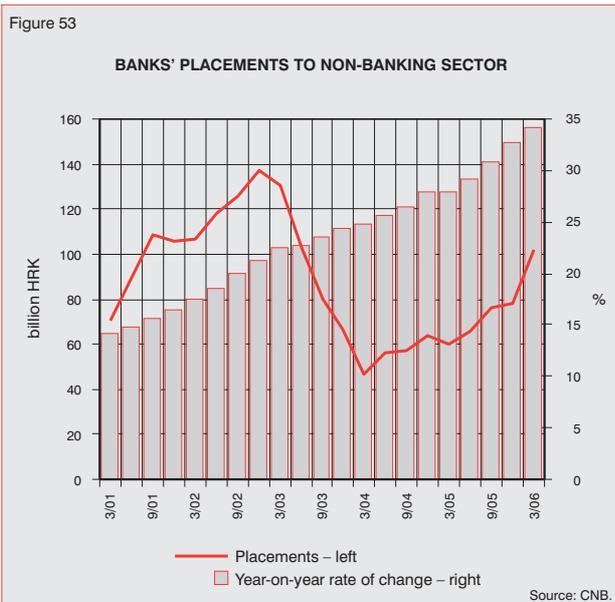
A fall in total foreign currency deposits in the first quarter could largely be attributed to a fall in corporate foreign currency deposits, which, following stagnation in 2005, fell by HRK 2.7bn in the first quarter of this year (21.3%). Their kuna non-monetary deposits increased considerably during that period which suggests that companies shifted a significant portion of their savings to the domestic currency. Total corporate foreign currency deposits kept on falling steadily throughout April and at the end of that month stood at HRK 9.8bn, which is a decrease of 18.1% compared with end-April last year.

Exchange rate effects excluded, household foreign currency deposits held steady throughout the first and early in the second quarter of this year. Their decline in kuna terms can be attributed to kuna's appreciation against the euro. Household foreign currency deposits were HRK 71.4bn at end-April, their annual growth rate equalling that at the end of the same month previous year (7.7%).

Placements

The growth of bank placements to the non-banking sector, following rapid growth in 2005, accelerated additionally





in the first quarter of this year. Exchange rate effects excluded, their annual growth rate was up to 23.4% at end-March from 19.9% at end-2005. With steady growth of household placements, such developments were mainly due to accelerated growth of placements to the corporate sector. Placements rose by a total of HRK 7.4bn (5.0%) in the first three months of this year, with the corporate sector accounting for over one half of the increase. Total bank placements to the non-banking sector reached HRK 159.1bn at end-April, their annual growth rate holding steady at their previous month level.

Bank placements to companies rose by HRK 4.4bn (8.4%) in the first three months of this year. Such a steep rise influenced their annual growth rate which, exchange rate effects excluded, rose from 16.7% at end-2005 to 23.7% at the end of the first quarter of this year, thus outstripping the annual growth of placements to households. In terms of their structure, loans granted accounted for the largest share of total placements (over 90%), while accelera-

tion in loan growth was associated mainly with loans granted to other companies. At end-April, bank placements to companies reached HRK 72.6bn, growing annually by 23.2%.

With no abating of the growth of bank loans to households in 2006, they continued to grow steadily with the same intensity as in 2005. With an increase of HRK 2.8bn in the first three months and HRK 1.4bn in April, total bank loans to households reached HRK 82.8bn at end-April, while their annual growth rate, exchange rate effects excluded, reached a high 24.1%. In term of their structure, housing loans, which have been growing rapidly since mid-last year, are their most significant and dynamic category. Other loans to households still account for the largest share of total loans granted to households and these include current account overdrafts. Their share in total loans granted to households was 45.1% at end-April this year.

Placements to the Central Government

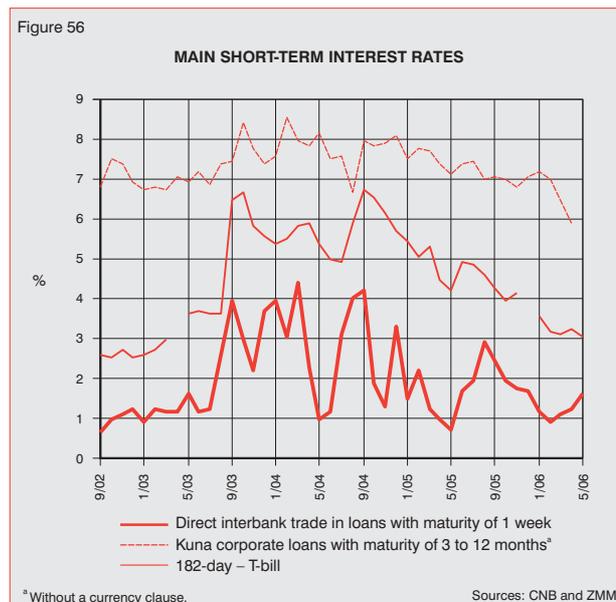
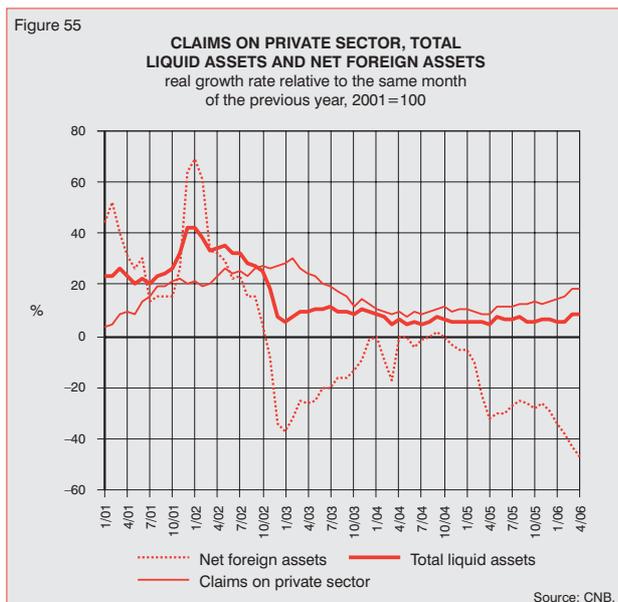
The central government continued to meet its financing needs on the domestic market in the first quarter of 2006. During that period, banks' claims on the central government rose by HRK 2.2bn (7.6%). There was a significant increase in bank placements to the central government in March after a syndicated short-term foreign currency loan of EUR 400m was granted to the government for the settlement of its due liabilities abroad. As a result, banks' net claims rose by HRK 2.8bn in the first quarter. Despite banks' subscription of little over one third of the issue of the second tranche of government kuna bonds (HRK 535.7m), their bond-associated claims on the central government nevertheless fell by HRK 0.6bn in the first three months, while their claims arising from T-bills subscriptions at the end of the first quarter equalled those at end-2005 (HRK 7.0bn). Total bank placements to the central government stood at HRK 31.1bn at end-April this year. Due to the effects of the base period, their growth slowed down on an annual level, with the annual growth rate falling to 9.1% at end-April this year from 37.2% at end-2005.

Central government deposits fell by HRK 0.6bn in the first quarter of this year. However, total net position of banks in relation to the central government was largely determined by developments in placements. Compared with end-2005, banks' net claims on the central government rose by HRK 2.8bn (14.3%) in the first quarter of the year. Compared with their much faster growth in the same period previous year, the annual growth rate of banks' net claims on the central government fell from 37.9% at end-2005 to 3.5% at the end of the first quarter. Banks' net claims on the central government were HRK 21.7bn at end-April this year.

Foreign Assets and Liabilities

Foreign assets of banks shrank by HRK 8.5bn (23.8%) in the first three months of this year. Such developments can be ascribed to changes in banks' balance sheet asset structure this year. Foreign assets fell and there was a significant increase in banks' foreign currency claims on the central bank in connection with marginal reserve requirements and on the central government in connection with the Decision on the Minimum Required Amount of Foreign Currency Claims,





which made it possible for the funds placed in the short-term syndicated foreign currency loan to the Ministry of Finance amounting to EUR 400m to be included in the minimum required foreign currency claims of banks. Following an increase of HRK 0.5bn in early second quarter, foreign assets of banks stood at HRK 27.6bn at the end of April this year, which is a decline of 17.1% compared with the same month previous year.

Business decisions of banks to continue with accelerated growth of placements, in addition to existing increase in domestic sources of funds, again led to foreign borrowing of banks in the first quarter of 2006, when foreign liabilities of banks rose by HRK 6.3bn. Following additional April increase of HRK 2.4bn, foreign liabilities of banks reached HRK 75.8bn, which is an increase of 22.2% compared with the same month previous year.

Such developments in foreign assets and foreign liabilities of banks caused changes in banks' total net foreign assets which fell by HRK 14.7bn (46.6%) in the first three months of the year. Given greater increase in foreign liabilities than foreign assets of banks, NFA of banks fell additionally (HRK 1.9bn) and stood at HRK -48.2bn at end-April.

Money Market

Relatively high liquidity levels prevailing in the financial system in late 2005 remained in the first quarter and April 2006. Also contributing to the good liquidity was HRK 868.0m placed on the market through two CNB's foreign exchange interventions in February. Another positive influence was provided by the CNB's January decision on reducing the reserve requirement rate from 18% to 17%. This released additional liquidity for banks, so that central banks' reverse repo placements dropped considerably compared with their levels in the previous two quarters. Due to the good liquidity prevailing throughout the first quarter, money market interest rates on overnight loans mostly ranged between low 1% and 3% in that period. These trends were un-

affected by the increase in banks and institutional investors' demand for liquid assets in February, brought about by the issue of the second tranche of the government bond issued in January, worth HRK 2bn, and the issue of the Raiffeisenbank's five-year bond.

Despite these trends, the stock of subscribed T-bills dipped at the end of the first quarter from the end of the previous quarter and interest rates on T-bills of all maturities continued to decrease, in proof of a reduced government's need for short-term liquidity financing in the said period.

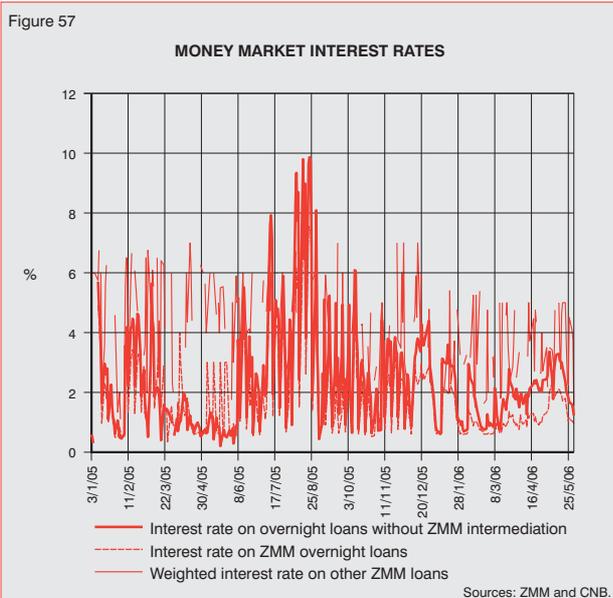
Due to the high money market liquidity, bank interest rates on long-term household loans and short-term corporate loans dropped further, whereas those on short-term household loans and long-term corporate loans drifted upwards, after having decreased in the previous quarter. Interest rates on foreign currency and kuna time deposits continued on a slight upward trend, while interest rates on kuna and foreign currency sight deposits edged downwards. Bank lending activity continued at a strong pace from end-2005 into the first four months in 2006.

Money Market Interest Rates

According to ZMM data, the average reported loan demand decreased in the first quarter 2006 from the previous quarter, increasing in April and May. Loan supply trended in the opposite direction, rising in the first quarter 2006 from the last quarter 2005 and decreasing in April and May. As a result, turnover decreased in the first quarter, rising in April and May.

Having stood at 2.29% in December 2005, the weighted interest rate on overnight loans intermediated by the ZMM reduced to 1.60% in January and further to 0.88% in February 2006, trending upwards throughout March, April and May, by 0.91%, 1.09% and 1.69% respectively. The weighted interest rate on other loans intermediated by the ZMM also fell, from 5.75% in December 2005, to 3.23% in March, 3.37% in April and a slightly lower 3.36% in May 2006.

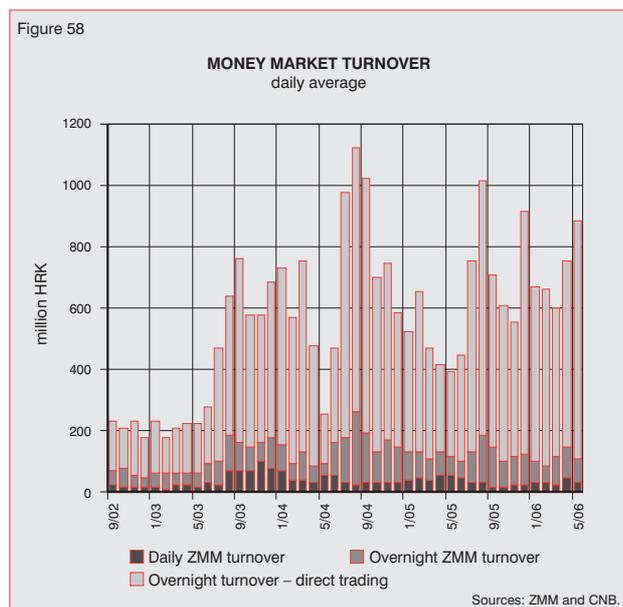
The total ZMM turnover dropped from HRK 7.1bn in the



fourth quarter 2005 to HRK 6.5bn in the first quarter 2006. The average daily turnover in overnight loans stood at HRK 73.0m in the first quarter, a decrease of HRK 19.1m from the last quarter in 2005, while the average daily turnover in other loans increased from HRK 21.6m to HRK 27.7m in the first quarter 2006, going up to HRK 44.7m in April and decreasing to HRK 32.5m in May.

Overnight loans again prevailed in the maturity structure of loans intermediated by the ZMM, with a share of 78% in the first quarter 2006, slightly below the 81% share in the previous quarter. The largest in total other loans, the share of one-month loans went up from 72% in the last quarter 2005 to 77% in the first quarter 2006.

Overnight interbank lending not intermediated by the ZMM generated an average daily turnover of HRK 542.4m in the first quarter 2006, a slight decrease from HRK 577.8m generated in the fourth quarter 2005. These loans' average daily turnover advanced to HRK 607.3m in April and to a significant HRK 806.4m in May. However, the

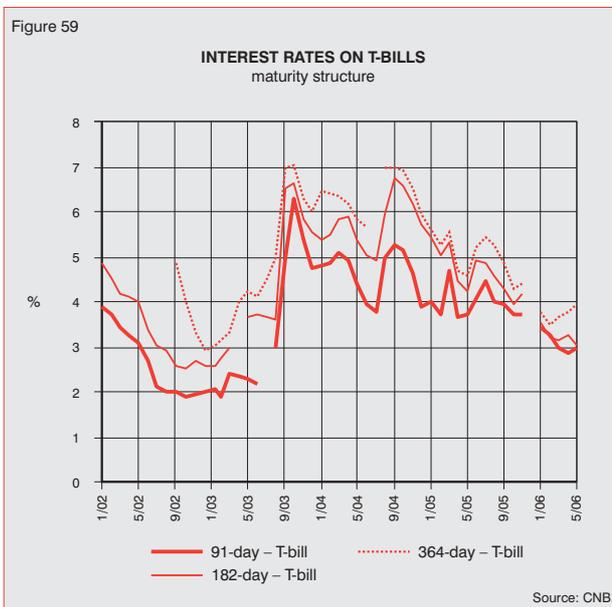


weighted interest rate on direct interbank overnight loans, standing at 3.14% in December, dropped to 1.63% by March and, despite rising to 2.00% and 2.41% in April and May respectively, remained well below its end-2005 level.

Interests Rates on the Short-Term Securities Market

With investor interest in MoF T-bills continuing to wane in the first quarter 2006, the stock of subscribed T-bills decreased to HRK 11.71bn at the end of March, which saw only three T-bills auctions, and to HRK 11.57bn at the end of April. The stock of subscribed T-bills rose in May, totaling HRK 11.83bn at the month end.

The slight drop in demand for T-bills from the previous quarter was also caused by T-bills interest rates dropping further from the last quarter of 2005. The weighted interest rates on 91, 182 and 364-day T-bills amounted to 2.99%, 3.13% and 3.68% respectively in March, having decreased from 3.70%, 4.15% and 4.40% respectively in November.



The weighted interest rate on 91-day bills continued to drop in April, standing at 2.86% at the month end, its record low since June 2003, while the weighted interest rates on 182 and 364-day bills increased to 3.24% and 3.78% respectively. The weighted interest rates on 91, 182 and 364-day bills were 3.00%, 3.05% and 3.96% in May, with the May interest rate on 182-day T-bills standing at its record low since March 2003.

T-bills with the longest maturities customarily accounted for the largest share of total subscribed bills (about 86%) at first quarter-end 2006. The second largest share (10%) was that of 182-day bills, while the share of T-bills with the shortest maturities stood at 4.3%. These proportions were somewhat altered in May, as the share of 91 and 364-day bills rose to 5.4% and 89.1% respectively.

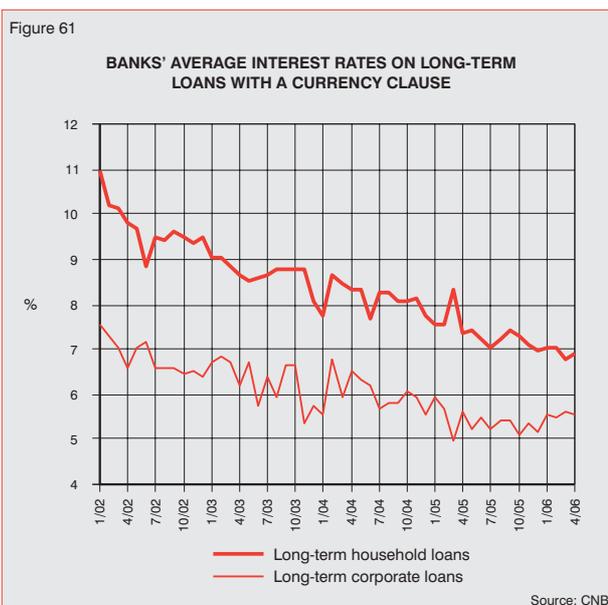
Bank Interest Rates

Bank interest rates on short-term corporate loans continued to decline and those on short-term household loans increased in the first quarter 2006. The weighted interest rate on short-term corporate kuna loans not indexed to foreign currency dropped from 7.71% in December to 7.16% in March, and further to 6.85% in April. The weighted interest rate on short-term household loans not indexed to foreign currency, standing at its then all-time low of 11.26% in December, rose to 11.75% in March and continued upwards to 12.37% in April.

Having stood at 5.18% in December 2005, the weighted interest rate on long-term corporate loans indexed to foreign currency increased to 5.64% until March and dipped to 5.55% at end-April 2006. The weighted interest rate on long-term household loans indexed to foreign currency decreased from 6.95% in December 2005 to 6.78% in March 2006, the lowest interest rate level for this loan type up to that time, rebounding to 6.93% in April, close to its December value. These trends in interest rates on long-term household loans were due to several reasons. Specifically, the share of other foreign currency-indexed long-term household kuna loans, whose interest rates are the highest of all rates on foreign currency-indexed long-term household loans, continued to decrease, as well as their interest rate, down from 8.52% in December to 8.34% in March. The share of housing loans, commonly with the lowest interest rates in this loan group, remained at the December level of 37%, while their interest rates dropped from 5.00% in December to 4.92% in March, and further to 4.87% in April.

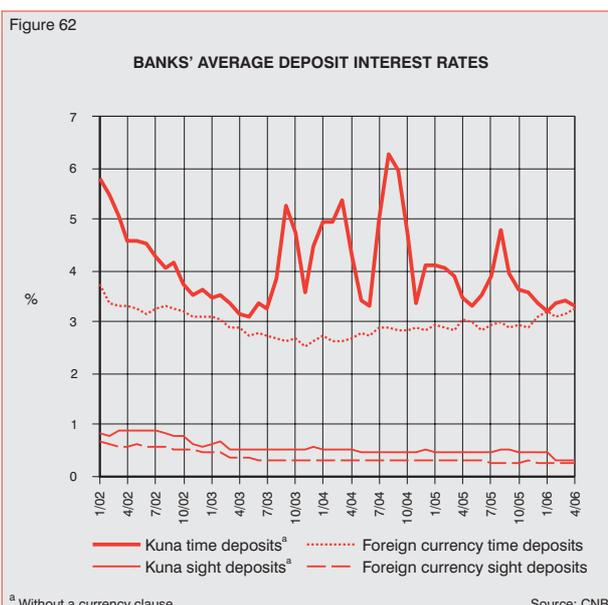
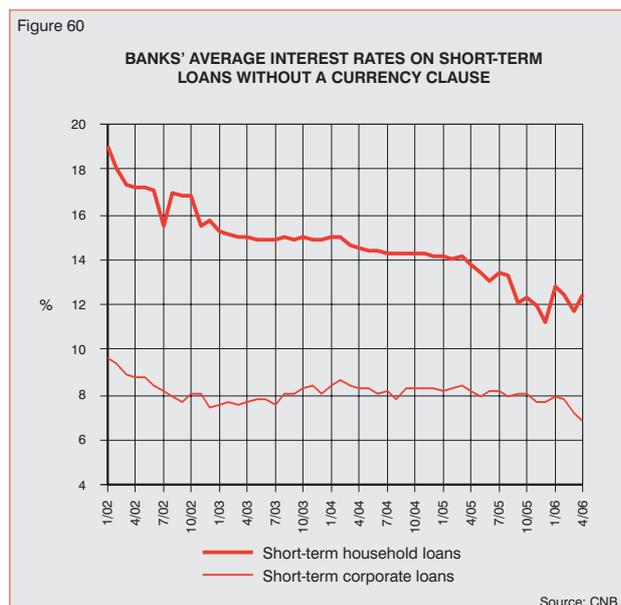
It should be mentioned that the only foreign currency-indexed corporate and household loans covered by the CNB statistics are those indexed to the euro. Since loans indexed to other currencies most often have lower interest rates, the weighted interest rate on total foreign currency-indexed loans is actually even lower than presented here.

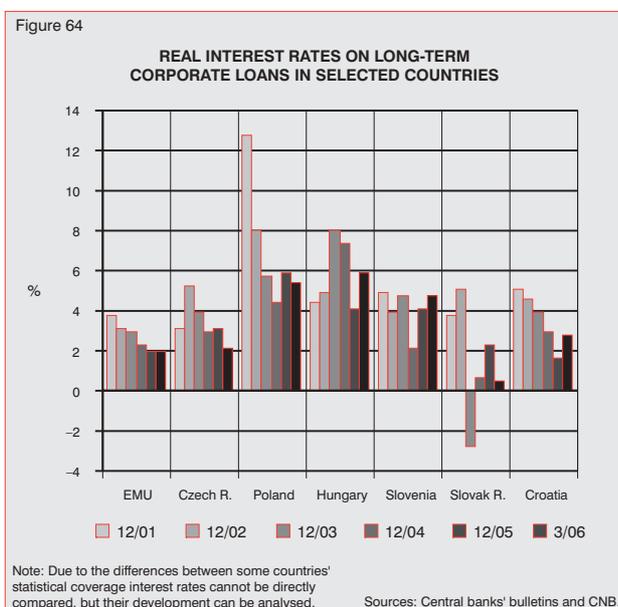
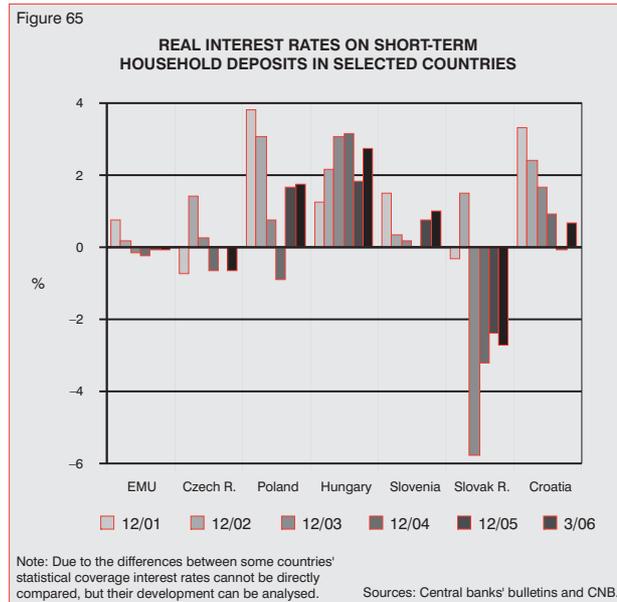
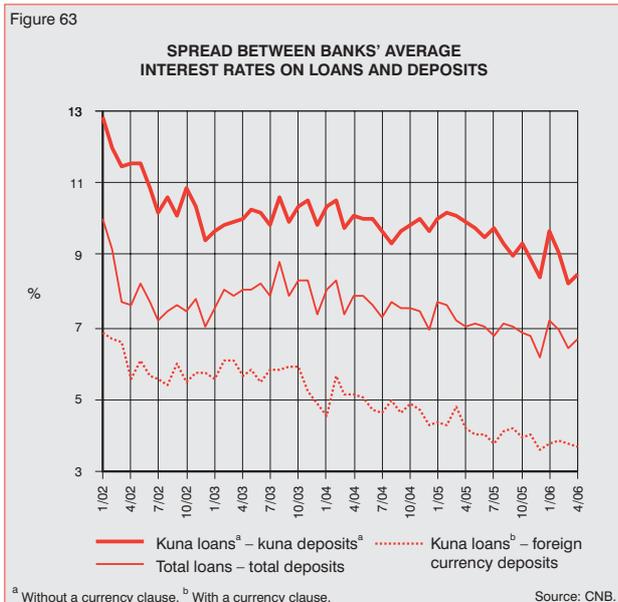
Influenced by money market trends, the weighted interest rate on kuna time deposits not indexed to foreign currency,



standing at 3.37% in December, drifted upwards to 3.42% by March, decreasing to 3.34% in April. The weighted interest rate on foreign currency time deposits rose from 2.87% in December to 3.15% and 3.25% in March and April respectively, while the weighted interest rate on foreign currency sight deposits dropped from 0.27% in December to 0.25% in February, standing at 0.26% at the end of March and April. The interest rate on kuna savings deposits decreased from 0.50% at end-December 2005 to 0.33% in March and April 2006.

The spread between bank lending and deposits rates widened in the first four months in 2006. Standing at 6.17 percentage points in December, the spread between interest rates on total loans and interest rates on total deposits drifted upwards to 6.40 and 6.63 percentage points in March and April respectively. Having decreased in the fourth quarter 2005, the spread between interest rates on foreign currency indexed kuna loans and those on foreign currency deposits increased in the first quarter, amounting





to 3.76 percentage points in March, compared to its record low of 3.56 percentage points in December 2005. This spread was 3.69 percentage points in April. The only spread that narrowed in March 2006 since December 2005 was the one between interest rates on kuna loans not indexed to foreign currency and kuna deposits, down only slightly, from 8.33 to 8.23 percentage points, its record low since early 2002. However, this spread did not remain at that level in April – it rose to 8.46 percentage points.

Due to the mentioned increase in the weighted nominal interest rates on long-term corporate loans indexed to foreign currency, making up the largest share in long-term corporate loans, and a drop in the inflation rate, real interest rates on long-term corporate loans also rose in Croatia in the first quarter 2006. Similar trends were observed in Hungary and Slovenia. In contrast, interest rates on long-term corporate loans in the EMU drifted lower in the first quarter 2006 compared with the previous quarter, due to inflation increase outstripping nominal interest rate growth. Similar de-

velopments in real interest rates on long-term loans were observed in Poland and Slovakia, where the decrease in nominal interest rates was sharper than the inflation rate fall, while the decrease in real interest rates on long-term loans was caused by the inflation rate increase only in the Czech Republic.

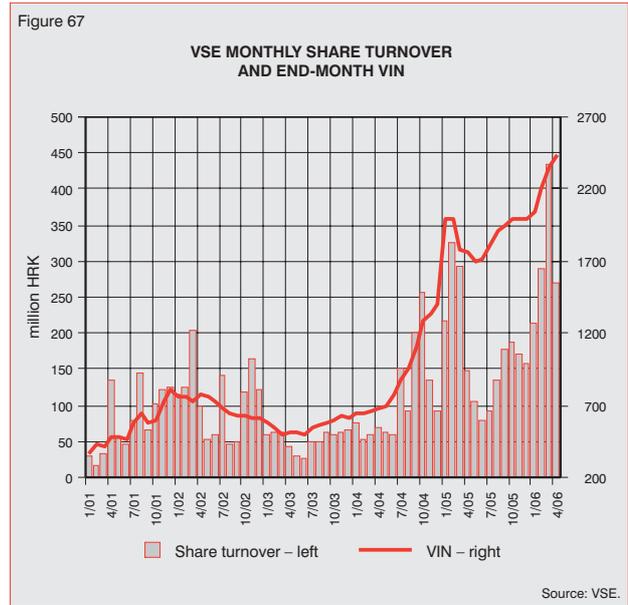
Having been negative in Croatia in the second half 2005, real interest rates on household deposits regained positive values in the first quarter 2006 due to the inflation rate drop. Real interest rates on household deposits have been negative for a long period of time in the EMU and in Slovakia, and since first quarter 2006 in the Czech Republic. Mostly positive in the other observed countries, these rates continued to grow in Poland, Hungary and Slovenia due to inflation continuing to decrease.

Capital Market

Turnover continued to grow at an accelerated pace and share prices moved further upwards on the Croatian capital market in the first quarter 2006, while a growing bond turnover was accompanied by reduced bond prices due to a global interest rate rise. April saw a slight slowdown in stock exchange activity caused by a turnover drop. Due to strong investor interest seen on the equities market, both Croatian stock exchange indices were pushed to their record highs, and most Central European market indices also recorded an increase. Bond trading gained in intensity from the previous quarter, mainly in consequence of the MoF releasing the HRK 2b worth second tranche of the December bond issue. The spread between Croatian bonds and benchmark German bonds widened due to the economic recovery in developed countries and the key interest rate rise by the Fed and ECB.

Equity Securities Market

Hitting a record high in the first quarter 2006, share turnover on the ZSE for the first time exceeded HRK 2bn, an in-



crease of a high 76% over the previous quarter and of 9% over the same period last year. The key event on the equities market in March was a takeover bid for Pliva made by the Icelandic pharmaceutical company Actavis, which resulted in a turnover of HRK 1.15bn for the month outstripping the total turnover generated in the previous quarter. In consequence, the Pliva share price jumped by 39% at the first quarter-end from end-2005 and continued to drift upwards in April. Pliva share was the most traded share in the first quarter 2006, accounting for 31% of the total share turnover and outperforming the shares of Adris grupa and Podravka, making up 12% and 6% of the total turnover respectively. The ZSE share turnover dropped to HRK 709.3m in April.

Due to these developments, the CROBEX increased to 2433 points in the first quarter 2006 and grew to an all-time high of 2514 in April.

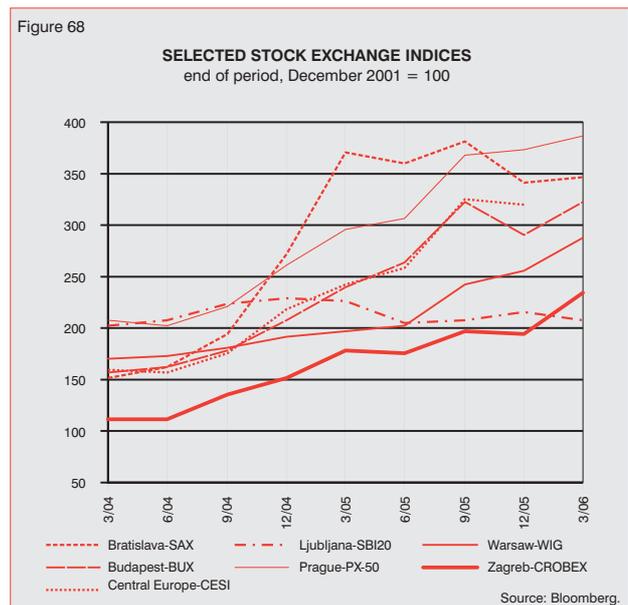
The market capitalisation of shares traded on the ZSE exceeded HRK 101bn in the first quarter, an increase of HRK 20.4bn or 25.3% from end-December. The surge in market capitalisation resulted from a sharp rise in both share liquidity and prices.¹² With most share prices on the ZSE rising during April, market capitalisation grew further to HRK 105.1bn at the month end.

The VSE market capitalisation of shares stood at HRK 67.7bn at the end of the first quarter 2006, increasing by HRK 4.4m over the end of the last quarter in 2005 and by 32% over the end of the same period in 2005. The total turnover on the VSE also rose, reaching a record high of HRK 435.4m in March 2006, but dropped to HRK 271.1m in April. The share turnover was HRK 1.0bn in the first quarter, up 73% from the fourth quarter 2005 and 16% from the same period in 2004. Trading in public companies' shares made up an approximate 51% of the total turnover and Free

Market trading accounted for about 40%. With only one share listed, the Second Quotation has had a negligible turnover for quite some time, while the Quotation of Rights, comprising trading in the rights of the former Ministry of Public Works, Reconstruction and Construction and Ministry of Finance, generated a turnover of HRK 5.7m, which was less than 1% of the total VSE turnover.

The VIN rose by 18% in the first quarter from end-December 2005, standing at 2355 points at end-March, mostly due to the Slatinska banka common share, whose turnover outstripped HRK 87m in March alone, accounting for more than 20% of the total turnover in that month. The VIN continued to rise in April, reaching an all-time high of 2431 points at the month end.

After having slowed or reduced in value in the fourth quarter 2005, stock exchange indices in the selected CEE countries rebounded in the first quarter 2006. The ZSE share index, CROBEX, rose the most, gaining as much as 21.8% from the previous quarter, while the indices of the



¹² The overall ZSE market capitalisation is calculated including total market capitalisation of the shares traded regularly in the previous three months, half of market capitalisation of the shares not traded in the previous month and a quarter of market capitalisation of shares not traded in the previous three months.

Table 2: Comparison of Capital Market Indicators

March 2006	Bratislava	Budapest	Ljubljana	Prague	Warsaw	Zagreb
Average daily turnover, shares (million EUR)	0.1	100.9	2.1	125.1	265.7	6.8
Average daily turnover, bonds (million EUR)	49.3	4.0	0.4	90.0	7.7	20.9
Turnover ^a /GDP ^c , annual level (%)	0.1	31.7	2.2	35.1	30.5	6.1
Turnover ^b /GDP ^c , annual level (%)	36.5	1.3	0.4	25.2	0.9	18.8
Turnover velocity ^d	0.5	97.0	8.7	66.2	64.8	13.7
Market capitalisation ^a (million EUR), end month	4,334	28,700	6,769	52,191	113,203	13,779
Market capitalisation ^b (million EUR), end month	10,943	31,500	6,167	24,880	n.a.	4,978
Market capitalisation ^a /GDP ^c , end month (%)	11.6	32.7	24.7	53.0	47.1	44.7
Market capitalisation ^b /GDP ^c , end month (%)	29.3	35.9	22.5	25.3	n.a.	16.2
Index movement from the beginning of the year (%)	0.9	11.0	-4.1	3.5	13.0	21.8
Index movement from the beginning of the month (%)	5.3	-0.7	-2.4	-1.5	3.5	13.3

^a Shares, ^b Bonds, ^c 2006, ^d Annualised monthly share turnover × 100/ market capitalisation of shares.
Sources: Bloomberg and reports from BSSE, BSE, PSE, LJSE, WSE and ZSE.

Table 3: Bond Issues in the Domestic Market

Series	Issuer	Issue date	Maturity	Currency	Issue nominal value	Nominal interest rate	Last price ^a	Current yield 30/4/2006
RHMF-O-08CA	Republic of Croatia	14/12/2001	14/12/2008	EUR	200,000,000	6.875%	106.50	6.296%
RHMF-O-125A	Republic of Croatia	23/5/2002	23/5/2012	EUR	500,000,000	6.875%	111.85	7.015%
RHMF-O-085A	Republic of Croatia	28/5/2003	28/5/2008	HRK	1,000,000,000	6.125%	104.50	5.861%
RHMF-O-142A	Republic of Croatia	10/2/2004	10/2/2014	EUR	650,000,000	5.500%	106.00	5.189%
RHMF-O-077A	Republic of Croatia	7/7/2004	7/7/2007	EUR	400,000,000	3.875%	99.90	3.879%
RHMF-O-19BA	Republic of Croatia	29/11/2004	29/11/2019	EUR	200,000,000	5.375%	107.55	4.998%
RHMF-O-103A	Republic of Croatia	8/3/2005	8/3/2010	HRK	3,000,000,000	6.750%	109.20	6.181%
RHMF-O-157A	Republic of Croatia	14/7/2005	14/7/2015	EUR	350,000,000	4.250%	98.00	4.337%
RHMF-O-15CA	Republic of Croatia	15/12/2005	15/12/2015	HRK	3,500,000,000	5.250%	107.20	4.897%
GDKC-O-116A	City of Koprivnica	29/6/2004	29/6/2011	HRK	60,000,000	6.500%	101.35	6.413%
GDZD-O-119A	City of Zadar	1/9/2004	1/9/2011	EUR	18,500,000	5.500%	-	-
HBOR-O-112A	CBRD	11/2/2004	11/2/2011	EUR	300,000,000	4.875%	-	-
BLSC-O-051A	Belišće d.d.	14/1/2005	14/1/2009	EUR	8,000,000	5.500%	101.60	5.413%
HYBA-O-086A	Hypo-Alpe-Adria Bank d.d.	6/6/2003	6/6/2008	HRK	150,000,000	6.500%	104.80	6.202%
BNAI-O-22CA	Bina Istra d.d.	15/12/2002	15/12/2022	EUR	210,000,000	8.000%	-	-
PODR-O-072A	Podravka d.d.	20/2/2004	20/2/2007	EUR	27,000,000	5.000%	100.80	4.960%
AGRK-O-074A	Agrokor d.d.	3/4/2002	3/4/2007	EUR	230,000,000	11.000%	104.45	10.531%
PLVA-O-115A	Pliva d.d.	12/5/2004	12/5/2011	EUR	75,000,000	5.750%	104.50	5.502%
ATGR-O-077A	Atlantic Grupa d.o.o.	15/7/2004	15/7/2007	EUR	15,000,000	5.750%	102.30	5.621%
MDKA-O-087A	Medika d.d.	11/7/2005	11/7/2008	EUR	16,500,000	4.500%	101.35	4.440%
RBA-O-112A	Raiffeisen Bank Austria d.d.	10/2/2006	10/2/2011	HRK	600,000,000	4.125%	101.25	4.074%

^a Regularly traded shares. Source: ZSE, monthly report, April 2006.

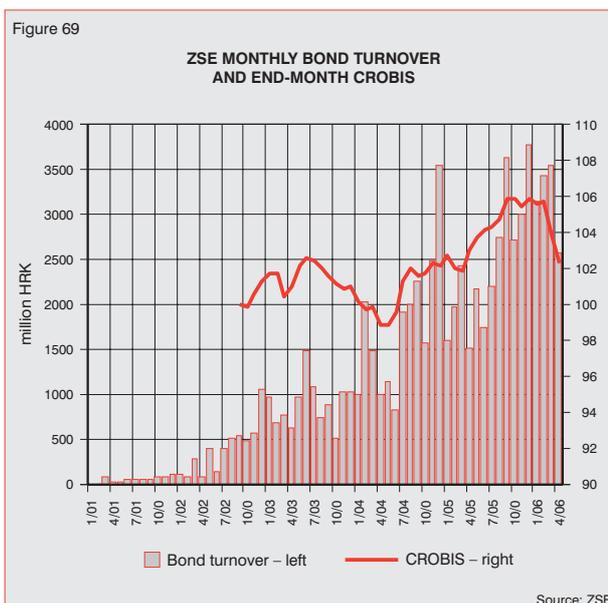
Warsaw, Budapest, Prague and Bratislava Stock Exchanges, were up by 13.0%, 11.0%, 3.5% and 0.9% respectively. The Ljubljana Stock Exchange index was the only index to drop (-4.1%).¹³

The market capitalisation of both shares and bonds increased at end-March over December 2005 on all the stock exchanges, with the exception of the Bratislava Stock Exchange, which saw the bond market capitalisation dip. The share turnover was on the rise on all the stock exchanges, except on the ones in Warsaw and Bratislava, while the bond turnover was on the increase on the Budapest and Prague Stock Exchanges. As usual, the Bratislava Stock Exchange recorded a weaker share turnover than the ZSE in the first quarter 2006, and so did the Ljubljana Stock Exchange, as in the previous quarter. Of all the observed stock exchanges, only the Prague and Bratislava Stock Exchanges realised higher turnovers than the ZSE.

Debt Securities Market

Croatia's long-term debt securities market saw one corporate bond issue in the first quarter 2006 – a five-year Raiffeisenbank bond, issued in February, with a nominal in-

terest rate of 4.125%, worth HRK 600m in nominal terms, the largest single kuna corporate bond issue on the domestic market. Also in February, the MoF issued the second tranche of a ten-year kuna bond, issued in December 2005, worth HRK 2bn, increasing the total value of the bond issue



¹³ As of 1 January 2006, the CESI index is no longer calculated.

Table 4: Republic of Croatia International Bond Issues

Bond	Issue date	Currency	Amount	Nominal interest rate	Yield on issue date	Spread on issue date	Spread ^a 30/6/2005	Spread ^a 30/9/2005	Spread ^a 31/12/2005	Spread ^a 31/3/2006
London Club A, 2006	31/7/1996	USD	604,426,000	6-month LIBOR + 81.25 b.p.			79	26	17	-
London Club B, 2010	31/7/1996	USD	857,796,000	6-month LIBOR + 81.25 b.p.			111	96	105	99
Eurobonds, 2011	14/3/2001	EUR	750,000,000	6.750%	6.90%	215	67	38	37	39
Eurobonds, 2009	11/2/2002	EUR	500,000,000	6.250%	6.45%	158	61	35	34	38
Eurobonds, 2010	14/2/2003	EUR	500,000,000	4.625%	4.65%	102	62	36	34	40
Eurobonds, 2014	15/4/2004	EUR	500,000,000	5.000%	5.11%	101	61	32	33	35
Samurai bonds, 2007	11/7/2000	JPY	40,000,000,000	3.000%	3.00%	135	33	33	32	37
Samurai bonds, 2008	26/6/2002	JPY	25,000,000,000	2.150%	2.15%	144	42	35	36	51
Samurai bonds, 2009	26/6/2003	JPY	25,000,000,000	1.230%	1.23%	99	49	54	53	62

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

to HRK 5.5bn. The said amount was, among other things, earmarked for current principal repayments of budget loan commitments due.

As regards short-term debt securities, of the record twelve commercial paper issues listed on the ZSE at end-April 2006, five got listed in the first quarter and two in April 2006. The Regular Market saw a Dalekovod d.d. one-year commercial paper, worth HRK 40m, listed in January, and a Magma d.d. one-year commercial paper, valued at HRK 30m, listed in February. Ingra d.d. one-year papers, Atlantska plovidba d.d. one-year papers and Lura d.d. six-month papers, worth HRK 30m, 40m and 45m respectively, were listed in March. In April, Lura issued a 199-day commercial paper, valued at HRK 22m, and PBZ Card d.o.o. issued a one-year commercial paper worth HRK 85m.

Nine government bonds, two municipal bonds, a government agency (CBRD) bond and nine corporate bonds were listed on the domestic stock exchanges at end-March 2006.

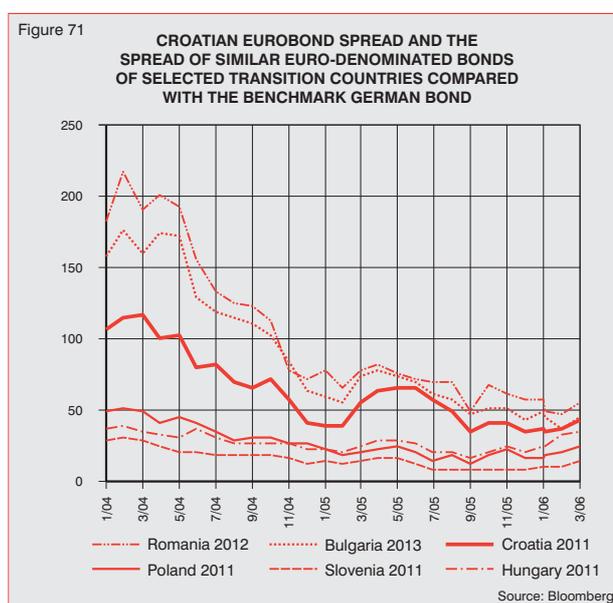
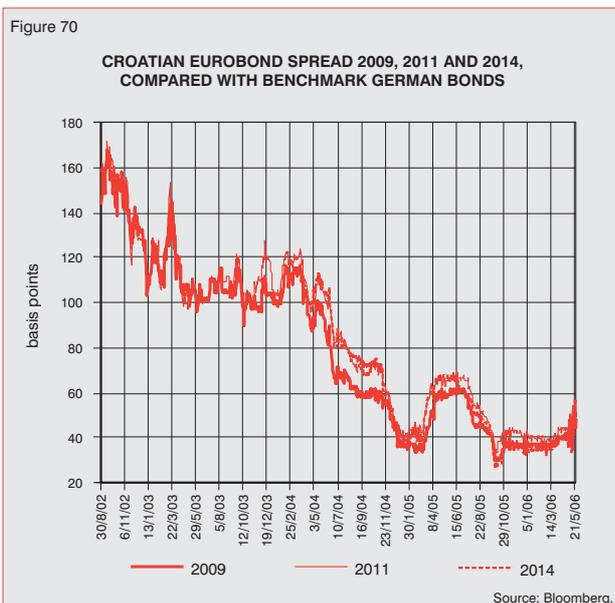
The market capitalisation of government bonds, municipal bonds and the CBRD bond totalled EUR 3.7bn (HRK 27.0bn) at the end of the fourth quarter 2005, accounting for 12.7% of the GDP estimate for 2006, whereas corporate bond market capitalisation was EUR 601.7m (HRK 4.4bn), which made up about 1.8% of the GDP estimate for 2006.

Brisk trading in bonds on the ZSE continued in the first quarter 2006 from end-2005, generating a record quarterly turnover of above HRK 10.1bn, a rise of HRK 630m or 6.7% compared with the fourth quarter 2005. However, the

monthly bond turnover drifted slightly downwards in April, to below HRK 2.6bn. The largest share in the turnover customarily went to more recent bond issues with longer maturities. Specifically, the most traded bonds in the first quarter were Republic of Croatia bonds due 2015 (a kuna bond), 2014, 2015 (a euro bond), 2007, 2010 and 2012, which generated 86% of the total monthly bond turnover. The most traded bond in April 2006 was a new government bond issued in December 2005, accounting for a high 39% of the monthly turnover.

Having dropped from the fourth quarter end, the ZSE bond index, CROBIS, stood at 103.9 points at end-March. The CROBIS fell further in April, to 102.3 points at the month's end, its record low since March 2005, most likely due to the said global interest rate increase.

Republic of Croatia bonds were issued in foreign markets neither in the first quarter nor in April 2006. There were a total of nine Croatian bond issues listed on foreign markets at the end of the first quarter 2006, compared with eleven at end-2005. A Samurai bond issue from 2001, worth JPY 25bn (approximately HRK 1.3bn) fell due in February and a eurobond issue from 1999, valued at EUR 300m (about HRK 2.2bn), in March. Of the remaining nine international bond issues of the RC, two issues are USD denominated (i.e. government bonds substituted for the Croatian business entities' debt to the London Club), four are EUR and three JPY denominated. The total nominal value of the nine Croatian eurobond issues was HRK 29.5bn (about EUR 4bn) at



end-April 2006. A bond issue representing the debt to the London Club, worth USD 604.4m (about HRK 3.5bn) is to mature in July.

The spreads between Croatian eurobonds and benchmark German bonds inched wider in the first quarter 2006. The spreads between Croatian eurobonds due 2009, 2011 and 2014 were 38, 39 and 36 basis points respectively, a slight increase from 34, 37 and 33 basis points at end-December. However, due to the rise in American and European key interest rates, as well as to the required yield on domestic bonds increasing at a faster rate than that on developed countries' bonds, the spreads widened further, standing at 45, 42 and 40 basis points for bonds due in 2009, 2011 and 2014 respectively at end-April.

As the yields on new EU members and EU candidates' bonds rose at a somewhat faster pace than benchmark German eurobond yields, their spreads increased. In addition to interest rate movements in developed financial markets, such spread trends were also due to expectations that Germany's economic upturn in 2006 would be the strongest in the last six years. The spread between the Croatian eurobond due 2011 relative to the benchmark German bond was still below the spread of the Romanian and Bulgarian eurobond maturing in 2012 and 2013 respectively.

International Transactions

The current account deficit grew markedly in the first quarter of 2006, due mainly to a further deterioration in foreign trade balance. The year-on-year comparison of the current account developments showed an increase in the negative factor income balance, which is, to a large extent, attributed to the growth in dividends paid out to foreign owners of domestic companies and, to a small extent, to the methodological changes in the reporting of dividends. The first quarter developments were also marked by the year-on-year fall in net revenues from services rendered to non-residents, with the most prominent change including the growth in net imports of other services. Tourism revenues declined due to the Easter holiday falling in the second quarter in 2006 versus the first quarter in 2005. In addition, the base period effect contributed to a slight year-on-year fall in net revenues from current transfers.

Moreover, domestic sectors continued to borrow at a rapid pace on the foreign market in the first quarter of the year. This primarily relates to banks whose foreign liabilities, despite tightened central bank regulations, grew more in the absolute amount in the first four months of 2006 than in the same period last year. In contrast, the external debt of other domestic sectors, including leasing companies, decelerated, while the repayments of foreign liabilities by the government sector remained larger than new drawings. Increased international reserves and kuna/euro exchange rate appreciation in the first quarter of 2006 contributed to favourable IEMP movements, indicating that Croatia's ability to timely meet its foreign liabilities has not altered.

Current Account

According to the preliminary data, the current account deficit stood at EUR 2bn in the first quarter of 2006, up 29.1% over the same period last year. The deterioration in the balance was seen in all accounts under the heading of current account, especially in the balance of foreign trade. Notwithstanding higher growth of exports, imports grew more in absolute terms, and thus contributed to the widening of the imbalance in international trade in goods. Exports of goods accelerated due to a hike in exports of ships, energy products (refined petroleum products, gas and electricity) and fish (tuna fish especially). Concurrently, imports of goods grew on account of increased imports of crude oil, refined petroleum products, road vehicles, gas and telecommunication apparatus. Exports and imports trends are elaborated in more detail under the section on Merchandise Trade.

The account of services run a deficit in the first quarter of 2006, compared with the same period last year, primarily due to total expenditures growing faster than total revenues. Observed by individual services, strong growth was seen in net imports of other services, comprising architectural, engineering and other technical services, royalties and licensing fees, trade and other related services, legal and accounting fees and consulting and public relations. Transportation services revenues and expenditures went up during the review quarter, although the latter at a lower rate.

Net revenues from tourism services rose in the first quarter of 2006 compared with the same quarter last year due to

Table 5: Current Account, in million EUR

	2004	2005	Jan.–Mar. 2005	Jan.–Mar. 2006	Indices	
					2005/2004	Jan.–Mar. 06/Jan.–Mar. 05
CURRENT ACCOUNT	-1,404	-1,960	-1,544	-1,993	139.6	129.1
1. Goods	-6,728	-7,483	-1,569	-1,863	111.2	118.7
1.1. Credit (f.o.b.)	6,603	7,244	1,523	1,984	109.7	130.2
1.2. Debit (f.o.b.)	-13,331	-14,727	-3,093	-3,847	110.5	124.4
2. Services	4,769	5,318	4	-43	111.5	-
2.1. Credit	7,637	8,053	653	663	105.4	101.6
2.2. Debit	-2,868	-2,735	-648	-706	95.4	108.9
3. Income	-637	-972	-278	-378	152.5	135.6
3.1. Credit	657	666	132	155	101.4	117.1
3.2. Debit	-1,295	-1,638	-411	-532	126.5	129.7
4. Current transfers	1,192	1,176	300	290	98.7	96.9
4.1. Credit	1,585	1,625	401	401	102.5	100.0
4.2. Debit	-393	-448	-101	-111	114.1	109.0

Source: CNB.

expenditures decreasing more rapidly than revenues. However, it should be kept in mind that, due to the methodological changes introduced in the reporting of travel services revenues and expenditures in the second quarter of 2005,¹⁴ the appropriate year-on-year comparison of financial indicators will be possible only when the data for the second quarter of 2006 are published.

Total volume indices in tourism displayed somewhat poorer results in the first quarter of 2006 compared with the first quarter of 2005, which is attributed to the effect of moving Eastern holidays. As a result, the CBS data showed a 13.4% year-in-year fall in the number of foreign tourist arrivals in commercial accommodation facilities¹⁵ and an 18.8% year-in-year fall in the number of foreign tourist nights. This may in the first place be explained by the base period effect, i.e. by the fact that Eastern holidays, which usually mark the start of tourist season, fell in April this year and in March last year. Hence, total volume indices are expected to recover early in the second quarter of 2006. The World Football Championship might also affect the tourism revenue results in the second quarter of 2006 as a portion of foreign tourists might postpone their holidays or spend them in Germany. In addition, tourism expenditures of Croatian residents are expected to increase.

The marked growth in the negative factor income balance is mostly attributed to increased expenditures on direct equity investment, coupled with lower retained earnings and strong growth in dividends paid out to foreign investors. The dividends grew largely as a result of dividends paid out by HT, with the dividends paid out to its foreign owner amounting to about EUR 56m. HT and another large company accounted for about four-fifths of total dividends reported in the first quarter of 2006.

To a lesser extent, the year-on-year increase in paid out dividends may be attributed to the fact that dividends were reported in the period when the decision on their payment was made and not, which was the case before, in the period when they were actually paid out. On aggregate level, about 80% of total reported dividends was paid out in the first quarter of 2006. Therefore, the impact of methodological changes relates to the remaining amount of about EUR 30m.

The account of current transfers held steady in the first quarter of 2006 compared with the same period last year. The decrease in government revenues was offset by the growth in transfers to other sectors. As a result, total current transfers inflows remained unchanged over its level registered in the same period last year. In addition, the year-on-year fall in current government transfers inflows was entirely accounted for by the last year's one-off increase in revenues from taxes paid on retained earnings from previous years by the foreign owner of HT. Expenditures on current transfers saw a modest year-on-year increase, with the same

rate of growth, in absolute terms, being accounted for by both the government and other sectors.

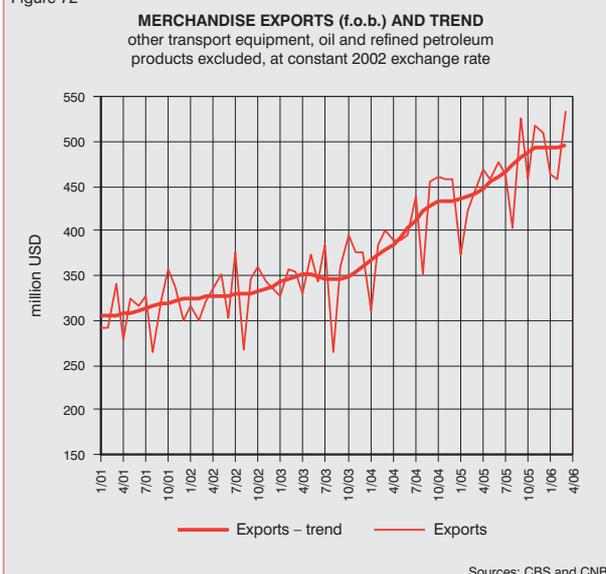
The described developments in the accounts under the heading of current account suggest negative trends. More specifically, a further deterioration in Croatia's imbalance, arising from current account developments, is likely to be seen in 2006 in relation to performance results observed in 2005. In addition to deficit amount, another thing that gives rise to concern is the fact that its main source of growth is the negative balance in foreign trade. Despite good tourism results in the last several years, 2005 and the first three months of 2006 witnessed the widening of the deficit on the account of goods and services. The growing current account deficit and the increase in relative external debt indicators increasingly expose Croatia to potential risks of overall external imbalance.

Merchandise Trade

Foreign trade in goods intensified in the first quarter of the year over the same period last year. In the first three months of 2006, according to the preliminary CBS data, exports of goods stood at USD 2.3bn and imports of goods at USD 4.7bn. The foreign trade deficit grew by 13.5% year-on-year. With exports growing faster than imports, the imports/exports coverage rate improved to 49.6%, a 1.4 percentage points increase over the first quarter of 2005.

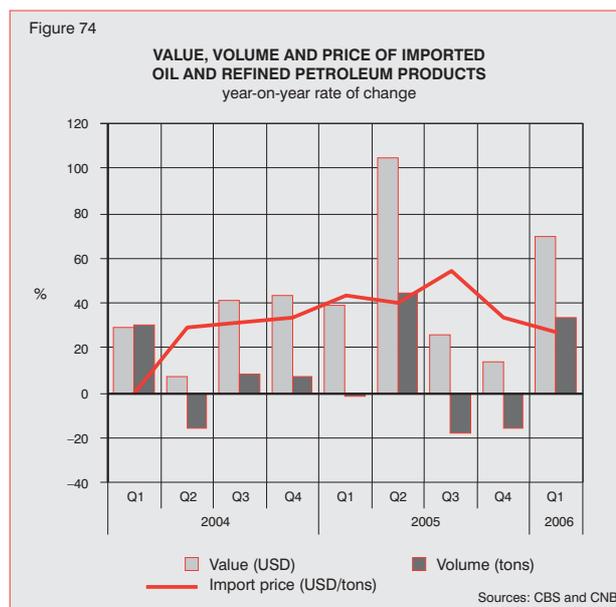
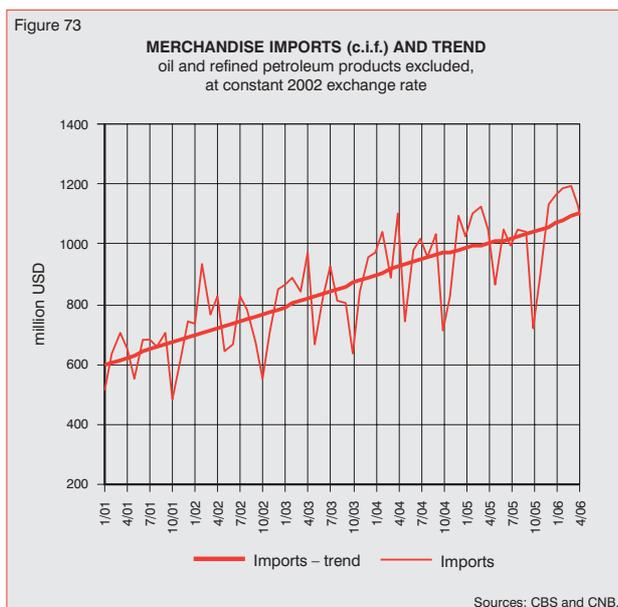
Measured at constant exchange rates to exclude cross-currency changes, total exports of goods accelerated to 26.3% in the first quarter of 2006, compared with 5.3% in the first quarter of 2005 and 10.0% in 2005 as a whole. Much of this was due to other transport equipment (ship) exports, which, following the decline in 2005, grew by 92.8% year-on-year in the first quarter of 2006. However, due to poor exports of ships in the base period and the postponement of some ship deliveries from the end of 2005 to the beginning of 2006, the actual improvement in other transport equipment exports was lower in the review quarter. Exports of oil and refined petroleum products turned in

Figure 72



14 Wider coverage of foreign guests included in the survey, broader statistical strata and a new method for estimating the population of foreign travellers.

15 In concordance with international standards, revenues from travel services are estimated using data on foreign travellers who have stayed at least one night in paid accommodation (registered by the CBS) and data on foreign tourists in non-paid accommodation and one-day visitors (excursions and transit).



a strong year-on-year growth, accounting for almost one-fourth of total exports growth in the first quarter of 2006. In addition, a marked growth was also seen in their export volumes.

Taken together, exports of other SITC divisions posted a higher growth rate in the first quarter of 2006 than in the same period last year (17.5% vs. 12.9%). In particular, exports of fish and preparations more than doubled, coupled with higher exports of natural and industrial gas, and electric energy.

Measured at constant exchange rates, total goods imports grew by 25.3% year-on-year, compared with 7.7% in the first quarter of 2005 and 12.5% in 2005 as a whole. The main generators of this growth were oil and refined petroleum products, accounting for almost one half of total imports growth. As above, this is attributed to the increase in import volumes (33.3% year-on-year).

Excluding oil and refined petroleum products, imports of all other SITC divisions grew by 19.1% in the first quarter of 2006, far faster than the 4.4% registered during the first quarter of 2005 (measured at constant exchange rates). After holding steady in the last two years, the imports of road vehicles grew by 25.2% in the first quarter of 2006 over the same period last year, contributing to the year-on-year increase in the number of newly registered road vehicles (18.2% at end-March). To a large extent, this is attributable to the increase in the number of newly registered personal automobiles and freight vehicles and trailers. Other significant contributors to total imports growth were natural and industrial gas, telecommunication apparatus and fabricated metal products.

Measured at constant exchange rates, imports of capital goods (machinery and transport equipment excluding other transport equipment and road vehicles) accelerated to 17.9% in the first three months of 2006, after growing by 9.0% year-on-year in 2005. In contrast to the previous year, when capital goods imports were largely generated by the government investment in capital infrastructure projects, especially the building of motorways, the new upswing in im-

ports of capital goods seems to be more the result of private investment, especially the residential building projects. Increased capital goods imports may also be interpreted as a sign of further improvement in the restructuring of domestic enterprise and their technological capacities, which in the years to come should contribute to their productivity boost.

As regards the structure of merchandise trade, exports to developed countries grew in the first quarter of 2006. As a result, the share of exports to developed countries in total good exports went up by 4.5 percentage points in the first quarter of the year over the same period last year. This was

Table 6: Exports and Imports by Economic Classification of Countries, in %

	2004	2005 ^a	Jan.-Mar. 2005 ^a	Jan.-Mar. 2006 ^a
Export				
Developed countries	71.7	69.2	71.0	75.4
EU-25	64.6	62.1	64.9	66.2
Slovenia	7.5	8.1	8.6	7.8
Hungary	1.3	1.6	1.4	1.3
EU-15	51.4	48.1	53.1	52.3
Austria	9.4	7.1	8.7	6.3
Italy	22.9	21.4	22.1	25.3
Germany	11.2	10.6	11.9	11.4
EFTA	1.0	1.1	1.0	1.5
Developing countries	28.3	30.8	29.0	24.6
CEFTA	1.2	1.4	1.6	0.8
Bosnia and Herzegovina	14.4	14.3	12.0	9.7
Serbia and Montenegro	3.7	4.5	3.8	4.4
Russia	1.4	1.3	1.4	0.9
Import				
Developed countries	77.4	73.8	74.2	69.5
EU-25	69.5	65.6	65.3	62.2
Slovenia	7.1	6.8	6.9	6.2
Hungary	3.1	3.1	2.8	3.1
EU-15	54.2	50.6	50.3	47.6
Austria	6.8	5.7	6.0	5.2
Italy	17.0	16.0	15.5	15.8
Germany	15.5	14.8	14.8	13.7
EFTA	1.6	1.7	1.9	1.9
Developing countries	22.6	26.2	25.8	30.5
CEFTA	1.5	2.4	2.1	2.1
Bosnia and Herzegovina	2.1	2.4	2.3	2.4
Serbia and Montenegro	0.8	0.9	0.9	0.9
Russia	7.3	9.1	10.0	13.8

^a Preliminary data. Source: CBS.

due increased exports to EU countries, particularly to Italy, Germany and Sweden (ships), Italy (natural gas and sugar) and Germany (wearing apparel and furniture). Exports to Japan and the USA also accelerated.

In contrast, exports to developing countries fell during the review quarter, mostly on account of a substantial drop in exports to Liberia (ships), Romania (cigarettes and various chemical products), Bosnia and Herzegovina (energy products and cigarettes) and Syria (industrial machinery and fabricated metal products). Although the share of exports to developing countries in total goods exports fell in overall terms, a more dynamic growth of exports was registered with respect to several countries, with Serbia and Montenegro being one of the main recipients of exports. In addition, exports to Lebanon displayed good performance, mainly due to increase in exports of oil and refined petroleum products.

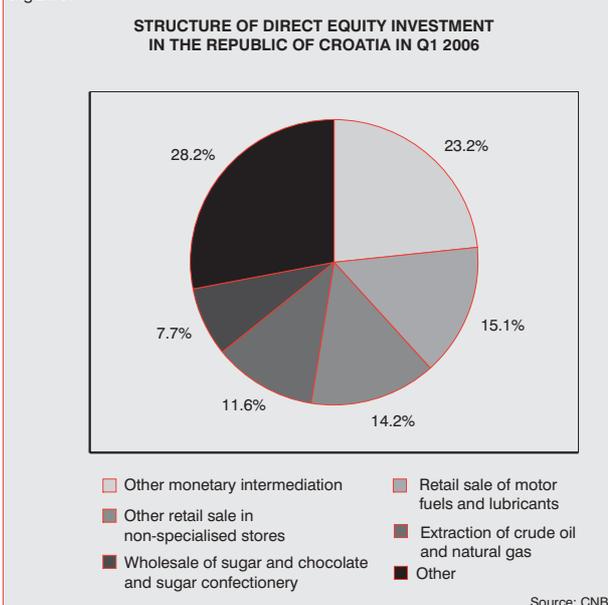
Imports from developing countries continued to trend upward, while their share in total goods imports rose by 4.6 percentage points in the first quarter of the year over the same period last year. Imports from Russia (energy products) accounted for almost two-thirds of the absolute increase in imports from developing countries. Imports from China continued to grow, comprising technical goods, textile and consumer goods. An additional impetus to total growth of imports from developing countries came from Bulgaria (energy products) and Bosnia and Herzegovina (non-ferrous steel, steel, iron and energy products).

However, despite the decline in their share, imports from developing countries grew faster in the first quarter of 2006 than in the same period last year. Observed by individual countries, imports from Italy and Germany (road vehicles) accounted for the largest increase in imports from old EU Member States. On the other hand, the biggest fall in imports was recorded in those from the USA, comprising office machinery and equipment, and pharmaceutical and medical goods.

Capital and Financial Transactions

According to the preliminary BOP data, net foreign direct investment rose to EUR 249m in the first quarter, 42.3% more than in the same quarter of 2005. Foreign direct investment of Croatian residents fell while foreign direct in-

Figure 75



vestment in Croatia rose by about one-fifth, mostly on account of the annual increase in net liabilities on other capital.

Within direct equity investment, the main receiving sectors in the first quarter of 2006 were other monetary intermediation (recapitalisation of foreign-owned banks), accounting for one-fourth of total investment, and trade and extraction of crude oil and natural gas, accounting for 45% and 11.6% respectively.

The portfolio investment account showed net outflows of EUR 0.5bn. This was mainly due to the government's repayment of 300 million euros worth of eurobonds and 25 billion yens worth of Samurai bonds, along with the regular semi-annual debt repayment to the London Club. The government and other domestic sectors did not issue any new foreign bonds. To a small extent, net outflows of financial assets also stemmed from an increase in foreign assets of other domestic sectors, which primarily relates to an increase in the enterprises' investment in equity instruments.

Net liabilities of domestic sectors under the heading of other investment (trade credits, credits, currency and deposits) grew by EUR 2.4bn, with a EUR 1.1bn decrease in foreign assets and a EUR 1.4bn increase in foreign liabilities.

Table 7: Capital and Financial Account, in million EUR

	2004	2005	Jan.–Mar. 2005	Jan.–Mar. 2006	Indices	
					2005/2004	Jan.–Mar. 06/Jan.–Mar. 05
CAPITAL AND FINANCIAL ACCOUNT	2,337	3,001	1,183	1,534	128.4	129.7
1. Capital account	23	51	2	-1	220.6	-
2. Financial account, excl. reserves	2,357	3,772	1,368	2,207	160.0	161.3
2.1. Direct investment	704	1,198	175	249	170.2	142.3
2.1.1. Abroad	-282	-183	-35	-8	64.8	21.8
2.1.2. In Croatia	986	1,381	210	257	140.1	122.1
2.2. Portfolio investment	245	-1,077	-434	-479	-	110.5
2.2.1. Assets	-753	-513	25	-31	68.2	-
2.2.2. Liabilities	997	-564	-458	-448	-	97.7
2.3. Financial derivatives	0	-88	-88	0	-	-
2.4. Other investment	1,409	3,740	1,715	2,437	265.5	142.1
2.4.1. Assets	-421	984	1,005	1,076	-	107.0
2.4.2. Liabilities	1,830	2,756	710	1,362	150.6	191.8
3. Reserve assets (CNB)	-43	-822	-188	-673	1,909.7	357.6

Source: CNB.

Table 8: External Debt by Domestic Sectors, end of period, in million EUR and %

	2003	2004	2005	Apr./2006	Structure		Indices	
					2005	Apr./2006	2005/2004	Apr./2006 / 2005
1. Government	6,601	7,252	7,047	6,524	27.6	24.3	97.2	92.6
2. Central bank (CNB)	366	2	3	2	0.0	0.0	111.8	67.6
3. Banks	6,512	8,015	9,207	10,503	36.0	39.1	114.9	114.1
4. Other sectors	6,332	7,511	9,283	9,819	36.3	36.6	123.6	105.8
Total (1+2+3+4)	19,811	22,781	25,541	26,847	100.0	100.0	112.1	105.1

Note: Banks' external debt includes banks' hybrid and subordinated instruments. External debt of other domestic sectors includes the debt arising from foreign direct investment net off banks' hybrid and subordinated instruments. Source: CNB.

Like in the first quarter of 2005, the decrease in foreign assets resulted from banks withdrawing their deposits abroad, while the increase in foreign liabilities came from increases in long-term borrowing (EUR 0.8bn), mainly by enterprises and banks. In addition to borrowings, deposits were another prime mover of the growth in banks' foreign liabilities, accounting for one-third of total increase in other investment liabilities.

The balance of payments data showed an increase in gross international reserves of EUR 673m in the first quarter of 2006 (cross-currency changes excluded). This was mostly due to an increase in allocated foreign currency reserve requirements, including marginal reserve requirements. Although smaller in amount, another significant contribution came from foreign currency purchases at two central bank's interventions held in February (EUR 119m). According to the monetary statistics data (cross-currency changes included), international reserves stood at EUR 8,089m at end-March, or 8.7% more than at the end of 2005. International reserves continued to trend upward in April 2006, increasing by another EUR 116m at the end of that month over the end of the first quarter of 2006.

External Debt

Croatia's external debt continued to grow in the first four months of 2006. At end-April, it stood at EUR 26.8bn, up EUR 1.3bn or 5.1% over the end of 2005. The banking sector laid claim to the title of the sector with the largest share of the external debt. In contrast, the external debt of other domestic sectors (enterprises), including direct investment in enterprises, grew at a slower rate, while the external debt of the government sector trended downwards.

Banks' external debt (hybrid and subordinated instruments included) rose by EUR 1.3bn at end-April over the end of 2005. In the first four months of 2006, the foreign liabilities of banks grew mostly on account of long-term borrowings and short-term deposits of non-residents, making up approximately four-fifths of total increase in the banking sector external debt. In addition, banks continued to withdraw their foreign funds in the first four months of 2006. The foreign assets of banks fell by EUR 1.0bn at end-April over the end of 2005, mainly on account of the withdrawal of time and notice deposits, and thus contributed to a further deterioration in their net foreign position.

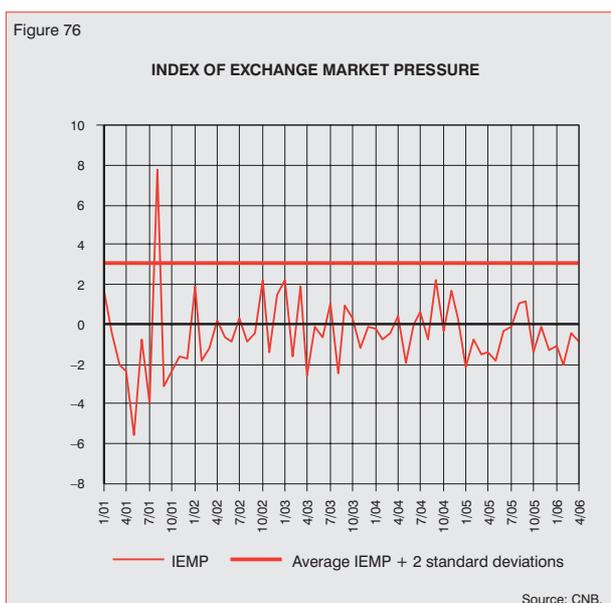
External debt of other domestic sectors (enterprises), including direct investment in enterprises, went up by EUR 0.5bn in absolute terms in the first four months of 2006. This was due to an increase in foreign liabilities on long-term borrowings, coupled with higher late interest and principal

payments and late payments on long-term loans. A somewhat slower annual growth in the external debt of enterprises in the first four months of 2006 over the same period last year may, inter alia, be attributed to the acceleration in domestic bank lending to enterprises. Thus, adjusted for exchange rate changes, bank lending to enterprises grew from 7.3% at end-April 2005 to 23.9% at end-April 2006.

The government sector (including central government, central government funds, CBRD and local government) reduced its external debt by EUR 0.5bn in the first four months of 2006 over the end of 2005. This was due to the maturity of eurobonds, issued in 1999, Samurai bonds, issued in 2001, and the regular semi-annual debt repayment to the London Club. In line with the decision to shift budget financing to domestic sources, new foreign borrowing by the government sector remained low. One worth of mentioning was the January withdrawal of EUR 150m under PAL1, extended by the World Bank in 2005.

International Liquidity

The IEMP¹⁶ remained well below alarm levels in the first four months of 2006. The key contributors to this were increased international reserves and kuna/euro exchange rate appreciation, prevailing throughout most of the period under review. The index movements were especially favourable



¹⁶ IEMP is calculated as a weighted average of the monthly rate of change of the kuna exchange rate against the euro at end-period and gross international reserves in euro terms, using standard deviations as weights.

in February which saw the strongest monthly growth in international reserves, generated by the growth in allocated foreign currency reserve requirements, including marginal reserve requirements, and two foreign exchange interventions at which a total of EUR 119m was purchased from banks. Over the same period, increased demand for kuna due to new government bond issues in the domestic market and a rise in foreign funds financed bank domestic lending caused the kuna to appreciate strongly against the euro. Further rise in international reserves and appreciation of the exchange rate helped keep the IEMP substantially below the critical value in the following months.

Government Finance

Budget Outturn

The first quarter of 2006 saw the continuation of favourable fiscal developments. Compared with the same period last year, revenues grew strongly, primarily due to high VAT revenues, while expenditures fell modestly, contributing to a substantial reduction in consolidated general government deficit. These developments were in line with good real sector performance and the government's policy of restraining consolidated central government expenditures. However, as they at the same time reflected the impact of the base period, a more comprehensive assessment of fiscal policy character will depend on developments in the remainder of the year.

The annual decline in consolidated general government deficit, which was partly financed by the reduction in financial assets, also resulted in lower borrowing needs. Hence, general government debt grew less rapidly in the first quarter of the year than in the same period last year. Moreover, general government domestic debt rose further in the review quarter combined with a parallel reduction in general government external debt, reflecting the government's commitment to rely predominantly on domestic sources of finance.

Consolidated General Government Revenues

According to the last available MoF data, consolidated general government revenues totalled HRK 24.6bn in the first quarter of 2006, rising by a strong 11.2% over the first quarter of 2005. The largest contribution to this rise came from VAT revenues, social contributions, income taxes and excises.

Tax revenues, which make up 60% of total consolidated general government revenues, rose by 14.4% in the review quarter. VAT revenues totalled HRK 7.6bn in the January-March period of 2006, up HRK 1.4bn or 21.8% over the same period last year. The key contributors to this were the acceleration of nominal retail trade turnover, stronger imports of goods and services and faster growth in consumer prices. In addition, this high annual growth rate is also attributed to the effect of the base period, i.e. lower VAT revenues in the first quarter of 2005. The amendments to the Value Added Tax Act¹⁷ came into effect early in 2006. Important changes in the VAT are the removal of the zero VAT

rate on organised tours paid for by foreign payment orders and the rate of 22% on organised tours paid for by domestic payment orders, as well as the introduction of a uniform 10% VAT rate for accommodation services or bed and breakfast, half board and full board in all types of commercial accommodation facilities and for services provided for by foreign tour operators. According to the MoF estimates, these changes are expected to decrease government revenues by about HRK 100m year-on-year, while their impact on total consolidated general government revenues is expected to be slightly negative in the reference period.

Income tax revenues totalled HRK 2.3bn in the first quarter of 2006, a 9% increase on the year before. An exceptionally high growth in this type of revenue may partly be accounted for by relatively high annual growth of the average number of persons insured with the CPIA (3%) and the parallel increase in the average monthly real gross wage (5.5%).

Excise revenues stood at HRK 2.4bn, rising from 0.3% in the first quarter of 2005 to 8.2% in the first quarter of 2006. This was mainly due to the growth in revenues from excises on tobacco products, which went up by HRK 81.4m year-on-year in the first quarter of 2006 or by 15.6%. The realised increase may be attributed to a considerable annual increase in retail trade turnover in tobacco products. In addition, revenues from excises on cars also grew markedly during the reference period, amounting to HRK 284.3m or 28.1% more than in the same period of 2005. These developments were in line with accelerated imports of road vehicles and high growth rate in the number of newly registered cars. Revenues from excises on refined petroleum products, which, for the purpose of comparability with the previous data, include a special levy for the maintenance and building of public roads,¹⁸ accounted for more than a half of total excise revenues and grew by HRK 43m or 3.4% year-on-year in the review quarter.

Social contributions, which include health insurance contributions, contributions for pension insurance, employment contributions, and contributions for the work related hazard and sickness, amounted to HRK 8bn in the January-March period of 2006, up 6.5% over the same period last year. These developments may be explained by the above-mentioned increase in the number of persons insured with the CPIA and the increase in the average monthly real gross wage.

Other revenues, which inter alia consist of property revenues and revenues from sales of goods and services, totalled HRK 2.3bn in the first quarter of the year, up 8.9% year-on-year over the same period last year. Within this, the largest increase was seen in revenues from administrative fees and interest.

Local government revenues reached HRK 3bn in the January-March period of 2006, or 5.9% more than at the same time in 2005. Revenues from profit and income tax which

¹⁷ Official Gazette 90/2005.

¹⁸ A special levy for the maintenance and building of public roads is paid by producers and importers of refined petroleum products. CR and CM each receive 60 lipa charged on every litre of fuel sold.

are divided among the government, municipalities, towns and counties pursuant to the Act on Financing the Units of Local and Regional Self-Government made up the most of local government revenues in the reference period. Moreover, a substantial contribution to total growth of local government revenues in the first quarter of 2006 was also made by property revenues, revenues from administrative fees and revenues from taxes on financial and capital transactions.

Consolidated General Government Expenditures

According to the MoF data, consolidated general government expenditures totalled HRK 25.6bn in the first quarter of 2006, down 1.3% compared with the same quarter of 2005. Decreases were made in subsidies, other capital expenditures, interest paid on foreign liabilities and current general government grants. Another contributor to the fall was the impact of base period, i.e. strong growth in expenditures in the first quarter of 2005. The structure of consolidated general government revenues remained almost identical to that in the first quarter of 2006, with the largest expenditures being social benefits, wages and salaries and use of goods and services.

Expenditures for compensation of employees, which in addition to salaries and wages include social contributions paid by the government, totalled HRK 6.8bn in the first quarter of 2006, or HRK 0.4bn more than in the same period last year. The stimulus for these developments came from a slight annual growth in the number of public servants and officers (0.9%) and the annual growth in gross wages in health care and social welfare (7.4%), public administration and defence (4.9%) and education (3.2%).

Expenditures on social benefits stood at HRK 10.7bn in the first quarter of 2006, up 2.1% over the same quarter in 2005. Within this, social assistance benefits grew faster than social security benefits. Expenditures on social assistance benefits, which comprise child allowance, disabled pensions, permanent rights of Croatian veterans, and pension supplement, went up by HRK 3.2bn in the first quarter of 2006 or by 5.6% on the same period last year. Social security benefits, which inter alia include the majority of pensions and expenditures on health care, stood at HRK 7.5bn in the Janu-

ary-March period of 2006, or 1.1% more than in the same period last year. The realised increase resulted from a slight annual increase in the number of pension beneficiaries (1.4%) and the annual growth in the average paid pension (3.1%).

During the reference period, expenditures on interest totalled HRK 2bn, or 2.7% less than in the first quarter of 2005. Reflecting the increase in the share of domestic debt in total general government debt, interest on domestic debt rose by 31.8%, while, at the same time, interest on external debt fell by 16.7%.

Expenditures on subsidies were HRK 1.8bn in the first quarter of 2006. Public corporations and private enterprises were provided with the same amount of subsidies. Compared with the same period in 2005, subsidies fell by HRK 160.4m or 8%, while the most significant decrease was observed in subsidies to private enterprises.

According to the MoF data, expenditures on local government level amounted to HRK 2.3bn in the first quarter of 2006, up HRK 169.2m or 8% over the first quarter of 2005. Expenditures for the use of goods and services and social assistance benefits grew markedly in the review quarter, by 21% and 15.2% year-on-year respectively.

Operating Balance, Transactions in Non-Financial Assets and Transactions in Financial Assets and Liabilities

The net operating balance of the consolidated general government, which represents the difference between expenditures and revenues, stood at a negative HRK 1bn in the first quarter of the year. During the same period, net non-financial assets grew by HRK 1.5bn, with the total amount that the government had to finance through new borrowing or disposal of financial assets reaching HRK 2.5bn.

In line with GFS 2001, non-financial assets, among others, include buildings and structures, land, subsoil assets and valuables. Net increase in non-financial assets, registered in the first quarter of the year, resulted from the acquisition of non-financial assets worth of HRK 1.7bn and their disposal worth of HRK 0.2bn. The acquisitions fell by HRK 0.4bn over the same period last year, which is attributed to the net effect of decrease in the acquisition of non-financial

Table 9: Operating Balance, Transactions in Non-Financial Assets and Transactions in Financial Assets and Liabilities, GFS 2001, in million HRK

	Consolidated general government		
	Jan.-Mar. 2005	Jan.-Mar. 2006	Jan.-Mar. 2006 / Jan.-Mar. 2005
1. Change in net worth (net operating balance)	-3,791.2	-976.8	
1.1. Revenue	22,141.9	24,628.9	111.2
1.2. Expense	25,933.2	25,605.6	98.7
2. Change in net non-financial assets	1,956.3	1,484.5	
2.1. Acquisition of non-financial assets	2,112.6	1,726.2	81.7
2.2. Disposal of non-financial assets	156.3	241.7	154.6
1-2 3. Net lending (+) / borrowing (-) (1-2)	-5,747.5	-2,461.2	
5-4 3. Financing (5-4) Transactions in financial assets and liabilities (as % of GDP)	5,747.5 (2.51%)	2,461.2 (0.99%)	
4. Change in financial assets	924.2	-551.8	
4.1. Domestic	933.1	-551.8	
4.2. Foreign	-8.9	0.0	
5. Change in liabilities	6,671.8	1,909.5	
5.1. Domestic	10,706.8	4,805.5	
5.2. Foreign	-4,035.0	-2,896.0	

Note: On cash basis. Source: MoF.

Table 10: Consolidated General Government Balance, on cash basis, in million HRK

	Jan.–Mar. 2006				
	Government budget	Extra-budgetary users	Consolidated central government	Units of local and regional self-government	Consolidated general government
Revenue	21,155.7	1,634.8	22,066.9	2,953.2	24,628.9
Total expenditure and net lending	23,820.3	1,950.1	25,046.9	3,096.4	27,751.9
Expense ^a	23,260.3	1,178.5	23,715.3	2,281.6	25,605.6
Acquisition of non-financial assets ^a	235.5	674.6	910.1	816.1	1,726.2
Net acquisition of financial assets – loans ^a	279.5	37.7	317.2	–4.6	312.4
Acquisition	319.8	56.7	376.5	7.4	383.7
Disposal	40.3	19.0	59.3	12.0	71.3
Acquisition of shares and other equity ^a	45.0	0.0	45.0	3.4	48.4
Acquisition of securities other than shares	0.0	59.3	59.3	0.0	59.3
Acquisition of other accounts receivable ^a	0.0	0.0	0.0	0.0	0.0
GFS 1986 balance	–2,664.7	–315.3	–2,980.0	–143.2	–3,123.0

^a GFS 2001. Source: MoF.

assets at the central government level and increase in their disposal at the local government level. The acquisition of buildings and structures by CM and CR (including road and motorway constructions) declined most. At the same time, however, these central government funds invested sizeable funds in the acquisition of land as part of the preparatory works for construction projects planned over the coming years.

Financial assets of the consolidated general government went down by HRK 0.6bn in the first quarter of the year, with the funds thus raised being used to finance the realised deficit. This decrease in financial assets was entirely accounted for by domestic financial assets, i.e. a substantial decline in currency and deposits and shares and other equity. Concurrently, there was a rise in financial assets which comprise loans and securities other than shares.

Consolidated general government liabilities grew by HRK 1.9bn during the review quarter, with borrowing on the domestic financial market continuing on its upward trend. More specifically, domestic liabilities rose by HRK 4.8bn and foreign liabilities fell by HRK 2.9bn. The said increase in domestic liabilities was a result of bond issuance and loan incurrence. Although PAL1 was extended during the observed period and CM and CR increased their foreign borrowing, new borrowings were substantially lower than repayments of matured obligations so net foreign liabilities of the consolidated general government decreased in the review quarter.

Consolidated General Government Balance on Cash Basis and Modified Accrual Basis

According to the recent MoF data, consolidated general government deficit (on cash basis, GFS 1986) totalled HRK 3.1bn in the first quarter of 2006, of which HRK 2.7bn were accounted for by budgetary central government, HRK 0.3bn by extra-budgetary users (social security funds and state agencies) and HRK 0.1bn by units of local and regional self-government.

Over the same period in 2005, the deficit fell by HRK 3.1bn or 49.5%, reflecting the positive fiscal developments as well as, to a large extent, the impact of base period (three-quarters of the last year's deficit were realised in the first quarter). The budgetary central government deficit declined most, by HRK 2.8bn year-on-year, followed by the fall in the deficit of extra-budgetary users of HRK 0.5bn. On the

other hand, after yielding a surplus in the first quarter of 2005, units of local and regional self-government posted surprisingly low deficit in the first quarter of 2006, which is primarily attributed to higher than expected acquisitions of buildings and structures that were financed through decreases in currency and deposits.

For the purpose of the Stand-By Arrangement that the Croatian government entered into with the IMF in August 2004, consolidated general government deficit was defined on a modified accrual basis, which means that data on cash basis were corrected for data on expenditures contracted but not yet realised by Croatian Motorways and Croatian Roads (accrual basis) and for changes in general government arrears. According to the MoF preliminary data, consolidated general government deficit on modified accrual basis totalled HRK 3.9bn in the first quarter of 2006 and arrears accelerated to HRK 114m.

Government Debt

General government debt, inclusive of CBRD debt, expanded slightly in the first quarter of 2006 over the end of 2005. General government domestic debt continued to trend upwards, accompanied by a fall in general government external debt. According the CNB data, general government debt, inclusive of CBRD debt, reached HRK 108.7bn at end-March, a HRK 128.7m increase over the end of 2005 (in the same period last year, it grew by HRK 4.4bn). Inclusive of the potential debt arising from issued government guarantees,¹⁹ total general government debt reached HRK 121bn (CBRD debt included).

Exchange rate movements also contributed to the stagnation of the general government debt (CBRD debt included). Since the exchange rate of the kuna strengthened against the euro, the US dollar and the Japanese yen in the review quarter, general government debt, expressed in kuna, fell in statistical terms.

General Government Domestic Debt

General government domestic debt totalled HRK 59.9bn at end-March 2006, a HRK 3.9bn increase over the end of

¹⁹ In accordance with the CNB data, guarantees issued by the Republic of Croatia stood at HRK 12.3bn at end-March.

Table 11: General Government Debt, in million HRK and %

	Dec. 2005		Mar. 2006		Mar. 2006/Dec. 2005
	Amount	As % of GDP	Amount	As % of GDP	
A. Total general government debt (1 + 2)	101,424.3	44.3	101,838.0	41.1	0.4
1. General government domestic debt	56,046.5	24.5	59,900.7	24.2	6.9
1.1. Domestic debt of the Republic of Croatia	50,559.5	22.1	54,563.3	22.0	7.9
1.2. Domestic debt of central government funds	3,935.0	1.7	3,925.3	1.6	-0.2
1.3. Domestic debt of local government	1,551.9	0.7	1,412.0	0.6	-9.0
2. General government external debt	45,377.8	19.8	41,937.3	16.9	-7.6
2.1. External debt of the Republic of Croatia	36,433.6	15.9	32,891.9	13.3	-9.7
2.2. External debt of central government funds	8,725.8	3.8	8,860.2	3.6	1.5
2.3. External debt of local government	218.5	0.1	185.2	0.1	-15.2
B. Total CBRD debt (1 + 2)	7,135.5	3.1	6,850.5	2.8	-4.0
1. CBRD domestic debt	534.2	0.2	423.1	0.2	-20.8
2. CBRD external debt	6,601.2	2.9	6,427.4	2.6	-2.6
Supplement:					
C. Total guarantees issued by the Republic of Croatia	12,383.8	5.4	12,311.5	5.0	-0.6
1. Domestic	5,268.5	2.3	5,646.0	2.3	7.2
2. Foreign	7,115.3	3.1	6,665.4	2.7	-6.3

Note: The GDP figure for 2006 is taken over from the CNB's last official projection. Source: CNB.

Table 12: Domestic Debt of General Government, end of period, in million HRK

	Stock			Change	
	Dec. 2004	Dec. 2005	Mar. 2006	Jan.-Mar. 2005	Jan.-Mar. 2006
1. Domestic debt of general government	42,721.0	56,046.5	59,900.7	9,967.4	3,854.2
1.1. Domestic debt of the Republic of Croatia	37,223.7	50,559.5	54,563.3	9,152.0	4,003.8
Treasury bills	9,022.5	12,533.4	12,518.7	3,998.8	-14.8
Money market instruments	23,080.1	30,716.0	31,714.5	1,490.3	998.5
Bonds	-	0.9	-	-	-0.9
Credits from banks	5,121.1	7,309.2	10,330.2	3,662.9	3,021.0
1.2. Domestic debt of central government funds	3,911.2	3,935.0	3,925.3	888.5	-9.7
Bonds	1,726.0	-	-	-51.6	-
Credits from banks	2,185.1	3,935.0	3,925.3	940.2	-9.7
1.3. Domestic debt of local government	1,586.2	1,551.9	1,412.0	-73.1	-139.9
Supplement: Issued guarantees	4,542.2	5,268.5	5,646.0	196.2	377.6

Source: CNB.

2005. The debt arising from loans received from banks and issued bonds expanded most, while liabilities on issued T-bills and money market instruments decreased. The structure of general government domestic debt at end-March shows that the highest debt increase was realised by the Republic of Croatia (91.1%), central government funds (6.5%) and local government (2.4%).

The entire expansion of general government domestic debt was accounted for by the continuation of the borrowing at the Republic of Croatia level, while domestic debt of central government funds and local government decreased. February saw the issue of the second tranche (HRK 2.0bn) of a ten-year kuna government bond. According to the Ministry of Finance data, the funds generated by this issue will be used to repay loan principals that fall due in 2006 and finance a share of the current budget deficit. As banks' claims on government arising from issued bonds have fallen in the period under review, it is assumed that the largest portion of the issue was purchased by pensioners' funds and other participants in the domestic capital market. In addition, the government signed an agreement on a short-term syndicated loan worth EUR 400m with a syndicate of Croatian banks. These funds were used for repayment of eurobonds that became due. The syndicated loan falls due in October and it is foreseen that will be paid off through privatisation proceeds. The government's decision on short-term borrowing in the domestic market was supported by the CNB, which in February amended the Decision on the Minimum Required Amount of Foreign Currency Claims, allowing

banks to count this borrowing towards their foreign exchange liquidity requirement.

During the same period, local government domestic debt went down by HRK 0.1bn, mostly on account of the repayment of due bank loans. Concurrently, local government deposits with banks fell, allowing the local government to finance the realised deficit. This may be seen as an improvement in local government liquidity management.

CBRD domestic debt stood at HRK 0.4bn at end-March, down HRK 0.1bn over the end of 2005. This was due to the decline in debt arising from issued bonds and loans received from domestic banks.

General Government External Debt

General government external debt totalled HRK 41.9bn at end-March, a HRK 3.4bn decrease over its stock at the end of 2005. Broken down by government level, external debt of central government funds went up in the first quarter of the year, followed by a decrease in external debt of the Republic of Croatia and local government units. In the January-March period, external debt arising from the borrowing at the Republic of Croatia level declined by HRK 3.5bn, primarily due to substantial repayments of matured bonds. The government repaid 300 million euros worth of seven-year eurobonds in March and 25 billion yens worth of Samurai bonds in February. Along with this, the government settled this year's first instalment to the London Club worth of EUR 66.7m. On the other side, debt arising from received foreign

Table 13: External Debt of General Government, end of period, in million HRK

	Stock			Change	
	Dec. 2004	Dec. 2005	Mar. 2006	Jan.–Mar. 2005	Jan.–Mar. 2006
1. External debt of general government	50,266.6	45,377.8	41,937.3	-5,774.5	-3,440.5
1.1. External debt of the Republic of Croatia	42,095.7	36,433.6	32,891.9	-5,681.5	-3,541.6
Bonds	32,899.3	27,112.3	22,803.5	-5,640.4	-4,308.8
Credits	9,196.4	9,321.2	10,088.4	-41.1	767.2
1.2. External debt of central government funds	7,925.3	8,725.8	8,860.2	-59.2	134.4
Credits	7,925.3	8,725.8	8,860.2	-59.2	134.4
1.3. External debt of local government	245.7	218.5	185.2	-33.7	-33.3
Credits	245.7	218.5	185.2	-33.7	-33.3
Supplement: Issued guarantees	7,592.3	7,115.3	6,665.4	-114.8	-449.9

Source: CNB.

loans continued to trend upwards, which is attributed to the withdrawal of PAL1 (EUR 150m) granted to Croatia by the World Bank in 2005.

External debt of central government funds stood at HRK 8.9bn at the end of the first quarter, rising by HRK 134.4m over the end of 2005. This is attributed to new CM and CR

borrowings from international financial institutions.

External debt of CBRD dipped by HRK 0.2bn during the observed period, mostly on account of the repayment of due loans and exchange rate changes. The deficit of CBRD, realised during the same period, was entirely financed through the reduction in its foreign deposits.

Statistical Survey

Classification and Presentation of Data on Claims and Liabilities

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

The financial institutions sector includes the following sub-sectors: monetary authorities (the central bank), 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 (for example insurance companies, pension funds).

The central government and funds consists of two sub-sectors, the Republic of Croatia and central government funds. Until December 2003, the sub-sector the Republic of Croatia included government authorities, including the Croatian Roads and the Croatian High-

ways, the State Agency for Deposit Insurance and Bank Rehabilitation and the sub-sector central government funds included the Croatian Institute for Health Insurance, the Croatian Pension Insurance Institute, 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 Highways, and the State Agency for Deposit Insurance and Bank Rehabilitation have been reclassified, from the sub-sector the Republic of Croatia to the sub-sector 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 sub-sector other enterprises also comprises banks undergoing bankruptcy proceedings. In some tables other domestic sectors are divided into the following sub-sectors: 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 exchange 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 M1	Broadest money M4	Net domestic assets	Domestic credit	Monthly rates of growth					
								Reserve money	Money M1	Money M1	Broadest money M4	Net domestic assets	Domestic credit
1994	December	4,714.2	6,642.6	6,996.7	17,679.9	16,540.1	27,661.5	11.73	2.20	3.83	2.26	11.84	3.45
1995	December	6,744.1	8,234.9	8,503.2	24,623.0	21,576.3	32,819.5	2.97	0.89	1.54	3.41	1.00	1.88
1996	December	8,770.4	11,368.9	11,494.9	36,701.1	24,960.4	33,831.2	11.35	7.83	7.67	4.88	-5.41	-11.61
1997	December	10,346.1	13,731.4	13,848.8	50,742.0	33,829.0	48,863.4	7.86	3.93	3.85	2.16	4.98	4.96
1998	December	9,954.2	13,531.4	13,615.2	57,340.3	44,626.8	59,792.0	7.24	6.92	6.59	2.51	3.73	0.25
1999	December ^a	10,310.0	13,858.9	13,965.7	56,659.3	40,003.8	55,875.8	4.53	5.46	5.48	2.28	0.35	-4.58
2000	December	11,717.3	18,030.3	18,256.4	73,061.1	44,043.9	60,883.8	7.32	10.04	9.89	3.66	10.46	2.66
2001	December	17,803.2	23,703.5	23,936.5	106,071.4	57,410.0	74,964.5	8.01	13.00	11.96	11.65	3.40	1.16
2002	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	May	33,230.9	36,034.9	36,681.9	140,608.0	119,838.9	131,713.7	-0.38	3.49	3.47	1.98	2.68	1.53
	June	35,529.7	36,735.0	37,395.6	142,609.9	121,230.6	133,670.3	6.92	1.94	1.95	1.42	1.16	1.49
	July	37,057.8	38,304.6	39,027.4	145,578.3	122,331.7	134,993.7	4.30	4.27	4.36	2.08	0.91	0.99
	August	36,828.9	37,768.4	38,601.7	151,113.8	124,090.7	138,196.0	-0.62	-1.40	-1.09	3.80	1.44	2.37
	September	35,658.2	36,708.3	37,779.2	151,609.3	124,482.3	140,748.2	-3.18	-2.81	-2.13	0.33	0.32	1.85
	October	36,784.0	37,105.1	38,243.2	152,518.1	126,970.1	143,067.6	3.16	1.08	1.23	0.60	2.00	1.65
	November	36,927.6	37,204.1	38,371.2	154,677.8	128,971.3	146,322.5	0.39	0.27	0.33	1.42	1.58	2.28
	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	January	36,629.2	37,216.7	38,157.5	152,000.6	131,715.3	150,544.7	-9.31	-4.12	-4.26	-1.71	0.28	0.92
	February	36,484.1	37,169.6	38,104.0	151,719.7	134,057.4	152,635.8	-0.40	-0.13	-0.14	-0.18	1.78	1.39
	March	37,767.9	38,186.4	39,118.2	153,573.5	140,596.4	156,579.7	3.52	2.74	2.66	1.22	4.88	2.58
	April	38,079.2	39,222.7	40,055.6	155,073.1	143,428.3	159,083.2	0.82	2.71	2.40	0.98	2.01	1.60

^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 259.5 million kuna and in monetary aggregate M4 amounted to 4,055.8 million kuna. Data for June 1999 are comparable with data for July 1999 if Domestic credit is increased by 3,513.5 million kuna.

Table B1: Monetary Survey

end of period, million kuna

	2001	2002	2003	2004	2005		2006			
	Dec. ^a	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS										
1. Foreign assets (net)	48,661.3	32,817.4	32,771.4	31,742.6	27,127.0	23,303.8	20,285.29	17,662.27	12,977.12	11,644.9
2. Domestic credit	87,637.6	112,518.9	126,371.6	141,278.1	160,437.4	168,427.7	169,161.68	171,789.98	178,596.65	180,793.7
2.1. Claims on central government and funds (net)	12,673.1	15,055.2	14,710.1	13,969.6	19,689.2	19,259.4	18,616.98	19,154.22	22,016.95	21,710.5
2.2. Claims on other domestic sectors	74,513.0	96,329.0	110,467.8	125,790.7	138,938.9	147,414.3	148,678.82	150,492.20	154,491.49	157,109.0
2.3. Claims on other banking institutions	170.2	219.5	431.8	624.0	702.4	592.2	587.86	574.82	493.66	519.5
2.4. Claims on non-banking financial institutions	281.4	915.3	761.8	893.9	1,106.9	1,161.8	1,278.02	1,568.74	1,594.55	1,454.7
Total (1+2)	136,298.9	145,336.3	159,143.0	173,020.7	187,564.4	191,731.5	189,446.98	189,452.25	191,573.77	192,438.5
LIABILITIES										
1. Money	23,703.5	30,869.8	33,888.7	34,562.1	36,708.3	38,817.1	37,216.65	37,169.61	38,186.45	39,222.7
2. Savings and time deposits	10,213.1	13,001.1	18,370.7	22,479.2	27,459.9	27,992.1	27,809.16	29,818.38	31,554.48	32,425.8
3. Foreign currency deposits	71,836.9	72,054.6	76,035.3	81,742.9	86,863.8	86,760.8	85,800.55	83,282.86	82,426.51	81,700.6
4. Bonds and money market instruments	317.8	216.3	598.4	1,163.5	577.3	1,077.0	1,174.23	1,448.81	1,406.06	1,724.0
5. Restricted and blocked deposits	1,926.2	1,729.5	1,721.6	2,067.0	2,039.8	2,092.3	2,192.13	2,392.51	2,379.25	2,283.9
6. Other items (net)	28,301.4	27,465.1	28,528.2	31,006.1	33,915.3	34,992.2	35,254.26	35,340.08	35,621.01	35,081.5
Total (1+2+3+4+5+6)	136,298.9	145,336.3	159,143.0	173,020.7	187,564.4	191,731.5	189,446.98	189,452.25	191,573.77	192,438.5

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

Table B1: Monetary Survey

The monetary survey shows consolidated data from the Monetary Authorities Accounts (Table C1) and 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
1994	December	50	13	21	6	6	2	2	33	22	9	2
1995	December	53	15	20	7	7	2	2	21	7	13	1
1996	December	57	10	26	6	9	4	2	22	10	11	1
1997	December	60	4	28	9	8	9	2	33	12	18	3
1998	December	60	3	26	8	11	10	2	33	4	25	4
1999	December	53	4	23	7	7	10	2	30	5	21	4
2000	December	45	3	15	9	6	10	2	29	5	19	5
2001	December	44	3	13	7	7	10	4	21	4	12	5
2002	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	May	37	1	11	9	5	5	6	3	2	1	–
	June	36	1	10	8	6	5	6	3	2	1	–
	July	36	–	11	9	5	5	6	3	2	1	–
	August	36	1	10	9	5	5	6	3	2	1	–
	September	36	1	10	9	5	5	6	3	2	1	–
	October	36	1	10	9	5	5	6	3	2	1	–
	November	36	1	10	9	5	5	6	3	2	1	–
	December	36	1	10	6	8	5	6	3	2	1	–
2006	January	36	1	10	8	6	5	6	3	2	1	–
	February	36	2	9	7	7	5	6	3	2	1	–
	March	36	2	9	8	6	5	6	3	2	1	–
	April	36	2	9	7	7	5	6	3	2	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 liquidation and, until February 2005, institutions whose operating licences have been revoked, but which have not initiated liquidation 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. Savings banks that were granted a bank operating license are required to adjust their operations to the provisions of the Banking Act by 31 December 2006.

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

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS										
1. Foreign assets	39,308.9	42,058.8	50,118.6	49,373.4	52,061.3	54,862.5	56,135.8	57,978.2	59,236.6	59,824.7
1.1. Gold	–	–	–	–	–	–	–	–	–	–
1.2. Holdings of SDRs	905.8	17.4	5.0	4.8	6.3	6.3	8.8	5.9	5.2	8.7
1.3. Reserve position in the IMF	1.8	1.6	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4
1.4. Currency and demand deposits with foreign banks	6.1	6.4	5.8	5.7	5.8	7.7	8.2	9.6	8.3	8.4
1.5. Time deposits with foreign banks	25,565.9	28,183.2	25,580.7	24,337.7	26,830.3	28,274.1	29,480.1	30,903.6	32,260.2	33,440.1
1.6. Securities in f/c	12,829.3	13,850.0	24,525.5	25,023.7	25,217.4	26,573.0	26,637.3	27,057.6	26,961.5	26,366.1
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	–	0.5	1.4	3.3	0.5	1.4	0.2	0.6	–	0.0
2.1. Claims in kuna	–	0.5	1.4	3.3	0.5	1.4	0.2	0.6	–	0.0
2.2. Claims in f/c	–	–	–	–	–	–	–	–	–	–
3. Claims on other domestic sectors	229.2	110.6	93.6	82.9	77.4	73.4	73.4	73.4	73.4	73.4
4. Claims on banks	18.5	17.9	972.0	408.9	2,356.1	4,215.6	725.2	14.4	564.1	1,003.7
4.1. Credits to banks	16.6	17.6	968.9	408.9	2,356.1	4,215.6	725.2	14.4	564.1	1,003.7
Lombard credits	–	–	954.4	–	–	–	–	–	–	–
Short-term liquidity credits	–	–	–	–	–	–	–	–	–	–
Other credits	16.6	17.6	14.5	15.0	14.8	14.5	14.5	14.4	14.5	14.4
Reverse repo transactions	–	–	–	394.0	2,341.3	4,201.1	710.6	0.0	549.6	989.4
4.2. Overdue claims	1.9	0.3	3.1	–	–	–	–	–	–	–
5. Claims on other banking institutions	–	–	–	–	–	–	–	–	–	–
Total (1+2+3+4+5)	39,556.6	42,187.7	51,185.6	49,868.5	54,495.3	59,153.0	56,934.6	58,066.6	59,874.1	60,901.9
LIABILITIES										
1. Reserve money	17,803.2	23,027.9	30,586.2	33,924.4	35,658.2	40,390.8	36,629.2	36,484.1	37,767.9	38,079.2
1.1. Currency outside banks	8,507.4	9,680.9	10,573.1	10,955.6	12,247.4	12,163.8	11,688.1	11,794.2	12,091.2	12,725.9
1.2. Banks' cash in vaults	538.8	1,214.8	1,683.2	1,871.0	2,021.7	2,210.7	1,835.4	1,971.3	1,942.0	2,059.2
1.3. Banks' deposits	8,741.5	12,109.4	18,329.3	21,082.6	21,389.1	26,016.3	23,105.7	22,718.6	23,734.7	23,294.1
Settlement accounts	2,450.1	3,923.4	5,616.0	6,408.2	4,366.0	8,411.1	5,983.4	5,153.3	5,740.0	5,357.8
Statutory reserves	6,291.4	8,186.0	12,603.9	14,674.4	16,943.1	17,605.2	17,081.3	17,103.3	17,354.7	17,854.4
CNB bills on obligatory basis	–	–	109.4	–	–	–	–	–	–	–
Overnight deposits	–	–	–	–	80.0	–	41.0	462.0	640.0	82.0
1.4. Deposits of other banking institutions	15.5	19.1	–	–	–	–	–	–	–	–
1.5. Deposits of other domestic sectors ^b	0.1	3.5	0.6	15.1	–	–	–	–	–	–
2. Restricted and blocked deposits	6,030.5	7,091.2	6,699.2	10,777.1	12,752.4	13,551.8	14,697.8	16,127.7	17,366.6	18,346.5
2.1. Statutory reserve in f/c	5,705.1	7,042.3	6,686.6	10,764.7	12,739.4	13,495.9	14,634.9	16,052.6	17,306.0	18,326.7
2.2. Restricted deposits	325.4	49.0	12.6	12.4	13.0	55.9	62.9	75.1	60.6	19.8
2.3. Escrow deposits	–	–	–	–	–	–	–	–	–	–
3. Foreign liabilities	1,597.5	195.7	2,798.0	18.1	14.9	18.9	17.2	16.1	14.8	13.1
3.1. Use of IMF credit	1,025.5	2.8	0.0	–	0.0	–	–	–	0.0	–
3.2. Liabilities to international organisations	12.2	12.6	19.6	18.1	14.9	18.9	17.2	16.1	14.7	13.1
3.3. Liabilities to foreign banks ^a	559.8	180.2	2,778.5	–	–	–	–	–	0.0	–
4. Central government and funds' deposits	1,752.1	768.1	1,551.1	263.2	1,132.8	332.2	926.7	852.4	162.7	538.7
4.1. Demand deposits	1,752.1	608.3	600.2	228.0	1,125.9	319.0	605.1	847.4	159.1	535.2
Central government demand deposits	1,564.8	569.5	548.5	123.0	770.6	246.3	579.3	743.8	117.2	475.7
Central government funds' demand deposits	187.3	38.7	51.7	105.0	355.3	72.7	25.8	103.5	41.8	59.5
4.2. Central government f/c deposits	–	–	950.9	35.2	6.9	13.2	321.6	5.0	3.6	3.5
4.3. CNB bills	–	159.9	–	–	–	–	–	–	–	–
5. CNB bills	6,372.3	6,212.4	4,920.2	–	–	–	–	–	–	–
5.1. CNB bills in kuna	3,458.9	4,986.2	–	–	–	–	–	–	–	–
5.2. CNB bills in f/c	2,913.4	1,226.3	4,920.2	–	–	–	–	–	–	–
6. Capital accounts	6,425.2	5,353.5	5,039.0	5,096.5	5,406.9	5,357.4 ^a	5,158.9	5,084.9	5,060.0	4,436.2
7. Other items (net)	–424.2	–461.1	–408.1	–210.8	–469.8	–498.2 ^a	–495.3	–498.7	–497.8	–511.9
Total (1+2+3+4+5+6+7)	39,556.6	42,187.7	51,185.6	49,868.5	54,495.3	59,153.0	56,934.6	58,066.6	59,874.1	60,901.9

^a From October 2001 to May 2003 Liabilities to foreign banks include also liabilities based on CNB bills subscribed by non-residents.

^b In December 2002, CDA accounts with the CNB for the gross and net settlement of purchased securities have been reclassified from the sector central government to the sector other financial organisations.

Table C1: Monetary Authorities Accounts

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

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 decrees 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 banks' deposits with the CNB. 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

sub-sector other banking institutions to the sub-sector 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, on the basis of legal acts are deposited with the Croatian National Bank.

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

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

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

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

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

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

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

Table D1: Banks' Accounts

end of period, million kuna

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS										
1. Reserves with the CNB	15,002.7	20,373.5	26,783.7	33,718.2	36,156.3	41,775.2	39,627.7	40,786.9	43,030.5	43,686.0
1.1. In kuna	9,306.2	13,340.0	20,103.4	22,962.9	23,421.8	28,283.1	24,997.3	24,738.9	25,730.7	25,363.5
1.2. In f/c	5,696.5	7,033.5	6,680.2	10,755.3	12,734.5	13,492.1	14,630.4	16,048.0	17,299.8	18,322.5
2. Foreign assets	32,807.6	25,977.8	35,382.9	43,551.0	35,902.0	35,572.5	33,197.6	31,505.8	27,119.1	27,608.4
3. Claims on central government and funds	20,059.9	21,917.7	21,543.6	21,051.3	29,229.4	28,877.2	28,401.1	28,851.8	31,084.2	31,048.8
4. Claims on other domestic sectors	74,283.8	96,218.4	110,374.3	125,707.9	138,861.6	147,340.9	148,605.4	150,418.8	154,418.1	157,035.6
4.1. Claims on local government	1,280.0	1,422.4	1,563.1	1,787.9	1,685.3	1,767.2	1,645.9	1,630.1	1,608.7	1,607.1
4.2. Claims on enterprises	42,882.0	51,723.4	53,809.8	58,643.3	62,206.3	67,017.9	67,668.2	69,141.6	71,420.1	72,631.8
4.3. Claims on households	30,121.9	43,072.6	55,001.4	65,276.7	74,969.9	78,555.7	79,291.4	79,647.1	81,389.3	82,796.6
5. Claims on other banking institutions	170.2	219.5	431.8	624.0	702.4	592.2	587.9	574.8	493.7	519.5
6. Claims on non-banking financial institutions	281.4	915.3	761.8	893.9	1,106.9	1,161.8	1,278.0	1,568.7	1,594.5	1,454.7
Total (1+2+3+4+5+6)	142,605.6	165,622.2	195,278.0	225,546.2	241,958.5	255,319.8	251,697.7	253,706.9	257,740.1	261,352.9
LIABILITIES										
1. Demand deposits	15,180.6	21,166.2	23,315.0	23,591.3	24,460.9	26,653.3	25,528.6	25,375.4	26,095.3	26,496.8
2. Savings and time deposits	10,213.1	13,001.1	18,370.7	22,479.2	27,459.9	27,992.1	27,809.2	29,818.4	31,554.5	32,425.8
3. Foreign currency deposits	71,836.9	72,054.6	76,035.3	81,742.9	86,863.8	86,760.8	85,800.5	83,282.9	82,426.5	81,700.6
4. Bonds and money market instruments	317.8	216.3	598.4	1,163.5	577.3	1,077.0	1,174.2	1,448.8	1,406.1	1,724.0
5. Foreign liabilities	21,857.8	35,023.5	49,932.0	61,163.7	60,821.4	67,112.3	69,030.8	71,805.7	73,363.8	75,775.2
6. Central government and funds' deposits	5,634.7	6,094.9	5,283.3	6,821.8	8,407.9	9,287.0	8,857.7	8,845.7	8,904.6	8,799.6
7. Credit from central bank	16.6	17.6	968.9	408.9	2,356.1	4,215.6	725.2	14.4	564.1	1,003.8
8. Restricted and blocked deposits	1,600.8	1,680.5	1,709.0	2,054.6	2,026.9	2,036.4	2,129.2	2,317.4	2,318.6	2,264.1
9. Capital accounts	25,455.1	26,323.2	27,389.5	28,666.4	31,290.7	32,665.7	32,994.5	33,220.9	33,276.9	33,692.9
10. Other items (net)	-9,507.8	-9,955.6	-8,324.2	-2,546.3	-2,306.4	-2,480.4	-2,352.2	-2,422.7	-2,170.2	-2,529.9
Total (1+2+3+4+5+6+7+8+9+10)	142,605.6	165,622.2	195,278.0	225,546.2	241,958.5	255,319.8	251,697.7	253,706.9	257,740.1	261,352.9

Table D1: Banks' Accounts

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

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

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

Claims on central government and funds are the following forms of claims in kuna and foreign currency: securities and loans. Bonds issued in accordance with the Act on Converting Households' Foreign Exchange Deposits into the Public Debt of the Republic of Croatia are shown separately. Other claims also included, until July 2000, bonds issued in accordance with the Act on the Issue of Bonds for the Restructuring of the Economy of the Republic of Croatia. These bonds have been replaced, pursuant to a Decree of the Government of the Republic of Croatia on the Issuing of Replacement Bonds for the Restructuring of the Economy, issued in April 2000, by kuna bonds on which interest is paid.

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 obtained. Issued subordinated and hybrid instruments, purchased by foreign investors, are excluded from this item.

Foreign liabilities comprise the following forms of kuna and foreign currency liabilities to foreign legal and natural persons: giro and current accounts, savings deposits (including loro letters of credit and other forms of collateral), time deposits, loans received and liabilities due. Issued 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 obtained 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 do-

mestic 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 Exchange 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 specific re-

serves for unidentified losses.

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) represents an elaborate presentation of appropriate items of claims and liabilities of Banks' Accounts (Table D1).

Table D2: Banks' Foreign Assets

end of period, million kuna

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Foreign assets in f/c	32,763.6	25,924.4	35,261.9	43,428.1	35,781.4	35,457.9	33,106.0	31,413.4	26,999.3	27,188.9
1.1. Claims on foreign banks	31,660.3	21,333.5	31,877.6	35,911.0	27,510.5	27,228.5	24,791.2	22,848.6	18,877.5	18,943.6
Foreign currencies	7,324.7	1,019.8	1,268.6	1,190.0	1,046.2	1,136.1	945.5	890.4	1,006.8	1,089.0
Demand deposits	1,231.9	757.7	1,057.0	906.2	934.1	860.2	890.1	916.5	761.9	865.1
Time and notice deposits	21,765.2	17,569.8	27,969.4	30,943.7	21,452.3	20,874.6	18,519.1	16,597.7	12,623.9	12,600.9
Securities	1,008.5	1,690.2	1,364.2	2,674.1	3,988.7	4,197.0	4,278.6	4,292.8	4,224.2	4,161.5
Loans and advances	290.3	278.7	203.1	189.0	81.4	152.9	150.1	143.4	253.0	219.4
Shares and participations	39.7	17.2	15.4	8.1	7.8	7.8	7.7	7.7	7.7	7.7
1.2. Claims on foreign non-banks	1,103.3	4,590.8	3,384.4	7,517.1	8,270.8	8,229.4	8,314.8	8,564.9	8,121.7	8,245.4
Claims on foreign governments	596.2	3,855.5	2,905.0	7,066.6	7,798.4	7,735.7	7,842.6	8,062.1	7,600.0	7,723.5
Claims on other non-residents	505.5	733.7	478.9	450.2	471.9	493.1	471.7	502.3	521.2	521.5
Securities	72.1	191.3	32.1	77.4	37.2	68.0	75.0	75.3	74.9	73.5
Loans and advances	433.4	542.4	446.8	372.8	434.7	425.2	396.6	427.1	446.3	448.1
Shares and participations	1.6	1.6	0.4	0.3	0.5	0.5	0.5	0.5	0.5	0.3
2. Foreign assets in kuna	44.1	53.4	120.9	122.9	120.7	114.6	91.5	92.4	119.9	419.4
2.1. Claims on foreign banks	29.2	19.6	99.1	77.8	76.5	71.3	51.7	52.6	80.1	325.8
2.2. Claims on foreign non-banks	14.8	33.8	21.9	45.1	44.1	43.4	39.8	39.8	39.7	93.7
o/w: Loans and advances	13.9	33.0	21.0	44.3	43.3	42.6	39.0	38.9	38.8	92.9
Total (1+2)	32,807.6	25,977.8	35,382.9	43,551.0	35,902.0	35,572.5	33,197.6	31,505.8	27,119.1	27,608.4

Table D2: Banks' Foreign Assets

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

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

eign currency.

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

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

end of period, million kuna

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. In kuna	17,778.7	18,444.4	18,007.1	16,270.2	20,874.4	20,532.7	20,174.8	20,704.3	20,324.0	20,473.6
1.1. Claims on central government	16,230.2	16,443.4	16,032.6	14,465.6	17,005.7	17,352.6	17,228.6	17,771.9	17,383.5	17,138.4
Securities	15,403.2	13,989.1	11,770.0	11,779.1	15,650.7	16,037.7	15,488.9	15,947.1	15,920.9	15,535.7
o/w: Bonds (c'part to f/c savings deposits)	3,420.1	2,473.5	1,531.9	532.0	21.1	20.6	22.1	21.5	21.3	21.8
Loans and advances	826.9	2,454.3	4,262.6	2,686.5	1,355.0	1,314.9	1,739.8	1,824.8	1,462.6	1,602.7
1.2. Claims on central government funds	1,548.5	2,001.0	1,974.5	1,804.6	3,868.6	3,180.1	2,946.2	2,932.5	2,940.5	3,335.2
Securities	560.1	560.7	723.6	621.1	619.2	–	–	–	–	–
Loans and advances	988.4	1,440.3	1,250.9	1,183.5	3,249.4	3,180.1	2,946.2	2,932.5	2,940.5	3,335.2
2. In f/c	2,281.2	3,473.3	3,536.4	4,781.1	8,355.0	8,344.5	8,226.3	8,147.4	10,760.2	10,575.1
2.1. Claims on central government	1,390.9	2,359.1	3,196.9	3,548.4	7,179.0	7,241.0	7,129.9	7,058.7	9,693.9	9,528.2
Securities	1,065.5	1,733.4	1,805.4	1,117.0	1,072.4	1,248.1	1,175.4	1,138.2	826.4	762.9
Loans and advances	325.5	625.7	1,391.5	2,431.3	6,106.6	5,992.8	5,954.5	5,920.5	8,867.5	8,765.3
2.2. Claims on central government funds	890.3	1,114.2	339.5	1,232.8	1,176.0	1,103.5	1,096.4	1,088.7	1,066.3	1,046.9
Securities	75.4	195.0	96.4	163.1	144.3	144.2	151.1	149.7	126.1	114.2
Loans and advances	814.8	919.2	243.1	1,069.7	1,031.7	959.3	945.3	939.0	940.2	932.7
Total (1+2)	20,059.9	21,917.7	21,543.6	21,051.3	29,229.4	28,877.2	28,401.1	28,851.8	31,084.2	31,048.8

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 Exchange Deposits into the Public Debt of the Republic of Croatia.

Table D4: Banks' Claims on Other Domestic Sectors

end of period, million kuna

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Claims in kuna	66,626.8	85,418.7	100,365.0	114,635.7	126,225.5	133,603.5	137,075.3	136,339.5	140,195.6	142,838.9
1.1. Money market instruments	544.7	1,394.7	1,314.1	2,510.0	1,560.3	2,329.9	2,313.6	2,347.5	2,513.3	2,544.4
1.2. Bonds	7.7	72.4	56.2	559.8	277.2	361.6	355.0	349.1	412.9	455.0
1.3. Loans and advances	62,180.6	80,887.6	96,081.7	109,523.9	122,336.3	128,882.3	132,398.6	131,588.4	135,172.6	137,701.1
1.4. Shares and participations	3,893.8	3,064.0	2,912.9	2,042.0	2,051.7	2,029.6	2,008.1	2,054.5	2,096.8	2,138.3
2. Claims in f/c	7,657.0	10,799.8	10,009.3	11,072.2	12,636.0	13,737.4	11,530.1	14,079.3	14,222.5	14,196.6
2.1. Securities	126.6	243.2	130.6	213.5	318.6	307.6	333.9	340.8	331.6	345.7
2.2. Loans and advances	7,530.5	10,556.6	9,878.7	10,858.6	12,317.4	13,429.8	11,196.2	13,738.6	13,890.9	13,850.9
Total (1+2)	74,283.8	96,218.4	110,374.3	125,707.9	138,861.6	147,340.9	148,605.4	150,418.8	154,418.1	157,035.6

Table D4: Banks' Claims on Other Domestic Sectors

The table shows banks' kuna and foreign currency claims on other domestic sectors, classified according to financial instruments: money market instruments (including factoring and forfaiting since

January 2004), loans and advances (including acceptances and purchased claims), and equities.

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

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

end of period, million kuna

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
LOANS IN KUNA										
1. Loans to central government and funds	1,815.4	3,894.6	5,513.5	3,870.0	4,604.4	4,495.0	4,686.0	4,757.3	4,403.1	4,937.9
1.1. Loans to central government	826.9	2,454.3	4,262.6	2,686.5	1,355.0	1,314.9	1,739.8	1,824.8	1,462.6	1,602.7
1.2. Loans to central government funds	988.4	1,440.3	1,250.9	1,183.5	3,249.4	3,180.1	2,946.2	2,932.5	2,940.5	3,335.2
2. Loans to local government	1,069.1	1,202.9	1,485.1	1,701.9	1,586.6	1,613.9	1,577.0	1,562.9	1,541.0	1,520.9
3. Loans to enterprises	31,049.4	36,708.1	39,777.4	42,844.7	46,163.0	49,105.9	51,856.6	50,780.4	52,667.1	53,769.9
4. Loans to households	30,062.1	42,976.6	54,819.3	64,977.2	74,586.7	78,162.4	78,965.0	79,245.1	80,964.6	82,410.3
o/w: Housing loans	9,450.0	12,363.4	16,896.2	21,397.9	25,701.3	27,571.1	28,119.3	28,514.0	29,498.7	30,214.0
5. Loans to other banking institutions	34.7	17.6	82.3	154.5	150.9	46.5	31.9	30.9	36.4	91.0
6. Loans to non-banking financial institutions	240.9	521.3	427.9	558.0	619.4	591.8	630.5	729.1	1,100.6	943.6
A. Total (1+2+3+4+5+6)	64,271.6	85,321.1	102,105.4	114,106.4	127,711.1	134,015.6	137,747.0	137,105.7	140,712.7	143,673.6
LOANS IN F/C										
1. Loans to central government and funds	1,140.3	1,544.9	1,634.7	3,501.0	7,138.3	6,952.1	6,899.8	6,859.5	9,807.8	9,698.0
1.1. Loans to central government	325.5	625.7	1,391.5	2,431.3	6,106.6	5,992.8	5,954.5	5,920.5	8,867.5	8,765.3
1.2. Loans to central government funds	814.8	919.2	243.1	1,069.7	1,031.7	959.3	945.3	939.0	940.2	932.7
2. Loans to local government	179.1	152.3	47.1	31.9	63.4	63.0	18.7	18.6	18.6	18.5
3. Loans to enterprises	7,291.7	10,308.3	9,649.4	10,527.3	11,870.8	12,973.5	10,851.1	13,318.0	13,447.6	13,446.1
4. Loans to households	59.7	96.0	182.1	299.5	383.2	393.3	326.4	402.0	424.7	386.3
5. Loans to other banking institutions	–	1.2	174.3	52.9	70.0	19.9	–	14.6	–	–
6. Loans to non-banking financial institutions	–	28.3	58.8	255.3	430.6	512.3	589.0	746.5	396.0	435.3
B. Total (1+2+3+4+5+6)	8,670.7	12,131.0	11,746.4	14,667.8	19,956.3	20,914.1	18,685.0	21,359.3	24,094.7	23,984.3
TOTAL (A+B)	72,942.3	97,452.1	113,851.8	128,774.2	147,667.3	154,929.7	156,432.0	158,465.0	164,807.5	167,657.8

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

The table shows data on kuna and foreign currency loans gran-

ted 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

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Local government	907.0	1,910.4	2,006.2	2,020.7	1,837.4	1,688.7	1,507.7	1,408.7	1,300.2	1,561.3
2. Enterprises	8,981.6	12,344.5	12,872.9	12,036.9	11,674.5	13,344.2	12,365.7	11,880.8	12,381.7	12,199.8
3. Households	4,872.0	6,307.4	7,873.1	8,773.0	10,317.2	10,728.3	10,717.6	11,058.9	11,395.0	11,836.4
4. Other banking institutions	17.0	42.1	98.9	245.4	163.5	322.1	282.8	343.1	360.8	307.1
5. Non-banking financial institutions	407.1	568.1	468.1	517.5	469.9	571.3	656.0	685.2	658.5	593.5
6. Less: Checks of other banks and checks in collection	-4.2	-6.4	-4.2	-2.2	-1.6	-1.3	-1.2	-1.3	-0.9	-1.2
Total (1+2+3+4+5+6)	15,180.6	21,166.2	23,315.0	23,591.3	24,460.9	26,653.3	25,528.6	25,375.4	26,095.3	26,496.8

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. amount of 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

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Savings deposits	2,006.8	2,236.2	2,527.9	2,233.9	2,412.9	2,493.6	2,524.0	2,576.5	2,580.3	2,584.8
1.1. Local government	118.3	14.8	14.4	4.6	5.0	2.7	3.3	3.1	4.1	3.8
1.2. Enterprises	88.0	213.3	190.5	38.8	96.0	101.6	114.3	110.5	120.4	125.4
1.3. Households	1,712.2	1,996.3	2,288.8	2,190.5	2,311.8	2,388.3	2,406.4	2,462.9	2,455.9	2,455.6
1.4. Other banking institutions	20.8	0.0	–	–	–	–	–	–	–	–
1.5. Non-banking financial institutions	67.5	11.8	34.2	0.0	–	1.0	0.0	–	–	–
2. Time and notice deposits	8,206.3	10,764.9	15,842.9	20,245.4	25,047.1	25,498.4	25,285.2	27,241.9	28,974.2	29,841.0
2.1. Local government	340.7	482.8	551.6	550.8	779.1	508.7	665.1	712.8	778.5	774.0
2.2. Enterprises	3,618.3	4,633.6	7,165.3	8,698.5	9,303.0	8,222.5	7,517.1	9,508.9	9,887.6	10,189.4
2.3. Households	2,554.1	3,793.8	6,194.5	9,321.4	12,180.5	13,254.9	13,739.6	14,033.3	14,507.4	14,898.3
2.4. Other banking institutions	24.7	58.4	129.3	215.9	839.5	931.9	1,058.4	597.7	935.9	758.4
2.5. Non-banking financial institutions	1,668.5	1,796.3	1,802.2	1,458.8	1,944.9	2,580.4	2,304.9	2,389.3	2,864.7	3,221.0
Total (1+2)	10,213.1	13,001.1	18,370.7	22,479.2	27,459.9	27,992.1	27,809.2	29,818.4	31,554.5	32,425.8

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

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Savings deposits	23,748.8	21,074.4	21,547.0	22,144.6	23,555.7	22,641.0	22,376.0	22,084.2	21,770.9	21,336.6
1.1. Local government	13.2	12.2	14.7	15.6	13.3	11.9	10.6	11.3	10.7	10.5
1.2. Enterprises	2,884.2	3,346.7	3,620.2	4,273.2	4,727.1	4,408.3	4,274.5	4,282.1	4,083.8	3,720.3
1.3. Households	20,688.3	17,537.3	17,690.2	17,708.9	18,504.4	17,933.6	17,673.0	17,555.1	17,500.3	17,329.3
1.4. Other banking institutions	23.9	34.7	9.0	15.4	26.7	116.0	126.1	79.3	33.5	36.2
1.5. Non-banking financial institutions	139.2	143.5	212.9	131.6	284.3	171.3	291.9	156.4	142.5	240.3
2. Time deposits	48,088.1	50,980.3	54,488.4	59,598.3	63,308.1	64,119.7	63,424.5	61,198.7	60,655.7	60,364.0
2.1. Local government	1.7	9.5	3.8	0.3	33.1	3.2	3.1	2.1	2.0	2.0
2.2. Enterprises	4,619.1	6,009.6	7,154.0	8,518.6	8,265.8	8,154.2	7,725.7	5,916.9	5,807.5	5,772.2
2.3. Households	42,705.4	44,159.2	46,805.1	50,636.0	53,913.8	55,036.1	54,966.0	54,645.2	54,312.5	54,038.9
2.4. Other banking institutions	11.5	41.5	21.7	20.7	258.5	242.0	233.4	242.0	137.8	105.6
2.5. Non-banking financial institutions	750.3	760.5	503.7	422.7	836.9	684.2	496.3	392.5	395.7	445.4
Total (1+2)	71,836.9	72,054.6	76,035.3	81,742.9	86,863.8	86,760.8	85,800.5	83,282.9	82,426.5	81,700.6

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

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Money market instruments (net)	–	5.1	–	–	–	–	–	–	–	0.8
2. Bonds (net)	104.4	92.8	151.9	170.5	160.8	164.9	170.4	603.4	593.9	529.2
3. Other domestic borrowing	213.4	118.4	446.5	993.0	416.5	912.1	1,003.8	845.4	812.1	1,194.0
3.1. Local government	–	–	0.9	–	–	–	–	–	–	–
3.2. Enterprises	158.1	46.3	92.7	40.3	74.8	40.8	51.4	44.0	41.0	41.0
3.3. Other banking institutions	4.6	10.0	222.1	842.8	317.7	828.1	675.6	547.4	652.6	849.1
3.4. Non-banking financial institutions	50.7	62.0	130.9	109.9	24.0	43.2	276.8	254.0	118.6	303.9
Total (1+2+3)	317.8	216.3	598.4	1,163.5	577.3	1,077.0	1,174.2	1,448.8	1,406.1	1,724.0

Table D9: Bonds and Money Market Instruments

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

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

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

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

Table D10: Banks' Foreign Liabilities

end of period, million kuna

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Foreign liabilities in f/c	21,692.7	34,198.5	44,574.3	54,536.7	49,145.4	52,073.3	53,283.7	55,352.2	55,271.5	56,502.4
1.1. Liabilities to foreign banks	16,407.4	28,662.3	38,623.1	48,967.5	42,943.1	45,747.7	47,018.3	49,027.6	48,921.5	50,229.2
Demand deposits	147.1	130.9	266.6	127.6	133.6	156.3	101.6	121.8	113.0	125.3
Time and notice deposits	1,208.3	9,002.9	14,875.4	16,056.8	10,454.4	12,523.1	12,139.7	12,472.9	13,456.2	14,052.7
Loans and advances	15,052.1	19,528.5	23,481.2	29,369.5	29,025.7	29,775.6	31,482.7	33,161.4	32,073.1	32,786.0
o/w: Subordinated and hybrid instruments	2,558.3	2,801.4	2,949.2	2,399.4	1,820.6	1,167.4	1,164.8	1,156.6	1,159.1	935.3
Bonds	–	–	–	3,413.6	3,329.4	3,292.6	3,294.3	3,271.5	3,279.2	3,265.2
1.2. Liabilities to foreign non-banks	5,285.2	5,536.2	5,951.2	5,569.2	6,202.3	6,325.6	6,265.4	6,324.7	6,350.0	6,273.2
Savings and time deposits	3,777.8	4,160.2	4,753.2	5,002.2	5,718.3	5,846.3	5,851.9	5,912.9	5,940.7	5,867.0
Sight deposits	873.7	875.6	898.6	1,052.5	1,195.7	1,172.9	1,158.2	1,209.8	1,246.6	1,217.2
Time and notice deposits	2,904.1	3,284.6	3,854.6	3,949.6	4,522.6	4,673.4	4,693.8	4,703.2	4,694.2	4,649.8
Loans and advances	1,507.4	1,376.0	1,198.0	567.1	484.0	479.3	413.5	411.7	409.3	406.2
o/w: Subordinated and hybrid instruments	39.3	39.7	39.1	0.2	0.0	–	–	–	–	–
2. Foreign liabilities in kuna	165.1	825.0	5,357.7	6,627.0	11,676.0	15,039.1	15,747.1	16,453.5	18,092.3	19,272.7
2.1. Liabilities to foreign banks	46.9	690.9	5,087.8	6,103.9	10,822.6	14,099.6	14,802.8	15,495.0	17,265.4	18,394.3
Demand deposits	38.2	53.6	86.4	145.1	163.6	179.6	172.1	298.4	353.1	338.7
Time and notice deposits	4.2	635.8	2,664.1	2,846.9	5,312.0	6,979.5	7,557.4	8,176.2	8,788.0	8,879.2
Loans and advances	4.5	1.5	2,337.3	3,111.9	5,347.0	6,940.5	7,073.3	7,020.4	8,124.3	9,176.4
o/w: Subordinated and hybrid instruments	–	–	–	–	223.2	405.7	404.8	401.9	402.8	401.0
2.2. Liabilities to foreign non-banks	118.2	134.1	269.9	523.1	853.4	939.5	944.3	958.4	826.9	878.5
Demand deposits	60.1	56.2	76.8	95.9	147.1	180.3	185.9	212.5	221.7	252.9
Time and notice deposits	58.1	77.9	191.4	419.2	702.3	755.2	754.4	742.0	601.3	621.6
Loans and advances	–	–	1.7	8.0	4.0	4.0	4.0	3.9	4.0	3.9
o/w: Subordinated and hybrid instruments	....	....	1.7	8.0	4.0	4.0	4.0	3.9	4.0	3.9
Total (1+2)	21,857.8	35,023.5	49,932.0	61,163.7	60,821.4	67,112.3	69,030.8	71,805.7	73,363.8	75,775.2

Table D10: Banks' Foreign Liabilities

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

Banks' foreign liabilities comprise foreign currency liabilities and

foreign kuna liabilities.

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

Table D11: Central Government and Funds' Deposits with Banks

end of period, million kuna

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. In kuna	3,335.1	4,036.8	4,104.4	5,627.2	6,912.1	7,596.1	7,379.5	7,502.7	7,717.3	7,870.8
1.1. Central government deposits	295.9	634.3	506.4	445.1	710.9	605.0	565.4	508.0	549.3	496.1
Demand deposits	33.9	476.4	448.0	373.3	529.8	458.1	420.5	381.6	419.4	368.2
Savings deposits	41.6	3.3	3.0	4.2	2.1	1.8	1.3	1.3	1.3	1.6
Time and notice deposits	217.6	153.6	54.2	66.5	178.0	144.0	142.5	124.1	127.6	125.3
Loans and advances	2.8	1.1	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0
1.2. Central government funds' deposits	3,039.2	3,402.5	3,598.0	5,182.2	6,201.2	6,991.1	6,814.1	6,994.7	7,168.0	7,374.6
Demand deposits	214.6	553.2	294.8	266.3	541.1	580.2	520.4	552.8	512.4	464.7
Savings deposits	10.8	0.0	0.3	3.5	1.9	1.9	1.9	12.0	10.2	10.2
Time and notice deposits	195.2	144.3	156.2	262.3	177.2	251.7	156.5	117.0	232.1	239.6
Loans and advances	2,618.6	2,705.0	3,146.7	4,650.0	5,481.1	6,157.3	6,135.3	6,312.8	6,413.3	6,660.1
2. In f/c	2,299.6	2,058.1	1,178.9	1,194.6	1,495.7	1,690.9	1,478.2	1,343.0	1,187.3	928.8
2.1. Central government deposits	2,275.0	1,938.9	1,158.2	891.0	915.5	906.2	656.5	706.4	768.7	695.3
Savings deposits	329.8	263.0	198.5	189.7	370.2	340.6	213.4	263.1	287.7	233.0
Time and notice deposits	55.8	293.1	–	23.2	23.6	38.7	37.1	32.6	77.0	75.3
Refinanced loans and advances	1,889.5	1,382.8	959.6	678.1	521.6	527.0	406.1	410.7	404.1	387.0
2.2. Central government funds' deposits	24.5	119.2	20.8	303.6	580.3	784.7	821.7	636.6	418.6	233.5
Savings deposits	22.9	114.1	20.8	156.5	177.1	139.4	107.8	104.6	126.4	138.7
Time and notice deposits	1.6	5.0	–	147.1	180.0	25.8	–	–	–	21.9
Loans	–	–	–	–	223.2	619.6	713.9	532.0	292.2	72.9
Total (1+2)	5,634.7	6,094.9	5,283.3	6,821.8	8,407.9	9,287.0	8,857.7	8,845.7	8,904.6	8,799.6

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 obtained from the central government and funds. Foreign currency deposits comprise savings deposits, time and notice deposits, and refinanced loans.

Table D12: Restricted and Blocked Deposits with Banks

end of period, million kuna

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
1. Restricted deposits	830.6	1,361.2	1,541.2	2,014.6	2,105.2	2,036.4	2,129.2	2,317.4	2,318.6	2,264.1
1.1. In kuna	100.3	789.6	730.1	1,267.4	1,179.0	1,277.1	1,216.0	1,384.9	1,338.1	1,359.4
1.2. In f/c	730.3	571.6	811.1	747.2	926.2	759.3	913.2	932.5	980.5	904.7
2. Blocked f/c deposits of households	770.2	319.3	167.8	40.0	–	–	–	–	–	–
Total (1+2)	1,600.8	1,680.5	1,709.0	2,054.6	2,105.2	2,036.4	2,129.2	2,317.4	2,318.6	2,264.1

Table D12: Restricted and Blocked Deposits with Banks

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

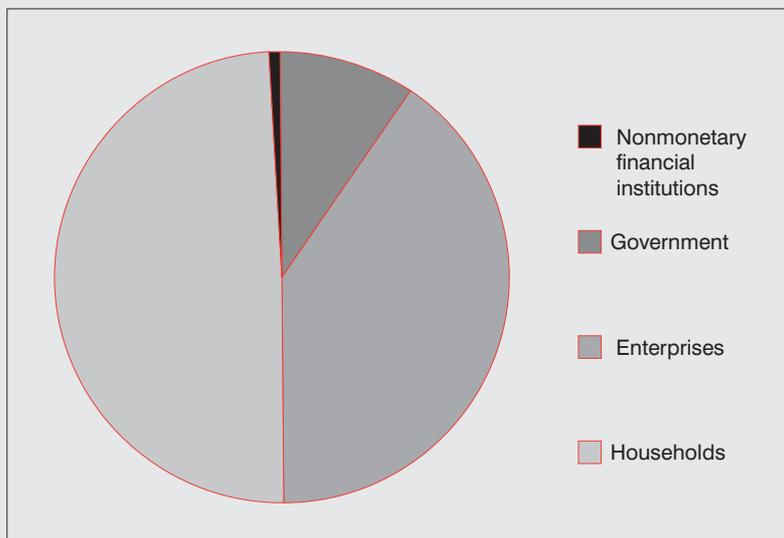
Restricted and blocked deposits include two categories of deposits: restricted (kuna and foreign currency) deposits and blocked for-

foreign currency deposits.

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

Figure D1

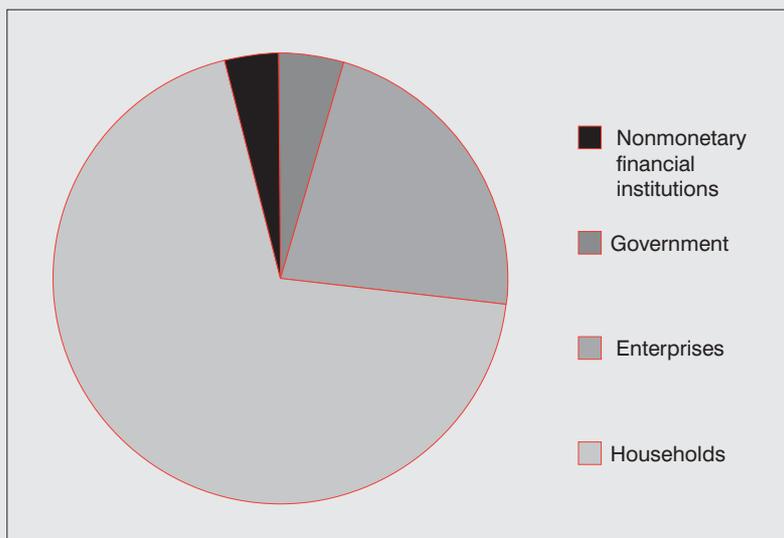
DISTRIBUTION OF BANKS' LOANS BY DOMESTIC INSTITUTIONAL SECTORS



April 2006

Figure D2

DISTRIBUTION OF BANKS' DEPOSITS BY DOMESTIC INSTITUTIONAL SECTORS



April 2006

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

Table E1: Housing Savings Banks' Accounts

end of period, million kuna

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
ASSETS										
1. Reserves with the CNB	15.5	19.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Claims on central government and funds	1,208.8	1,983.9	3,033.5	3,779.1	3,842.0	4,274.3	4,387.3	4,744.1	4,631.6	4,516.5
3. Claims on other domestic sectors	11.6	93.3	187.9	373.2	673.0	575.5	606.7	655.7	718.3	779.5
o/w: Claims on households	11.6	91.3	187.9	373.2	518.8	575.5	606.7	655.7	718.3	779.5
4. Claims on banks	18.1	37.2	247.2	824.2	693.7	994.4	827.3	247.1	187.3	139.1
5. Claims on other banking institutions	–	–	–	–	–	–	–	–	–	–
Total (1+2+3+4+5)	1,254.0	2,133.6	3,468.6	4,976.6	5,208.7	5,844.2	5,821.3	5,646.8	5,537.3	5,435.1
LIABILITIES										
1. Time deposits	1,137.5	2,012.9	3,265.2	4,728.2	4,878.2	5,514.7	5,521.4	5,372.6	5,326.5	5,287.9
2. Bonds and money market instruments	10.0	–	11.1	10.7	10.4	10.3	10.3	10.2	10.3	10.2
3. Capital accounts	124.0	141.1	159.7	206.7	286.0	258.0	252.0	247.4	202.0	159.0
4. Other items (net)	–17.5	–20.4	32.6	30.8	34.1	61.1	37.5	16.5	–1.4	–22.0
Total (1+2+3+4)	1,254.0	2,133.6	3,468.6	4,976.6	5,208.7	5,844.2	5,821.3	5,646.8	5,537.3	5,435.1

Table E1: Housing Savings Banks' Accounts

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

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

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

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

Claims on banks include loans extended to banks, as well as deposits with banks, including, since October 2003, accounts for regu-

lar operations with banks.

Claims on other banking institutions include investments in investment funds.

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

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

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 ^a	On intervention credits	On intra-day refinancing facility ^b	On short-term liquidity credits	On inaccurately calculated statutory reserves ^a	On arrears
1	2	3	4	5	6	7	8	9	10
1994	December	8.50	–	18.00	19.00	17.00	14.00	19.00	22.00
1995	December	8.50	–	25.49	19.00	17.00	–	19.00	22.00
1996	December	6.50	–	11.00	19.00	17.00	–	19.00	18.00
1997	December	5.90	–	9.50	19.00	17.00	–	19.00	18.00
1998	December	5.90	–	12.00	19.00	7.00	14.00	19.00	18.00
1999	December	7.90	–	13.00	19.00	–	14.00	19.00	18.00
2000	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	May	4.50	–	9.50	–	–	10.50	15.00	15.00
	June	4.50	3.61	9.50	–	–	10.50	15.00	15.00
	July	4.50	3.52	9.50	–	–	10.50	15.00	15.00
	August	4.50	3.50	9.50	–	–	10.50	15.00	15.00
	September	4.50	3.50	9.50	–	–	10.50	15.00	15.00
	October	4.50	3.50	9.50	–	–	10.50	15.00	15.00
	November	4.50	3.50	9.50	–	–	10.50	15.00	15.00
	December	4.50	3.50	7.50 ^c	–	–	8.50 ^c	15.00	15.00
2006	January	4.50	3.50	7.50	–	–	8.50	15.00	15.00
	February	4.50	3.51	7.50	–	–	8.50	15.00	15.00
	March	4.50	3.50	7.50	–	–	8.50	15.00	15.00
	April	4.50	3.50	7.50	–	–	8.50	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.

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 annual basis. Exceptionally, from June 1995 interest rate charged by the CNB on Lombard credits was 1.5 percentage point higher than the weighted average interest rate on CNB bills on a voluntary basis (which serve as collateral for Lombard credits) in cases when the weighted average interest rate was higher than 16.5%. Congruently, from June 1995 to August 1996 the table reports the weighted average interest rate on Lombard credits.

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

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

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 collateralized by CNB bills. Since December 1998 until April 1999, this credit is incorporated in Lombard credit, applying different interest rate for its usage within one day.

Data shown in column 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. Since December 1999, data show interest rates on short-term liquidity credit with a maturity over 3 months which is 1 percentage point higher than interest rate on Lombard credits. Interest rate on short-term liquidity credit up to 3 months is 0.5 percentage point higher than interest rate on Lombard credits.

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
1994	December	5.15	–	9.00	12.00	14.00	–	–	–	–	–	–	–
1995	December	5.50	16.50	12.00	25.54	27.00	–	–	–	–	–	–	–
1996	December	5.50	–	–	8.00	9.50	–	–	–	–	–	–	–
1997	December	4.50	–	–	8.00	9.00	10.00	–	–	–	–	–	–
1998	December	5.90	–	–	9.50	10.50	11.00	–	4.60	3.12	3.08	–	–
1999	December	5.90	–	–	10.50	11.55	12.50	–	4.83	3.56	–	–	–
2000	December	4.50	–	–	6.65	7.00	7.70	–	5.51	4.83	–	–	–
2001	December	2.00	–	–	3.36	4.26	4.85	–	2.62	3.06	–	–	–
2002	December	1.75	–	–	2.08	–	–	2.30	2.68	–	–	–	–
2003	December	1.25	0.50	–	–	–	–	1.75	1.48	–	–	–	–
2004	December	1.25	–	–	–	–	–	–	–	–	–	–	–
2005	May	1.25	–	–	–	–	–	–	–	–	–	–	0.50
	June	0.75 ^b	–	–	–	–	–	–	–	–	–	–	0.50
	July	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	August	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	September	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	October	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	November	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	December	0.75	–	–	–	–	–	–	–	–	–	–	0.50
2006	January	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	February	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	March	0.75	–	–	–	–	–	–	–	–	–	–	0.50
	April	0.75	–	–	–	–	–	–	–	–	–	–	0.50

^a Breaks in the series of data are explained in notes on methodology. ^b Since 8 June 2005.

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 CNB. 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 bank's settlement accounts, or deposited in a special account with the CNB for the settlement of net positions in the 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 CNB. Interest rates on CNB bills on a voluntary basis are set at CNB bills' auction sales. Congruently, columns 5, 6 and 7 report 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.

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

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 immobilized 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
1994	December	26.20	1,826.0	1,826.0	–	188.3	1,779.2	–	5.63	–
1995	December	30.90	2,431.8	2,431.8	–	826.5	2,215.9	–	7.93	–
1996	December	35.91	3,652.9	3,652.9	–	–	3,312.0	–	4.99	–
1997	December	32.02	4,348.8	4,348.8	–	–	3,914.2	–	4.05	–
1998	December	29.57	13,112.7	3,967.2	9,145.4	57.4	3,469.8	1,467.6	5.28	....
1999	December	30.50	13,579.0	4,210.1	9,368.9	37.3	3,695.1	4,606.5	5.62	....
2000	December	23.22	16,245.8	4,646.8	11,599.0	5.0	4,191.6	5,544.6	4.06	....
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	May	18.00	34,619.1	20,713.2	13,905.9	2,426.0	14,496.1	10,542.8	0.87	1.24
	June	18.00	34,918.4	22,506.3	12,412.1	3,447.3	15,751.4	9,427.2	0.61	0.86
	July	18.00	35,414.2	23,365.0	12,049.2	3,921.7	16,352.7	9,151.9	0.52	0.74
	August	18.00	35,792.5	23,710.5	12,082.0	4,024.6	16,594.8	9,150.1	0.52	0.68
	September	18.00	36,249.8	24,107.1	12,142.7	3,710.2	16,873.6	9,130.9	0.52	0.75
	October	18.00	36,832.9	24,483.3	12,349.6	3,542.4	17,137.4	9,233.1	0.52	0.74
	November	18.00	37,147.1	24,741.3	12,405.8	3,631.8	17,318.0	9,254.3	0.52	0.68
	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	January	17.32	36,676.0	24,644.6	12,031.4	5,047.4	17,250.3	8,988.8	0.52	0.74
	February	17.00	36,313.4	24,426.5	11,886.9	6,560.7	17,097.8	8,918.7	0.52	0.67
	March	17.00	36,422.3	24,514.4	11,907.9	7,993.3	17,159.5	8,990.3	0.52	0.61
	April	17.00	36,824.5	24,924.1	11,900.4	8,978.4	17,446.3	9,026.1	0.52	0.79

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 requirement in the reserve base.

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

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

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

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

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

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 exchange accounts. The percentage for allocating the foreign currency component of reserve requirements calculated on the basis of foreign exchange funds of non-residents and foreign exchange funds received from legal persons in a special relationship with a bank amounts to

Table F4: Banks' Liquidity Indicators

daily averages and percentages, million kuna and %

Year	Month	Free reserves		Primary liquidity ratio (in %)	Secondary liquidity sources	Kuna CNB bills	F/c CNB bills	Kuna MoF treasury bills
		In kuna	In f/c					
1	2	3	4	5	6	7	8	9
1994	December	119.5	....	1.72	393.7	210.2	–	–
1995	December	49.4	....	0.63	199.4	218.7	–	–
1996	December	267.9	....	2.63	98.5	780.9	–	183.8
1997	December	396.3	....	2.92	32.7	728.9	–	260.7
1998	December	221.9	....	1.65	445.5	850.4	1,377.4	141.3
1999	December	179.6	....	1.30	1,183.6	1,311.1	1,507.6	373.9
2000	December	638.8	10,721.4	3.32	80.1	2,485.3	1,692.7	2,006.5
2001	December	794.4	17,247.4	3.23	2.6	2,656.2	2,630.8	3,360.9
2002	December	1,225.0	10,398.0	3.53	0.6	4,965.5	1,273.9	4,279.5
2003	December	451.6	20,561.4	0.98	501.6	0.0	4,316.0	3,073.2
2004	December	1,495.5	26,126.1	2.64	0.0	0.0	0.0	4,581.7
2005	May	542.2	18,697.5	0.92	0.0	0.0	0.0	7,253.5
	June	577.5	19,221.1	0.95	0.0	0.0	0.0	5,476.5
	July	504.7	20,669.4	0.80	0.0	0.0	0.0	4,370.8
	August	605.3	21,540.2	0.94	0.0	0.0	0.0	3,639.2
	September	424.6	21,862.5	0.64	0.0	0.0	0.0	4,666.5
	October	409.1	21,124.8	0.61	0.0	0.0	0.0	4,721.6
	November	354.4	20,976.2	0.52	0.0	0.0	0.0	5,014.3
	December	672.5	20,493.4	0.96	0.2	0.0	0.0	4,163.3
2006	January	579.6	18,833.0	0.80	0.1	0.0	0.0	5,954.5
	February	465.0	16,852.9	0.63	0.0	0.0	0.0	6,439.9
	March	375.8	13,813.2	0.51	0.0	0.0	0.0	6,927.0
	April	394.7	13,090.1	0.52	0.1	0.0	0.0	5,864.8

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 immobilized 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 on). From June 2005 the CNB pays remuneration equalling 50% of the US Federal Funds Target Rate for the funds allocated in US dollars and 50% of the ECB Minimum Bid Refinance Rate for the funds allocated in euros. In both cases the rate in effect on the day of allocation is applied.

Table F4: Banks' Liquidity Indicators

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

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

Column 4 shows free reserves in foreign currency, defined as

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

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

Column 6 shows the monthly average of day-to-day balances of secondary liquidity sources used. Secondary liquidity sources comprise: 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 (EUR and USD).

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

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

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

Year	Month	Money market interest rates			Interest rates on kuna credits not indexed to foreign currency								
		On overnight credits	On other credits	Total average	On short-term credits						On long-term credits		
					Total average	Enterprises	Households			Total average	Enterprises	Households	
							Total average	Credit lines	Other				
1	2	3	4	5	6	7	8	9	10	11	12	13	
1994	December	8.50	17.76	15.39	15.43	....	....	....	....	13.82	....	....
1995	December	27.26	27.15	22.32	22.56	22.23	23.81	23.75	25.58	13.48	13.39	14.38	
1996	December	9.66	10.72	18.46	19.35	19.18	20.18	19.90	23.12	11.51	11.29	14.28	
1997	December	8.46	9.49	14.06	14.12	13.17	19.26	19.34	18.11	13.24	12.98	13.75	
1998	December	10.00	15.91	16.06	16.22	14.89	20.77	20.80	19.92	11.73	11.48	13.16	
1999	December	9.92	12.78	13.54	13.52	10.55	20.83	20.84	20.39	15.14	15.31	14.16	
2000	December	2.39	4.45	10.45	10.45	6.81	20.30	20.33	19.05	9.90	9.64	12.97	
2001	December	2.49	2.18	9.51	9.49	5.43	18.81	18.85	14.88	11.42	10.06	13.14	
2002	December	1.58	1.89	10.91	11.24	7.44	15.16	15.28	9.84	7.32	6.48	7.88	
2003	December	5.47	7.02	11.45	11.80	8.02	14.89	15.01	12.38	8.51	6.14	10.69	
2004	December	3.55	6.02	11.44	11.71	8.33	14.19	14.27	12.29	9.31	6.90	11.16	
2005	May	0.77	4.50	11.38	11.44	7.95	13.43	14.15	6.96	10.66	6.13	11.63	
	June	1.96	5.01	11.21	11.26	8.19	13.00	13.86	6.59	10.71	6.75	11.74	
	July	3.38	4.50	11.42	11.52	8.16	13.39	13.89	7.51	10.21	7.43	11.25	
	August	5.55	5.19	11.17	11.32	7.85	13.32	13.88	7.26	9.38	5.38	11.34	
	September	1.83	4.21	10.66	10.72	8.01	12.04	13.86	5.47	9.98	6.26	11.32	
	October	2.12	3.84	10.95	10.98	7.98	12.35	13.92	5.41	10.30	6.89	11.22	
	November	2.29	3.95	10.54	10.56	7.71	11.96	13.77	5.37	10.08	7.61	11.02	
	December	2.29	4.03	9.91	9.99	7.71	11.26	13.18	5.35	8.75	6.48	10.35	
2006	January	1.60	3.30	11.16	11.23	7.86	12.84	13.51	6.59	10.01	7.14	10.91	
	February	0.88	3.15	10.62	10.81	7.76	12.48	13.31	6.01	8.67	5.94	10.66	
	March	0.91	3.23	9.83	9.98	7.16	11.75	13.68	5.29	8.62	6.21	10.04	
	April	1.09	3.37	10.10	10.26	6.85	12.37	13.64	5.71	8.72	5.77	10.12	
Relative significance ^a		–	–	68.64	61.81	23.69	38.13	32.02	6.10	6.83	2.19	4.64	

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

Up to December 2001, data refer to weighted averages of 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.

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

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

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

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

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

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

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

Year	Month	Interest rates on kuna credits indexed to foreign currency									Interest rates on credits in euros		
		Total average	On short-term credits			On long-term credits					Total average	On short-term credits	On long-term credits
			Total average	Enterprises	Households	Total average	Enterprises	Total average	Households	Other			
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1994	December	11.99	12.38	....	....	11.65	....	....	....	....	....	....	....
1995	December	19.56	21.62	21.09	18.10	14.33	15.79	10.48	....	....	17.18	19.06	12.27
1996	December	18.97	22.56	22.40	27.00	12.12	13.15	11.30	....	....	19.50	21.46	10.77
1997	December	14.40	16.92	17.00	14.02	12.25	13.00	11.02	....	....	13.61	14.95	9.71
1998	December	13.04	14.28	14.25	13.64	11.15	10.55	12.12	....	....	6.95	8.37	5.71
1999	December	12.53	13.66	13.54	17.21	10.81	10.46	11.65	....	....	6.75	7.43	6.07
2000	December	10.74	11.17	11.10	13.59	10.52	9.41	11.64	....	....	7.70	7.49	8.05
2001	December	9.29	9.45	9.45	11.30	9.20	7.52	10.79	....	....	5.94	5.70	7.27
2002	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	May	6.71	6.73	6.62	7.54	6.70	5.24	7.43	5.30	8.34	5.31	5.33	5.25
	June	6.60	6.56	6.49	6.94	6.62	5.47	7.22	5.14	8.21	5.20	5.62	4.64
	July	6.29	6.09	5.96	7.16	6.36	5.22	7.06	5.02	8.05	5.13	5.14	5.09
	August	6.67	6.78	6.77	6.84	6.63	5.40	7.22	5.03	8.51	4.71	6.10	4.15
	September	6.68	6.69	6.59	7.37	6.68	5.42	7.40	5.14	8.56	5.01	5.78	4.33
	October	6.46	6.27	6.22	6.87	6.54	5.09	7.27	5.04	8.36	4.94	5.28	4.38
	November	6.49	6.73	6.64	7.38	6.42	5.36	7.12	5.01	8.20	4.84	4.94	4.70
	December	6.17	6.48	6.34	7.65	6.07	5.18	6.95	5.00	8.10	5.29	5.28	5.30
2006	January	6.38	6.18	6.01	7.59	6.44	5.54	7.03	4.93	8.23	4.81	5.37	4.51
	February	6.40	6.26	6.29	6.04	6.43	5.47	7.06	4.92	8.18	5.27	5.80	5.00
	March	6.43	6.70	6.69	6.74	6.36	5.64	6.78	4.92	7.85	5.38	5.68	5.10
	April	6.38	6.37	6.21	7.41	6.38	5.55	6.93	4.87	8.09	5.61	5.62	5.60
Relative significance ^a		27.19	5.88	5.08	0.80	21.31	8.49	12.82	4.60	8.22	4.17	1.85	2.32

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

Up to December 2001, data refer to weighted averages of 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.

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

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

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

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

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

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

Table G3: 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
1994	December	5.03	3.55	9.65	....	....	....	....	....	....
1995	December	6.10	3.88	13.65	13.80	10.56	14.28	9.88	10.67	9.62
1996	December	4.15	2.19	10.19	10.11	9.84	10.26	12.36	15.49	9.88
1997	December	4.35	2.19	9.10	9.08	9.30	8.96	9.48	11.24	8.06
1998	December	4.11	2.31	7.73	7.63	9.47	7.15	10.19	10.72	9.56
1999	December	4.27	2.24	8.87	8.79	9.62	8.38	10.96	11.56	10.18
2000	December	3.40	1.64	7.20	7.13	7.44	7.03	8.89	9.19	8.63
2001	December	2.76	1.40	5.68	5.60	6.35	5.38	7.35	7.93	6.70
2002	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	May	1.66	0.72	3.34	3.31	3.94	3.17	4.53	5.17	4.01
	June	1.72	0.70	3.55	3.54	4.01	3.45	4.04	4.88	3.34
	July	1.68	0.62	3.92	3.91	4.00	3.90	4.18	5.29	2.93
	August	1.83	0.63	4.78	4.79	3.99	4.90	4.09	4.97	2.95
	September	1.73	0.63	3.93	3.93	4.01	3.92	4.04	5.03	2.94
	October	1.69	0.64	3.66	3.65	3.98	3.60	3.91	4.95	3.01
	November	1.71	0.63	3.60	3.56	3.97	3.47	4.86	5.73	3.70
	December	1.58	0.61	3.36	3.34	3.89	3.23	4.12	5.04	3.49
2006	January	1.56	0.61	3.20	3.17	4.00	2.98	4.35	5.09	3.50
	February	1.56	0.59	3.38	3.35	3.93	3.14	3.99	4.79	3.40
	March	1.60	0.58	3.43	3.41	4.07	3.12	3.80	4.77	3.09
	April	1.64	0.58	3.34	3.29	4.02	3.03	4.50	5.23	3.53
Relative significance ^a		47.52	35.46	8.29	7.99	2.13	5.86	0.30	0.17	0.13

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

Up to December 2001, data refer to weighted averages of 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.

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

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

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

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

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

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

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

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

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

Year	Month	Interest rates on savings and time deposits indexed to f/c				Interest rates on foreign currency deposits					
		Total average	On short-term deposits	On long-term deposits	Total average	Savings deposits					
						Total average	Households		Enterprises		
							EUR	USD	EUR	USD	
1	2	3	4	5	6	7	8	9	10	11	
1994	December	6.95	....	....	....	....	....	....	....	....
1995	December	12.69	11.46	19.36	4.57	2.82	3.53	4.20	1.10	1.53	
1996	December	9.46	9.56	8.80	5.09	1.44	1.32	1.95	1.47	1.39	
1997	December	7.63	7.24	11.77	4.77	1.75	1.89	2.43	0.83	1.40	
1998	December	7.47	7.67	5.58	3.98	2.09	2.38	2.40	0.72	0.74	
1999	December	6.62	6.91	1.10	4.23	1.80	1.95	2.04	0.78	1.30	
2000	December	5.54	5.94	2.16	3.47	1.03	0.99	1.23	0.65	1.29	
2001	December	4.58	4.92	2.56	2.60	0.71	0.71	0.81	0.82	0.40	
2002	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	May	4.13	3.66	4.64	2.67	0.29	0.30	0.21	0.27	0.41	
	June	3.86	3.54	3.82	2.55	0.30	0.30	0.21	0.31	0.47	
	July	4.00	3.41	4.53	2.53	0.27	0.27	0.18	0.31	0.47	
	August	4.05	3.59	4.83	2.53	0.28	0.27	0.18	0.33	0.50	
	September	4.03	3.54	4.66	2.45	0.26	0.26	0.18	0.29	0.59	
	October	4.01	3.51	4.71	2.54	0.26	0.26	0.18	0.25	0.58	
	November	4.06	3.71	4.68	2.50	0.30	0.32	0.17	0.30	0.59	
	December	3.99	3.63	4.77	2.61	0.27	0.27	0.17	0.27	0.76	
2006	January	3.97	3.50	4.75	2.65	0.26	0.25	0.17	0.32	0.63	
	February	4.23	3.55	4.97	2.59	0.25	0.25	0.17	0.28	0.58	
	March	4.14	3.60	4.61	2.67	0.26	0.25	0.17	0.31	0.50	
	April	3.93 ^b	3.72	4.67	2.69	0.26	0.25	0.17	0.32	0.63	
Relative significance ^a		2.71	2.00	0.69	49.77	28.63	20.58	3.20	4.15	0.69	

^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, 26.90 percent 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 weighted averages of banks' and savings banks' monthly interest rates on kuna deposits indexed to f/c and on foreign currency deposits, reported on a yearly basis.

Up to December 2001, data refer to weighted averages of 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.

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

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

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

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

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

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

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

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

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

Relative significance of particular interest rates (reported in the

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

		Interest rates on foreign currency deposits										
Year	Month	On time deposits										
		Total average	On short-term deposits				Total average	On long-term deposits				
			Households		Enterprises			Households		Enterprises		
1	2	12	13	14	15	16	17	18	19	20	21	22
1994	December	....	....	....	....	....	....	....	....	....	....	....
1995	December	6.83	6.66	7.10	6.97	5.86	6.68	8.73	8.78	8.81	3.27	4.50
1996	December	7.77	6.95	5.65	6.21	9.86	5.47	12.24	7.71	7.97	19.92	1.50
1997	December	6.36	6.07	6.03	6.42	5.09	7.10	7.32	7.87	8.71	5.09	6.76
1998	December	4.89	4.49	5.42	6.16	2.84	5.37	7.29	7.68	8.59	4.93	6.92
1999	December	5.43	5.17	4.93	6.39	3.97	6.00	6.59	6.64	8.09	3.66	6.77
2000	December	4.57	4.36	3.65	5.15	4.59	6.62	5.56	5.17	6.61	5.97	8.53
2001	December	3.54	3.35	3.42	3.23	3.60	2.44	4.59	4.72	4.42	4.58	0.23
2002	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	May	3.02	2.87	3.05	1.70	2.69	3.04	4.60	4.78	3.00	3.71	5.95
	June	2.86	2.79	3.02	1.74	2.42	3.12	3.61	3.91	1.62	3.65	2.20
	July	2.93	2.79	3.04	1.75	2.40	3.32	3.63	4.05	1.54	3.47	3.20
	August	2.99	2.91	3.11	1.73	2.44	3.60	3.71	4.01	1.52	3.40	0.79
	September	2.88	2.84	3.02	1.71	2.36	3.72	3.22	3.26	2.64	3.31	4.02
	October	2.95	2.84	3.04	1.93	2.40	3.96	3.47	4.08	0.91	3.67	4.01
	November	2.91	2.86	3.02	1.80	2.51	3.98	3.45	3.48	3.05	3.13	4.31
	December	3.07	2.94	2.99	1.76	2.63	4.34	3.69	4.25	0.48	4.39	-
2006	January	3.22	2.99	2.97	1.77	2.62	4.46	4.34	4.30	1.38	4.77	2.25
	February	3.08	2.98	3.05	1.82	2.69	4.62	3.92	4.26	2.24	1.83	-
	March	3.16	3.06	3.00	1.86	2.97	5.10	4.02	4.37	2.05	3.52	5.77
	April	3.25	3.21	3.02	1.85	3.17	5.12	3.59	4.33	1.16	2.21	5.06
Relative significance ^a		21.14	18.82	9.54	0.94	6.61	1.73	2.32	1.68	0.54	0.03	0.07

^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).

last line of the table) refers to data for the last period included in the table. It is calculated as a percentage of the corresponding deposit

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

Table G5: Banks' Trade with Foreign Exchange

million euros, current exchange rate

	2001	2002	2003	2004	2005		2006				
					Sep.	Dec.	Jan.	Feb.	Mar. ^b	Apr. ^b	May ^a
A. Purchase of foreign exchange											
1. Legal persons	5,012.4	4,727.8	6,433.1	7,465.3	723.4	1,137.9	737.2	1,065.2	750.2	705.1	1,073.2
2. Natural persons	3,339.9	3,342.6	3,571.6	3,934.4	505.7	484.2	527.4	401.7	584.6	427.9	476.1
2.1. Residents	2,684.5	2,842.0	3,103.3	3,586.1	475.2	478.2	521.3	396.9	576.8	–	–
2.2. Non-residents	655.4	500.7	468.2	348.3	30.5	6.0	6.1	4.8	7.9	–	–
3. Domestic banks	3,985.8	4,104.5	6,324.4	10,799.3	695.6	1,122.5	616.9	1,024.7	1,131.8	997.5	734.5
4. Foreign banks	–	697.9	1,430.6	1,426.2	173.9	234.5	148.1	180.9	347.9	270.7	159.5
5. Croatian National Bank	481.7	294.3	438.3	33.0	–	–	–	–	–	–	–
Total (1+2+3+4)	12,819.8	13,167.1	18,197.9	24,110.1	2,098.7	2,979.1	2,029.6	2,672.5	2,814.5	2,401.1	2,443.3
B. Sale of foreign exchange											
1. Legal persons	8,534.2	9,029.3	10,852.4	11,280.3	1,283.0	1,239.9	1,075.3	1,164.8	1,213.3	1,119.5	1,318.2
2. Natural persons	1,253.5	1,333.6	1,403.1	1,671.1	329.2	317.2	286.1	244.9	404.8	211.5	282.9
2.1. Residents	1,252.3	1,329.7	1,393.1	1,654.5	325.9	315.1	283.3	243.8	400.8	–	–
2.2. Non-residents	1.2	3.9	10.0	16.6	3.3	2.1	2.8	1.1	4.1	–	–
3. Domestic banks	3,985.8	4,104.5	6,324.4	10,799.3	695.6	1,122.5	616.9	1,024.7	1,131.8	997.5	734.5
4. Foreign banks	–	334.3	765.3	1,001.1	55.6	238.0	163.6	117.3	114.8	135.3	174.7
5. Croatian National Bank	915.7	745.3	84.5	543.2	–	161.9	–	118.6	–	–	184.6
Total (1+2+3+4)	14,689.2	15,547.0	19,429.7	25,295.0	2,363.6	3,079.5	2,141.9	2,670.4	2,864.7	2,463.9	2,694.9
C. Net purchase (A–B)											
1. Legal persons	–3,521.8	–4,301.5	–4,419.4	–3,815.1	–559.6	–102.1	–338.1	–99.7	–463.1	–414.4	–245.0
2. Natural persons	2,086.4	2,009.0	2,168.4	2,263.3	176.5	167.1	241.3	156.8	179.8	216.4	193.2
2.1. Residents	1,432.2	1,512.3	1,710.2	1,931.6	149.3	163.1	238.0	153.1	176.0	–	–
2.2. Non-residents	654.2	496.7	458.2	331.7	27.2	3.9	3.3	3.7	3.8	–	–
3. Foreign banks	–	363.6	665.3	425.1	118.3	–3.5	–15.5	63.5	233.1	135.3	–15.1
4. Croatian National Bank	–434.0	–451.0	353.8	–510.2	–	–161.9	–	–118.6	–	–	–184.6
Total (1+2+3)	–1,869.4	–2,379.9	–1,231.8	–1,636.9	–264.9	–100.4	–112.3	2.1	–50.2	–62.7	–251.6
Memo items: Other Croatian National Bank transactions											
Purchase of foreign exchange	536.8	197.5	570.9	145.1	–	–	–	–	–	–	–
Sale of foreign exchange	2.6	3.4	94.9	239.3	–	–	–	10.1	–	3.8	–

^a Preliminary data. ^b Revised data.

Note: In the period from January 1994 to September 2001 all foreign exchange sale and purchase transactions in banks' reports delivered to the CNB were recorded based on realised sale/purchase transaction regardless of the contracted term for realisation and were as such transferred into the Table on Banks' Trade with Foreign Exchange. As of the of change in the reporting scope dated 1 October 2001 reports contain data on contracted sale and purchase of foreign exchange broken down by spot, forward and swap transactions. Based on the aforesaid the data for 2002, 2003 and 2004 have been revised so as to include only the data on contracted spot transactions with banks no longer included into the "legal persons" category.

Table G5: Banks' Trade with Foreign Exchange

Data on trade with foreign exchange between banks comprise spot transactions of the purchase and sale of foreign exchange in domestic foreign currency 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 foreign 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

million euros

	2001 ^b	2002 ^b	2003 ^b	2004 ^b	2005 ^b	2005				2006
						Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
A. CURRENT ACCOUNT (1+6)	-814.3	-2,093.9	-1,874.0	-1,404.4	-1,960.2	-1,543.8	-1,151.6	2,259.9	-1,524.7	-1,993.3
1. Goods, services, and income (2+5)	-1,913.7	-3,246.1	-3,118.5	-2,596.2	-3,136.5	-1,843.4	-1,472.7	1,990.4	-1,810.8	-2,283.7
1.1. Credit	11,275.4	11,586.8	13,585.2	14,897.2	15,963.1	2,308.3	3,874.1	6,709.9	3,070.8	2,801.9
1.2. Debit	-13,189.1	-14,832.9	-16,703.7	-17,493.4	-19,099.6	-4,151.8	-5,346.8	-4,719.5	-4,881.6	-5,085.5
2. Goods and services (3+4)	-1,301.0	-2,675.6	-2,041.2	-1,958.9	-2,165.0	-1,565.0	-956.9	2,118.9	-1,762.1	-1,906.0
2.1. Credit	10,800.1	11,125.4	13,137.6	14,239.8	15,296.9	2,176.1	3,682.2	6,542.0	2,896.6	2,647.0
2.2. Debit	-12,101.1	-13,801.0	-15,178.7	-16,198.8	-17,461.9	-3,741.1	-4,639.1	-4,423.1	-4,658.6	-4,553.0
3. Goods	-4,603.8	-5,960.3	-6,974.2	-6,727.8	-7,482.9	-1,569.2	-2,084.8	-1,849.0	-1,979.9	-1,863.2
3.1. Credit	5,318.8	5,293.1	5,571.7	6,603.1	7,244.3	1,523.5	1,891.2	1,871.2	1,958.4	1,983.7
3.2. Debit	-9,922.6	-11,253.5	-12,545.9	-13,330.9	-14,727.1	-3,092.7	-3,975.9	-3,720.3	-3,938.3	-3,846.9
4. Services	3,302.8	3,284.8	4,933.0	4,768.9	5,317.9	4.2	1,127.9	3,968.0	217.8	-42.9
4.1. Credit	5,481.3	5,832.3	7,565.9	7,636.7	8,052.6	652.6	1,791.1	4,670.8	938.2	663.2
4.2. Debit	-2,178.5	-2,547.5	-2,632.8	-2,867.8	-2,734.7	-648.4	-663.2	-702.8	-720.3	-706.1
5. Income	-612.7	-570.5	-1,077.3	-637.3	-971.5	-278.4	-515.9	-128.5	-48.7	-377.6
5.1. Credit	475.3	461.4	447.6	657.4	666.2	132.3	191.8	167.9	174.3	154.9
5.2. Debit	-1,088.0	-1,031.9	-1,525.0	-1,294.6	-1,637.8	-410.7	-707.7	-296.4	-223.0	-532.5
6. Current transfers	1,099.5	1,152.2	1,244.5	1,191.8	1,176.3	299.6	321.1	269.5	286.1	290.4
6.1. Credit	1,333.3	1,453.2	1,538.7	1,584.6	1,624.6	401.1	427.1	388.0	408.3	401.0
6.2. Debit	-233.8	-301.1	-294.2	-392.8	-448.3	-101.5	-106.0	-118.5	-122.3	-110.6
B. CAPITAL AND FINANCIAL ACCOUNT	1,060.0	2,742.8	2,981.8	2,337.3	3,001.4	1,182.6	1,284.5	-513.0	1,047.3	1,533.6
B1. Capital account	154.1	501.2	72.4	23.1	50.9	2.3	2.0	3.8	42.8	-1.3
B2. Financial account, excl. reserves	2,454.9	2,983.5	4,144.9	2,357.2	3,772.3	1,368.4	1,564.9	-584.3	1,423.4	2,207.4
1. Direct investment	1,324.9	598.9	1,682.8	704.0	1,198.4	175.1	643.4	313.0	67.0	249.2
1.1. Abroad	-177.5	-597.5	-107.6	-282.2	-183.0	-35.4	-77.3	-24.4	-45.9	-7.7
1.2. In Croatia	1,502.4	1,196.4	1,790.4	986.1	1,381.4	210.4	720.7	337.4	112.9	256.8
2. Portfolio investment	665.9	-440.2	869.0	244.5	-1,077.3	-433.8	-165.9	-415.5	-62.1	-479.2
2.1. Assets	-143.2	-650.6	121.6	-752.5	-513.2	24.6	-174.5	-301.6	-61.7	-31.2
2.2. Liabilities	809.2	210.4	747.5	997.1	-564.1	-458.4	8.6	-113.9	-0.4	-448.0
3. Financial derivatives	0.0	0.0	0.0	0.0	-88.4	-88.4	0.0	0.0	0.0	0.0
4. Other investment	464.1	2,824.7	1,593.1	1,408.7	3,739.5	1,715.5	1,087.4	-481.8	1,418.5	2,437.5
4.1. Assets	405.2	461.0	-2,216.2	-420.9	983.9	1,005.5	296.9	-261.6	-56.9	1,075.7
4.2. Liabilities	58.9	2,363.8	3,809.3	1,829.5	2,755.6	710.0	790.4	-220.2	1,475.4	1,361.7
B3. Reserve assets (CNB)	-1,549.0	-741.9	-1,235.5	-43.0	-821.8	-188.1	-282.4	67.6	-418.9	-672.6
C. NET ERRORS AND OMISSIONS	-245.7	-648.9	-1,107.8	-932.9	-1,041.2	361.2	-132.9	-1,746.9	477.4	459.7

^a Preliminary data. ^b Revised 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 merchandise foreign trade of the Republic of Croatia represents the basic data source for the balance of payments items related to exports and imports. These data are adjusted, in accordance with the recommended compilation method, for coverage and classification. Accordingly, goods exports and imports in the balance of payments are reported at f.o.b. parity. The value of exports at this parity is already contained in the previously mentioned CBS Report, whereas the value of imports f.o.b. is estimated on the basis of research studies of the CNB on the stratified sample of importers. The resulting value serves as a basis for the estimate of the share of transportation and insurance services by which the original value of imports c.i.f., stated in the CBS Report, is reduced. In the 1993-2001 period, this share stood at 7.10% (estimated only on the basis of the largest and large exporters), while from 2002 on it has amounted to 3.73%. 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. Starting from 1996, goods exports and imports have been modified by the data on repairs on goods and goods procured in

Table H2: Balance of Payments – Goods and Services

million euros

	2001 ^b	2002 ^b	2003 ^b	2004 ^b	2005 ^b	2005				2006
						Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
Goods	-4,603.8	-5,960.3	-6,974.2	-6,727.8	-7,482.9	-1,569.2	-2,084.8	-1,849.0	-1,979.9	-1,863.2
1. Credit	5,318.8	5,293.1	5,571.7	6,603.1	7,244.3	1,523.5	1,891.2	1,871.2	1,958.4	1,983.7
1.1.Exports (f.o.b.) in trade statistics	5,214.1	5,188.2	5,464.4	6,453.8	7,097.1	1,492.8	1,845.5	1,832.3	1,926.5	1,950.4
1.2. Adjustments for coverage	104.7	105.0	107.3	149.3	147.2	30.7	45.6	38.9	31.9	33.4
2. Debit	-9,922.6	-11,253.5	-12,545.9	-13,330.9	-14,727.1	-3,092.7	-3,975.9	-3,720.3	-3,938.3	-3,846.9
2.1. Imports (c.i.f.) in trade statistics	-10,244.8	-11,327.0	-12,538.0	-13,354.4	-14,937.9	-3,097.1	-4,054.0	-3,778.3	-4,008.5	-3,937.3
2.2. Adjustments for coverage	-405.3	-348.9	-475.6	-474.7	-346.4	-111.1	-73.1	-82.9	-79.3	-56.4
2.3. Adjustments for classification	727.4	422.5	467.7	498.1	557.2	115.5	151.2	140.9	149.5	146.9
Services	3,302.8	3,284.8	4,933.0	4,768.9	5,317.9	4.2	1,127.9	3,968.0	217.8	-42.9
1. Transportation	186.1	172.0	252.2	299.3	376.3	71.0	107.4	127.1	70.9	79.7
1.1. Credit	658.6	622.8	696.3	791.3	880.3	172.6	237.7	265.4	204.6	196.6
1.2. Debit	-472.5	-450.8	-444.1	-492.0	-504.0	-101.7	-130.4	-138.2	-133.7	-117.0
2. Travel	3,072.9	3,138.6	4,976.6	4,822.3	5,394.9	53.4	1,128.3	3,889.9	323.3	74.4
2.1. Credit	3,749.3	3,960.8	5,572.7	5,505.6	5,998.9	214.4	1,274.3	4,075.5	434.7	187.5
2.1.1. Business	305.8	341.2	260.9	328.2	504.0	43.5	157.7	211.3	91.5	47.9
2.1.2. Personal	3,443.6	3,619.7	5,311.8	5,177.4	5,494.9	170.9	1,116.6	3,864.3	343.2	139.5
2.2. Debit	-676.5	-822.2	-596.1	-683.3	-604.1	-161.0	-146.0	-185.6	-111.4	-113.0
2.2.1. Business	-322.7	-482.6	-292.3	-297.3	-267.4	-66.2	-72.7	-77.2	-51.3	-50.0
2.2.2. Personal	-353.8	-339.6	-303.8	-386.0	-336.7	-94.8	-73.3	-108.5	-60.1	-63.1
3. Other services	43.9	-25.9	-295.8	-352.7	-453.3	-120.1	-107.8	-49.1	-176.3	-197.0
3.1. Credit	1,073.4	1,248.6	1,296.9	1,339.8	1,173.4	265.6	279.0	329.9	298.9	279.1
3.2. Debit	-1,029.5	-1,274.5	-1,592.7	-1,692.5	-1,626.6	-385.7	-386.8	-378.9	-475.2	-476.1

^a Preliminary data. ^b Revised data.

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. Income and expenditures on the basis of transportation, in the 1993-1998 period, were adopted from the ITRS. Starting from 1999, income 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, have been 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, income and expenditures on the basis of road transportation are not adopted from this research. They are compiled by using ITRS data. As regards transportation of goods, expenditures are supplemented by a portion of transportation and insurance costs related to imports of goods which belongs to non-residents and which is estimated by adjusting the value of imports at c.i.f. parity to the value of imports f.o.b.

Income 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 income 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. 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 income reported in statistics on foreign credit relations, which also encompass payments related to debt securities owned by non-residents. Income from other investments includes all payments and collections of interest in accordance with the foreign credit relations statistics.

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 co-operation, 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 encom-

Table H3: Balance of Payments – Income and Current Transfers

million euros

	2001 ^b	2002 ^b	2003 ^b	2004 ^b	2005 ^b	2005				2060
						Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
Income	-612.7	-570.5	-1,077.3	-637.3	-971.5	-278.4	-515.9	-128.5	-48.7	-377.6
1. Compensation of employees	143.1	167.6	183.9	233.9	259.7	61.1	68.5	59.8	70.3	67.3
1.1. Credit	157.4	187.2	217.3	268.3	289.2	66.1	74.0	71.7	77.4	76.5
1.2. Debit	-14.3	-19.5	-33.4	-34.4	-29.5	-5.0	-5.5	-11.9	-7.1	-9.2
2. Direct investment income	-354.4	-352.0	-847.8	-431.8	-730.4	-109.4	-460.6	-125.3	-35.0	-214.3
2.1. Credit	25.6	24.9	34.8	174.7	104.8	7.8	58.8	19.9	18.4	-0.1
o/w: Reinvested earnings	19.8	8.5	31.7	165.8	58.7	7.1	35.7	-1.0	17.0	-1.8
2.2. Debit	-380.0	-376.9	-882.6	-606.5	-835.2	-117.3	-519.4	-145.2	-53.3	-214.2
o/w: Reinvested earnings	-187.8	-161.5	-587.8	-291.6	-568.7	-82.9	-408.5	-70.9	-6.4	-52.6
3. Portfolio investment income	-241.8	-214.8	-239.6	-256.6	-306.4	-190.4	-53.8	-35.7	-26.5	-183.2
3.1. Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.2. Debit	-241.9	-214.9	-239.6	-256.6	-306.4	-190.4	-53.8	-35.7	-26.5	-183.2
4. Other investment income	-159.6	-171.3	-173.9	-182.8	-194.5	-39.6	-70.0	-27.4	-57.5	-47.4
4.1. Credit	292.2	249.3	195.5	214.3	272.2	58.3	59.0	76.3	78.6	78.5
4.2. Debit	-451.8	-420.6	-369.4	-397.1	-466.7	-98.0	-129.0	-103.6	-136.1	-126.0
Current transfers	1,099.5	1,152.2	1,244.5	1,191.8	1,176.3	299.6	321.1	269.5	286.1	290.4
1. General government	65.3	32.2	70.5	2.6	2.2	35.8	0.6	-18.8	-15.5	-1.1
1.1. Credit	142.7	143.4	213.1	180.1	215.8	80.3	49.9	44.4	41.2	47.3
1.2. Debit	-77.4	-111.2	-142.6	-177.5	-213.6	-44.5	-49.3	-63.2	-56.6	-48.4
2. Other sectors	1,034.2	1,120.0	1,174.0	1,189.2	1,174.1	263.9	320.5	288.2	301.5	291.5
2.1. Credit	1,190.6	1,309.8	1,325.6	1,404.5	1,408.8	320.8	377.2	343.5	367.2	353.8
2.2. Debit	-156.4	-189.8	-151.6	-215.3	-234.6	-56.9	-56.7	-55.3	-65.6	-62.3

^a Preliminary data. ^b Revised data.

passed 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. Since 2002, 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.

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

also been compiled for investment funds and pension funds, respectively.

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

Table H4: Balance of Payments – Direct and Portfolio Investments

million euros

	2001 ^b	2002 ^b	2003 ^b	2004 ^b	2005 ^b	2005				2006
						Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
Direct investment	1,324.9	598.9	1,682.8	704.0	1,198.4	175.1	643.4	313.0	67.0	249.2
1. Abroad	-177.5	-597.5	-107.6	-282.2	-183.0	-35.4	-77.3	-24.4	-45.9	-7.7
1.1. Equity capital and reinvested earnings	-143.6	-590.3	-103.4	-259.6	-109.5	-17.8	-46.2	-10.7	-34.8	-50.3
1.1.1. Claims	-143.6	-592.8	-103.9	-260.0	-110.8	-17.8	-46.2	-11.7	-35.0	-52.1
1.1.2. Liabilities	0.0	2.6	0.5	0.4	1.3	0.0	0.0	1.0	0.2	1.8
1.2. Other capital	-33.9	-7.2	-4.3	-22.6	-73.4	-17.5	-31.1	-13.7	-11.1	42.6
1.1.1. Claims	7.9	-9.9	-16.5	-27.3	-63.0	-8.6	-31.0	-14.3	-9.1	31.3
1.2.2. Liabilities	-41.7	2.7	12.2	4.7	-10.4	-8.9	-0.1	0.6	-2.0	11.3
2. In Croatia	1,502.4	1,196.4	1,790.4	986.1	1,381.4	210.4	720.7	337.4	112.9	256.8
2.1. Equity capital and reinvested earnings	1,087.7	873.5	1,351.0	600.8	1,311.9	384.4	552.7	216.0	158.8	140.1
2.1.1. Claims	-8.0	0.0	-1.2	-25.2	0.0	0.0	0.0	0.0	0.0	-0.1
2.1.2. Liabilities	1,095.7	873.5	1,352.3	626.0	1,311.9	384.4	552.7	216.0	158.8	140.1
2.2. Other capital	414.6	322.9	439.4	385.3	69.5	-173.9	168.0	121.4	-46.0	116.8
2.2.1. Claims	0.1	-0.3	-1.5	-17.4	1.5	-34.5	0.0	36.0	0.0	-0.6
2.2.2. Liabilities	414.5	323.3	440.9	402.7	68.0	-139.4	168.0	85.4	-46.0	117.4
Portfolio investment	665.9	-440.2	869.0	244.5	-1,077.3	-433.8	-165.9	-415.5	-62.1	-479.2
1. Assets	-143.2	-650.6	121.6	-752.5	-513.2	24.6	-174.5	-301.6	-61.7	-31.2
1.1. Equity securities	0.3	-78.4	-57.8	-32.9	-178.2	-13.8	-60.8	-65.9	-37.7	-52.1
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	-2.8	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2. Other sectors	0.3	-75.6	-58.1	-32.9	-178.2	-13.8	-60.8	-65.9	-37.7	-52.1
1.2. Debt securities	-143.5	-572.2	179.4	-719.6	-335.0	38.4	-113.8	-235.7	-24.0	20.9
1.2.1. Bonds	-128.8	-586.9	165.9	-585.0	-359.1	30.9	-127.4	-229.5	-33.1	-2.3
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	-128.8	-566.6	180.1	-592.9	-322.8	25.6	-113.7	-201.6	-33.0	-9.2
1.2.1.3. Other sectors	0.0	-20.3	-14.1	7.9	-36.3	5.3	-13.6	-27.9	-0.1	6.9
1.2.2. Money market instruments	-14.8	14.7	13.5	-134.6	24.1	7.5	13.6	-6.2	9.1	23.2
1.2.2.1. General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2.2. Banks	-14.8	20.9	7.3	-134.7	24.1	7.5	13.6	-6.2	9.1	23.2
1.2.2.3. Other sectors	0.0	-6.2	6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Liabilities	809.2	210.4	747.5	997.1	-564.1	-458.4	8.6	-113.9	-0.4	-448.0
2.1. Equity securities	15.1	44.2	13.5	141.6	89.2	45.1	10.2	10.9	23.0	19.2
2.1.1. Banks	-7.7	3.9	-2.1	-0.4	-13.6	-10.3	-6.5	4.0	-0.8	-0.1
2.1.2. Other sectors	22.7	40.3	15.6	142.0	102.7	55.4	16.7	6.8	23.8	19.3
2.2. Debt securities	794.1	166.2	734.0	855.5	-653.3	-503.5	-1.6	-124.7	-23.4	-467.1
2.2.1. Bonds	774.2	197.2	700.0	889.3	-653.3	-503.5	-1.6	-124.7	-23.4	-467.1
2.2.1.1. General government	774.2	67.2	527.3	417.8	-654.1	-513.9	8.1	-114.7	-33.7	-467.9
2.2.1.2. Banks	0.0	0.0	0.0	444.4	3.3	2.5	2.0	0.0	-1.2	1.2
2.2.1.3. Other sectors	0.0	130.0	172.6	27.2	-2.5	7.8	-11.7	-10.1	11.5	-0.4
2.2.2. Money market instruments	19.9	-30.9	34.0	-33.8	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	19.9	-30.9	34.0	-33.8	0.0	0.0	0.0	0.0	0.0	0.0

^a Preliminary data. ^b Revised data.

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 H5: Balance of Payments – Other Investment

million euros

	2001 ^b	2002 ^b	2003 ^b	2004 ^b	2005 ^b	2005				2006
						Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	
Other investment (net)	464.6	2,824.6	1,593.0	1,408.7	3,739.6	1,715.5	1,087.4	-481.8	1,418.5	2,437.5
1. Assets	405.9	461.0	-2,216.2	-420.9	983.9	1,005.5	296.9	-261.6	-56.9	1,075.7
1.1. Trade credits	58.4	-79.2	-168.5	-188.7	-134.6	37.6	-16.9	-113.7	-41.6	-8.0
1.1.1. General government	0.0	0.0	0.0	0.0	-0.3	0.0	0.0	-0.3	0.0	0.0
1.1.1.1. Long-term	0.0	0.0	0.0	0.0	-0.3	0.0	0.0	-0.3	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	58.4	-79.2	-168.5	-188.7	-134.3	37.6	-16.9	-113.5	-41.6	-8.0
1.1.2.1. Long-term	0.0	-6.5	-24.4	17.4	14.0	13.4	4.2	-1.8	-1.7	-2.5
1.1.2.2. Short-term	58.4	-72.7	-144.1	-206.1	-148.3	24.2	-21.1	-111.6	-39.9	-5.5
1.2. Loans	50.2	-54.7	-85.6	43.9	-115.0	3.5	-19.1	-21.3	-78.1	-36.3
1.2.1. General government	-3.4	0.6	-1.0	-1.7	-1.5	0.1	0.0	0.8	-2.3	0.4
1.2.1.1. Long-term	-3.4	0.6	-1.0	-1.7	-1.5	0.1	0.0	0.8	-2.3	0.4
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	1.7	-21.8	3.6	3.8	-22.0	1.3	-7.8	-6.5	-8.9	-23.7
1.2.2.1. Long-term	3.8	-20.3	4.4	-0.1	-14.0	1.3	-6.7	0.4	-8.9	-11.4
1.2.2.2. Short-term	-2.1	-1.5	-0.8	3.9	-8.0	0.0	-1.1	-6.9	0.0	-12.3
1.2.3. Other sectors	51.9	-33.4	-88.2	41.9	-91.5	2.1	-11.3	-15.5	-66.8	-13.0
1.2.3.1. Long-term	51.9	-33.3	-88.2	43.2	-92.8	1.8	-11.6	-15.7	-67.2	-13.0
1.2.3.2. Short-term	0.0	-0.1	0.1	-1.3	1.2	0.3	0.3	0.2	0.4	0.0
1.3. Currency and deposits	297.3	594.9	-1,962.1	-276.1	1,233.5	964.4	332.9	-126.6	62.8	1,120.0
1.3.2. General government	-18.1	-24.2	30.3	72.7	-44.4	-68.6	53.3	-9.7	-19.4	13.8
1.3.3. Banks	-1,790.9	1,516.5	-1,964.5	-368.7	1,313.5	1,019.2	339.2	-113.7	68.8	1,106.2
1.3.4. Other sectors	2,106.3	-897.4	-27.9	19.8	-35.6	13.7	-59.5	-3.3	13.5	0.0
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	58.7	2,363.6	3,809.2	1,829.5	2,755.6	710.0	790.4	-220.2	1,475.4	1,361.7
2.1. Trade credits	96.3	501.3	-226.9	-54.5	12.8	-6.2	106.5	-77.7	-9.8	32.6
2.1.1. General government	1.2	-0.1	1.5	-0.3	0.4	0.8	-0.1	-0.2	-0.1	-0.2
2.1.1.1. Long-term	1.2	-0.1	1.5	-0.3	0.4	0.8	-0.1	-0.2	-0.1	-0.2
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	95.1	501.4	-228.4	-54.3	12.4	-7.0	106.6	-77.5	-9.7	32.8
2.1.2.1. Long-term	-22.1	-1.2	-47.4	-16.7	26.5	7.7	3.8	10.0	5.1	0.4
2.1.2.2. Short-term	117.2	502.6	-181.0	-37.5	-14.1	-14.6	102.9	-87.5	-14.8	32.5
2.2. Loans	-260.5	653.8	2,896.1	1,636.5	2,372.6	543.5	782.0	123.6	923.4	888.6
2.2.1. Croatian National Bank	-4.1	-177.2	354.2	-369.6	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.1. o/w: IMF	-34.3	-129.5	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	-34.3	-129.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.2. Short-term	30.3	-47.6	354.2	-369.6	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2. General government	-212.2	433.9	502.9	411.7	241.8	0.6	119.3	70.6	51.2	129.6
2.2.2.1. Long-term	185.4	433.9	502.9	411.7	241.8	0.6	119.3	70.6	51.2	129.6
2.2.2.1.1. Drawings	363.2	598.2	697.8	706.8	484.5	60.1	180.4	131.8	112.2	196.5
2.2.2.1.2. Repayments	-177.8	-164.3	-194.9	-295.1	-242.8	-59.5	-61.1	-61.2	-61.0	-67.0
2.2.2.2. Short-term	-397.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.3. Banks	87.2	79.3	1,005.7	647.4	842.1	327.1	306.3	-231.3	440.0	494.6
2.2.3.1. Long-term	93.0	81.6	927.2	737.9	276.5	8.8	109.6	-166.0	324.1	451.6
2.2.3.1.1. Drawings	829.3	656.9	1,644.7	1,165.8	1,135.6	250.8	407.8	53.3	423.6	541.7
2.2.3.1.2. Repayments	-736.3	-575.3	-717.5	-427.8	-859.1	-242.0	-298.3	-219.3	-99.6	-90.1
2.2.3.2. Short-term	-5.8	-2.3	78.5	-90.6	565.7	318.3	196.7	-65.3	116.0	43.0
2.2.4. Other sectors	-131.5	317.8	1,033.4	947.0	1,288.7	215.8	356.4	284.3	432.2	264.4
2.2.4.1. Long-term	-133.6	335.4	983.0	909.0	1,082.6	173.0	287.2	168.3	454.1	189.5
2.2.4.1.1. Drawings	818.1	1,326.0	1,962.1	2,046.4	2,255.1	345.8	541.2	478.4	889.7	504.6
2.2.4.1.2. Repayments	-951.7	-990.7	-979.1	-1,137.4	-1,172.5	-172.8	-254.0	-310.1	-435.6	-315.0
2.2.4.2. Short-term	2.1	-17.6	50.4	38.0	206.0	42.8	69.2	116.0	-21.9	74.9
2.3. Currency and deposits	223.0	1,209.4	1,140.7	244.5	367.5	172.0	-98.8	-266.9	561.2	439.9
2.3.1. General government	0.0	0.0	0.0	0.0	-0.1	50.0	-50.0	0.0	0.0	7.0
2.3.2. Banks	223.0	1,209.4	1,140.7	244.5	367.5	122.0	-48.8	-266.9	561.2	432.9
2.4. Other liabilities	-0.1	-0.9	-0.7	3.0	2.8	0.7	0.7	0.7	0.6	0.6

^a Preliminary data. ^b Revised data.

Table H6: Balance of Payments – Summary

million kuna

	2001 ^b	2002 ^b	2003 ^b	2004 ^b	2005 ^b	2005				2006.
						Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
A. CURRENT ACCOUNT (1+6)	-6,057.5	-15,484.7	-14,270.4	-10,617.9	-14,339.5	-11,486.5	-8,376.2	16,686.6	-11,163.4	-14,553.5
1. Goods, services, and income (2+5)	-14,250.5	-24,261.5	-23,975.8	-19,903.4	-23,427.3	-13,830.3	-10,830.5	14,605.4	-13,371.9	-16,792.2
1.1. Credit	84,105.0	85,586.5	102,446.3	111,108.2	117,793.9	17,331.8	28,439.4	49,347.0	22,675.7	20,572.2
1.2. Debit	-98,355.5	-109,848.0	-126,422.1	-131,011.7	-141,221.2	-31,162.1	-39,269.9	-34,741.6	-36,047.6	-37,364.4
2. Goods and services (3+4)	-9,950.0	-20,004.4	-15,694.7	-15,110.6	-16,248.0	-11,740.5	-7,038.5	15,542.8	-13,011.8	-13,994.6
2.1. Credit	80,321.0	82,188.2	99,169.2	106,198.2	112,870.2	16,337.8	27,032.0	48,112.0	21,388.4	19,434.8
2.2. Debit	-90,270.9	-102,192.6	-114,863.9	-121,308.8	-129,118.2	-28,078.3	-34,070.5	-32,569.2	-34,400.2	-33,429.3
3. Goods	-34,323.1	-44,135.8	-52,782.7	-50,354.9	-55,309.3	-11,768.2	-15,306.8	-13,614.3	-14,620.0	-13,678.1
3.1. Credit	39,695.8	39,198.3	42,167.2	49,480.4	53,574.2	11,439.2	13,893.7	13,780.0	14,461.3	14,565.1
3.2. Debit	-74,018.9	-83,334.1	-94,949.9	-99,835.3	-108,883.5	-23,207.4	-29,200.5	-27,394.2	-29,081.4	-28,243.1
4. Services	24,373.1	24,131.4	37,088.0	35,244.3	39,061.3	27.7	8,268.3	29,157.1	1,608.2	-316.5
4.1. Credit	40,625.2	42,989.9	57,002.0	56,717.8	59,296.0	4,898.7	13,138.3	34,332.0	6,927.0	4,869.7
4.2. Debit	-16,252.1	-18,858.5	-19,914.0	-21,473.5	-20,234.7	-4,870.9	-4,870.0	-5,174.9	-5,318.8	-5,186.2
5. Income	-4,300.5	-4,257.1	-8,281.1	-4,792.8	-7,179.2	-2,089.8	-3,791.9	-937.4	-360.1	-2,797.6
5.1. Credit	3,784.1	3,398.3	3,277.1	4,910.0	4,923.7	994.0	1,407.4	1,235.0	1,287.4	1,137.4
5.2. Debit	-8,084.5	-7,655.4	-11,558.2	-9,702.8	-12,103.0	-3,083.8	-5,199.4	-2,172.4	-1,647.4	-3,935.1
6. Current transfers	8,192.9	8,776.7	9,705.4	9,285.6	9,087.7	2,343.8	2,454.2	2,081.2	2,208.5	2,238.7
6.1. Credit	9,934.0	10,761.2	11,639.9	11,872.9	12,018.6	3,010.9	3,136.6	2,856.6	3,014.5	2,944.2
6.2. Debit	-1,741.1	-1,984.4	-1,934.6	-2,587.4	-2,930.9	-667.1	-682.4	-775.4	-805.9	-705.5
B. CAPITAL AND FINANCIAL ACCOUNT	7,387.4	20,289.1	22,741.0	17,692.0	22,328.2	8,920.6	9,447.7	-3,749.2	7,709.1	11,329.4
B1. Capital account	1,145.1	3,695.6	546.9	172.8	375.8	17.5	14.7	27.6	315.9	-9.8
B2. Financial account, excl. reserves	17,739.3	22,082.0	31,546.5	17,855.7	28,027.8	10,313.8	11,506.6	-4,279.9	10,487.3	16,277.6
1. Direct investment	9,800.7	4,447.0	12,733.3	5,300.3	8,825.2	1,293.6	4,735.4	2,311.6	484.5	1,838.6
1.1. Abroad	-1,290.5	-4,415.6	-823.6	-2,100.9	-1,346.6	-265.2	-563.2	-179.5	-338.7	-56.9
1.2. In Croatia	11,091.2	8,862.6	13,556.9	7,401.2	10,171.8	1,558.8	5,298.6	2,491.1	823.3	1,895.5
2. Portfolio investment	4,978.8	-3,227.3	6,671.5	1,747.5	-7,926.7	-3,202.8	-1,215.2	-3,048.3	-460.4	-3,540.6
2.1. Assets	-1,081.8	-4,839.8	938.5	-5,688.0	-3,760.5	185.7	-1,277.3	-2,213.5	-455.4	-232.6
2.2. Liabilities	6,060.6	1,612.6	5,733.0	7,435.4	-4,166.2	-3,388.5	62.1	-834.9	-5.0	-3,308.0
3. Financial derivatives	0.0	0.0	0.0	0.0	-659.4	-659.4	0.0	0.0	0.0	0.0
4. Other investment	2,959.8	20,862.2	12,141.6	10,807.9	27,788.7	12,882.4	7,986.4	-3,543.2	10,463.2	17,979.6
4.1. Assets	2,650.7	3,329.3	-16,852.4	-3,088.0	7,436.7	7,585.3	2,186.4	-1,919.5	-415.7	7,897.5
4.2. Liabilities	309.0	17,532.9	28,994.0	13,895.9	20,352.1	5,297.1	5,799.9	-1,623.8	10,878.8	10,082.1
B3. Reserve assets (CNB)	-11,497.0	-5,488.5	-9,352.4	-336.5	-6,075.4	-1,410.8	-2,073.6	503.1	-3,094.1	-4,938.5
C. NET ERRORS AND OMISSIONS	-1,329.8	-4,804.3	-8,470.6	-7,074.1	-7,988.6	2,565.9	-1,071.5	-12,937.4	3,454.3	3,224.2

^a Preliminary data. ^b Revised data.

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

Table H7: International Reserves and Banks' Foreign Exchange Reserves

end of period, million euros

Year	Month	International reserves of the Croatian National Bank							Banks' foreign exchange reserves
		Total	Special drawing rights	Reserve position in the Fund	Gold	Foreign exchange			
						Total	Currency and deposits	Bonds and notes	
1994	December	1,145.7	3.7	–	–	1,142.0	1,142.0	–	716.6
1995	December	1,479.0	109.1	–	–	1,369.9	1,288.4	81.4	1,038.1
1996	December	1,867.7	101.3	0.0	–	1,766.3	1,627.6	138.7	1,549.2
1997	December	2,303.7	133.4	0.1	–	2,170.2	1,825.2	345.0	2,078.9
1998	December	2,400.2	197.1	0.1	–	2,203.0	1,642.6	560.4	1,607.0
1999	December	3,012.7	188.7	0.2	–	2,823.7	2,449.8	373.9	1,344.7
2000	December	3,783.2	158.5	0.2	–	3,624.5	2,763.0	861.5	2,310.7
2001	December	5,333.6	122.9	0.2	–	5,210.5	3,469.7	1,740.7	4,056.0
2002	December	5,651.3	2.3	0.2	–	5,648.8	3,787.8	1,861.0	2,581.6
2003	December	6,554.1	0.7	0.2	–	6,553.2	3,346.0	3,207.2	3,927.1
2004	December	6,436.2	0.6	0.2	–	6,435.4	3,173.3	3,262.0	4,220.1
2005	May	6,990.6	0.6	0.2	–	6,989.8	3,640.3	3,349.5	2,937.7
	June	7,065.7	0.7	0.2	–	7,064.8	3,654.5	3,410.3	2,974.7
	July	7,061.6	1.4	0.2	–	7,060.0	3,690.7	3,369.3	3,051.0
	August	7,064.3	0.8	0.2	–	7,063.2	3,686.2	3,377.0	3,084.6
	September	6,998.7	0.8	0.2	–	6,997.7	3,607.6	3,390.0	3,064.9
	October	7,128.5	1.2	0.2	–	7,127.1	3,709.2	3,417.9	2,864.8
	November	7,220.4	0.8	0.2	–	7,219.3	3,781.1	3,438.2	3,242.7
	December	7,438.4	0.9	0.2	–	7,437.3	3,834.5	3,602.8	2,938.4
2006	January	7,627.8	1.2	0.2	–	7,626.4	4,006.9	3,619.5	2,680.5
	February	7,934.0	0.8	0.2	–	7,933.0	4,230.3	3,702.7	2,446.1
	March	8,088.5	0.7	0.2	–	8,087.6	4,406.1	3,681.5	1,926.8
	April	8,205.0	1.2	0.2	–	8,203.6	4,587.5	3,616.1	1,941.6
	May ^a	8,502.2	0.7	0.2	–	8,501.3	4,718.2	3,783.1	1,783.4

^a Preliminary data.

Table H7: International Reserves and Banks' Foreign Exchange Reserves

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

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

The foreign exchange reserves of banks include foreign currency and domestic banks' deposits with foreign banks. These foreign exchange 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

	2001	2002	2003	2004	2005		2006			
	Dec. ^b	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.	Feb.	Mar.	Apr.
I. Official reserve assets and other f/c assets (approximate market value)										
A. Official reserve assets	5,333.6	5,651.3	6,554.1	6,436.2	6,998.7	7,438.4	7,627.8	7,934.0	8,088.5	8,205.0
(1) Foreign currency reserves (in convertible f/c)	3,877.9	4,246.9	5,740.1	6,235.4	6,797.7	7,337.3	7,126.5	7,520.7	7,487.6	7,502.2
(a) Securities	1,740.7	1,861.0	3,207.2	3,262.0	3,390.0	3,602.8	3,619.5	3,702.7	3,681.5	3,616.1
o/w: Issuer headquartered in reporting country but located abroad	-	-	-	-	-	-	-	-	-	-
(b) Total currency and deposits with:	2,137.2	2,385.9	2,532.9	2,973.3	3,407.6	3,734.5	3,506.9	3,818.0	3,806.1	3,886.1
(i) other national central banks, BIS and IMF	461.3	325.1	271.1	233.1	205.5	407.3	208.1	207.1	205.4	201.3
(ii) banks headquartered in the reporting country	-	-	-	-	-	-	-	-	-	-
o/w: Located abroad	-	-	-	-	-	-	-	-	-	-
(iii) banks headquartered outside the reporting country	1,675.9	2,060.8	2,261.8	2,740.3	3,202.1	3,327.2	3,298.9	3,610.9	3,600.7	3,684.9
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	122.9	2.3	0.7	0.6	0.8	0.9	1.2	0.8	0.7	1.2
(4) gold	-	-	-	-	-	-	-	-	-	-
(5) other reserve assets	1,332.6	1,401.9	813.1	200.0	200.0	100.0	500.0	412.3	600.0	701.3
– reverse repo	1,332.6	1,401.9	813.1	200.0	200.0	100.0	500.0	412.3	600.0	701.3
B. Other foreign currency assets (specify)	-	-	-	-	-	-	-	-	-	-
– time deposits	-	-	-	-	-	-	-	-	-	-
C. Total (A+B)	5,333.6	5,651.3	6,554.1	6,436.2	6,998.7	7,438.4	7,627.8	7,934.0	8,088.5	8,205.0
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)	-1,350.7	-740.9	-1,538.0	-988.6	-934.8	-899.7	-859.6	-685.2	-415.1	-414.1
(a) Croatian National Bank	-443.4	-167.4	-646.9	-1.8	-1.0	-1.1	-1.1	-1.1	-1.6	-1.2
Up to 1 month	Principal -196.1	-136.9	-355.9	-	-	-	-	-	-	-
Interest	-3.2	-2.2	-1.9	-1.8	-1.0	-1.1	-1.1	-1.1	-1.6	-1.2
More than 1 and up to 3 months	Principal -203.7	-26.5	-288.3	-	-	-	-	-	-	-
Interest	-2.1	-0.1	-0.7	-	-	-	-	-	-	-
More than 3 months and up to 1 year	Principal -34.5	-1.6	-	-	-	-	-	-	-	-
Interest	-3.8	-0.1	-	-	-	-	-	-	-	-
(b) Central government (excl. central government funds)	-907.4	-573.5	-891.1	-986.8	-933.7	-898.6	-858.6	-684.1	-413.5	-412.9
Up to 1 month	Principal -101.7	-98.1	-85.9	-76.5	-2.9	-77.9	-176.6	-263.6	-2.7	-1.6
Interest	-55.6	-42.8	-34.4	-13.8	-	-	-	-	-	-
More than 1 and up to 3 months	Principal -351.6	-8.6	-9.3	-510.1	-141.8	-603.0	-418.2	-114.7	-84.5	-144.6
Interest	-125.7	-148.1	-168.3	-169.0	-	-	-2.5	0.0	-	-
More than 3 months and up to 1 year	Principal -170.8	-176.2	-495.2	-143.7	-682.5	-160.2	-203.2	-207.8	-186.5	-118.5
Interest	-102.0	-99.7	-98.0	-73.8	-106.4	-57.5	-58.1	-98.1	-139.8	-148.2
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	-75.2	-21.5	-363.5	-	-	-	-	-	-	-
– outflows related to repos (-)	-75.2	-21.5	-363.5	-	-	-	-	-	-	-
Up to 1 month	Principal -75.1	-21.5	-363.1	-	-	-	-	-	-	-
Interest	-0.1	0.0	-0.4	-	-	-	-	-	-	-
More than 1 and up to 3 months	Principal -	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
More than 3 months and up to 1 year	Principal -	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
4. Total predetermined short-term net drains on foreign currency assets (1+2+3)	-1,426.0	-762.4	-1,901.5	-988.6	-934.8	-899.7	-859.6	-685.2	-415.1	-414.1
III. Contingent short-term net drains on f/c assets (nominal value)										
1. Contingent liabilities in foreign currency	-1,088.8	-1,631.0	-1,300.4	-1,772.9	-2,087.6	-2,273.1	-2,441.4	-2,652.7	-2,817.2	-2,961.5
(a) Collateral guarantees on debt falling due within 1 year	-315.9	-685.9	-426.8	-370.9	-375.6	-443.8	-453.3	-456.6	-455.0	-448.6
– Croatian National Bank	-	-	-	-	-	-	-	-	-	-
– Central government (excl. central government funds)	-315.9	-685.9	-426.8	-370.9	-375.6	-443.8	-453.3	-456.6	-455.0	-448.6
Up to 1 month	-49.4	-52.3	-55.8	-62.7	-28.8	-59.6	-13.2	-26.1	-41.4	-17.0

More than 1 and up to 3 months	-24.7	-35.2	-94.9	-33.9	-73.9	-53.0	-80.4	-64.4	-67.1	-114.4
More than 3 months and up to 1 year	-241.7	-598.3	-276.1	-274.4	-272.9	-331.2	-359.7	-366.1	-346.5	-317.2
(b) Other contingent liabilities	-772.9	-945.1	-873.6	-1,402.0	-1,711.9	-1,829.3	-1,988.2	-2,196.1	-2,362.2	-2,512.9
– Croatian National Bank	-772.9	-945.1	-873.6	-1,402.0	-1,711.9	-1,829.3	-1,988.2	-2,196.1	-2,362.2	-2,512.9
Up to 1 month	-	-	-	-	-	-	-	-	-	-
More than 1 and up to 3 months	-772.9	-945.1	-873.6	-1,402.0	-1,711.9	-1,829.3	-1,988.2	-2,196.1	-2,362.2	-2,512.9
More than 3 months and up to 1 year	-	-	-	-	-	-	-	-	-	-
– Central government (excl. central government funds)	-	-	-	-	-	-	-	-	-	-
2. F/c sec. issued with embedded options (puttable bonds)	-	-	-	-	-	-	-	-	-	-
3. Undrawn, unconditional credit lines provided by	170.8	-	-	-	-	-	-	-	-	-
– BIS (+)	-	-	-	-	-	-	-	-	-	-
– IMF (+)	170.8	-	-	-	-	-	-	-	-	-
4. Aggregate short and long positions of options in foreign currencies vis-a-vis the domestic currency	-	-	-	-	-	-	-	-	-	-
5. Total contingent short-term net drains on f/c assets (1+2+3+4)	-918.0	-1,631.0	-1,300.4	-1,772.9	-2,087.6	-2,273.1	-2,441.4	-2,652.7	-2,817.2	-2,961.5
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 repored and included in Section I	-70.0	-20.0	-351.0	-	-	-	-	-	-	-
– lent or repored but not included in Section I	-	-	-	-	-	-	-	-	-	-
– borrowed or acquired and included in Section I	-	-	-	-	-	-	-	-	-	-
– borrowed or acquired but not included in Section I	1,235.1	1,330.3	785.1	180.7	176.6	88.5	488.4	394.4	576.8	694.2
(e) financial derivative assets (net, marked to market)	-	-	-	-	-	-	-	-	-	-
(f) currency composition of official reserves assets ^a	-	-	-	-	-	-	-	-	-	-
– currencies in SDR basket	5,333.6	5,651.3	6,554.1	6,436.2	6,998.7	7,438.1	7,627.5	7,933.7	8,088.2	8,204.7
– currencies not in SDR basket	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.3
– by individual currencies										
USD	1,738.4	1,600.8	1,937.6	1,609.1	1,100.5	1,104.5	1,151.1	1,178.9	1,160.9	1,118.6
EUR	3,471.6	4,047.9	4,615.6	4,826.3	5,897.1	6,332.5	6,475.0	6,753.7	6,926.3	7,084.7
Other	123.6	2.6	0.9	0.8	1.1	1.3	1.7	1.4	1.2	1.7

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 agreements

with foreign negotiable debt securities.

The third part of the Template shows predetermined contingent foreign currency net liabilities of the Croatian National Bank and the central government (excluding 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. (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 exchange sources of funds, including ordinary foreign exchange accounts, special foreign exchange accounts, sight foreign exchange accounts and savings deposits, received foreign exchange deposits and received foreign exchange loans, as well as obligations arising from securities issued in foreign exchange (excluding the bank's equity securities) and hybrid and subordinated instruments). Undrawn credit lines show potential inflows (+) or outflows (-) which would arise from drawdowns under these credits.

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

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
1994		7.087400	0.524804	1.079560	0.371475	4.381763	9.166192	5.995300	3.692018
1995		6.757758	0.518734	1.047969	0.321342	4.425311	8.252950	5.229967	3.649342
1996		6.804708	0.513722	1.062735	0.352150	4.404976	8.479850	5.433800	3.614536
1997		6.959708	0.505322	1.056355	0.361942	4.246962	10.081567	6.157050	3.555932
1998		7.136608	0.514421	1.079581	0.366683	4.395149	10.539883	6.362292	3.619321
1999		7.579622	0.550834	1.155501	0.391455	4.738375	11.504100	7.112441	3.875409
2000		7.634973	0.554855	1.163944	0.394313	4.901679	12.529639	8.276819	3.903700
2001		7.468966	0.542791	1.138637	0.385740	4.946376	12.010492	8.339074	3.818822
2002		7.406773				5.050089	11.788895	7.863712	
2003		7.563414				4.977823	10.945665	6.701390	
2004		7.495169				4.855608	11.048232	6.035494	
2005		7.400185				4.780459	10.819398	5.947999	
2005	May	7.327121				4.743797	10.714655	5.758623	
	June	7.313364				4.755423	10.937565	6.006567	
	July	7.304871				4.690760	10.635671	6.062091	
	August	7.348095				4.732522	10.723305	5.975191	
	September	7.431614				4.799039	10.960855	6.051621	
	October	7.386248				4.767000	10.830645	6.136078	
	November	7.374972				4.775183	10.863376	6.251617	
	December	7.388962				4.774591	10.879743	6.234090	
2006	January	7.378288				4.760963	10.749050	6.102424	
	February	7.327217				4.705472	10.728176	6.128945	
	March	7.325490				4.670118	10.638179	6.098252	
	April	7.312936				4.643976	10.531547	5.973759	
	May	7.272786				4.670000	10.633607	5.697553	

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
1994		6.902400	0.516285	1.052510	0.346500	4.288893	8.784200	5.628700	3.632100
1995		6.812200	0.526742	1.085365	0.335800	4.618693	8.234500	5.316100	3.705900
1996		6.863600	0.506253	1.055662	0.362600	4.098835	9.359000	5.539600	3.562200
1997		6.947200	0.499445	1.050510	0.357700	4.332003	10.475600	6.303100	3.511000
1998		7.329100	0.531546	1.114954	0.377700	4.567584	10.451000	6.247500	3.739700
1999		7.679009	0.558055	1.170657	0.396588	4.784268	12.340257	7.647654	3.926215
2000		7.598334	0.552192	1.158359	0.392421	4.989712	12.176817	8.155344	3.884966
2001		7.370030	0.535601	1.123554	0.380630	4.977396	12.101856	8.356043	3.768237
2002		7.442292				5.120256	11.451442	7.145744	
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	
2005	May	7.307220				4.728980	10.648820	5.837370	
	June	7.310503				4.728045	11.003165	6.062782	
	July	7.296747				4.679202	10.588807	6.040353	
	August	7.378355				4.762380	10.804444	6.042879	
	September	7.438696				4.773291	10.897592	6.170631	
	October	7.381207				4.773772	10.829236	6.075067	
	November	7.400190				4.783575	10.803197	6.264446	
	December	7.375626				4.744388	10.753209	6.233626	
2006	January	7.359333				4.733603	10.752970	6.092667	
	February	7.307577				4.674157	10.725931	6.164651	
	March	7.323554				4.648695	10.548112	6.065055	
	April	7.291280				4.638514	10.498603	5.807934	
	May	7.264151				4.659494	10.601505	5.650837	

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

indices 2001 = 100

Year	Month	Nominal effective exchange rate of the kuna	Real effective exchange rate of the kuna; deflator	
			Indices of producers' prices	Retail price index
1997	December	87.73	93.01	98.79
1998	December	91.08	95.99	95.39
1999	December	99.23	102.76	102.08
2000	December	101.51	99.96	101.79
2001	December	99.07	98.63	98.89
2002	December	95.97	95.63	96.24
2003	December	94.09	94.46	94.62
2004	December	90.43	90.61	90.85
2005	May	89.01	90.27	89.13
	June	89.91	91.63	90.22
	July	90.06	91.73	90.66
	August	90.08	92.10	90.97
	September	91.16	93.58	92.34
	October	91.72	94.12	91.10
	November	91.47	93.96	91.59
	December	91.52	94.33	90.98
2006	January	90.88	94.24	89.97
	February	90.53	93.11	89.20
	March	90.38	93.16 ^a	89.42 ^a
	April	89.75	93.23 ^a	89.08 ^a
	May	88.27		

^a Preliminary data.

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

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

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

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

Table H12: Gross External Debt by Domestic Sectors

million euros

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.*	Feb.*	Mar.*	Apr.
1. Government	5,942.4	5,900.3	6,600.6	7,251.8	6,982.3	7,047.4	7,051.6	6,886.5	6,604.0	6,523.6
Short-term	0.3	0.9	0.9	2.6	1.8	2.1	5.9	2.3	2.3	2.7
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	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	0.3	0.9	0.9	2.6	1.8	2.1	5.9	2.3	2.3	2.7
Principal arrears	0.3	0.9	0.9	2.4	1.5	1.7	5.6	2.0	1.9	2.3
Interest arrears	0.0	0.0	0.1	0.2	0.3	0.4	0.4	0.4	0.4	0.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	5,942.1	5,899.5	6,599.6	7,249.2	6,980.5	7,045.3	7,045.7	6,884.1	6,601.7	6,520.9
Bonds	4,268.2	3,947.6	4,310.9	4,648.1	4,064.9	4,065.5	3,982.2	3,780.6	3,496.1	3,475.9
Credits	1,672.7	1,950.8	2,286.4	2,599.0	2,912.8	2,977.2	3,061.1	3,101.1	3,103.2	3,042.6
Trade credits	1.3	1.1	2.3	2.1	2.7	2.6	2.4	2.4	2.4	2.3
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	215.5	23.2	365.7	2.4	2.0	2.6	2.3	2.2	2.0	1.8
Short-term	75.1	21.5	363.1	0.0	2.0	2.6	2.3	2.2	2.0	1.8
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	75.1	21.5	363.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	2.0	2.6	2.3	2.2	2.0	1.8
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	140.3	1.7	2.6	2.4	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	138.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	1.7	1.7	2.6	2.4	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	2,547.1	3,789.6	6,121.1	7,701.6	7,974.3	8,993.5	9,245.2	9,714.6	9,906.6	10,319.5
Short-term	18.0	14.3	617.1	1,964.8	2,030.9	2,512.0	2,567.8	2,759.2	2,865.9	2,998.5
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	2.6	0.3	604.2	513.6	963.1	1,079.7	1,127.2	1,245.2	1,107.1	1,192.1
Currency and deposits	0.0	0.0	0.0	1,438.9	1,064.8	1,429.3	1,440.1	1,513.9	1,758.7	1,806.3
Other debt liabilities	15.4	14.0	12.9	12.4	3.0	3.0	0.5	0.0	0.1	0.1
Principal arrears	15.4	14.0	12.9	12.4	3.0	3.0	0.5	0.0	0.0	0.1
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	2,529.1	3,775.3	5,503.9	5,736.7	5,943.3	6,481.5	6,677.4	6,955.4	7,040.7	7,321.0
Bonds	0.0	0.0	0.0	444.4	453.1	456.7	459.5	461.0	462.7	464.3
Credits	1,810.8	1,878.4	2,767.7	3,512.3	3,512.7	3,844.8	4,021.4	4,185.4	4,312.3	4,529.7
Currency and deposits	718.3	1,896.9	2,736.2	1,780.1	1,977.5	2,180.0	2,196.5	2,309.1	2,265.8	2,327.1
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	3,661.8	3,934.7	4,878.4	5,809.2	6,772.4	7,156.4	7,153.7	7,260.9	7,448.9	7,488.9
Short-term	434.9	460.7	523.2	530.3	895.6	856.2	858.1	867.3	906.1	954.2
Money market instruments	31.1	0.0	33.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	53.9	27.2	70.1	100.2	322.3	291.2	311.1	324.3	338.1	355.3
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	40.4	47.5	22.2	23.2	29.2	27.8	26.8	29.2	36.5	44.1
Other debt liabilities	309.6	386.0	397.4	407.0	544.0	537.2	520.2	513.7	531.5	554.8
Principal arrears	293.0	365.4	369.9	376.6	506.2	490.6	481.8	475.1	490.0	511.1
Interest arrears	16.6	20.7	27.6	30.3	37.8	46.6	38.3	38.6	41.5	43.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	3,226.9	3,474.0	4,355.3	5,278.8	5,876.8	6,300.1	6,295.5	6,393.7	6,542.9	6,534.7
Bonds	31.2	161.2	345.3	380.6	371.5	378.1	381.5	384.2	391.2	368.6
Credits	2,969.0	3,103.0	3,858.3	4,769.7	5,353.1	5,764.1	5,756.8	5,851.8	5,996.3	6,024.9
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	226.7	209.9	151.7	128.5	152.2	158.0	157.3	157.7	155.4	141.2
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

5. Direct investment	1,091.4	1,407.0	1,844.8	2,015.7	2,376.2	2,340.9	2,387.2	2,411.4	2,467.7	2,513.6
Short-term	49.0	73.2	124.0	120.3	178.6	206.2	213.0	229.9	242.4	264.9
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	4.4	30.0	43.9	36.1	53.1	59.8	64.8	60.5	64.2	77.5
Trade credits	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	43.0	43.1	80.1	84.2	125.5	146.4	148.2	169.4	178.2	187.4
Principal arrears	41.7	41.0	75.9	76.5	114.5	132.6	134.6	155.8	163.9	172.6
Interest arrears	1.3	2.1	4.2	7.6	11.0	13.8	13.7	13.6	14.3	14.8
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	1,042.4	1,333.8	1,720.8	1,895.5	2,197.6	2,134.7	2,174.1	2,181.4	2,225.3	2,248.8
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	1,020.9	1,300.0	1,689.7	1,866.5	2,165.1	2,104.0	2,144.3	2,151.8	2,195.7	2,219.5
Trade credits	21.5	33.8	31.1	28.9	32.5	30.7	29.8	29.7	29.6	29.3
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)	13,458.3	15,054.8	19,810.6	22,780.6	24,107.1	25,540.8	25,840.1	26,275.5	26,429.3	26,847.4

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 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 external debt of the general government, which includes the Republic of Croatia, central government funds (including the Croatian Bank for Reconstruction and Development, the State Agency for Deposit Insurance and Bank Rehabilitation, the Croatian Roads and the Croatian Highways), and local government. Item Croatian National Bank shows the central bank debts. Item Banks shows debts of banks. Item Other sectors shows debts of other banking institu-

tions, non-banking financial institutions, 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 percent of the other).

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

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

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

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

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

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

Public sector includes the general government (including the Republic of Croatia, central government funds and local government), the central bank, public enterprises and mixed ownership companies. Public enterprises are defined as enterprises in 100% ownership of business entities from the public sector. Mixed ownership companies

are defined as companies 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

million euros

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec.	Dec.	Dec.	Sep.	Dec.	Jan.*	Feb.*	Mar.*	Apr.
1. Public sector	7,486.1	7,215.3	8,334.0	8,560.2	8,396.9	8,428.2	8,388.7	8,228.9	8,007.0	7,896.6
Short-term	170.3	54.8	409.5	26.8	172.7	69.0	74.5	70.3	80.8	87.1
Money market instruments	25.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	98.3	21.9	390.9	0.7	111.6	48.1	50.7	50.7	61.5	59.4
Currency and deposits	0.0	0.0	0.0	0.0	2.0	2.6	2.3	2.2	2.0	1.8
Trade credits	25.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	20.5	32.9	18.6	26.1	59.1	18.3	21.4	17.3	17.3	25.9
Principal arrears	20.5	32.9	18.6	25.8	58.3	16.9	20.9	16.8	16.6	25.2
Interest arrears	0.0	0.0	0.1	0.3	0.8	1.3	0.5	0.5	0.7	0.7
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	7,315.2	7,160.0	7,924.2	8,533.2	8,224.0	8,359.2	8,314.2	8,158.5	7,926.1	7,809.5
Bonds	4,268.2	3,947.6	4,310.9	4,648.1	4,064.9	4,065.5	3,982.2	3,780.6	3,496.1	3,475.9
Credits	2,954.4	3,130.2	3,560.7	3,829.0	4,068.6	4,188.7	4,227.1	4,271.8	4,316.6	4,238.3
Currency and deposits	1.7	1.7	2.6	2.4	0.0	0.0	0.0	0.0	7.0	0.0
Trade credits	91.0	80.5	50.0	53.7	90.5	105.1	104.9	106.2	106.4	95.3
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	0.6	0.5	0.3	0.2	0.2	0.0	0.0	0.0	0.0	0.0
2. Publicly guaranteed private sector	565.8	500.1	428.6	320.0	304.8	306.1	254.4	256.6	254.3	252.0
Short-term	9.1	22.3	32.0	26.5	36.8	39.9	23.8	24.0	24.6	24.4
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	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	9.1	22.3	32.0	26.5	36.8	39.9	23.8	24.0	24.6	24.4
Principal arrears	7.0	16.7	23.3	18.8	27.7	30.5	17.1	17.3	18.0	17.7
Interest arrears	2.1	5.6	8.7	7.7	9.1	9.4	6.7	6.7	6.7	6.7
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	556.8	477.8	396.6	293.5	268.0	266.2	230.6	232.6	229.7	227.5
Bonds	31.2	31.2	31.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	519.7	442.6	362.9	292.0	266.0	264.4	229.0	231.0	228.2	226.2
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	5.9	4.0	2.5	1.5	2.0	1.8	1.6	1.6	1.5	1.3
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	5,406.4	7,339.4	11,048.1	13,900.4	15,405.4	16,806.5	17,197.0	17,790.0	18,168.0	18,698.8
Short-term	348.9	420.3	1,062.9	2,444.5	2,720.8	3,264.1	3,336.0	3,536.6	3,670.8	3,845.6
Money market instruments	5.6	0.0	33.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	33.3	27.1	646.6	613.0	1,173.8	1,322.8	1,387.6	1,518.8	1,383.6	1,488.0
Currency and deposits	0.0	0.0	0.0	1,438.9	1,064.8	1,429.3	1,440.1	1,513.9	1,758.7	1,806.3
Trade credits	14.5	47.5	22.2	23.2	29.2	27.8	26.8	29.2	36.5	44.1
Other debt liabilities	295.5	345.7	360.7	369.4	452.9	484.2	481.5	474.8	491.9	507.2
Principal arrears	281.1	330.6	341.8	346.8	424.6	448.0	449.9	443.0	457.3	470.6
Interest arrears	14.4	15.1	18.9	22.6	28.3	36.3	31.5	31.8	34.6	36.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	3,966.7	5,512.6	8,140.6	9,440.4	10,308.6	11,201.5	11,473.8	11,842.1	12,029.5	12,339.6
Bonds	0.0	130.0	314.1	824.9	824.6	834.8	841.0	845.2	853.8	832.9
Credits	3,117.0	3,359.3	4,988.8	6,760.0	7,444.0	8,132.9	8,383.3	8,635.5	8,860.0	9,132.8
Currency and deposits	718.3	1,896.9	2,736.2	1,780.1	1,977.5	2,180.0	2,196.5	2,309.1	2,265.8	2,327.1
Trade credits	131.4	126.4	101.5	75.4	62.5	53.8	53.1	52.3	49.9	46.9
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	1,090.9	1,406.5	1,844.6	2,015.5	2,376.0	2,340.9	2,387.1	2,411.4	2,467.7	2,513.6
Total (1+2+3)	13,458.3	15,054.8	19,810.6	22,780.6	24,107.1	25,540.8	25,840.1	26,275.5	26,429.3	26,847.4

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

million euros

	Outstanding debt 30/4/2006	Immediate	Projected future principal payments												
			Q2/06	Q3/06	Q4/06	Q1/07	2006	2007	2008	2009	2010	2011	2012	2013	Other
1. Government	6,523.6	2.7	112.0	114.9	82.9	94.8	309.8	671.9	727.0	1,041.9	823.8	1,409.8	216.9	168.9	1,150.8
Short-term	2.7	2.7	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
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	2.7	2.7	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
Principal arrears	2.3	2.3	0.0	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	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	6,520.9	0.0	112.0	114.9	82.9	94.8	309.8	671.9	727.0	1,041.9	823.8	1,409.8	216.9	168.9	1,150.8
Bonds	3,475.9	0.0	33.4	54.4	0.0	27.0	87.8	333.0	243.0	725.3	558.7	1,032.0	17.0	0.0	479.2
Credits	3,042.6	0.0	78.5	60.3	82.8	67.7	221.6	338.2	483.5	316.5	265.0	377.7	199.8	168.8	671.4
Trade credits	2.3	0.0	0.1	0.2	0.2	0.2	0.4	0.7	0.5	0.1	0.1	0.1	0.1	0.1	0.2
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	1.8	0.0	1.8	0.0	0.0	0.0	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term	1.8	0.0	1.8	0.0	0.0	0.0	1.8	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	1.8	0.0	1.8	0.0	0.0	0.0	1.8	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	10,319.5	0.1	3,340.6	327.1	406.9	261.1	4,074.6	1,524.3	1,099.4	1,052.3	543.1	398.0	126.7	58.1	1,442.9
Short-term	2,998.5	0.1	2,528.7	189.8	117.8	117.8	2,836.3	162.0	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	1,192.1	0.0	1,179.6	12.5	0.0	0.0	1,192.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	1,806.3	0.0	1,349.1	177.3	117.8	117.8	1,644.2	162.0	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	7,321.0	0.0	811.9	137.3	289.1	143.3	1,238.2	1,362.2	1,099.4	1,052.3	543.1	398.0	126.7	58.1	1,442.9
Bonds	464.3	0.0	15.5	0.0	0.0	0.0	15.5	0.0	0.0	448.8	0.0	0.0	0.0	0.0	0.0
Credits	4,529.7	0.0	750.9	65.3	209.7	63.9	1,026.0	837.3	742.7	530.0	543.1	398.0	126.7	58.1	267.8
Currency and deposits	2,327.1	0.0	45.5	71.9	79.4	79.4	196.7	524.9	356.7	73.6	0.0	0.0	0.0	0.0	1,175.1
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Other sectors	7,488.9	554.8	308.4	341.6	521.0	239.0	1,171.0	1,066.7	973.3	882.9	748.2	410.3	254.3	212.2	1,215.1
Short-term	954.2	554.8	63.6	144.0	168.7	22.7	376.2	23.2	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	355.3	0.0	63.6	144.0	124.6	22.7	332.2	23.2	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	44.1	0.0	0.0	0.0	44.1	0.0	44.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	554.8	554.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	511.1	511.1	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	43.6	43.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	6,534.7	0.0	244.8	197.6	352.4	216.2	794.8	1,043.6	973.3	882.9	748.2	410.3	254.3	212.2	1,215.1
Bonds	368.6	0.0	7.6	0.0	0.0	0.0	7.6	187.1	6.1	6.1	7.0	7.0	8.7	8.7	130.5
Credits	6,024.9	0.0	215.4	188.1	326.0	196.5	729.4	816.0	947.4	858.4	737.2	403.1	245.5	203.4	1,084.5
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	141.2	0.0	21.8	9.6	26.4	19.8	57.8	40.5	19.8	18.4	4.1	0.3	0.1	0.1	0.1
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

5. Direct investment	2,513.6	187.4	106.8	51.5	280.3	126.6	438.6	296.5	225.3	229.1	294.6	124.1	38.7	42.1	637.2
Short-term	264.9	187.4	39.1	12.0	9.0	15.3	60.0	17.5	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	77.5	0.0	39.1	12.0	9.0	15.3	60.0	17.5	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	187.4	187.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal arrears	172.6	172.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	14.8	14.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	2,248.8	0.0	67.7	39.5	271.3	111.2	378.6	279.1	225.3	229.1	294.6	124.1	38.7	42.1	637.2
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	2,219.5	0.0	67.0	38.6	270.1	110.0	375.7	274.3	220.9	222.6	288.0	122.5	37.7	41.5	636.3
Trade credits	29.3	0.0	0.7	0.9	1.3	1.3	2.9	4.7	4.4	6.6	6.7	1.6	1.0	0.6	0.9
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (1+2+3+4+5)	26,847.4	744.9	3,869.5	835.2	1,291.2	721.4	5,995.8	3,559.4	3,025.1	3,206.2	2,409.7	2,342.2	636.6	481.3	4,446.0
Supplement: Projected interest payments			2.9	132.8	178.9	213.7	314.5	637.8	543.3	470.8	341.2	259.8	151.2	148.0	492.8

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 at the interest rates at the contracting time and do not reflect changes of variable interest rates.

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

Table H15: International Investment Position – Summary

million euros

	2001 ^b	2002 ^b	2003 ^b	2004 ^b	2005 ^b	2005				2006
						Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
1. International investment position (net)	-4,623.95	-7,837.84	-11,563.7	-15,398.7	-18,474.6	-17,095.7	-16,892.7	-17,549.3	-18,474.6	-20,370.5
2. Assets	12,797.74	12,571.37	14,804.7	14,909.9	15,562.8	14,366.8	14,844.9	15,162.9	15,562.8	15,056.3
2.1. Direct investment abroad	1,083.25	1,750.47	1,621.9	1,586.3	1,798.0	1,690.2	1,796.6	1,864.5	1,798.0	1,788.6
2.2. Portfolio investment	253.04	812.19	605.5	1,317.5	1,666.8	1,324.5	1,448.9	1,630.3	1,666.8	1,664.2
2.2.1. Equity securities	25.53	41.32	43.0	39.8	42.2	41.0	42.3	43.2	42.2	41.9
2.2.2. Debt securities	227.52	770.87	562.5	1,277.7	1,624.6	1,283.5	1,406.6	1,587.1	1,624.6	1,622.3
Bonds	196.43	760.95	560.0	1,142.5	1,508.4	1,151.8	1,286.2	1,462.8	1,508.4	1,528.5
Money market instruments	31.08	9.92	2.4	135.1	116.2	131.7	120.4	124.3	116.2	93.8
2.3. Financial derivatives	0.00	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4. Other investment	6,127.85	4,357.42	6,023.2	5,570.0	4,659.7	4,651.7	4,533.7	4,669.3	4,659.7	3,515.0
2.4.1. Trade credits	249.34	222.52	213.1	183.5	190.0	177.3	183.5	185.6	190.0	189.7
2.4.2. Loans	95.63	108.88	101.0	100.9	143.0	105.7	116.5	131.5	143.0	170.7
2.4.3. Currency and deposits	5,782.88	4,026.02	5,709.2	5,285.6	4,326.7	4,368.7	4,233.8	4,352.2	4,326.7	3,154.6
2.4.4. Other assets	0.00	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.5. Reserve assets (CNB)	5,333.59	5,651.30	6,554.1	6,436.1	7,438.4	6,700.5	7,065.7	6,998.7	7,438.4	8,088.5
3. Liabilities	17,421.70	20,409.21	26,368.4	30,308.5	34,037.4	31,462.5	31,737.6	32,712.2	34,037.4	35,426.8
3.1. Direct investment in Croatia	4,889.95	6,587.77	8,230.3	9,260.2	10,577.8	10,128.7	9,519.5	10,694.0	10,577.8	11,211.7
3.2. Portfolio investment	4,495.24	4,282.29	4,862.0	5,756.5	5,160.0	5,190.1	5,233.6	5,176.8	5,160.0	4,652.9
3.2.1. Equity securities	164.85	173.58	172.3	283.4	259.7	308.5	250.4	287.3	259.7	337.1
3.2.2. Debt securities	4,330.39	4,108.71	4,689.7	5,473.1	4,900.3	4,881.6	4,983.2	4,889.5	4,900.3	4,315.8
Bonds	4,299.31	4,108.71	4,656.2	5,473.1	4,900.3	4,881.6	4,983.2	4,889.5	4,900.3	4,315.8
Money market instruments	31.08	0.00	33.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.3. Financial derivatives	0.00	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.4. Other investment	8,036.51	9,539.14	13,276.1	15,291.8	18,299.6	16,143.8	16,984.5	16,841.4	18,299.6	19,562.1
3.4.1. Trade credits	268.39	258.44	176.1	153.8	188.3	170.1	176.8	184.1	188.3	186.2
3.4.2. Loans	6,722.92	6,981.19	9,949.9	11,494.7	13,957.0	12,185.5	12,993.9	13,064.1	13,957.0	14,800.9
3.4.3. Currency and deposits	719.94	1,898.62	2,738.7	3,221.4	3,611.9	3,349.9	3,317.6	3,044.4	3,611.9	4,026.6
3.4.4. Other liabilities	325.26	400.90	411.3	421.9	542.4	438.2	496.1	548.8	542.4	548.5

^a Preliminary data. ^b Revised data.**Table H15: International Investment Position – Summary**

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

Data on international investments of the Republic of Croatia and international investments into the Republic of Croatia are recorded in 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 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 exchange of banks authorized to do business abroad reduced by the amount of foreign exchange 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 exchange and kuna liabilities of the said sectors abroad arising from current accounts, time and notice deposits, sight deposits and demand deposits. The sources of data for this item are reports from banks.

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

Table H16: International Investment Position – Direct Investment

million euros

	2001 ^b	2002 ^b	2003 ^b	2004 ^b	2005 ^b	2005				2006
						Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
Direct investment (net)	-3,806.7	-4,837.3	-6,608.4	-7,673.9	-8,779.8	-8,438.5	-7,722.9	-8,829.5	-8,779.8	-9,423.1
1. Abroad	1,083.3	1,750.5	1,621.9	1,586.3	1,798.0	1,690.2	1,796.6	1,864.5	1,798.0	1,788.6
1.1. Equity capital and reinvested earnings	1,050.2	1,712.8	1,583.2	1,526.9	1,683.8	1,616.8	1,697.4	1,758.9	1,683.8	1,694.7
Claims	1,050.2	1,712.8	1,583.2	1,526.9	1,683.8	1,616.8	1,697.4	1,758.9	1,683.8	1,694.7
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	33.0	37.7	38.8	59.5	114.2	73.4	99.2	105.6	114.2	93.9
Claims	43.4	49.9	62.3	87.4	132.3	92.6	118.6	125.6	132.3	123.2
Liabilities	10.4	12.2	23.5	28.0	18.1	19.3	19.4	20.0	18.1	29.3
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	4,889.9	6,587.8	8,230.3	9,260.2	10,577.8	10,128.7	9,519.5	10,694.0	10,577.8	11,211.7
2.1. Equity capital and reinvested earnings	3,714.7	5,227.4	6,553.4	7,446.8	8,354.8	8,213.8	7,399.5	8,460.0	8,354.8	8,914.5
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	3,714.7	5,227.4	6,553.4	7,446.8	8,354.8	8,213.8	7,399.5	8,460.0	8,354.8	8,914.5
2.2. Other capital	1,175.3	1,360.3	1,676.9	1,813.4	2,223.0	1,914.9	2,120.0	2,234.0	2,223.0	2,297.2
Claims	0.0	0.3	1.8	19.2	17.8	53.8	53.8	17.8	17.8	18.4
Liabilities	1,175.3	1,360.6	1,678.7	1,832.6	2,240.8	1,968.7	2,173.8	2,251.8	2,240.8	2,315.5
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 Preliminary data. ^b Revised data.

Table H17: International Investment Position – Portfolio Investment

million euros

	2001 ^b	2002 ^b	2003 ^b	2004 ^b	2005 ^b	2005				2006
						Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
Portfolio investment (net)	-4,242.2	-3,470.1	-4,256.6	-4,436.7	-3,493.2	-3,865.6	-3,784.7	-3,546.5	-3,493.2	-2,988.7
1. Assets	253.0	812.2	605.5	1,319.8	1,666.8	1,324.5	1,448.9	1,630.3	1,666.8	1,664.2
1.1. Equity securities	25.5	41.3	43.0	42.1	42.2	41.0	42.3	43.2	42.2	41.9
Banks	8.0	8.1	4.2	4.5	4.6	4.5	4.7	4.8	4.6	3.7
Other sectors	17.5	33.2	38.7	37.6	37.6	36.5	37.6	38.5	37.6	38.2
1.2. Debt securities	227.5	770.9	562.5	1,277.7	1,624.6	1,283.5	1,406.6	1,587.1	1,624.6	1,622.3
2. Liabilities	4,495.2	4,282.3	4,862.0	5,756.5	5,160.0	5,190.1	5,233.6	5,176.8	5,160.0	4,652.9
2.1. Equity securities	164.8	173.6	172.3	283.4	259.7	308.5	250.4	287.3	259.7	337.1
Banks	41.1	36.2	40.4	44.4	39.2	45.1	38.7	44.1	39.2	52.4
Other sectors	123.8	137.3	132.0	239.1	220.5	263.4	211.7	243.1	220.5	284.7
2.2. Debt securities	4,330.4	4,108.7	4,689.7	5,473.1	4,900.3	4,881.6	4,983.2	4,889.5	4,900.3	4,315.8
Bonds	4,299.3	4,108.7	4,656.2	5,473.1	4,900.3	4,881.6	4,983.2	4,889.5	4,900.3	4,315.8
General government	4,268.2	3,947.6	4,310.9	4,648.1	4,065.5	4,036.2	4,163.0	4,064.9	4,065.5	3,465.4
Banks	0.0	0.0	0.0	444.4	456.7	446.9	448.8	453.1	456.7	462.6
Other sectors	31.2	161.2	345.3	380.6	378.1	398.5	371.3	371.5	378.1	387.8
Money market instruments	31.1	0.0	33.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other sectors	31.1	0.0	33.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0

^a Preliminary data. ^b Revised data.

Table H18: International Investment Position – Other Investment

million euros

	2001 ^b	2002 ^b	2003 ^b	2004 ^b	2005 ^b	2005				2006
						Q1 ^b	Q2 ^b	Q3 ^b	Q4 ^b	Q1 ^a
Other investment (net)	-1,907.7	-5,180.7	-7,250.9	-9,720.1	-13,637.9	-11,490.6	-12,448.8	-12,170.7	-13,637.9	-16,045.8
1. Assets	6,127.1	4,356.7	6,022.6	5,569.4	4,659.1	4,651.1	4,533.1	4,668.7	4,659.1	3,514.4
1.1. Trade credits	249.3	222.5	213.1	183.5	190.0	177.3	183.5	185.6	190.0	189.7
1.1.1. General government	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.3	0.3	0.3
Long-term	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.3	0.3	0.3
1.1.2. Other sectors	249.3	222.5	213.0	183.5	189.7	177.3	183.5	185.3	189.7	189.5
Long-term	243.3	216.3	208.4	179.1	184.9	172.7	178.7	180.5	184.9	184.7
Short-term	6.0	6.2	4.6	4.4	4.8	4.6	4.8	4.8	4.8	4.8
1.2. Loans	94.9	108.2	100.4	100.3	142.4	105.1	115.8	130.9	142.4	170.0
1.2.1. General government	6.1	4.8	5.2	6.8	8.6	6.8	7.0	6.2	8.6	8.1
Long-term	6.1	4.8	5.2	6.8	8.6	6.8	7.0	6.2	8.6	8.1
1.2.2. Banks	83.4	97.5	86.6	81.0	105.9	80.7	90.0	96.4	105.9	128.9
Long-term	58.3	72.9	62.6	61.9	78.0	61.4	69.2	68.6	78.0	88.8
Short-term	25.1	24.6	23.9	19.0	27.9	19.3	20.9	27.8	27.9	40.0
1.2.3. Other sectors	5.4	5.9	8.6	12.5	27.9	17.6	18.8	28.3	27.9	33.1
Long-term	5.4	5.8	8.6	11.2	27.8	16.6	18.1	27.8	27.8	33.0
Short-term	0.0	0.1	0.0	1.3	0.1	1.0	0.7	0.5	0.1	0.1
1.3. Currency and deposits	5,782.9	4,026.0	5,709.2	5,285.6	4,326.7	4,368.7	4,233.8	4,352.2	4,326.7	3,154.6
1.3.2. General government	94.7	115.7	81.9	8.9	54.2	77.8	25.0	34.6	54.2	39.8
1.3.3. Banks	4,438.8	2,754.3	4,551.9	4,317.0	3,110.4	3,333.8	3,049.4	3,159.6	3,110.4	1,976.0
1.3.4. Other sectors	1,249.4	1,156.0	1,075.4	959.7	1,162.1	957.2	1,159.4	1,158.0	1,162.1	1,138.7
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	8,034.9	9,537.5	13,273.6	15,289.5	18,296.9	16,141.7	16,981.9	16,839.4	18,296.9	19,560.1
2.1. Trade credits	268.4	258.4	176.1	153.8	188.3	170.1	176.8	184.1	188.3	186.2
2.1.1. General government	1.3	1.1	2.3	2.1	2.6	3.0	2.9	2.7	2.6	2.4
Long-term	1.3	1.1	2.3	2.1	2.6	3.0	2.9	2.7	2.6	2.4
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	267.1	257.4	173.8	151.7	185.7	167.1	173.9	181.4	185.7	183.8
Long-term	226.7	209.9	151.7	128.5	158.0	137.4	143.2	152.2	158.0	155.5
Short-term	40.4	47.5	22.2	23.2	27.8	29.7	30.8	29.2	27.8	28.3
2.2. Loans	6,722.9	6,981.2	9,949.9	11,494.7	13,957.0	12,185.5	12,993.9	13,064.1	13,957.0	14,800.9
2.2.1. Croatian National Bank	213.8	21.5	363.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
o/w: IMF	138.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2. General government	1,672.7	1,950.8	2,286.4	2,599.0	2,977.2	2,690.1	2,835.4	2,912.8	2,977.2	3,092.2
Long-term	1,672.7	1,950.8	2,286.4	2,599.0	2,977.2	2,690.1	2,835.4	2,912.8	2,977.2	3,092.2
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.3. Banks	1,813.5	1,878.7	3,372.0	4,025.8	4,924.5	4,390.3	4,718.5	4,475.8	4,924.5	5,419.4
Long-term	1,810.8	1,878.4	2,767.7	3,512.3	3,844.8	3,558.1	3,688.8	3,512.7	3,844.8	4,296.4
Short-term	2.6	0.3	604.2	513.6	1,079.7	832.1	1,029.7	963.1	1,079.7	1,123.0
2.2.4. Other sectors	3,022.9	3,130.1	3,928.5	4,869.9	6,055.3	5,105.2	5,440.0	5,675.4	6,055.3	6,289.3
Long-term	2,969.0	3,103.0	3,858.3	4,769.7	5,764.1	4,963.4	5,234.3	5,353.1	5,764.1	5,954.2
Short-term	53.9	27.2	70.1	100.2	291.2	141.8	205.7	322.3	291.2	335.1
2.3. Currency and deposits	718.3	1,896.9	2,736.2	3,219.0	3,609.2	3,347.9	3,315.0	3,042.4	3,609.2	4,024.5
2.3.1. Banks	718.3	1,896.9	2,736.2	3,219.0	3,609.2	3,347.9	3,315.0	3,042.4	3,609.2	4,024.5
2.4. Other liabilities	325.3	400.9	411.3	421.9	542.4	438.2	496.1	548.8	542.4	548.5

^a Preliminary data. ^b Revised data.

Table I1: Consolidated Central Government According to Government Level

million kuna

	2004	2005				2005				2006
		Q1	Q2	Q3	Q4	Mar.	Jun.	Sep.	Dec.		Jan.
1. REVENUE (A + B)	87,019.3	19,761.0	22,706.4	24,552.4	25,625.1	7,041.1	7,698.8	8,261.9	10,074.2	7,043.6
A) Budgetary central government	80,463.5	18,435.9	21,171.0	22,386.4	23,661.7	6,623.4	7,167.6	7,624.4	9,350.9	6,732.4
B) Extrabudgetary users	6,555.8	1,325.1	1,535.4	2,166.1	1,963.4	417.7	531.1	637.5	723.3	311.2
1. Croatian Pension Insurance Administration	129.9	9.6	10.4	9.1	9.4	1.7	3.0	2.4	5.4	35.2
2. Croatian Institute for Health Insurance	663.1	192.1	159.9	225.8	286.1	88.7	58.2	77.3	128.1	77.5
3. Croatian Employment Service	15.5	5.1	5.4	4.1	4.2	2.4	2.0	2.3	2.1	0.5
4. Croatian Waters	1,224.4	213.9	246.0	321.3	445.0	34.6	107.2	102.3	158.0	99.9
5. Fund for Environmental Protection and Energy Efficiency	170.7	40.2	66.7	57.1	50.8	15.6	22.4	16.7	16.6	17.2
6. Croatian Motorways Ltd.	2,295.4	470.9	580.8	822.7	674.2	163.4	208.3	259.9	258.7	62.8
7. Croatian Roads Ltd.	1,417.8	292.4	351.2	438.6	392.5	99.8	126.5	151.4	134.1	3.0
8. State Agency for Deposit Insurance and Bank Rehabilitation	575.9	95.0	85.9	94.5	92.0	10.8	1.4	7.3	14.3	8.4
9. Croatian Privatization Fund	62.9	5.9	29.1	192.9	9.2	0.7	2.3	17.8	6.0	6.9
2. EXPENSE (A + B)	86,941.4	24,229.0	21,731.6	21,951.8	24,418.2	8,835.2	7,249.4	7,194.9	8,807.1	7,530.0
A) Budgetary central government	81,861.2	23,089.4	20,397.5	20,581.6	22,648.3	8,516.9	6,816.1	6,723.6	7,991.4	7,122.7
B) Extrabudgetary users	5,080.3	1,139.6	1,334.2	1,370.2	1,769.8	318.3	433.2	471.3	815.7	407.3
1. Croatian Pension Insurance Administration	587.4	87.8	92.1	91.9	109.3	30.5	31.5	31.2	47.4	27.9
2. Croatian Institute for Health Insurance	831.3	209.0	214.3	222.3	268.8	74.9	-82.2	66.8	104.4	69.6
3. Croatian Employment Service	141.3	34.5	33.9	36.5	41.0	11.0	10.9	10.2	14.1	13.3
4. Croatian Waters	1,426.3	254.6	243.7	369.8	628.3	48.3	97.5	144.2	304.8	105.1
5. Fund for Environmental Protection and Energy Efficiency	32.4	76.4	19.9	39.5	35.2	12.1	6.9	12.3	24.6	11.0
6. Croatian Motorways Ltd.	752.3	206.5	251.0	260.5	368.3	79.5	85.0	98.0	161.3	75.9
7. Croatian Roads Ltd.	934.6	244.1	287.7	282.3	248.6	50.7	110.6	102.5	89.5	94.3
8. State Agency for Deposit Insurance and Bank Rehabilitation	314.5	3.9	66.2	51.9	52.0	1.7	63.4	1.0	62.0	5.5
9. Croatian Privatization Fund	60.1	22.7	125.5	15.6	18.4	9.5	109.6	5.2	7.7	4.7
NET/GROSS OPERATING BALANCE (1 – 2)	77.8	-4,468.0	974.8	2,600.6	1,206.9	-1,794.0	449.4	1,067.0	1,267.1	-486.4
3. CHANGE IN NET WORTH: TRANSACTIONS (3.1. + 3.2. – 3.3.)	77.8	-4,468.0	974.8	2,600.6	1,206.9	-1,794.0	449.4	1,067.0	1,267.1	-486.4
3.1. CHANGE IN NET ACQUISITION OF NON-FINANCIAL ASSETS	8,373.5	1,464.0	1,585.3	1,784.8	1,823.0	821.2	472.2	489.9	1,008.1	222.6
Acquisition	8,648.4	1,528.0	1,693.2	1,863.2	1,896.8	844.6	529.6	529.5	1,035.8	252.2
A) Budgetary central government	1,663.9	341.1	290.2	439.2	758.3	137.4	85.7	127.8	363.9	58.6
B) Extrabudgetary users	6,984.5	1,186.9	1,403.0	1,424.0	1,138.5	707.2	443.9	401.7	671.9	193.6
Disposals	274.9	64.0	107.9	78.4	73.8	23.4	57.4	39.6	27.7	29.6
A) Budgetary central government	244.4	60.3	90.6	53.9	70.4	20.8	54.3	15.7	27.3	19.8
B) Extrabudgetary users	30.5	3.7	17.3	24.6	3.4	2.6	3.1	23.9	0.3	9.7
Net lending/borrowing (1 – 2 – 3.1.)	-8,295.6	-5,932.1	-610.5	815.8	-616.0	-2,615.2	-22.9	577.1	259.0	-709.0
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING) (3.3. – 3.2.)	8,295.6	5,932.1	610.5	-815.8	616.0	2,615.2	22.9	-577.1	-259.0	709.0
3.2. CHANGE IN NET ACQUISITION OF FINANCIAL ASSETS	28.4	915.9	-91.7	853.5	-24.1	152.8	-21.3	464.4	-291.9	252.9
3.2.1. Domestic	18.6	923.5	-94.4	853.5	-24.1	152.8	-24.0	464.4	-291.9	252.9
A) Budgetary central government	138.6	330.0	390.1	837.5	191.9	-358.0	30.8	550.4	595.8	242.6
B) Extrabudgetary users	-120.0	593.4	-484.6	16.0	-216.1	510.8	-54.9	-86.1	-887.7	10.3
3.2.2. Foreign	9.8	-7.6	2.7	0.0	0.0	0.0	2.7	0.0	0.0	0.0
A) Budgetary central government	9.8	-7.6	2.7	0.0	0.0	0.0	2.7	0.0	0.0	0.0
B) Extrabudgetary users	0.0	0.0	0.0	0.0	0.0	0.0	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
3.3. CHANGE IN NET INCURRENCE OF LIABILITIES	8,324.0	6,848.0	518.8	37.7	591.9	2,768.1	1.5	-112.7	-550.9	961.9
3.3.1. Domestic	4,107.7	10,843.6	424.7	206.3	567.1	6,319.4	32.6	-249.0	-394.3	528.2
A) Budgetary central government	4,038.7	9,775.5	288.7	-47.6	575.0	5,533.2	-63.2	-299.4	-6.3	528.7
B) Extrabudgetary users	69.0	1,068.1	136.0	254.0	-7.9	786.2	95.8	50.4	-388.0	-0.5
3.3.2. Foreign	4,216.3	-3,995.6	94.1	-168.6	24.8	-3,551.4	-31.1	136.2	-156.6	433.7
A) Budgetary central government	270.3	-4,266.3	-230.0	-328.8	-255.5	-3,775.3	-159.5	125.0	-195.1	398.7
B) Extrabudgetary users	3,946.0	270.7	324.1	160.2	280.3	223.9	128.4	11.2	38.6	35.0

The Notes on Methodology can be found in the Ministry of Finance Monthly Statistical Review.
 Note: On a cash basis. Source: Ministry of Finance.

Table I2: Budgetary Central Government Operations

million kuna

	2004	2005				2005				2006
		Q1	Q2	Q3	Q4	Mar.	Jun.	Sep.	Dec.	
1. REVENUE	80,463.5	18,435.9	21,171.0	22,386.4	23,661.7	6,623.4	7,167.6	7,624.4	9,350.9	6,732.4
1.1. Taxes	47,149.9	10,330.1	12,996.1	13,917.6	13,443.7	3,897.0	4,384.7	4,789.7	4,657.9	3,912.6
1.2. Social contributions	29,477.6	7,466.2	7,702.6	7,945.6	8,186.9	2,516.9	2,619.3	2,634.5	2,972.8	2,622.4
1.3. Grants	10.1	3.3	10.8	6.5	6.9	3.2	0.9	3.3	0.1	0.9
1.4. Other revenue	3,825.9	636.2	461.5	516.6	2,024.2	206.4	162.8	196.9	1,720.1	196.6
2. EXPENSE	83,131.1	23,341.7	20,628.5	20,787.1	23,100.1	8,622.7	6,879.7	6,787.5	8,217.0	7,378.5
2.1. Compensation of employees	22,268.3	5,617.4	5,665.7	5,921.4	5,978.0	1,880.7	1,879.4	1,883.8	2,111.5	1,998.5
2.2. Use of goods and services	4,358.7	1,435.8	1,063.4	1,100.9	1,351.8	621.6	368.0	353.9	642.5	453.6
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
2.4. Interest	3,972.5	1,913.9	915.1	826.8	731.2	971.3	271.9	303.7	217.6	352.3
2.5. Subsidies	4,968.1	1,815.5	943.5	969.6	1,520.1	831.0	286.1	235.6	545.6	336.4
2.6. Grants	3,420.3	1,021.5	677.1	773.1	1,325.1	293.6	202.2	253.3	597.5	534.0
2.7. Social benefits	39,730.9	10,241.9	10,469.8	10,305.8	10,340.9	3,612.3	3,571.3	3,528.1	3,503.1	3,446.7
2.8. Other expense	4,412.4	1,295.7	893.8	889.5	1,852.9	412.1	300.8	229.2	599.1	257.1
3. CHANGE IN NET WORTH: TRANSACTIONS	-2,667.6	-4,905.9	542.5	1,599.3	561.6	-1,999.3	288.0	836.9	1,133.9	-646.1
3.1. Change in net acquisition of non-financial assets	1,419.5	280.8	199.6	385.3	687.9	116.6	31.4	112.1	336.6	38.7
3.1.1. Fixed assets	1,384.6	276.1	192.9	377.4	670.6	115.6	30.0	107.8	322.0	38.6
3.1.2. Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.1.3. Valuables	7.5	2.7	2.0	0.8	1.8	0.9	0.5	0.1	0.1	0.2
3.1.4. Non-produced assets	27.3	2.1	4.7	7.1	15.6	0.1	0.9	4.1	14.5	0.0
3.2. Change in net acquisition of financial assets	222.0	322.5	401.5	837.5	193.2	-358.0	33.9	550.4	595.8	242.6
3.2.1. Domestic	212.2	330.0	398.8	837.5	193.2	-358.0	31.2	550.4	595.8	242.6
3.2.2. Foreign	9.8	-7.6	2.7	0.0	0.0	0.0	2.7	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
3.3. Change in net incurrence of liabilities	4,309.0	5,509.2	58.7	-376.4	319.5	1,757.9	-222.7	-174.4	-201.5	927.4
3.3.1. Domestic	4,038.7	9,775.5	288.7	-47.6	575.0	5,533.2	-63.2	-299.4	-6.3	528.7
3.3.2. Foreign	270.3	-4,266.3	-230.0	-328.8	-255.5	-3,775.3	-159.5	125.0	-195.1	398.7

The Notes on Methodology can be found in the Ministry of Finance Monthly Statistical Review.

Note: On a cash basis. Source: Ministry of Finance.

Table I3: Central Government Debt

end of period, million kuna

	2001	2002	2003	2004	2005		2006			
	Dec.	Dec. ^a	Dec.	Dec.	Sep.	Dec.	Jan.*	Feb.*	Mar.*	Apr.
1. Domestic debt of central government	24,907.3	31,421.5	34,736.4	41,517.0	53,870.4	55,028.8	55,329.0	56,936.8	58,911.7	59,028.1
1.1. Domestic debt of the Republic of Croatia	21,467.9	23,320.0	28,160.8	37,223.7	47,583.2	50,559.5	50,941.7	52,572.7	54,563.3	54,306.1
Treasury bills	4,892.3	5,632.7	6,548.1	9,022.5	12,820.5	12,533.4	12,646.2	12,470.7	12,518.7	12,372.2
Money market instruments	7.4	0.1	0.3	–	0.7	0.9	1.0	–	–	–
Bonds	15,415.8	15,887.9	17,422.0	23,080.1	27,299.9	30,716.0	30,600.1	32,356.1	31,714.5	31,565.8
Credits from the CNB	–	0.5	1.4	3.3	0.5	1.4	0.2	0.6	–	0.0
Credits from banks	1,152.4	1,798.8	4,189.1	5,117.8	7,461.6	7,307.8	7,694.2	7,745.3	10,330.2	10,368.0
1.2. Domestic debt of central government funds	3,439.4	8,101.5	6,575.5	4,293.3	6,287.2	4,469.2	4,387.2	4,364.0	4,348.4	4,722.0
Money market instruments	–	–	–	–	–	–	–	–	–	–
Bonds	1,636.1	4,460.7	3,616.4	2,040.1	1,851.9	176.9	183.8	182.4	157.3	145.4
Credits from banks	1,803.3	3,640.7	2,959.1	2,253.2	4,435.3	4,292.3	4,203.4	4,181.7	4,191.1	4,576.6
2. External debt of central government	43,319.1	43,517.5	50,137.9	55,384.4	51,716.5	51,760.6	51,704.2	50,133.7	48,179.5	47,381.1
2.1. External debt of the Republic of Croatia	39,487.3	37,388.3	41,048.8	42,095.7	36,884.0	36,433.6	36,603.2	35,084.1	32,891.9	32,395.1
Money market instruments	–	–	–	–	–	–	–	–	–	–
Bonds	30,746.7	28,694.2	32,144.8	32,899.3	27,335.0	27,112.3	26,433.9	24,871.2	22,803.5	22,532.7
Credits	8,740.6	8,694.1	8,904.1	9,196.4	9,549.0	9,321.2	10,169.3	10,212.9	10,088.4	9,862.3
2.2. External debt of central government funds	3,831.8	6,129.2	9,089.1	13,288.7	14,832.4	15,327.0	15,101.1	15,049.6	15,287.6	14,986.0
Money market instruments	–	–	–	–	–	–	–	–	–	–
Bonds	709.7	684.6	820.6	2,757.7	2,902.8	2,873.3	2,872.5	2,755.7	2,800.1	2,811.3
Credits	3,122.1	5,444.6	8,268.6	10,531.0	11,929.7	12,453.7	12,228.5	12,293.9	12,487.4	12,174.7
3. Total (1+2)	68,226.4	74,939.0	84,874.3	96,901.5	105,586.8	106,789.4	107,033.2	107,070.5	107,091.2	106,409.2
Supplement: Central government guaranteed debt										
– guarantees for domestic debt	6,025.6	7,528.1	6,895.4	4,632.4	5,138.1	5,345.9	5,431.2	5,485.0	5,720.9	6,215.4
– guarantees for external debt	8,813.6	8,261.9	8,618.5	7,671.4	7,323.4	7,179.6	6,680.2	6,690.0	6,725.7	6,692.3

^a Irrespective of the note under the heading "Classification and presentation of data on claims and liabilities", the debt of the Croatian Roads, the Croatian Highways 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, was reclassified from the sub-sector of the Republic of Croatia to the sub-sector central government funds in December 1998 and December 2002 respectively.

Table I3: Central Government Debt

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

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

Table J1: Consumer Price and Producer Price Indices

Year	Month	Basic indices, 2001 = 100			Chain indices				Monthly year-on-year indices			
		Consumer price indices			Consumer price indices ^a			Producer prices	Consumer price indices ^a			Producer prices
		Total	Goods	Services	Total	Goods	Services		Total	Goods	Services	
1994	December	....	....	....	100.2	100.1	100.8	100.2	97.0	95.0	108.1	94.5
1995	December	....	....	....	100.2	100.2	99.8	100.5	103.7	102.4	109.3	101.6
1996	December	....	....	....	100.0	100.2	99.5	100.3	103.4	102.3	108.7	101.5
1997	December	....	....	....	100.7	100.3	102.3	99.9	103.8	102.7	108.2	101.6
1998	December	89.6	90.6	86.2	100.3	100.4	100.0	100.0	105.4	104.3	109.2	97.9
1999	December	93.1	93.4	91.8	100.6	100.8	100.0	100.3	103.9	103.1	106.5	105.9
2000	December	98.2	98.5	96.9	100.4	100.4	100.1	100.2	105.5	105.5	105.5	111.2
2001	December	100.5	99.8	103.5	100.4	100.4	100.5	99.0	102.4	101.3	106.8	96.9
2002	December	102.4	100.9	108.3	100.4	100.6	99.6	99.9	101.8	101.1	104.6	102.3
2003	December	104.1	102.5	110.6	100.3	100.2	100.5	100.0	101.7	101.6	102.2	101.0
2004	December	106.9	105.0	114.6	100.7	100.9	100.2	99.3	102.7	102.5	103.6	104.8
2005	May	109.0	107.2	116.2	100.0	99.9	100.4	100.1	102.8	102.9	102.4	102.3
	June	108.8	106.8	116.8	99.9	99.7	100.5	99.8	102.9	103.1	102.2	102.4
	July	108.6	106.1	118.1	99.8	99.4	101.1	100.8	103.1	103.4	102.1	102.3
	August	108.7	106.2	118.2	100.1	100.1	100.1	100.1	103.1	103.4	102.1	101.5
	September	109.2	107.3	117.0	100.5	101.0	99.0	100.8	103.8	104.5	101.8	102.1
	October	110.0	108.0	117.8	100.7	100.7	100.7	100.5	104.1	104.4	103.1	101.8
	November	110.2	108.1	118.7	100.2	100.1	100.7	100.0	103.8	103.8	103.8	102.3
	December	110.8	108.7	119.3	100.5	100.5	100.5	99.7	103.6	103.5	104.1	102.7
2006	January	111.5	109.1	120.8	100.6	100.4	101.3	100.5	103.9	103.6	105.2	103.2
	February	112.4	109.8	122.4	100.8	100.7	101.3	100.7	103.6	102.8	106.2	103.6
	March	112.5	110.0	122.4	100.1	100.2	100.0	100.3	103.0	102.1	106.1	103.6
	April	112.8	110.3	122.3	100.2	100.3	99.9	100.1	103.5	102.8	105.6	103.4
	May	113.3	111.0	122.7	100.5	100.6	100.4	100.4	104.0	103.5	105.6	103.7

^a Data from January 1992 to December 1997 relate to the retail price index. ^b Data from January 1992 to December 1998 relate to the retail price index. Source: Central Bureau of Statistics.

Table J1: Consumer Price and Producer Price Indices

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

index encompassing the period from January 1998 to December 2000. As expected following the introduction of the new index, the CBS has stopped publishing 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 characteristic of the CPI are discussed in Box 1 in the CNB Bulletin No. 91 (2004). 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, 2001 = 100			Chain indices			Monthly year-on-year indices		
		Total	Goods	Services	Total	Goods	Services	Total	Goods	Services
1998	December	93.2	93.7	90.6	99.9	99.9	100.0	....	....	....
1999	December	95.9	96.4	93.3	100.1	100.1	100.1	102.9	102.9	103.0
2000	December	99.1	99.3	98.0	100.4	100.4	100.2	103.3	103.0	105.0
2001	December	100.3	100.1	101.8	99.8	99.7	100.3	101.2	100.8	103.8
2002	December	101.5	101.1	104.2	100.0	100.1	99.4	101.2	101.0	102.4
2003	December	102.7	102.0	107.3	100.2	100.1	101.0	101.2	100.9	103.0
2004	December	105.1	104.2	110.4	100.1	100.1	100.4	102.3	102.2	102.9
2005	May	106.8	105.9	112.6	100.4	100.3	100.9	103.5	103.6	103.0
	June	107.2	106.1	113.7	100.4	100.2	101.0	103.5	103.7	102.6
	July	107.3	105.8	116.4	100.1	99.7	102.3	103.4	103.5	103.1
	August	107.1	105.6	116.7	99.9	99.8	100.3	102.7	102.6	103.3
	September	107.3	106.2	114.1	100.2	100.6	97.7	103.0	103.1	102.6
	October	107.8	106.9	113.9	100.5	100.6	99.9	103.0	102.9	103.7
	November	108.2	107.3	114.0	100.3	100.4	100.0	103.1	103.0	103.6
	December	108.3	107.2	114.5	100.1	100.0	100.5	103.0	102.9	103.7
2006	January	107.7	106.5	114.8	99.5	99.3	100.3	102.8	102.7	103.8
	February	108.0	106.9	115.3	100.3	100.3	100.4	102.7	102.5	103.6
	March	108.4	107.4	114.5	100.3	100.5	99.3	102.6	102.4	103.4
	April	108.9	107.9	114.9	100.5	100.5	100.3	102.3	102.2	102.9
	May	109.5	108.5	115.8	100.6	100.6	100.8	102.6	102.5	102.9

Source: Central Bureau of Statistics.

Table J2: Core Consumer Price Indices

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

goods and services used in the calculation of the total consumer price index. A total of 111 goods and services are excluded and their share in the consumer price basket stood at 30.06% in 2005 (of which: agricultural products accounted for 6.93 percentage points, and administrative prices for 23.13 percentage points). The zero weighting method is used to exclude the prices of goods and services.

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
1994	December	1,646.0	119.0	153.4	233.2
1995	December	1,883.0	99.4	114.4	145.7
1996	December	2,217.0	104.4	117.7	111.8
1997	December	2,544.0	100.8	114.8	116.9
1998	December	2,935.0	104.6	115.4	112.8
1999	December	3,262.0	100.9	111.2	114.0
2000	December	3,499.0	99.9	107.3	108.9
2001	December	3,582.0	96.6	102.4	106.5
2002	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	May	4,436.0	103.5	106.4	105.0
	June	4,432.0	99.9	104.9	104.9
	July	4,352.0	98.2	103.4	104.7
	August	4,417.0	101.5	105.7	104.8
	September	4,352.0	98.5	105.3	104.9
	October	4,339.0	99.7	105.1	104.9
	November	4,595.0	105.9	105.6	105.0
	December	4,473.0	97.3	103.7	104.9
2006	January	4,458.0	99.7	105.2	105.2
	February	4,405.0	98.8	105.0	105.1
	March	4,602.0	104.5	104.8	105.0

Source: Central Bureau of Statistics.

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	April	-20.4	-4.3	-26.6	-24.5	-3.0	-27.9	-5.6	9.9	-27.3	-63.0	
	July	-18.6	-1.8	-20.8	-20.0	-1.1	-22.0	-2.5	12.6	-20.4	-58.0	
	October	-22.2	-4.5	-25.0	-21.5	-2.6	-26.5	-6.4	14.7	-27.1	-65.2	
2004	January	-10.5	11.4	-12.5	-12.3	11.2	-12.1	11.6	5.5	-13.0	-59.2	
	April	-23.0	-4.0	-22.8	-20.6	-3.0	-20.2	-4.9	20.4	-27.6	-63.6	
	July	-21.7	-5.8	-22.4	-19.6	-2.8	-23.4	-8.8	16.4	-24.3	-58.8	
	October	-23.9	-7.9	-22.0	-19.1	-4.1	-30.5	-11.6	22.5	-16.5	-57.3	
2005	January	-19.4	-1.9	-22.4	-17.9	0.2	-27.1	-4.0	15.6	-22.3	-58.2	
	April	-27.2	-10.7	-29.3	-26.6	-6.0	-36.1	-15.3	25.1	-25.3	-62.3	
	May	-26.4	-13.1	-28.6	-20.8	-7.1	-37.8	-19.1	25.0	-27.1	-54.4	
	June	-26.2	-11.7	-29.1	-23.8	-7.2	-36.7	-16.1	23.9	-26.8	-57.6	
	July	-28.1	-15.4	-27.7	-20.3	-7.3	-38.7	-23.5	25.6	-24.2	-56.1	
	August	-27.4	-13.6	-27.0	-19.3	-7.9	-35.2	-19.2	26.7	-26.5	-55.8	
	September	-29.4	-14.7	-28.7	-19.9	-7.8	-38.8	-21.6	34.3	-27.4	-54.0	
	October	-22.9	-9.1	-24.7	-19.1	-4.3	-29.2	-13.9	23.6	-25.8	-49.8	
	November	-23.0	-9.1	-23.1	-17.0	-4.0	-28.8	-14.1	23.1	-23.5	-50.6	
	December	-26.4	-13.7	-25.6	-16.4	-5.9	-34.4	-21.5	27.6	-25.9	-50.6	
	2006	January	-23.7	-8.4	-23.6	-14.5	-3.7	-26.6	-13.0	19.7	-29.6	-58.2
		February	-26.4	-11.6	-25.3	-20.3	-6.7	-29.5	-16.5	24.8	-26.0	-57.4
March		-25.3	-13.0	-25.4	-18.7	-5.9	-33.4	-20.0	22.1	-24.0	-53.3	
April		-23.8	-11.1	-26.6	-19.4	-7.1	-30.5	-15.0	20.3	-30.0	-52.7	
May		-23.7	-11.4	-25.3	-18.7	-6.1	-32.8	-16.7	18.9	-24.3	-52.9	

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

The CNB Consumer Confidence Survey has been carried out regularly since April 1999 in accordance with the methodology of the European Commission, the Joint Harmonised EU Programme of Business and Consumer Surveys. Until April 2005 the CNB conducted the survey once a quarter (in January, April, July and October). As of May 2005 the CNB carries out the survey in monthly frequency in co-operation 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), i.e. as the average of previously quantified responses to individual questions from the survey:

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

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

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

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

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

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

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

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

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

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

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

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

The components of composite indices are as follows:

CCI: I2, I4, I7×(-1), I11

CEI: I2, I4

CSI: I1, I3, I8

List of Banks & Savings Banks

1 June 2006

Licensed Banks

1. Banka Brod d.d., Slavonski Brod
2. Banka Kovanica d.d., Varaždin
3. Banka Sonic d.d., Zagreb
4. Banka Splitsko-Dalmatinska d.d., Split
5. Centar banka d.d., Zagreb
6. Credo banka d.d., Split
7. Croatia banka d.d., Zagreb
8. Erste & Steiermärkische Bank d.d., Rijeka
9. Gospodarsko kreditna banka d.d., Zagreb
10. Hrvatska poštanska banka d.d., Zagreb
11. HVB Splitska banka d.d., Split
12. Hypo Alpe-Adria-Bank d.d., Zagreb
13. Imex banka d.d., Split
14. Istarska kreditna banka Umag d.d., Umag
15. Jadranska banka d.d., Šibenik
16. Karlovačka banka d.d., Karlovac
17. Kreditna banka Zagreb d.d., Zagreb
18. Kvarner banka d.d., Rijeka
19. Međimurska banka d.d., Čakovec
20. Nava banka d.d., Zagreb
21. OTP banka Hrvatska d.d., Zadar
22. Partner banka d.d., Zagreb
23. Podravska banka d.d., Koprivnica
24. Požeška banka d.d., Požega
25. Primorska banka d.d., Rijeka
26. Privredna banka Zagreb d.d., Zagreb
27. Raiffeisenbank Austria d.d., Zagreb
28. Samoborska banka d.d., Samobor
29. Slatinska banka d.d., Slatina
30. Slavonska banka d.d., Osijek
31. Štedbanka d.d., Zagreb
32. VABA d.d. banka Varaždin, Varaždin
33. Volksbank d.d., Zagreb
34. Zagrebačka banka d.d., Zagreb

Licensed 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 Licensed Institutions with Full Authorization

1. Hrvatska banka za obnovu i razvitak, Zagreb

Representative Offices of Foreign Banks

1. Bank für Kärnten und Steiermark AG, Zagreb
2. Commerzbank Aktiengesellschaft, Zagreb

3. Deutsche Bank AG, Zagreb
4. Komercijalna banka a.d., Zagreb
5. LHB Internationale Handelsbank AG, Zagreb
6. Sanpaolo IMI S.p.A., Zagreb

Banks and Savings Banks under Bankruptcy Proceedings

Name of bank/savings bank	Date of bankruptcy proceedings initiation
1. Adria štedionica d.o.o., Zagreb	12/10/2000
2. Agroobrtnička banka d.d., Zagreb	14/06/2000
3. Alpe Jadran banka d.d., Split	15/06/2002
4. Cibalae banka d.d., Vinkovci	20/10/2000
5. Glumina banka d.d., Zagreb	30/04/1999
6. Gospodarska štedionica d.d., Vrbovec	03/04/2003
7. Gradska banka d.d., Osijek	03/05/1999
8. Građanska štedionica d.o.o., Karlovac	03/11/1998
9. Hrvatska gospodarska banka d.d., Zagreb	19/04/2000
10. Ilirija banka d.d., Zagreb	06/04/1999
11. Invest štedionica d.o.o., Zagreb	30/06/1999
12. Kaptol banka d.d., Zagreb	25/11/2002
13. Komercijalna banka d.d., Zagreb	30/04/1999
14. Međimurska štedionica d.d., Čakovec	17/03/2004
15. Neretvansko gospodarska banka d.d., Ploče	10/05/1999
16. Slavonska štedionica d.d., Zagreb	04/12/2002
17. Štedionica Groš banak d.o.o., Zagreb	23/04/2001
18. Štedionica Mediteran d.o.o., Split	5/12/2001
19. Štedionica za razvoj i obnovu d.o.o., Zagreb	02/07/2001
20. Trgovačko-turistička banka d.d., Split	08/09/2000
21. Županjska banka d.d., Županja	03/05/1999

Banks and Savings Banks under Liquidation Proceedings

Name of bank/savings bank	Date of liquidation proceedings initiation
1. Investicijsko-komercijalna štedionica d.d., Zagreb	31/05/2000
2. Križevačka banka d.d., Križevci	03/01/2005
3. Primus banka d.d., Zagreb	23/12/2004
4. Štedionica Dora d.d., Zagreb	01/01/2002
5. Štedionica SA-GA d.d., Zagreb	31/12/2001
6. Štedionica Zlatni vrutak d.d., Zagreb	28/12/2001

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

Name of bank/savings bank	Date of revoking operating license
1. Hibis štedionica d.d., Zagreb	07/03/2001
2. Marvil štedionica d.d., Zagreb	08/06/2001
3. Zagrebačka štedionica d.d., Zagreb	22/03/2000

Management of the Croatian National Bank

1 June 2006

Members of the Council of the Croatian National Bank

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

Management of the CNB

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

Executive Directors

Research and Statistics Area	Ljubinko Jankov
Central Banking Operation Area	Irena Kovačec
Foreign Exchange Operations Area	
Prudential Regulation and Bank Supervision Area	Marija Mijatović-Jakšić
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

