

BULLETIN



CROATIAN NATIONAL BANK

198

Year XIX • December 2013



HNB

BULLETIN 198

PUBLISHER

Croatian National Bank
Publishing Department
Trg hrvatskih velikana 3, 10002 Zagreb
Phone: +385 1 45 64 555
Contact phone: +385 1 45 65 006
Fax: +385 1 45 64 687

www.hnb.hr

Release dates are disseminated on the advance release calendar posted for Croatia on the IMF's DSBB (<http://dsbb.imf.org>).
Those using data from this publication are requested to cite the source.
Any additional corrections that might be required will be made in the website version.

ISSN 1334-0050 (online)



HNB

CROATIAN NATIONAL BANK

BULLETIN 198

Zagreb, December 2013

General information on Croatia

Economic indicators

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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)	4.440	4.439	4.442	4.440	4.436	4.434	4.429	4.418	4.280	4.267
GDP (million HRK, current prices) ^a	228,932	247,428	266,652	291,044	318,308	343,412	328,672	323,807	330,171	330,232
GDP (million EUR, current prices)	30,265	33,009	36,034	39,745	43,390	47,543	44,781	44,441	44,412	43,929
GDP per capita (in EUR)	6,816	7,436	8,112	8,951	9,781	10,722	10,111	10,060	10,377	10,295
GDP – real year-on-year rate of growth (in %)	5.4	4.1	4.3	4.9	5.1	2.1	-6.9	-2.3	0.0	-2.0
Average year-on-year inflation rate ^b	1.8	2.1	3.3	3.2	2.9	6.1	2.4	1.1	2.3	3.4
Current account balance (million EUR)	-1,870*	-1,390*	-1,963*	-2,658*	-3,136*	-4,256*	-2,334*	-523.3*	-392.1*	-12.9*
Current account balance (as % of GDP)	-6.2*	-4.2*	-5.4*	-6.7*	-7.2*	-9.0*	-5.2*	-1.2*	-0.9*	0.0*
Exports of goods and services (as % of GDP)	43.5*	43.2*	42.4*	42.7*	42.2*	41.8*	36.6*	39.9*	42.3*	43.5*
Imports of goods and services (as % of GDP)	50.2*	49.0*	48.6*	49.3*	49.3*	49.8*	40.0*	39.8*	42.1*	42.6*
External debt (million EUR, end of year) ^c	19,884	22,933	25,990	29,725	33,721	40,590	45,427*	46,685*	46,059*	45,019*
External debt (as % of GDP)	65.7	69.5	72.1	74.8	77.7	85.4	101.4*	105.0*	103.7*	102.5*
External debt (as % of exports of goods and services)	151.2*	160.9*	170.0*	175.0*	184.3*	204.1*	277.5*	263.5*	245.4*	235.4*
External debt service (as % of exports of goods and services) ^{c, d}	21.3	22.5	24.9	37.3	35.1	29.6	46.6	41.9	37.0	38.8
Gross international reserves (million EUR, end of year)	6,554	6,436	7,438	8,725	9,307	9,121	10,376	10,660	11,195	11,236
Gross international reserves (in terms of months of imports of goods and services, end of year)	5.2*	4.8*	5.1*	5.3*	5.2*	4.6*	6.9*	7.2*	7.2*	7.2*
National currency: Croatian kuna (HRK)										
Exchange rate on 31 December (HRK : 1 EUR)	7.6469	7.6712	7.3756	7.3451	7.3251	7.3244	7.3062	7.3852	7.5304	7.5456
Exchange rate on 31 December (HRK : 1 USD)	6.1185	5.6369	6.2336	5.5784	4.9855	5.1555	5.0893	5.5683	5.8199	5.7268
Average exchange rate (HRK : 1 EUR)	7.5642	7.4957	7.4000	7.3228	7.3360	7.2232	7.3396	7.2862	7.4342	7.5173
Average exchange rate (HRK : 1 USD)	6.7044	6.0312	5.9500	5.8392	5.3660	4.9344	5.2804	5.5000	5.3435	5.8509
Net lending (+)/borrowing (-) of the consolidated general government (million HRK) ^e	....	....	....	....	....	....	-17,380.7	-20,586.0	-25,711.2	-16,349.3
Net lending (+)/borrowing (-) of the consolidated general government (as % of GDP)	....	....	....	....	....	....	-5.3	-6.4	-7.8	-5.0
Public debt (as % of GDP) ^f	36.3*	38.2*	38.5*	35.7*	33.3*	30.0*	36.6*	44.9*	51.6*	55.5*
Unemployment rate (ILO, persons above 15 years of age)	14.3	13.8	12.7	11.2	9.6	8.4	9.1	11.8	13.5	15.8
Employment rate (ILO, persons above 15 years of age)	43.1	43.5	43.3	43.6	44.2	44.5	43.3	41.1	39.5	38.1

^a GDP data for 2011 and 2012 are preliminary.

^b CPI inflation rate.

^c In accordance with the obligations assumed during the pre-accession negotiations with the European Commission, the new legislative provisions governing the monitoring of foreign borrowing entered into force early in 2008. The external debt balance at end-2007 is reported in accordance with the old system. In order to provide for the comparability of annual data, the external debt is also calculated in accordance with the new system which shows an upward adjustment in the end-2007 balance, increasing it by EUR 365m or to EUR 34,086m. The advanced data processing system is in use since early 2009. For comparability reasons, the external debt balance at end-2008 is also calculated in accordance with the advanced system which shows an upward adjustment in the end-2008 balance, increasing it by EUR 366m or to EUR 40,956m.

^d Includes principal payments on bonds, long-term trade credits and long-term loans (excluding liabilities to affiliated enterprises), as well as total interest payments net of interest payments on direct investment.

^e The consolidated general government balance calculated under ESA 95 is shown in the Report on the Excessive Budget Deficit.

^f Public debt is the debt of the general government. From 2008 on, it excludes the debt of CM. Data are harmonised with the ESA 95 methodology and Eurostat's Manual on Government Deficit and Debt.

Sources: CBS, MoF and CNB.

Contents

Information on economic trends and forecasts		
1 Summary	3	
2 Global developments	5	
Croatia's main trading partners	7	
Exchange rates and price movements	7	
Benchmark interest rate trends	8	
Box 1 The cost of borrowing of the Republic of Croatia over the recent period	9	
3 Aggregate demand and supply	9	
Aggregate demand	9	
Aggregate supply	12	
Box 2 Net contributions of components of aggregate demand to real GDP growth	13	
4 Labour market	15	
5 Inflation	16	
6 Foreign trade and competitiveness	18	
Box 3 Export intensity of Croatian non-financial enterprises	20	
7 Financing conditions and capital flows	23	
Financing conditions	23	
Foreign capital flows	25	
8 Monetary policy	26	
9 Public finance	27	
Revenues, expenditures and transactions in the non-financial assets of consolidated general government	28	
Consolidated general government deficit and debt	29	
Box 4 Excessive deficit procedure	29	
10 Deviations from the previous projection	32	
Statistical survey		
Classification and presentation of data on claims and liabilities	37	
Table 1 Comparative overview of the two sector classifications	37	
Table 2 Sector classification of financial institutions up to November 2010	37	
Table 3 Sector classification of financial institutions from December 2010	37	
A Monetary and credit aggregates	39	
Table A1 Monetary and credit aggregates	39	
B Monetary institutions	40	
Table B1 Monetary survey	40	
Table B2 Number of credit institutions and their classification by total assets	41	
C Monetary authorities	42	
Table C1 Monetary authorities accounts	42	
D Credit institutions		44
Table D1 Credit institutions' accounts		44
Table D2 Foreign assets of credit institutions		45
Table D3 Credit institutions' claims on the central government and social security funds		46
Table D3a Credit institutions' kuna claims on the central government and social security funds		46
Table D4 Credit institutions' claims on other domestic sectors		47
Table D4a Credit institutions' kuna claims on other domestic sectors		47
Table D5 Distribution of credit institutions' loans by domestic institutional sectors		48
Table D5a Distribution of credit institutions' kuna loans by domestic institutional sectors		49
Table D5b Distribution of credit institutions' loans by domestic institutional sectors and original maturity		50
Table D5c Distribution of credit institutions' loans to households by purpose and currency composition		51
Table D5d Distribution of credit institutions' working capital and investment loans to non-financial corporations by currency composition		52
Table D6 Demand deposits with credit institutions		52
Table D7 Kuna deposits with credit institutions		53
Table D8 Foreign currency deposits with credit institutions		54
Table D8a Currency composition of time deposits of households and non-financial corporations		54
Table D8b Maturity composition of time deposits by sectors		55
Table D9 Bonds and money market instruments		56
Table D10 Foreign liabilities of credit institutions		57
Table D11 Deposits of the central government and social security funds with credit institutions		58
Table D12 Restricted and blocked deposits with credit institutions		58
F Monetary policy instruments and liquidity		59
Table F1 Credit rates of the Croatian National Bank		59
Table F2 Deposit rates of the Croatian National Bank		60
Table F3 Banks' reserve requirements		61
Table F4 Banks' liquidity indicators		62
G Financial markets		63
Table G1 Banks' interest rates on kuna credits not indexed to foreign currency		63
Table G2 Banks' interest rates on kuna credits indexed to foreign currency and on credits in euros		64
Table G3 Banks' interest rates on kuna deposits not indexed to foreign currency		65
Table G4a Banks' interest rates on kuna deposits indexed to foreign currency and on foreign currency deposits		66
Table G4b Banks' interest rates on kuna deposits indexed to foreign currency and on foreign currency deposits		67
Table G5 Banks' trade with foreign exchange		68
H International economic relations		69
Table H1 Balance of payments – summary		69

Table H2 Balance of payments – goods and services	70	Table H18 International investment position – portfolio investment	90
Table H3 Balance of payments – income and current transfers	71	Table H19 International investment position – other investment	91
Table H4 Balance of payments – direct and portfolio investments	72		
Table H5 Balance of payments – other investment	73	I Government finance – selected data	92
Table H6 Balance of payments – summary	75		
Table H7 International reserves and banks' foreign currency reserves	76	Table I1 Consolidated central government according to the government level	92
Table H8 International reserves and foreign currency liquidity	77	Table I2 Budgetary central government operations	93
Table H9 Midpoint exchange rates of the Croatian National Bank (period average)	79	Table I3 General government debt	94
Table H10 Midpoint exchange rates of the Croatian National Bank (end of period)	80	J Non-financial statistics – selected data	96
Table H11 Indices of the effective exchange rate of the kuna	81	Table J1 Consumer price and producer price indices	96
Table H12 Gross external debt by domestic sectors	82	Table J2 Core consumer price indices	97
Table H13 Public sector gross external debt, and publicly guaranteed and non-publicly guaranteed private sector gross external debt	84	Table J3 Hedonic real estate price index	98
Table H14 Gross external debt by domestic sectors and projected future payments	85	Table J4 Average monthly net wages	98
Table H15 Gross external debt by other sectors	87	Table J5 Consumer confidence index, consumer expectations index and consumer sentiment index	99
Table H16 International investment position – summary	89	List of banks and savings banks	101
Table H17 International investment position – direct investment	90	Management of the Croatian National Bank	102
		Abbreviations and symbols	103



Information on economic trends and forecasts

1 Summary

Real GDP is expected to decline by 0.8% in 2013, the fifth consecutive year of economic contraction.

The economy could recover gradually on the back of an uptick in exports and investments, but the expected 2014 GDP growth rate is very low (0.7%) and downside risks prevail.

Employment is expected to increase slightly and real wages to drop further in 2014.

The average annual consumer price inflation rate is expected to decelerate to 1.3% on 2014 against a background of the continued fall in import prices, a lack of domestic demand-pull and cost-push inflationary pressures and a stable kuna/euro exchange rate.

The current and capital account balances will continue to improve in 2013 and the surplus is expected to stand at 1.0% of GDP. The trend could continue into 2014 due to an anticipated growth in tourism revenues and a slowdown in the growth of the trade deficit.

In contrast with domestic financing conditions, which are somewhat more favourable than in the previous years, foreign borrowing costs increased in the second half of 2013. Financing costs will remain dependent on the trends in the risk premium on foreign borrowing and sound implementation of fiscal consolidation.

Monetary policy will continue to support the stability of the kuna/

GDP could drop by -0.8% in real terms in 2013, with the largest contribution to the decrease in economic activity coming from exports of goods and services. Domestic demand might also make a significant negative contribution to GDP trends. Government consumption might be an exception in this respect, for it is expected to grow slightly according to revised general government budget data from November. The expected GDP decrease is slightly lower than projected in July 2013, primarily due to favourable trends in the economy in the second quarter, when the assessment of recent trends was made more difficult due to Croatia's accession to the EU and the introduction of fiscal cash registers.

The economy is expected to grow slightly by 0.7% in 2014 due mainly to exports and investments growth. Government consumption should drop in the same period given the expected launch of the excessive deficit procedure within the Stability and Growth Pact that will require fiscal consolidation in 2014 and 2015. Personal consumption could stagnate under such conditions. The risks prevailing over the projection horizon are tilted to the downside and relate to the pace of fiscal adjustment, the realisation of planned investment projects, economic developments in major trading partners and global risk premium developments.

The labour market, after having stabilised and gradually improved in the first two quarters, again saw negative trends in the second half of the year. The number of employed could drop at an annual rate of 1.3% in 2013 and increase gradually in the following two years on the back of a mild economic recovery. However, given the very low expected growth rates, labour market conditions can be expected to improve only slightly over the projection horizon and the Labour Force Survey unemployment rate to remain very high at 17.0% in 2014 and 16.5% in 2015.

The annual consumer price inflation rate decelerated further in the third quarter and early in the fourth quarter, continuing a trend started in February this year, with the contribution of food products and energy prices decreasing the most. The average annual consumer price inflation rate is estimated to decelerate from 3.4% in 2012 to 2.3% in 2013, falling by 0.3 percentage point below the previous projection, mainly due to a more significant impact of decreasing food raw material prices on the fall in food prices compared with the former projection and to some extent also due to a slower growth in the CPI excluding food and energy. Inflation is expected to decline further to 1.3% in 2014 and increase to 1.8% in 2015 under conditions of a mild recovery of foreign and domestic demand and the cessation of deflationary pressures stemming from these sources.

Current and capital account balances are expected to improve to 1.0% of GDP in 2013. The improvement could stem from favourable trends in tourism and above all from a drop in expenditures in the factor income account, caused by a decrease in the profit of economic entities owned by non-residents. The balance could improve further in 2014 thanks to relatively favourable trends in foreign trade of goods and services, spurred by foreign demand recovery. Net transfers from the EU budget are also anticipated to increase, although their utilisation will strongly depend on the degree of preparation of projects and the possibility of domestic co-financing. As the domestic economic recovery picks up speed in 2015, the balance in the factor income account could be expected to deteriorate significantly, causing the total current account balance to deteriorate again. Relative external debt indicators could continue to improve to approximately 100% of GDP over the whole projection period. The contribution of the government to the growth of total external debt should gradually lessen, credit institutions will probably continue to deleverage and the borrowing by other domestic sectors will remain relatively modest.

The easing of tensions over the debt crisis of eurozone member states and strong levels of liquidity in international financial markets had no impact on the reduction in government borrowing costs, as confirmed by the November government bond issue. Interest rates on short-term corporate loans stopped declining, while the price of long-term corporate and household loans remained unchanged, with interest rates lower than in the previous years. Under such conditions, total corporate financing dropped in the third quarter following growth in the first half of the year. Only domestic short-term government borrowing recorded slightly more favourable trends. Financing conditions for domestic sectors are expected to improve somewhat over the projection period, and credit institutions' placements are expected to recover, notwithstanding their small growth of about 1% in 2014, surrounded by numerous risks.

In line with the efforts made so far, in December the CNB adopted new measures to spur bank lending to the corporate sector and boost economic recovery. These

euro exchange rate and high kuna liquidity in the banking system; new measures have been adopted to stimulate corporate lending by credit institutions in 2014.

The nominal fiscal deficit is expected to increase in 2013 due to growing interest expenses and a one-off loss in VAT revenues. The primary structural deficit is expected to remain almost unchanged. The following year should be marked by fiscal consolidation as the Stability and Growth Pact rules are going to be applied to Croatia.

measures include lowering the reserve requirement rate from 13.5% to 12% as of December 2013 and the purchase of compulsory CNB bills up to the amount of kuna funds released. The CNB will gradually redeem CNB bills should bank lending to the corporate sector increase. This is a continuation of the policy of supporting high monetary system liquidity, aimed at improving financing conditions while maintaining the stability of the domestic currency exchange rate.

The general government deficit (ESA 95 methodology) could amount to 5.9% of the estimated GDP in 2013, an increase of 1.0 percentage point relative to 2012. The bulk of the increase was due to an increase in interest expenses and a temporary loss of VAT revenues caused by the changes in the system of VAT on EU imports. The negative deficit trends were also to a large extent due to the repeal of the reinvested earnings tax as of January 2013 and to the payments to the EU budget. On the other hand, the deficit increase was strongly offset by an improved revenue collection caused by the introduction of fiscal cash registers and a drop in employee expenses. Public debt continued to grow at a rapid pace and it is expected to stand at 64% of GDP at the end of 2013. It is assumed that Croatia will have to start implementing fiscal consolidation under the rules of the Stability and Growth Pact in 2014. A recent European Commission report

Table 1 Summary table of projected macroeconomic measures

	2007	2008	2009	2010	2011	2012	2013	2014	2015
National accounts (real rate of change, in %)									
GDP	5.1	2.1	-6.9	-2.3	0.0	-2.0	-0.8	0.7	0.9
Personal consumption	6.3	1.3	-7.6	-1.3	0.2	-3.0	-0.8	-0.1	0.6
Government consumption	5.5	0.1	0.4	-2.1	-0.6	-0.8	0.3	-1.6	-1.1
Gross fixed capital formation	7.1	8.7	-14.2	-15.0	-6.4	-4.6	-0.7	3.5	4.4
Exports of goods and services	3.7	1.7	-16.2	4.8	2.0	0.4	-1.5	2.3	2.8
Imports of goods and services	6.1	4.0	-21.4	-2.8	1.3	-2.1	-0.7	1.6	2.6
Labour market									
Number of employed persons (average rate of change, in %)	2.7	2.3	-2.1	-4.2	-1.1	-1.2	-1.3	0.2	0.6
Registered unemployment rate	14.8	13.2	14.9	17.4	17.8	19.0	20.4	20.2	19.6
ILO unemployment rate	9.6	8.3	9.1	11.8	13.5	15.8	17.2	17.0	16.5
Prices									
Consumer price index (average rate of change, in %)	2.9	6.1	2.4	1.1	2.3	3.4	2.3	1.3	1.8
Public finance (as % of GDP)									
Net lending/borrowing (EDP – ESA 95) ^a	–	–	-5.3	-6.4	-7.8	-5.0	-5.9	-4.6	-3.8
Structural balance (EDP – ESA 95)	–	–	-4.9	-5.6	-6.8	-3.7	-4.3	-3.8	-3.3
Overall fiscal balance	-3.0	-2.1	-4.6	-5.4	-5.5	-4.0	-6.7	-5.2	-3.9
Public debt	33.3	30.0	36.6	44.9	51.6	55.5	64.1	66.8	67.6
External sector									
Current account balance (as % of GDP)	-7.2	-9.0	-5.2	-1.2	-0.9	0.0	0.9	1.5	1.2
Goods	-21.8	-22.4	-16.1	-12.9	-13.8	-13.8	-14.5	-14.4	-14.4
Services	14.7	14.4	12.6	13.0	14.0	14.7	15.3	15.7	15.9
Factor income	-2.5	-3.3	-4.0	-3.6	-3.6	-3.6	-2.4	-2.4	-2.8
Current transfers	2.4	2.3	2.2	2.4	2.6	2.6	2.5	2.6	2.5
Current and capital account balance (as % of GDP)	-7.2	-8.9	-5.1	-1.0	-0.8	0.1	1.0	1.8	1.7
Gross external debt (as % of GDP)	77.7	85.4	101.4	105.0	103.7	102.5	104.2	103.3	100.7
Monetary developments (rate of change, in %)									
Total liquid assets – M4	18.5	4.7	0.1	3.0	1.6	3.2	3.5	3.0	3.4
Total liquid assets – M4 ^b	19.2	4.4	0.4	1.8	0.3	3.1	3.0	2.9	3.3
Credit institution placements to the private sector ^c	15.3	13.4	0.0	6.1	4.9	-3.9	-0.3	-0.1	1.6
Credit institution placements to the private sector ^{b, c}	16.2	11.4	0.3	2.8	3.1	-4.1	-0.8	0.1	1.6

^a Data series on net lending/borrowing (ESA 95) is harmonised with Eurostat.

^b Exchange rate effects excluded.

^c If we exclude the assumption of loans to the shipyards by the Ministry of Finance and the reduction of partly recoverable and fully irrecoverable placements of one credit institution which transferred a portion of its claims to a company indirectly owned by a parent bank, the growth rate of placements in 2012 stood at 0.6% or 0.4%, exchange rate effects excluded. If we exclude the changes in the methodology (the recording of fees and the bankruptcy of Centar banka) and the one-off repayment of CBRD loan, the estimated growth rate of placements in 2013 stands at 0.9% or 0.5%, exchange rate effects excluded. If we exclude the one-off repayment of CBRD loan at the beginning of 2014 due to the discontinuation of the Programme for the Development of the Economy, the projected growth rate of placements in 2014 stands at 0.6% or 0.8%, exchange rate effects excluded.

Note: The estimate for 2013 and projections for 2014 and 2015 were derived from data available until 30 November 2013.

Sources: CBS, MoF and CNB.

states that Croatia is in breach of the Stability and Growth Pact rules as regards the budget deficit and public debt criteria, which calls for the launch of the excessive deficit procedure. Under this procedure, a member country is given a deadline by which it must reduce the deficit to an acceptable level, with an annual adjustment of the structural balance of at least 0.5% of GDP. The nominal deficit is therefore expected to be reduced to 4.6% of GDP in 2014 and the adjustment will have to be continued in 2015. The correction of the public finances will probably undermine economic performance in the short term, but it is necessary in order for the unsustainable path of public debt to be halted.

With the excessive deficit procedure almost certain to be implemented for Croatia, there is even greater need to continue implementing structural reforms and improving the export competitiveness of the economy.

Macroeconomic outlook

Croatia's economic growth should primarily derive from exports and investments in the following medium-term period. This calls for accelerated structural reforms, aimed at the improvement of the business and investment climate and the strengthening of the export sector, and for the acceleration of FDI inflows (especially into export-oriented industries). Achieving better results requires domestic enterprises to focus on exports, which is closely connected with the presence of foreign capital, improved financing conditions and an economic environment conducive to enterprise growth.

Table 1 shows central estimates/projections for Croatia's major macroeconomic measures for 2013, 2014 and 2015.

2 Global developments

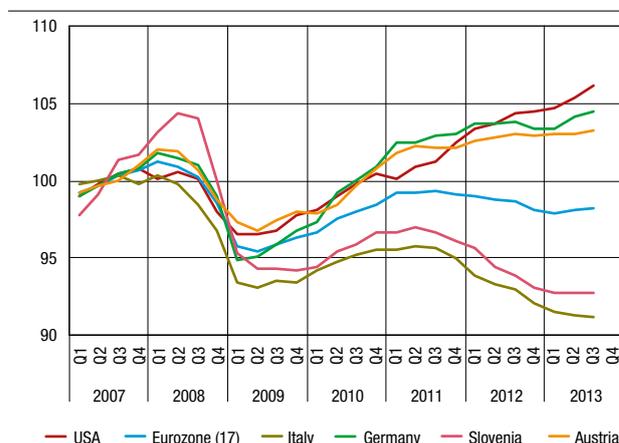
The global economy might grow by 2.9% in 2013, down 0.4 percentage points relative to July expectations (see CNB Bulletin 194). In the first nine months of 2013, the global economy was influenced by heightening economic activity in the developed countries and a gradual slowdown in growth in the emerging market economies. Of the developed economies, Japan and the USA stood out in particular in terms of positive performance, owing, among other things, to the implementation of an expansive monetary policy. The eurozone has also recorded growth on a quarterly level since the second quarter of the year but the dynamics of its economic activity continued to be influenced by negative developments in the peripheral member states. The emerging market economies continue to take a significant part in the total growth of the global economy, despite signs of a slowdown trend. After the Fed decided in mid-February to delay the announced tapering of some of the incentive monetary policy measures, the situation in the financial markets improved gradually, as seen in easing depreciation pressures on certain emerging market economy currencies.

Global economic activity is expected to heighten moderately over the next term, with the real growth in global GDP possibly accelerating to 3.6% in 2014 and 4.0% in 2015. The biggest positive contribution to acceleration in the global economy in 2014 is expected to come from the USA and this country's further strong recovery in private demand and steadily diminishing negative contribution of fiscal consolidation. As regards other developed economies, Japan expects to see a somewhat slower economic growth than in 2013 due to the implementation of the announced fiscal consolidation, while the eurozone expects to see only a small economic growth due to very slight and slow recovery in the peripheral countries, high unemployment and slow credit activity. The growth in the emerging market economies and developing countries might accelerate to 5.1% in 2014 and 5.3% 2015. The main risk to growth projection in this group of countries lies in increased financing costs, following realisation of the announced increase in benchmark interest rates in the USA.

Due to structural difficulties, economic recovery in the eurozone will be slow over the medium term, with the expected

acceleration in the growth rate standing at only 1.4% in 2015. The eurozone has witnessed economic growth since the second quarter of this year, but its recovery dynamics was very slow due to the continuing deleveraging efforts in a large number of member states. The eurozone pulled out of recession in the second quarter, having growing by 0.3% on a quarterly level, which was followed by a modest 0.1% growth in the third quarter. Looking at the contributions of individual member states, slower economic growth in the eurozone in the third quarter mainly reflects the slowdown in growth in Germany and the economic downturn in France, following moderate growth in the second quarter. Affected by muted demand and poor chances for economic growth, the inflation rate fell significantly short of the inflation target of the ECB. Recovery in personal consumption was slow due to record unemployment, lower levels of real income and household wealth, and the high level of indebtedness of some countries. Corporate investment activity is slow and is

Figure 1 Gross domestic product of selected economies seasonally adjusted data, constant prices, 2007 = 100



Note: Data for the eurozone refer to EA-17.

Source: Eurostat.

Table 2 Global economic developments

	2011	2012	2013			2014			2015
			Current projection	Previous projection	Δ Previous projection	Current projection	Previous projection	Δ Previous projection	Current projection
GDP (real rate of change, in %)									
World	3.9	3.2	2.9	3.3	-0.4	3.6	4.0	-0.5	4.0
Eurozone	1.5	-0.6	-0.4	-0.3	-0.1	1.0	1.1	-0.1	1.4
USA	1.8	2.8	1.6	1.9	-0.3	2.6	3.0	-0.4	3.4
Developing countries and emerging market countries	6.2	4.9	4.5	5.3	-0.8	5.1	5.7	-0.6	5.3
Central and Eastern Europe	5.4	1.4	2.3	2.2	0.2	2.7	2.8	-0.1	3.3
China	9.3	7.7	7.6	8.0	-0.4	7.3	8.2	-1.0	7.0
Main trading partners of the Republic of Croatia (GEE)	1.8	0.4	0.3	0.7	-0.3	1.6	1.9	2.3	2.4
Main trading partners of the Republic of Croatia	1.9	0.1	0.3	0.6	-0.3	1.4	1.7	-0.4	1.9
Italy	0.4	-2.4	-1.8	-1.5	-0.3	0.7	0.5	0.2	1.1
Germany	3.4	0.9	0.5	0.6	-0.1	1.4	1.5	-0.1	1.4
Slovenia	0.7	-2.5	-2.6	-2.0	-0.6	-1.4	1.5	-3.0	0.9
Austria	2.8	0.9	0.4	0.8	-0.4	1.6	1.6	0.0	1.8
Bosnia and Herzegovina	1.3	-0.7	0.5	0.5	0.0	2.0	2.0	0.0	3.5
Serbia	1.6	-1.7	2.0	2.0	0.0	2.0	2.0	0.0	2.2
Other	2.3	1.9	1.7	2.0	-0.3	2.2	2.4	-0.3	2.4
Real imports of trading partners ^a	4.8	-0.8	1.4	2.3	-0.9	4.0	4.3	-0.3	4.9
Prices									
Eurozone HICP	2.7	2.5	1.5	1.6	-0.1	1.5	1.6	-0.1	1.4
Oil prices (USD/barrel) ^b	111.1	112.0	108.5	105.3	3.2	106.0	99.5	6.4	100.5
Oil prices (year-on-year rate of change)	39.7	0.8	-3.1	-5.9	2.8	-2.3	-5.5	3.2	-5.1
Raw materials prices (excl. energy) (year-on-year rate of change)	17.8	-9.8	-1.5	-0.9	-0.6	-4.2	-4.3	0.1	-2.1
EURIBOR 3M (end of year) ^c	1.36	0.19	0.21	0.26	-0.1	0.3	0.4	-0.1	...
EUR/USD exchange rate (average) ^d	1.39	1.29	1.33	1.30	0.0	1.30	1.27	0.0	1.27
EUR/CHF exchange rate (average) ^d	1.23	1.21	1.23	1.23	0.0	1.25	1.25	0.0	1.26

^a IMF (GEE), November 2013. ^b Bloomberg and Brent crude oil futures. ^c Bloomberg. ^d *Foreign Exchange Consensus Forecasts*, November 2013.

Source: IMF (WEO), October 2013.

not expected to accelerate any time over the next period, due to uncertainties regarding the chances for economic growth in the eurozone and high corporate indebtedness in some member states. Credit activity remains exceptionally slow, restricting private demand, particularly in the peripheral member states which is associated with a very high credit risk in these countries. In such conditions, the reintegration of the financial market of the eurozone is relatively slow.

According to autumn IMF forecasts, the economic activity in the USA might grow in real terms by 2.6% and 3.4% in 2014 and 2015, respectively. In the USA, economic recovery is steadily accelerating owing to favourable financial conditions, a gradual improvement in the labour market and a capital market upswing. The real GDP grew by 0.7% on a quarterly level in the third quarter, after having grown by 0.6% in the previous quarter. The biggest contribution to growth in the third quarter came from gross fixed capital formation, while the negative contribution of government consumption was much smaller than at the beginning of the year. The effects of fiscal consolidation are expected to be much smaller in 2014, which should, with further strengthening of private demand contribute to further strengthening of economic growth in that year. The main risk to the projection of growth in the American economy lies in the

uncertainty as regards the legislative framework for American government borrowing in the forthcoming period. The existing act governing budget management prescribes the maximum level of public debt, which, according to estimates, might be reached as early as in February 2014. Failure to reach a timely political agreement to lift this restriction would put the US government in the situation of being unable to settle its due financial liabilities, which would probably lead to great turmoil in the global financial markets. This risk is also one of the major risks for the global economy in 2014.

The Chinese economy is expected to converge over a medium term towards a sustainable and balanced growth of 7.0% in 2015, after having grown by 7.6% in 2013. The quarterly real GDP growth in China, after standing at 1.9% in the second quarter, reached 2.2% in the third quarter, with positive contributions to growth coming from domestic demand and export growth. The emerging market economies were again the key factor of global economic growth, though their growth rates were now considerably lower than their record levels in 2010. It is estimated that economic activity growth in the emerging market economies might accelerate from 4.5% in 2013 to 5.1% in 2014 and 5.3% in 2015. In the period immediately following the global recession, these countries witnessed a sharp cyclical upturn

aided by expansive economic policy and an inflow of foreign capital drawn by high yields and the good economic outlooks of these countries as well as record low benchmark interest rates in developed global economies. In such conditions, some countries were faced with credit expansion and a gradual build up of internal and external imbalances which made them vulnerable to fluctuations in the global financial markets. This risk materialised partly in mid-2013, after the Fed announced monetary expansion slowdown, which led to increased interest rates in the USA. Most of the countries of the emerging market economies were faced after that with partial capital outflow and many of them decided to use foreign exchange interventions to prevent excessive depreciation of national currencies. The Fed decided in September to delay tapering monetary expansion, although it is clear that it is bound to happen in the forthcoming period, and that it will necessarily lead to upward pressures on yields in the US. Such developments will affect the financing possibilities and the rate of potential economic growth in the emerging market economies over the medium term. As shown by current IMF projections, the effects of the expected normalisation of interest rates will only be limited.

Croatia's main trading partners

In the next two years, most of the Croatian trading partners will see a gradual strengthening of economic growth, except Slovenia, which does not expect to see even modest economic growth happening before 2015. Of Croatia's main EU trading partners, Germany stands out this year in terms of favourable dynamics of economic activity and is followed by Austria which also witnessed a small recovery in the third quarter of the year. By contrast, Italy and Slovenia, on account of the need for further correction of the accumulated imbalances, are still facing an economic downturn. Compared to the previous projection, economic outlooks have worsened in particular in Slovenia, with the expected growth rates of the Slovenian economy in 2013 and 2014 being revised downwards by 0.6 and 3.0 percentage points, respectively, compared to July estimate and projection (see Table 2). As regards Croatia's trading partners outside the EU, Serbia and Bosnia and Herzegovina witnessed a gradual acceleration in economic activity in 2013 owing to favourable export performance, although economic conditions in both countries remained very unfavourable.

In Italy, the rate of change in real GDP could stand at -1.8% in 2013, with economic recovery being expected in the next two years, with growth standing at 0.7% in 2014 and 1.1% in 2015. Economic activity also fell in real terms in the third quarter, the ninth consecutive quarter of decline. However, the intensity of the contraction slowed down gradually, so after having fallen 0.9% and 0.6% in the first and the second quarter, the real fall in the third quarter stood at 0.1% . The slowdown in economic activity in 2013 was associated with further weakening of domestic demand as well as unfavourable external sector performance. Household consumption was negatively influenced by a steady fall in real income and negative trends in the labour market. Corporate investment activity is restrained due to unfavourable outlooks for economic growth and reduced credit availability, while poor export performance reflects low demand on major foreign markets.

At the entire-2013 level, Germany might see a real GDP growth rate of 0.5% and in 2014 and in 2015 of approximately 1.4% . Germany continues to be the main generator of economic growth in the eurozone, although its quarterly real GDP growth rate fell to 0.3% from 0.7% in the second quarter. The absence of faster economic growth is based on the assumption of a prolonged period of poor demand in the eurozone as a result of a

very slow recovery in the peripheral member states. Germany was the only EU member state which managed to generate a general government surplus in 2012 while also running a significant current account surplus. It was exactly because of this current account surplus that the European Commission decided, in the course of implementation of the macroeconomic imbalance procedures, to place Germany among countries with potential imbalances. Such a decision of the European Commission is widely supported by most other Member States which maintain that Germany, with its prudent domestic spending policy and export expansion directly harms the interests of other EU economies and that it should ease the recovery of the peripheral member states by strengthening domestic demand.

Austria's real GDP growth might reach 0.4% in 2013, owing to slow economic recovery in the second half of the year, and accelerate gradually to 1.6% in 2014 and 1.8% in 2015. Austria's real GDP grew 0.2% on a quarterly level in the third quarter of the year, following stagnation in the second quarter. The only slight acceleration in the Austrian economy was mainly the result of growth in government consumption and a slowdown in the fall in gross fixed capital formation relative to the previous quarter. The short-term indicators point to possible acceleration of exports over the upcoming months, which is expected to have a positive effect on corporate investments. Personal consumption is expected to be fuelled by growth in household real income in the conditions of low inflation.

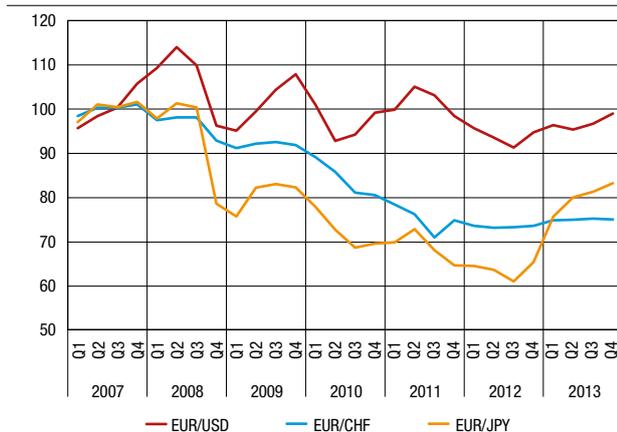
Slovenia's economy is in deep recession. As a result, the country's real GDP might fall by 2.6% in 2013 and by 1.4% in 2014, with no beginning of economic recovery being expected before 2015. A sharp contraction in the economic activity reflects unfavourable dynamics of domestic and foreign demand. Domestic demand is negatively influenced by fiscal consolidation implementation, deleveraging of highly indebted corporates and slow credit activities of banks. However, there are several relatively favourable indicators: the unemployment rate, though rising, is below the eurozone average, the country ran a significant current account surplus and the level of household and general government indebtedness is much lower than in comparable countries. However, the expected costs of banking system rehabilitation will fuel public debt considerably over the next period, which will require further fiscal consolidation.

As regards Croatia's trading partners outside the EU, Bosnia and Herzegovina might see a small economic growth in 2013, mainly as a result of a growth in exports, followed by a gradual acceleration in growth to 3.5% in 2015. However, despite current improvements, the economic conditions continue to be relatively unfavourable, as shown by the unemployment rate of almost 30% . Real GDP in Serbia is expected to grow by 2.0% in 2013, and approximately the same growth rates are expected for the following two years. The economic growth in 2013 was boosted by good outturns in agriculture and dynamic growth in goods exports, primarily as a result of a sharp rise in exports of cars. The favourable export outturn helped narrow considerably the current account deficit. At the same time, domestic demand had a negative influence on economic activity, mainly as a result of implementation of fiscal consolidation. Domestic demand is expected to have a negative effect on developments in real GDP in the upcoming period as well, as the very high budget deficit will require further strong fiscal consolidation.

Exchange rates and price movements

In the conditions of economic growth that was slower in the eurozone than in the US, the American dollar is expected to strengthen gradually against the euro. In 2013, the developments in the euro against the American dollar were mostly

Figure 2 Exchange rates of individual currencies
2007 = 100



Note: A growth in the index denotes a depreciation of a currency against the euro.
Data for the fourth quarter are up to 30 November 2013.
Source: Eurostat.

driven by changes in FED and ECB monetary policy instruments and market expectations regarding future decisions of these two central banks. The American dollar thus strengthened visibly against the euro in May, after it was announced that the Fed might slow down the monetary expansion dynamics due to an improvement in economic indicators. By contrast, it started weakening steeply in September, after the Fed decided to delay tapering of monetary expansion, already expected by the financial markets in September. It strengthened again considerably towards the end of October and in early November, this time due to unfavourable macroeconomic indicators in the eurozone and the ECB decision to cut the interest rate by 0.25 percentage points. The Swiss franc/euro exchange rate remained relatively stable during the first eleven months of 2013, moving slightly above the floor set by the Swiss central bank. The average exchange rate of the Swiss franc against the euro might stand at EUR/CHF 1.23 in 2013, while in the remaining part of the previous year, the nominal exchange rate held steady very close to the administratively set floor of EUR/CHF 1.20. A somewhat higher exchange rate of the Swiss franc against the euro in 2013 might be associated with gradual easing of the tensions on the

financial markets of the eurozone and a much smaller risk of EMU collapse compared to 2012.

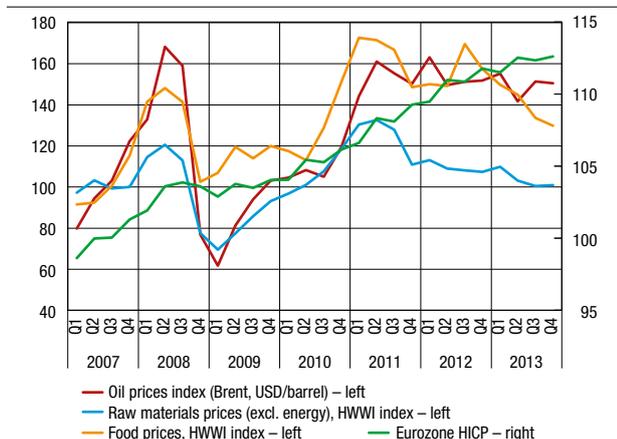
According to present market expectations, the following years might see a further fall in oil prices. The price of Brent crude oil in the third quarter of 2013 averaged USD 110 per barrel, an increase of 6.8% from its average price in the second quarter. The increase in oil prices in the third quarter is associated with a sharp rise in prices in the second half of August as a result of mounting conflicts in North Africa when the price of Brent crude oil reached USD 118 per barrel. In the first half of September, geopolitical tensions eased gradually, bringing the price of crude oil down to approximately USD 110 per barrel, the level maintained throughout October and November.

The prices of raw materials are also expected to fall further slightly, influenced by the fall in the prices of food products. The prices of raw materials, excluding energy, measured by the HWWI index continued to decline in the third quarter, with the fall in the prices of food, particularly cereals, oil and oil seeds being the most prominent. The prices of cereals have been declining steadily since September 2012 which can be associated with a very good harvest and favourable outlooks for the supply of this raw material over the next period. As regards industrial raw materials, their prices did not change much in the third quarter relative to the previous period. At the beginning of the fourth quarter, the HWWI index rose slightly, due to an increase in the prices of industrial raw materials, while the prices of food dropped further.

Benchmark interest rate trends

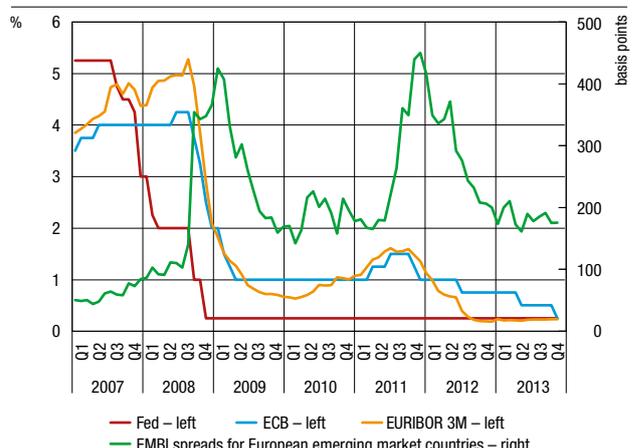
Financial markets expect a continuation of the application of very low benchmark interest rates in the coming several quarters, which should keep market interest rates at very low levels right until the end of 2014. At a meeting held in early November 2013, the ECB slashed the interest rate for the main refinancing operations from 0.5% to 0.25%, after cutting it previously, in May of this year, from 0.75% to 0.50%. The ECB has also decided that regular refinancing operations would continue to be conducted at a fixed interest rate with full allocation and has introduced three-month refinancing operations to be conducted at least until mid-2015. The ECB explained these decisions by insufficient credit activity, a poor economic recovery outlook and an exceptionally low rate of inflation which is not expected to converge with the inflation target of the ECB before the medium term. In mid-September, the Fed decided to delay the beginning

Figure 3 Prices
2007 = 100



Note: Data for the fourth quarter of 2013 refer to October, while the oil price index data refer to November as well.
Sources: Eurostat, Bloomberg and HWWI.

Figure 4 Benchmark interest rates and the average yield spread on bonds of European emerging market countries



Note: Data for the fourth quarter are up to 30 November 2013.
Source: Bloomberg.

of the announced tapering of the securities purchase, currently standing at of USD 85bn a month.

The conditions of foreign financing of the Croatian economy over the next term will be negatively influenced by increased

CDS for Croatia. The increased risk premium for Croatia is the result of domestic and not foreign factors (for more information, see Box 1 The cost of borrowing of the Republic of Croatia over the recent period).

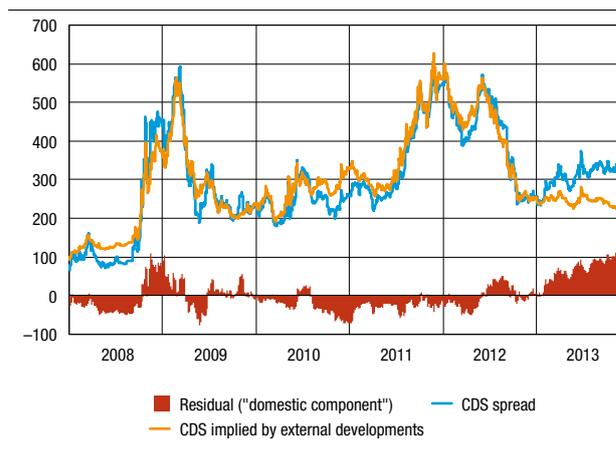
Box 1 The cost of borrowing of the Republic of Croatia over the recent period

In the past several years Croatia belonged to a group of European countries in which the price of foreign borrowing was strongly influenced by external developments. However, in 2013, Croatia's credit default swaps started to diverge increasingly from those of comparable EU countries, mainly, as shown by an analysis conducted, as a result of unfavourable developments in the domestic economy.

In 2013, Croatia's credit default swap (CDS) premium rose, with its dynamics departing significantly from risk premium dynamics of the comparable countries of Central and East Europe¹. In an attempt to identify the reasons for this divergence, we analyse to what extent the developments in Croatia's CDSs were influenced by external and to what extent by other, i.e. domestic developments. External developments relevant for the domestic price of borrowing were synthesized using the principal components method. For the group of risk premiums for 14 EU countries², two common factors, i.e. the variables that sum up the information (variability) of the analysed group of risk premiums were estimated. The two common factors comprise over 90% of the total variation in all variables, which points to the existence of strong common sources of variation in the financial markets. After that, a simple linear model was assessed under which Croatia's CDS is explained exclusively by the estimated common factors. Important for this analysis is the residual of the interpreted model, i.e. that part of the risk premium spread that is not influenced by common external developments.

Until end-2012, Croatia belonged to a group of countries most strongly influenced by common (external) developments and therefore closely followed the dynamics of common components. However, differences in risk premiums for Croatia and their model approximations obtained from common (external) factors grew steadily in 2013. As a result, of all the 14 analysed

Figure 5 CDSs for Croatia and their model approximations obtained from the dynamics of common (external) factors



Sources: Bloomberg and CNB calculations.

EU countries, at the end of the observed period (4 December 2013), the unfavourable impact of the domestic component on the borrowing cost was the biggest in Croatia, which was followed by Slovenia. These developments show that under the present conditions, unlike those in the previous several years, macrofundamentals have gained in relevance for the markets. The implementation of fiscal consolidation and structural reforms to enable faster real growth therefore seems crucial for the reduction of the high financing costs of the domestic economy.

3 Aggregate demand and supply

Real GDP fell slightly (-0.1%) in the third quarter of 2013 relative to the previous quarter³. Developments in individual components of aggregate demand were predominantly unfavourable, and according to the currently available CBS data, published in the framework of the first GDP estimate, it is evident that export of services in tourism provided the biggest contribution to growth, while goods exports had the biggest negative influence on developments in economic activity. According to the first available monthly data for the fourth quarter, the end

of the year might see a sharper fall in economic activity than the previous quarter. The annual rate of change in real GDP at the entire-2013 level could stand at -0.8% , with a small recovery in economic activity being expected in 2014, as a result of stronger goods and services exports and faster dynamics of gross fixed capital formation.

Aggregate demand

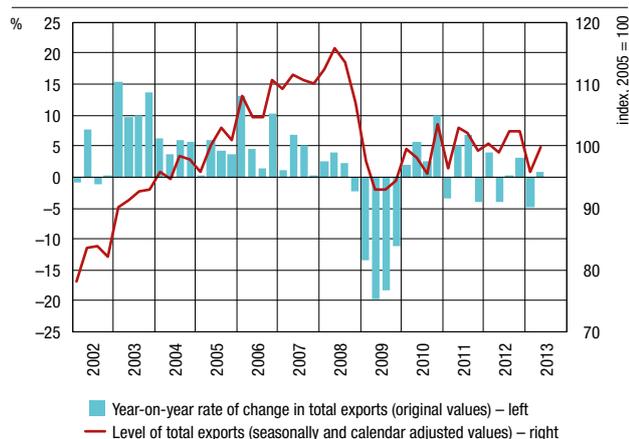
A fall in the nominal exports of goods and services in the third quarter was mainly due to a sharp fall in goods exports, in contrast with a rise in services exports due to the tourism outturn. According to more detailed data available for the first eight months of 2013, the largest contraction in goods exports was seen in the exports of ships, although negative developments were also seen in exports of capital goods and agricultural and food products. By contrast, developments in the exports of electricity and miscellaneous manufactured articles were positive.

1 For more information on this topic, see Kunovac, D. (2013): *The Borrowing Costs of Selected Countries of the European Union – the Role of the Spillover of External Shocks*, HNB WP 41, April 2013.

2 The analysed countries include: Croatia, Bulgaria, Romania, Hungary, Austria, Belgium, the Czech Republic, Spain, France, Ireland, Italy, Lithuania, Poland and Portugal.

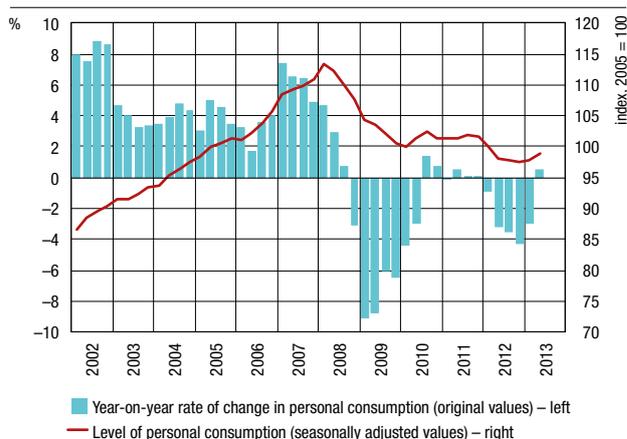
3 According to the first CBS results, the real rate of change in GDP in the third quarter of 2013 stood at -0.6% on an annual level. GDP data from the first quarter of 2011 onwards are preliminary data.

Figure 6 Exports of goods and services
real values



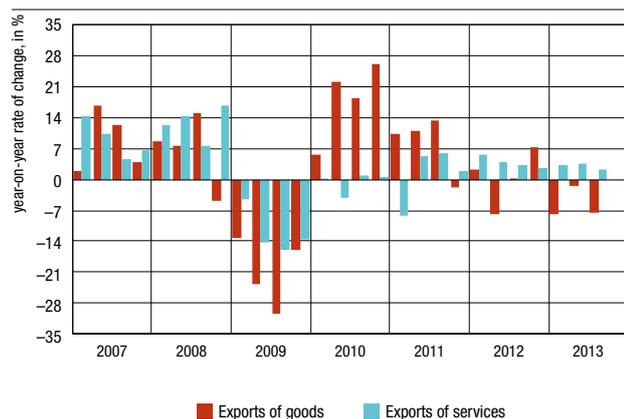
Source: CBS data seasonally and calendar adjusted by the CNB.

Figure 8 Personal consumption
real values



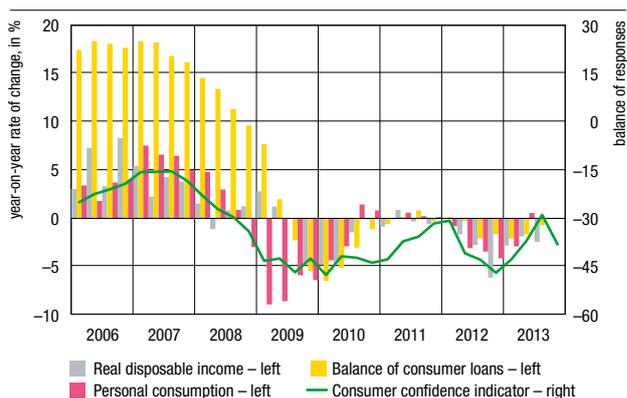
Source: CBS data seasonally adjusted by the CNB.

Figure 7 Exports of goods and services
in EUR, nominal values taken from the balance of payments



Source: CNB.

Figure 9 Determinants of personal consumption



Note: The values of the consumer confidence indicator in a month are calculated as three-member averages of monthly data. The value of the consumer confidence indicator for the fourth quarter of 2013 is calculated on the basis of data for October and November.

Sources: CBS, Ipsos Puls and CNB.

Observed at the entire-2013 level, exports of goods and services might fall by 1.5% owing to persistently unfavourable developments in goods exports during the year, with the exception of the second quarter, when foreign trade was influenced by one-off factors due to accession to the European Union. The fall in exports in 2013 was also due to a slower recovery in economic activity in the eurozone and a slower than expected outturn of ship exports. In 2014, exports are expected to grow as a result of recovered demand in Croatia's major trading partners, and favourable developments in this component of aggregate demand are expected to be one of the main generators of economic recovery in 2014 and 2015.

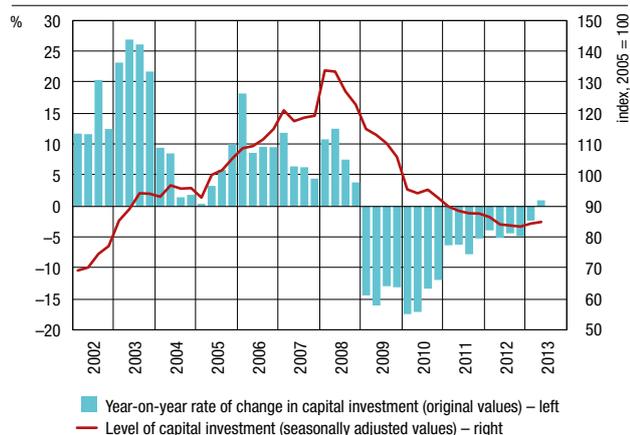
Domestic demand fell during the third quarter, primarily as a result of the fall in investments shown by monthly data.

Personal consumption fell in the third quarter probably as a result of further unfavourable developments in employment and household deleveraging. The third quarter saw a fall in the number of employed persons and an increase in the number of unemployed persons as well as a considerable fall in public sector wages, as a result of a March 2013 decision to reduce wages of employees in public and government services by 3%. Lower

public sector wages slowed down wage growth dynamics in the entire economy. As shown by the consumer confidence survey, unfavourable developments in the labour market were accompanied by a fall in consumer optimism towards the end of the third and at the beginning of the fourth quarter. Taking into account the expected absence of any significant wage growth in the remaining part of the year, it is evident that the contribution of personal consumption to economic growth at the entire-2013 level might be negative. Also, no significant recovery in personal consumption is expected in 2014, given the expected further unfavourable developments in the labour market and the excessive deficit procedure initiated against Croatia, which will require fiscal adjustment and might negatively influence personal consumption.

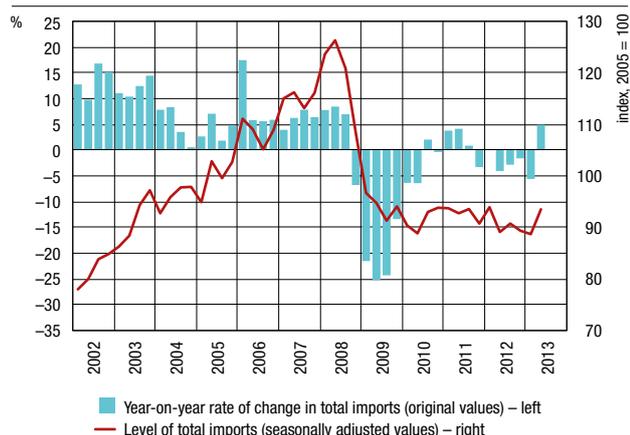
Investment activity probably fell in the third quarter of 2013, following a temporary recovery in the first half of the year, as suggested by a further sharp fall in the volume index of construction works in July and August and a fall in production and imports of capital goods. According to the available data from the revised consolidated general government budget for 2013, no significant increase in the dynamics of public sector investment

Figure 10 Gross fixed capital formation



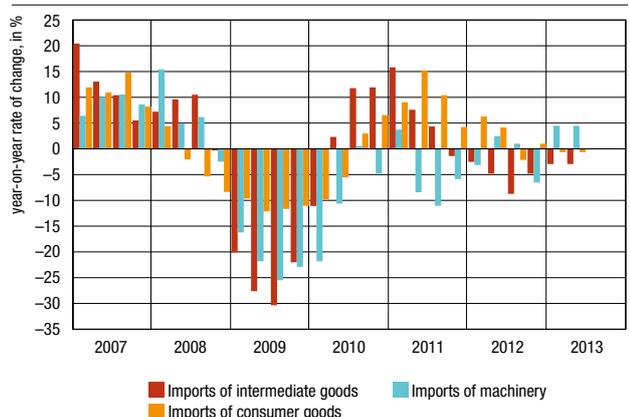
Source: CBS data seasonally adjusted by the CNB.

Figure 11 Imports of goods and services
real values



Source: CBS data seasonally adjusted by the CNB.

Figure 12 Goods imports by category
in EUR, nominal values



Source: CBS (recent data are not available).

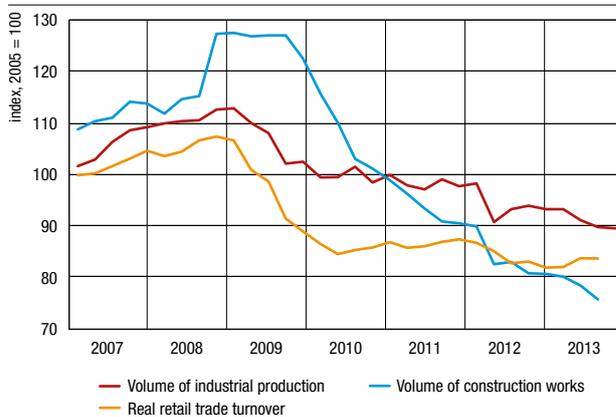
is expected until year-end, and given the low level of aggregate demand and increased uncertainty as regards its further developments, as well as the absence of significant inflows of foreign direct investments in new production capacities, no significant recovery until year-end is expected in private investments either.

Investment activities are expected to pick up in 2014 due to the launching and continuation of multiannual investment projects of public companies and a slight recovery in private sector investments. The dynamics of investment activity in 2014 is expected to be boosted by the Act on Strategic Investment Projects of the Republic of Croatia, enacted in November 2013, which should facilitate realisation of private and public investment projects. However, the key to faster investment dynamics will lie in increased ability to withdraw funds from structural and cohesion funds of the European Union.

The third quarter probably saw a decline in real government consumption as a result of cuts in nominal expenditures for the use of goods and services on an annual level. The same period also saw a nominal decline in employee compensation due to a fall in public sector wages resulting from a decision to reduce wages of employees in public and government services. In accordance with the revised 2013 budget, the expectations for the remaining part of the year include increased government consumption associated with the expected growth in expenses for employees, the projected increase in the number of employed persons in government and public services, with the real rate of growth in government consumption in 2013 possibly standing at 0.3%. The initiated excess deficit procedure might push government consumption downwards in the following years. It is likely, therefore, that this category of aggregate demand will have a negative contribution to total economic growth over the next period.

According to nominal balance of payments data, the third quarter saw a fall in goods and services imports, driven by contraction of all GDP components. Unfavourable developments in aggregate demand on an annual level will be the main determinant of the expected fall in goods and services imports in 2013. In 2014 and 2015, imports are expected to grow, given the expected faster dynamics of goods and services exports and investments (for a detailed analysis of the distribution of imports by components of aggregate demand see Box 2 Net contributions of components of aggregate demand to real GDP growth).

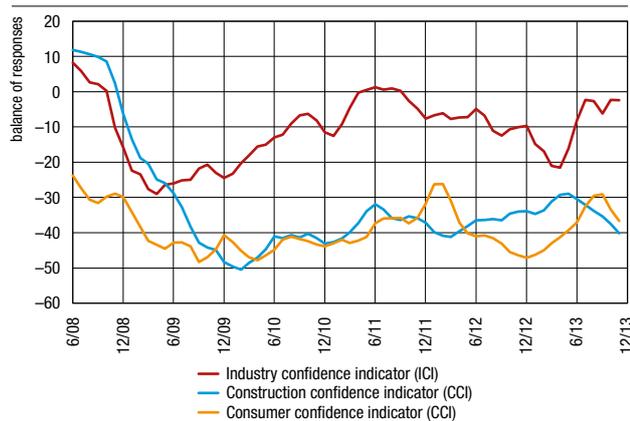
Figure 13 Short-term economic indicators
seasonally and calendar adjusted



Note: Quarterly data are calculated as a simple average of monthly data. The value of the industrial production volume index for the fourth quarter of 2013 is calculated on the basis of data for October.

Source: CBS data seasonally and calendar adjusted by the CNB.

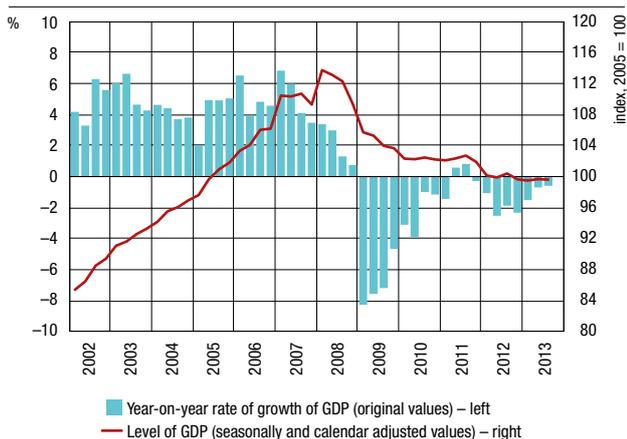
Figure 14 Business confidence indicators



Note: The presented values are three-member moving averages of monthly data. The Business Confidence Survey has been carried out since May 2008. The last data available refers to November 2013.

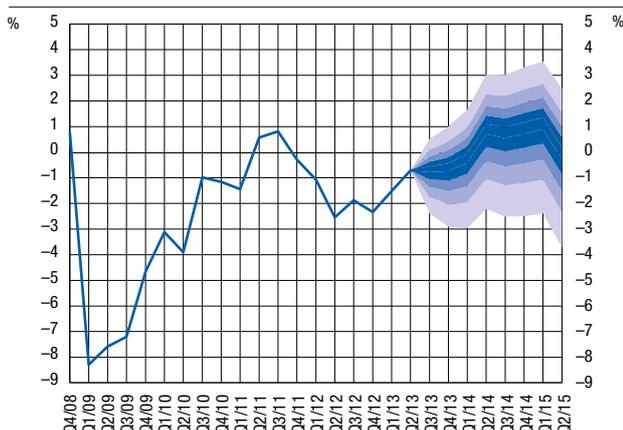
Sources: Ipsos Puls and CNB.

Figure 15 Gross domestic product real values



Source: CBS data seasonally and calendar adjusted by the CNB.

Figure 16 Projection of real GDP dynamics year-on-year rate of growth



Sources: CBS and CNB.

Aggregate supply

According to available high-frequency indicators for the third quarter, it is likely that gross value added in the economy fell, influenced by developments in GDP. Real activity in industry and construction shrank in the third quarter of the year, while real retail trade turnover fell only slightly, influenced by favourable developments in tourism. The number of tourist nights rose by 2.7% on an annual level, with the number of domestic tourist nights falling by 2.1% and that of foreign tourists rising by 3%. According to the first CBS data published in the framework of the first GDP estimate, the biggest contribution to the fall in economic activity came from manufacturing, while the most favourable developments were seen in accommodation and food service activities.

As suggested by the available monthly data, unfavourable developments in economic activity will continue into the beginning of the fourth quarter. The seasonally adjusted volume index of industrial production fell in October relative to the previous quarter, while the latest Business Confidence Surveys (for October and November) indicate a further fall in business optimism in construction. The real retail trade turnover fell steeply in October from the previous quarter. Consumer optimism also fell during this period, mainly driven by negative expectations associated with overall economic situation and the expected rise in unemployment. By contrast, positive results in tourism were also recorded in October, as seen in an increase in nights of 7% on an annual level. However, this will not have a significant impact on economic activity since nights over the entire fourth quarter account for less than 5% of nights on an annual level.

If unfavourable expectations regarding developments in individual components of demand materialise, there will probably be no significant recovery in major NCA activities, particularly industry and trade, while developments in construction activity will probably be largely determined by developments and intensity of public sector investments and the speed of private sector investment recovery.

In accordance with the described projections of developments in the components of aggregate demand in 2013, the expected rate of change in GDP will stand at -0.8% . Economic activity is expected to grow only slightly in 2014 (0.7%), driven mainly by growing exports and investments, accompanied by a contraction in government consumption spurred by fiscal adjustment implementation. Personal consumption might hold steady in such an environment. Further fiscal consolidation will also influence real developments in 2015, which is expected to see only a small acceleration in the growth rate of economic activity (0.9%).

The risks to central projection realisation are asymmetric, with materialisation of negative risks being more pronounced (Figure 16)⁴. The main negative risks in the projection period lie in a lower than expected intensity of withdrawal of funds from structural and cohesion funds of the European Union, a slower realisation or even abandonment of some of the ambitious investment programmes in the energy sector and infrastructure and slower than expected economic recovery of key foreign trade partners and eurozone countries. Also, one of the assumptions on which the projection rests is the excessive deficit procedure which implies fiscal adjustment of the structural balance of 0.5% of GDP. It is highly probable that the required adjustment might even be much bigger than that assumed, given the outturn and the expected level of budget deficit. In addition, in the

4 The lower and upper limits of a 90% confidence interval have been determined on the basis of historical variances of projection errors for a particular quarter. The said variances were further adjusted by a correction factor whose value reflects the CNB's perception about changes in potential risks for the realisation of central projections.

past month, the risk premium for Croatia rose considerably, in contrast with its fall in other countries. Were they to continue,

such developments would additionally push up the cost of foreign borrowing for Croatia.

Box 2 Net contributions of components of aggregate demand to real GDP growth

The results of the analysis based on input-output tables for 2004 point to a considerable difference in import intensity of individual GDP components, which changes somewhat the perception of their contributions to domestic production. The analysis has shown that the net contribution of exports to growth in the observed period before recession was positive, the conclusion that growth was guided by domestic demand still holding. As economic growth is expected over the forthcoming medium term, spurred by positive contribution of exports and investments, the analysis shows that exports and investments have a relatively big import component and ultimately smaller contributions to GDP growth than other GDP components. These views should be taken with caution as in the years following 2004 considerable changes could have taken place in the structure of the Croatian economy and import intensity of individual components of GDP.

In the context of a small and open economy such as Croatia, it is very important to establish whether developments in economic activity are primarily determined by domestic or foreign demand. However, data shown in the context of national accounts do not enable this type of breakdown of contributions to growth of different components of economic activity. Namely, numerous goods are imported which serve to meet the domestic

demand and so are components for export products, so that both domestic and export demand have an import component. Imports are thus a deduction item for the contributions of domestic and foreign demand to economic activity, but they cannot be precisely broken down to components of final demand as they are shown in the national accounts on an aggregate basis only. One of the ways in which an attempt to make this estimate can be made is based on the use of input-output tables to calculate the import component of each of the components of gross domestic product. Thus calculated net contributions of individual components of aggregate demand to developments in real GDP, i.e. contributions net of their import component, show that domestic demand was the main generator of growth of the Croatian economy between 2005 and 2008. Since 2010, there has been a visible change in the relations between contributions of the main components of demand with foreign demand mitigating to an extent a strong negative contribution of domestic demand.

Table 3 Distribution of imports and GDP by aggregate demand components

	C	I	ΔZ	G	Ex	Total
(1) GDP	72%	54%	61%	80%	63%	72%
(2) Imports of goods and services (a + b)	28%	46%	39%	20%	37%	28%
a) Final	15%	29%	21%	6%	21%	15%
b) Intermediate	12%	18%	18%	14%	17%	12%
Total	100%	100%	100%	100%	100%	100%

Notes:
GDP = gross value added + taxes – subsidies
 ΔZ denotes change in inventories.
Sources: CBS and CNB calculations.

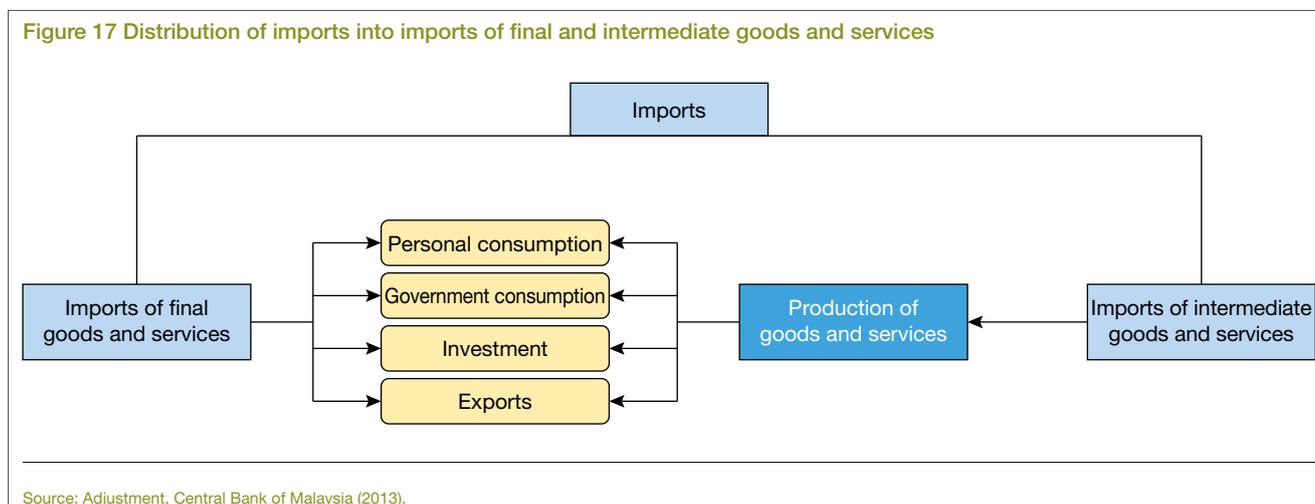
The import component of GDP by expenditure method

The value of each unit of final demand can be divided into the import component and the component of domestic demand directly contributing to GDP. When estimating the contribution of each component of final demand, the import component should be excluded (Figure 17).

The import component can be adequately estimated using the input-output tables (hereinafter I-O tables). The I-O tables show the supply of final goods and services (output) generated by input factors of production and capital and intermediate goods of domestic and foreign origin (input). The I-O tables published by the CBS⁵ provide data on relations between 59 activities and products, with each of the products being assigned a component of final demand (personal – C, investment – I, government consumption – G and exports – EX).

The I-O tables show the imports of final goods by each component of final demand, while the imports of intermediate goods that are used in domestic production may be calculated

Figure 17 Distribution of imports into imports of final and intermediate goods and services



Source: Adjustment, Central Bank of Malaysia (2013).

⁵ In August 2013, the Central Bureau of Statistics issued for the first time (First Release 12.1.4.) input-output tables based on EU methodology – the European System of National and Regional Accounts (ESA 95) for the Croatian economy in 2004. There are also separate tables for domestic production, total supply and imports. The Eurostat obliges the national statistical institutes to publish I-O tables for observations every five years and tables of supply and use once a year.

Table 4 Share of imports of individual aggregate demand components in total imports

	C	I	ΔZ	G	Ex	Total
Imports of goods and services (a + b)	34%	24%	2%	8%	33%	100%
a) Final	19%	15%	1%	3%	18%	55%
b) Intermediate	15%	9%	1%	6%	15%	45%

Sources: CBS and CNB calculations.

by means of simple matrix operations. The results obtained by the calculation indicate (Table 3) that in 2004 gross fixed capital formation accounted for the biggest import content (46%) in the value of the aggregate, followed by exports (37%) and personal consumption (28%) and government consumption (20%).

Gross fixed capital formation is characterised by predominant imports of final goods, mostly equipment, while imports of intermediate goods are most prominent in investments in construction. Imports of final goods are also evident in exports and are associated with the needs of re-exports. The imports of intermediate goods and services are the biggest in the hotels and restaurants activity. The import component of personal consumption is relatively low, however, it should be taken into account that the bulk of consumption involves expenditures with a pronounced domestic component, such as food and beverages, housing costs and energy consumption.

As shown in Table 4, the bulk of imports relates to personal consumption as the main component of GDP and exports. The imports of final goods and services were also a little higher than imports of intermediate goods and services.

As shown in this analysis, the contribution of a unit increase in investments and exports to GDP growth is smaller than that of personal and government consumption. Given that no significant recovery in personal consumption is expected over the medium term and that as a result of the excessive budget deficit procedure recently initiated against Croatia, the budget deficit as well as government consumption are expected to fall, growth in the near future could be mainly generated by investment and exports. Such a structure of economic growth might lead to a somewhat faster growth in imports than in the past and possibly a smaller expected GDP growth.

Net contributions to real GDP growth

To calculate the net contribution of each component of aggregate demand to GDP, the standard contribution has to be corrected for the import component. We use personal consumption to show how this works:

Table 5 Net contributions to real GDP growth in 2005

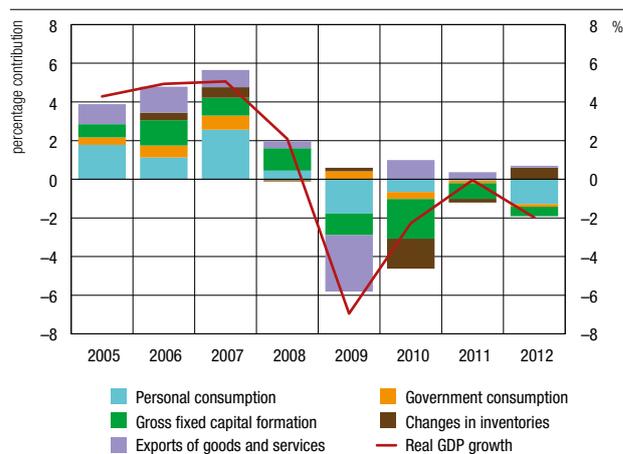
	C	I	ΔZ	G	Ex	Imports	Total	GDP
Gross contribution to GDP	2.42	1.2	0.64	0.5	1.62	-2.05	4.33	4.28
Net contribution to GDP	1.75	0.7	0.39	0.4	1.01		4.20	

Sources: CBS and CNB calculations.

Table 6 Errors in the estimate (actual growth minus estimated growth of real GDP)

	2005	2006	2007	2008	2009	2010	2011	2012
Errors in the estimate	0.08	-0.73	-0.28	-0.29	4.10	-0.35	-0.40	-0.06

Sources: CBS and CNB calculations.

Figure 18 Net method of contributions to real GDP growth with the distributed error in the estimate

Sources: CBS and CNB calculations.

$$c \cdot \left(\frac{G_t}{GDP_{t-1}} \right) \cdot r_t^c \cdot 100 \quad (1)$$

where t represents time, r_t^c is the real growth rate of personal consumption and c represents the share of domestic production in personal consumption. Table 5 shows net contributions to GDP growth in 2005. The assumption was that the share of domestic production in an individual aggregate does not change over time, given that the I-O table is available only for the year 2004. The error in calculation is 0.08 percentage points and it is, among other things, due to the adjustment conducted by the CBS.⁶

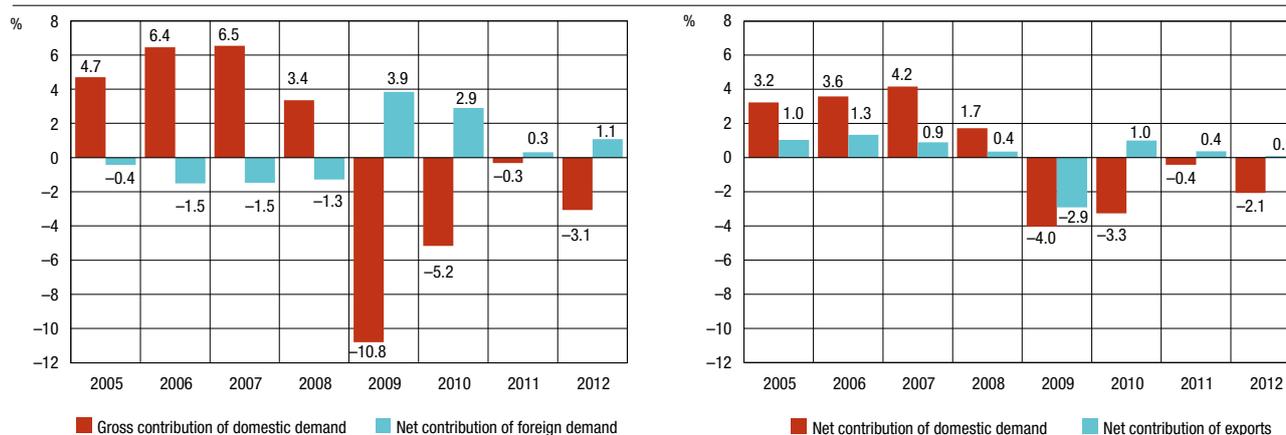
Figure 18 shows the estimates of net contributions to GDP developments throughout the entire observed period. Errors in the estimated percentage change in the real GDP were below 1%, with the exception of 2009, when a sharp fall in economic activity led to a steep fall in imports, whose share in GDP fell by almost 10%.⁷ Using the method shown in the work of Kranendonk and Verbruggen (2008), the error in the estimated rate of change in the real GDP was redistributed to all GDP components, under the assumption of a constant structure in the share of imports of individual components of aggregate demand as in 2004.

When the significance of key contributors to growth is compared by means of two different methods, the order of significance of individual components in terms of contributions to GDP growth has mostly remained the same, except for the year 2006,

6 In the balance of payments statistics, the adjustments of imports from the CIF parity to the FOB parity was conducted only on the level of total imports and in the I-O table by activities. There was an increase in exports of transport services and insurance services (CBS, 2013). Errors in growth rates suggest that this was not a significant correction.

7 The error in projection was strongly correlated throughout the period with a change in the share of imports in GDP.

Figure 19 Standard (gross) method of contributions to real GDP growth (left) and net contributions to growth with the distributed error in the projection (right)



Sources: CBS and CNB calculations.

when investments were the key contributor to growth under the gross method and exports were the key contributor to growth under the net method.

Net domestic and net foreign demand

GDP growth is typically broken down into contribution of domestic demand and contribution of net foreign demand, with the contribution of net foreign demand being calculated as the difference between contributions to growth in exports and growth in imports (Figure 19, left). When contributions are calculated by means of the I-O table, there are visible differences in the results (Figure 19, right).

While under the standard (gross) method, net foreign demand steadily made a negative contribution to GDP growth between 2005 and 2008, it is evident, as shown here by the presented (estimated net) method, that net exports had a positive effect on growth and that the contribution of domestic demand is slightly smaller. Also, instead of the positive contribution of foreign demand in 2009, there was clearly a particularly negative

contribution of net exports.

The results of the conducted analysis show that caution should be exercised in the interpretation of contributions to growth under the standard method. The import intensity of individual components of GDP differed considerably, leading to their different contributions to domestic production. Therefore it was estimated that the net contribution of exports to growth in the observed period before the recession was positive, although the fact still remains that growth was guided by domestic demand. Since 2010, there has been a visible change in the relations between contributions of the main components of demand, with the foreign demand mitigating to an extent a strong negative contribution of domestic demand. The projections of growth over the medium term might, as mentioned earlier, be influenced by a relatively stronger import component of investments and exports. These views should be taken with caution as since 2004 considerable changes could have taken place in the structure of the Croatian economy and import intensity of individual components of GDP.

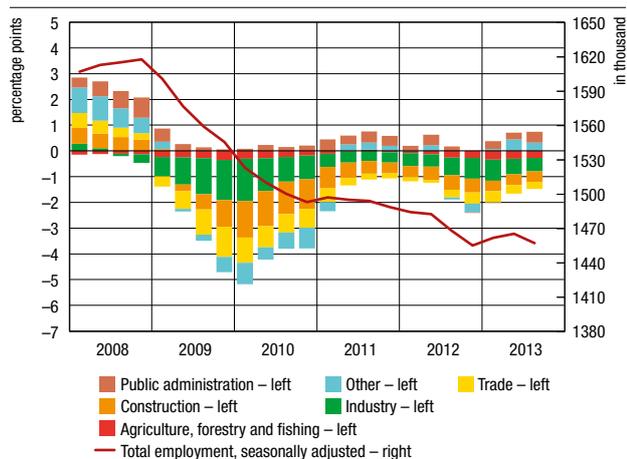
4 Labour market

After a temporary stabilisation and slight improvement in the first half of 2013, labour market conditions deteriorated again in the third quarter. The number of employed persons fell in the third quarter from the second quarter due to a plunge in the number of persons employed in industry, construction and services activities. Concurrently, the number of persons employed in the public sector continued to trend up. Further reductions in the number of persons employed in industry and construction in 2013 additionally increased total job loss in these two activities since the outbreak of recession. Hence, the number of persons employed in industry went down by 18% in September relative to the average number of persons employed in that activity in 2008, while the cumulative fall in the number of persons employed in construction was almost twice as high. The negative labour market trends further accelerated in October, with the number of employed persons decreasing by almost 24,000 or at the strongest monthly rate since the beginning of the crisis. It is

estimated that the total annual fall in the number of employed persons will amount to 1.3% in 2013. Given the projection of very slow economic recovery, the labour market is not expected to recover very significantly in 2014 and 2015. The number of employed persons is forecast to increase modestly in 2014 and to accelerate only slightly in 2015 in line with the expectations of a gradual heightening of economic activity.

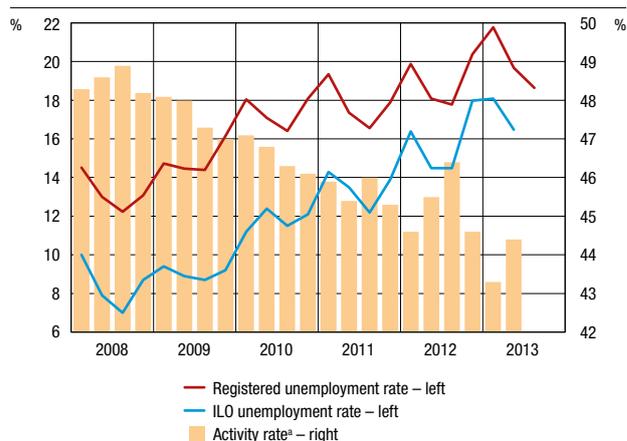
The number of unemployed persons trended down in July and August but edged up considerably in September and October in response to increased inflows into the CES register, paired with weak outflows. The number of unemployed persons might decrease by only a small margin in 2014 relative to the average for 2013 and at a somewhat stronger rate in 2015. The registered unemployment rate was 20.4% in October and the average rate for the whole of 2013 might reach the same percentage. A gradual and very slight decrease in the unemployment rate is expected in 2014 and 2015.

Figure 20 Total employment and contribution to employment growth by sector



Source: CPIA data seasonally adjusted by the CNB.

Figure 21 Unemployment and activity rates

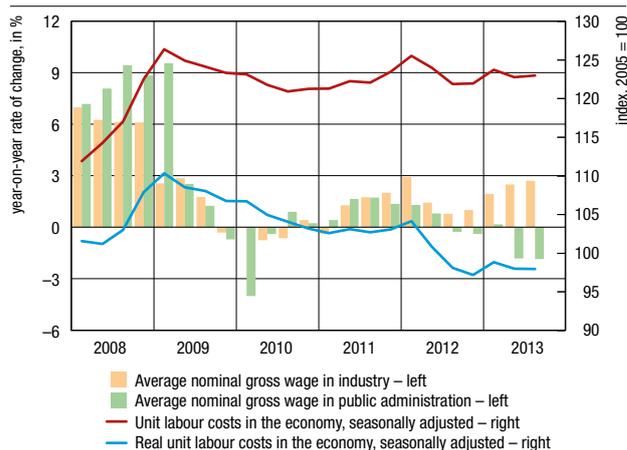


^a The labour force as a percentage of working age population (15+).
Sources: CBS and CES.

Nominal gross and net wages went up by 0.8% and 0.9% respectively in the third quarter of 2013 from the same quarter in 2012, while real wages continued to trend down. Broken down by individual activities, nominal gross wages grew in most activities except in the public sector, in which nominal wages fell at the annual level after the 3% decrease in wages in budgetary users in March 2013. Given the dynamics of nominal wages in the first nine months, a very low growth will be recorded in 2013 as a whole. The continued modest growth in nominal wages is expected during the projection period and it is assumed that a somewhat more dynamic growth of private sector wages will be partly offset by an additional reduction of public sector nominal wages. Real wages might trend down during the entire projection period given that the growth of nominal wages could be very low.

The unit labour costs might decrease in 2013 due to the increase in labour productivity which is attributed to the strong decrease in the number of employed persons relative to the estimated decrease of real GDP. The nominal unit labour costs could stagnate in 2014, after which a slight increase could ensue.

Figure 22 Gross wages and unit labour costs



Sources: CBS and CPIA data seasonally adjusted by the CNB.

5 Inflation

The deceleration of the annual consumer price inflation present from February 2013 continued into the third quarter and at the beginning of the fourth quarter due to the fall in raw materials prices on the world market and the absence of domestic inflationary pressures from both demand and cost side. The estimate is that the average annual consumer price inflation rate will slow down from 3.4% in 2012 to 2.3% in 2013 and fall to 1.3% in 2014 against the background of an additional decrease in import prices, the absence of domestic inflationary pressures from both demand and cost side and the stable kuna/euro exchange rate. Inflation is expected to increase to 1.8% in 2015, largely as a result of a slight recovery in foreign and domestic demand, i.e. the halting of deflationary pressures from those sources.

Recent data show a 1.8 percentage points decrease in the annual inflation rate: from 2.0% in June to only 0.2% in October,

with the sharpest decline being observed in the contributions of food products and energy. The slowdown in the annual growth of food products prices was, on the one hand, the consequence of the spillover of lower food raw materials prices into the fall in the prices of domestic and import food products and, on the other hand, the impact of this year's favourable weather conditions on the decline in the prices of fruit and vegetables. The annual rate of change in energy prices dropped mostly due to the decrease in electricity prices in October. The decrease in import prices and the absence of domestic inflationary pressures, brought about by weak domestic demand, unfavourable labour market conditions and a mild decline in unit labour costs, were reflected in the prices of industrial products and services whose annual rates of change fell to -0.9% and -0.2% respectively in October. As for administrative measures, the increase

Table 7 Price indicators

year-on-year rate of change

	2009	2010	2011	2012	12/2012	3/2013	6/2013	9/2013	10/2013
Consumer price index and its components									
Total index	2.4	1.1	2.3	3.4	4.7	3.7	2.0	1.1	0.2
Energy	-1.1	9.5	6.2	10.5	13.9	9.1	0.1	-0.3	-1.9
Unprocessed food	2.5	-2.2	1.2	5.8	9.4	6.0	6.9	-0.2	-0.5
Processed food (incl. alcoholic drinks and tobacco)	3.8	-0.1	5.8	2.6	3.2	4.4	5.5	6.1	4.6
Industrial non-food without energy	1.5	-0.7	-0.3	0.4	-0.3	-0.1	-0.4	-0.4	-0.9
Services	4.3	1.5	-0.4	0.5	2.0	1.5	0.1	-0.3	-0.2
Other price indicators									
Core inflation	2.8	-0.8	1.8	1.9	2.0	2.2	2.0	2.1	1.1
Index of industrial producer prices on the domestic market	-0.4	4.3	6.4	7.0	6.9	3.2	0.9	-1.6	-3.0

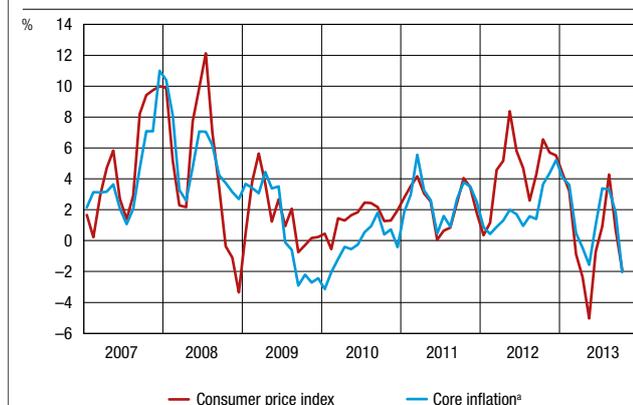
Source: CBS.

in excises on tobacco products in July contributed most to the rise in prices⁸, and the contribution of the increase in excises on refined petroleum products was much smaller. The above-mentioned decrease in electricity prices and the changes in the excise tax system which contributed to the fall in the average car purchase prices had an opposite effect on price developments.

In addition, inflationary pressures eased additionally in the EU due to unfavourable economic developments, the stabilisation of crude oil prices and the decrease in food and other raw materials prices on the world market. The annual HICP inflation rate went down from 1.7% in June to 0.9% in October in the EU, the largest contributors being energy prices due to the effect of the base period, unprocessed food prices and a decline in the annual rate of change in all other major price categories. Inflation declined more substantially in Croatia, from 2.2% to 0.8%, due mostly to the quite strong fall in unprocessed food prices. Core inflation also continued to trend downward on the back of weak personal consumption and unfavourable labour market developments. Hence, the annual rate of change in the HICP excluding energy, food, beverages and tobacco dropped from 1.3%

in June to 0.9% in October in the EU, and from 0.7% to 0.4% in Croatia.

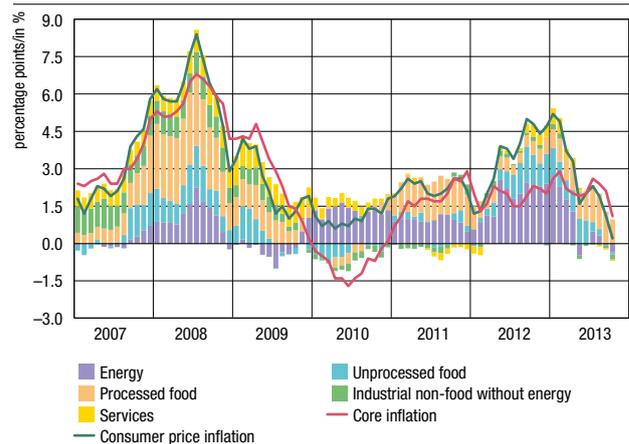
Figure 23 Consumer price index and core inflation
annualised month-on-month rate of change



^a Core inflation does not include agricultural product prices and administrative prices.
Note: The month-on-month rate of change is calculated from the quarterly moving average of seasonally adjusted price indices.
Sources: CBS and CNB calculations.

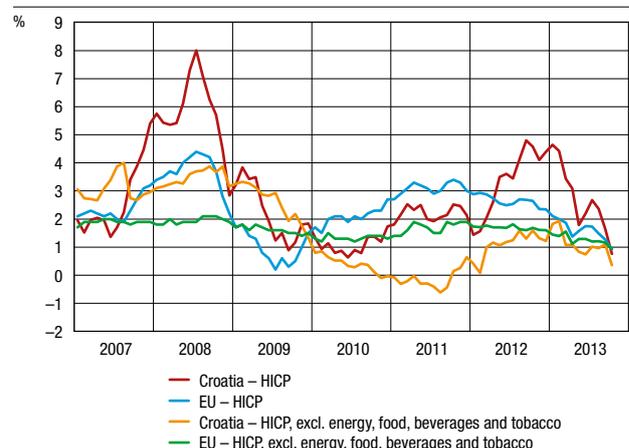
⁸ Tobacco product prices grew by a total of 8.7% in July and August, which, given the 3.42% weight, results in a contribution of 0.3 percentage point to the overall CPI.

Figure 24 Year-on-year inflation rates and contribution of components to consumer price inflation



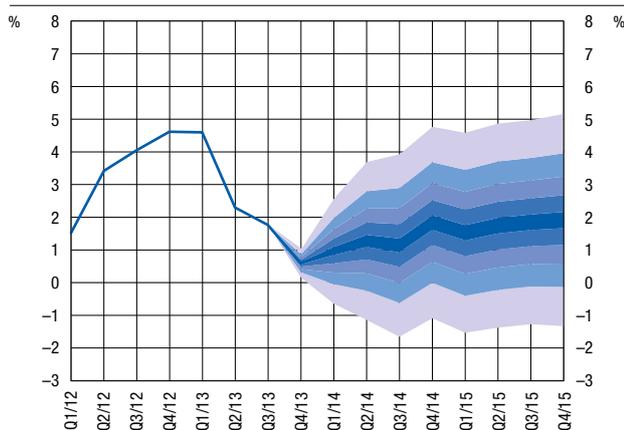
Sources: CBS and CNB calculations.

Figure 25 Overall and core inflation measured by the movements in the HICP in Croatia and European Union
year-on-year rate of change



Sources: CBS and Eurostat.

Figure 26 Projection of consumer price inflation year-on-year rate of change



Sources: CBS and CNB calculations.

The average annual consumer price inflation rate could decelerate from 3.4% in 2012 to 2.3% in 2013, down by 0.3 percentage point from the previous projection, due, to a large extent, to the rather strong effect of the decline in food raw materials prices on the decrease in food prices and, to a small extent, to the quite slow growth in the CPI excluding food and energy. The consumer price inflation is expected to accelerate slightly towards the end of 2013, partly due to the rise in electricity prices fuelled by the growth in renewable energy sources tariffs in November.

The average annual consumer price inflation rate is expected to decelerate additionally in 2014 against the background of an additional decrease in import prices, the absence of inflationary pressures from both demand and cost side and the relatively stable kuna/euro exchange rate. It is estimated that the average annual inflation rate is will decrease to 1.3% in 2014, a 0.6 percentage point lower rate than in the previous projection, due to a smaller carry-over effect from 2013 and the adjustment, i.e. the decline in the annual growth of the CPI excluding food and energy in 2014. The projection takes account of administrative decisions such as the rise in the VAT rate⁹ from 10% to 13% and the increase in excises on refined petroleum and tobacco

products¹⁰ in January 2014. The deceleration of the average annual inflation rate in 2014 should stem from the decrease in the rate of change in energy and food prices. This is in line with the assumption of further decline in Brent crude oil prices on the world market and stable domestic prices of electricity, gas and heat energy. In addition, the forecast slowdown in food prices is predicated on the spillover of the decrease in food raw materials prices onto domestic food prices. Moreover, the average annual growth rate of the CPI excluding food and energy could trend up slightly in 2014, resulting largely from the above-mentioned administrative measures (the increase in the lower VAT rate and excises on tobacco products), but still remaining rather low. Such a development would reflect the decrease in import prices, low personal consumption and stagnant unit labour costs (in line with the forecast of equally modest growth in labour productivity and compensation of employees).

The average annual consumer price inflation rate is expected to edge up to 1.8% in 2015, with inflation remaining low and below the long-term average. If this happens, it will predominately be due to the rise in the rate of change of the CPI excluding food and energy fuelled by the modest recovery in foreign and domestic demand, i.e. the halting of deflationary pressures from these sources. In addition, the forecast for 2015 foresees higher growth in the average annual rate of change in food prices compared with the growth in 2014, resulting from the stronger carry-over effects of inflation, while the annual growth in food prices could slightly decline at the end of 2013 in line with the forecast of the mild decrease in food raw materials prices on the world market. The average annual rate of change in energy prices should decline throughout 2015 on the account of the expected further fall in Brent crude oil prices on the world market.

It is estimated the risks of lower than projected and higher than projected inflation are balanced, which is the same as in the previous projection (Figure 26). The main risk for lower inflation lies in the weaker-than-expected domestic demand, which could result in a slower growth of non-food and non-energy consumer prices. On the other hand, there are certain risks that might induce higher inflation, such as a pronounced growth in administrative prices due to necessary fiscal consolidation, faster growth in raw materials prices on the world market, notably crude oil and food raw materials, and adverse weather conditions that could result in a higher increase of domestic agricultural products prices.

6 Foreign trade and competitiveness

The current account balance improvement continued from 2009 to the first three quarters of 2013, primarily due to a contraction in the factor income account and to some extent also to a strong growth in net service exports and tourism revenues. In contrast, the trade in goods deficit widened further as exports decreased faster than imports. The annual surplus in the current and capital account deficit is expected to amount to 1.0% of

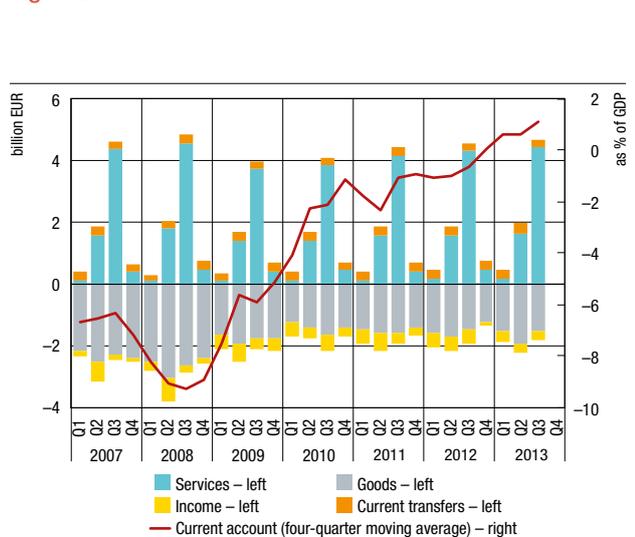
GDP in 2103 and increase further in the following year on the back of positive trends in tourism; it should also be accompanied by a much slower pace of deterioration in the foreign trade deficit.

Foreign trade picked up sharply in the second quarter due to a change in trading conditions related to EU accession, but in the third quarter goods exports held steady and imports dropped

9 The lower VAT rate of 10% is currently applied to accommodation services, catering services, some newspapers and periodicals, oils and fats, baby food, water supply, sugar and concert tickets. The estimated share of these products in the CPI basket is around 7.4%. If the increase in the VAT rate to 13% fully spills over on consumers in January 2014, it is estimated that the effect of this measure on the average annual rate of growth of the overall CPI will amount to 0.2 percentage point. Under the assumption that the carry-over effect of the rise in the lower VAT rate on prices will be about 70%, the direct effect on the growth of the average annual rate of change of consumer prices is estimated at 0.14 percentage point (if prices increase in January 2014).

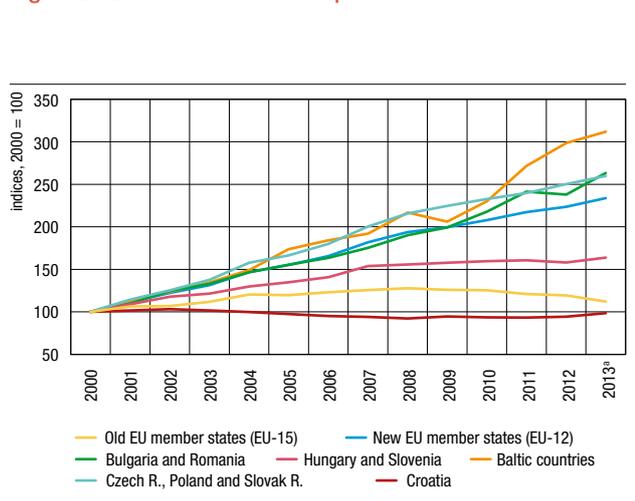
10 The effect of the rise in excises on refined petroleum products on the growth of the average annual inflation is estimated at 0.09 percentage point, while the effect of the rise in excises on cigarettes is estimated at 0.07 percentage point (under the assumption of the rise in prices in January 2014).

Figure 27 Current account deficit and its structure



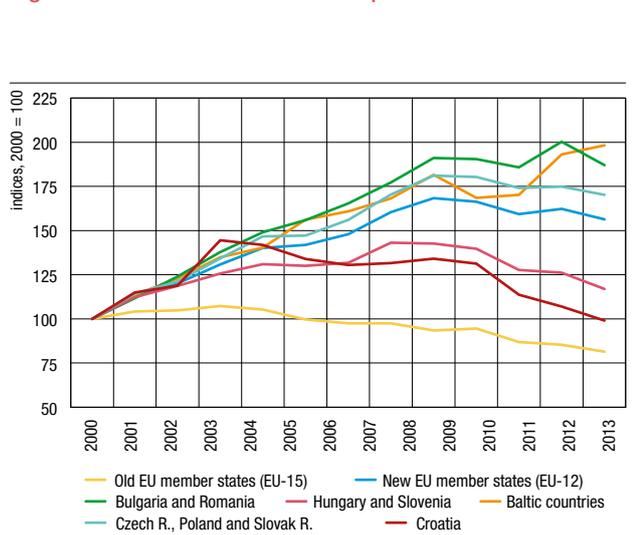
Source: CNB.

Figure 28 EU market share of exports



^a Data refer to the first eight months of 2013.
 Note: The Baltic countries include Estonia, Latvia and Lithuania. Market shares are calculated on the basis of data on EU-27 imports (excluding Croatia).
 Source: Eurostat.

Figure 29 Global market share of exports



Note: The Baltic countries include Estonia, Latvia and Lithuania.
 Source: Eurostat.

by 6.9%. More detailed data available for the first eight months of 2013 suggest that the annual decrease in total goods exports was primarily caused by plummeting ship exports. Exports of oil and refined petroleum products also dropped, and exports of capital goods, metal ores and scrap metal, non-monetary gold and clothing as well as of agricultural foodstuffs also recorded negative trends. Positive changes were observed only in exports of electricity and miscellaneous manufactured articles. The decrease in goods imports was mainly caused by a drop in imports of ships and refined petroleum products, whereas imports of other goods grew, with an especially strong growth in imports of some capital goods and road vehicles in the second quarter. Despite a sharp decrease in the third quarter, imports of these goods made the largest contribution to the increase in total goods imports in the eight-month period. In addition, imports of most other goods mostly stagnated. Agricultural foodstuffs were among the rare categories to record import growth.

Adverse developments in Croatian goods exports in 2013, generated by the low competitiveness of domestic exporters, led to a further decrease in EU market share. In contrast with Croatia, most comparable CEE countries increased their market share, most of all Bulgaria and Romania. According to the latest available data for 2012, the share of Croatian goods exports in the global market also shrank and similar trends were observed in services exports. In total, the share of Croatian exports of goods and services in the global market decreased by 25% over a five-year period until 2012, considerably over the benchmark value (-6%) applied in the Macroeconomic Imbalance Procedure (for more details see Box 2 in CNB Bulletin 187, December 2012). Furthermore, the latest European Commission Alert Mechanism Report, highlighted Croatia as one of the member states with the sharpest drop in the market share (other countries include Cyprus, Italy, Finland and Greece) caused, among other things, by an unfavourable production and geographical specialisation of exports. In an effort to shed more light on aggregate export performance, Box 3 provides an analysis of the export intensity of Croatian non-financial enterprises.

The foreign trade balance is expected to deteriorate annually in 2013 as a result of a faster decrease in goods exports than imports in line with the performance in the first three quarters. In contrast, tourism revenues were higher than expected in the first nine months of the year. Favourable financial results were delivered due to increases in volume indicators (the number of foreign tourist arrivals and nights) and average consumption of foreign tourists, with other available data on non-resident tourism consumption. The annual growth in tourism revenues could therefore amount to 4.5% in 2013.

Exports of goods and services are expected to pick up in the following two years on the back of a gradual recovery of demand by major foreign trade partners and favourable impacts of EU accession. However, growth in exports remains exposed to considerable risks, related to an uncertain economic recovery in foreign trade partners, the adjustment of Croatian exporters to new conditions of trade with EU and CEFTA countries and their growing non-price competitiveness, as well as to the impacts of shipyard restructuring. It is expected that imports of goods and services will intensify as the domestic economy recovers. The economic growth should be accompanied by an increase in imports of capital and consumer goods. However, the Croatian economy's export dependency could not be expected to lessen significantly in a short term. Unfavourable labour market conditions continue to hamper the recovery of exports.

As a result of a drop in the profitability of foreign-owned enterprises and banks, the deteriorating influence of net expenditures in the factor income account considerably lessened in the

Table 8 Current and capital account and its components

as % of GDP

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Current account balance	-7.2	-9.0	-5.2	-1.2	-0.9	-0.0	0.9	1.5	1.2
Goods	-21.8	-22.4	-16.1	-12.9	-13.8	-13.8	-14.5	-14.4	-14.4
Services	14.7	14.4	12.6	13.0	14.0	14.7	15.3	15.7	15.9
Income	-2.5	-3.3	-4.0	-3.6	-3.6	-3.6	-2.4	-2.4	-2.8
Current transfers	2.4	2.3	2.2	2.4	2.6	2.6	2.5	2.6	2.5
Current and capital account balance	-7.2	-8.9	-5.1	-1.0	-0.8	0.1	1.0	1.8	1.7

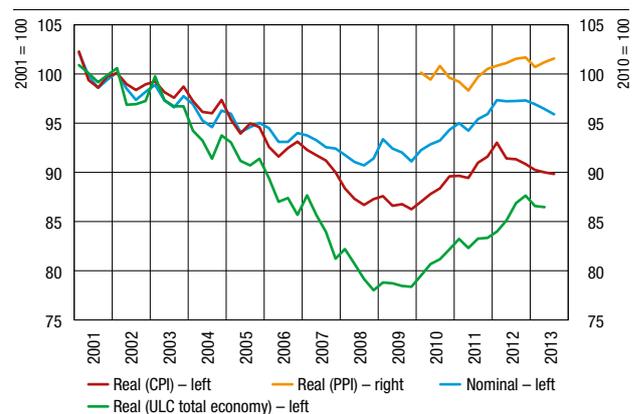
Source: CNB.

first three quarters of 2013 from the previous year. These trends are expected to continue in the remaining part of the year. Additionally, interest expense of enterprises and banks are expected to decrease and the cost of central government financing is expected to rise on account of strong borrowing. The deficit in the factor income account is expected to widen again as the economic recovery gains pace and external debt accumulates.

Having edged down in 2013, total net revenues from current and capital transfers should increase in the next two years. This is mostly based on the assumption that the withdrawal from EU funds will exceed payments into the funds, although it will primarily depend on the timely preparation of projects and the capacity for domestic co-financing.¹¹ Historical trends also suggest that net transfers to the private sector could increase.

The current and capital account balance, slightly positive in 2012, is expected to reach 1.0% of the estimated GDP in 2013 due above all to the already mentioned decrease in expenditures in the factor income account. The positive balance could improve further in 2014, reaching 1.8% of GDP, mostly due to continued positive trends in tourism and a pace of deterioration in the foreign trade deficit slower than in the previous year. By contrast, 2015 is expected to see the surplus in the current and capital account edge down as a result of the deteriorating balance in the factor income account, which should be partly offset by a favourable performance in net exports of services.

The real effective exchange rate of the kuna deflated by producer prices (for the RC on the non-domestic market) depreciated further in the third quarter, having temporarily changed the trend in the beginning of the year, due to somewhat favourable developments in domestic producer prices relative to prices in major trading partners. In contrast, the improvement of the cost competitiveness of Croatian exports (measured by trends in the real effective kuna exchange rate deflated by the unit labour cost for the overall economy) stopped in the first half of 2013, after having continued almost uninterrupted since end-2009.

Figure 30 Nominal and real effective exchange rates of the kuna

Note: The Croatian index of industrial producer prices on the non-domestic market, which is available from January 2010, is included in the calculation of the real effective exchange rate of the kuna deflated by producer prices. A fall in the index denotes an effective appreciation of the kuna.

Source: CNB.

However, the favourable trends in this indicator were not accompanied by a recovery in market shares of Croatian exports. The deterioration in the cost competitiveness of Croatian exports (measured by trends in the real effective exchange rate of the kuna deflated by consumer prices) recorded from the second quarter of 2012, continued in the third quarter of 2013. However, this is only an apparent deterioration, mostly caused by a relatively faster growth of domestic consumer prices under administrative decisions that have no direct effect on export prices. Finally, the nominal effective exchange rate of the kuna appreciated in the first three quarters of 2013. After the slight deterioration in 2013, price competitiveness of Croatian exports is expected to improve in the following two years.

Box 3 Export intensity of Croatian non-financial enterprises

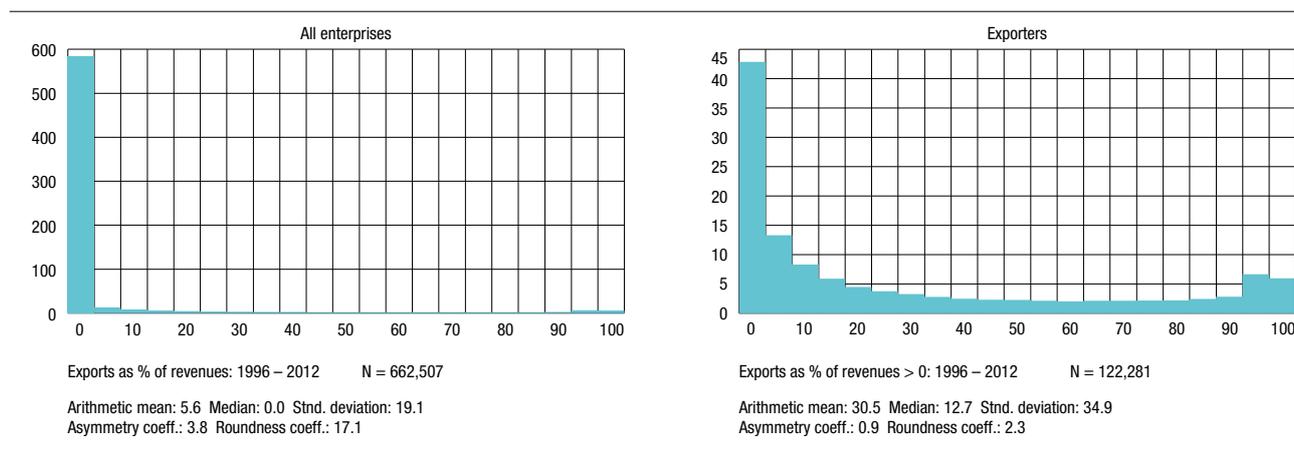
In an effort to shed more light on the factors influencing trends in aggregate exports of the Republic of Croatia, an analysis was made of the export intensity of Croatian non-financial enterprises. The results of the analysis show that the number of enterprises generating income from sales in international markets is very small and that their share of foreign sales in total sales is lower than in other small and open European economies. Most Croatian exporters are enterprises with a large number of employees and in foreign ownership, and their financing conditions are more favourable than those of other enterprises.

Export intensity of non-financial enterprises, defined as a share of foreign sales in total operating revenues of an

enterprise, is analysed using a database of financial statements of entrepreneurs, maintained by the Financial Agency (FINA) for the period from 1996 to 2012. The database excludes all enterprises without revenues and all enterprises with fewer than two persons in full employment, in order to minimise the undesired effects on the results of non-active enterprises, development stage enterprises and special purpose entities, as well as of enterprises serving as a form of self-employment. The database also excludes all financial enterprises. As a result, the total

¹¹ However, there are already funds received from the EU at the MoF account with the CNB that have not been spent as projects are under preparation.

Figure 31 Share of exports in the revenues of non-financial enterprises in the 1996–2012 period



Sources: FINA and CNB calculations.

Table 9 List of selected independent variables

Name	Specification	Formula
INO _{<i>t</i>}	Foreign capital (0-1)	Indicator that enterprise <i>i</i> had over 10% of foreign share in capital at the end of year <i>t</i> .
VLA _{<i>t</i>}	Ownership (1-4)	Indicator of the form of enterprise ownership at the end of year <i>t</i> .
DJEL _{<i>t</i>}	Activity (A-Q)	Indicator of activity (main industries) of enterprise <i>i</i> in year <i>t</i> according to NACE 2007.
INTIZ_NKD _{<i>k</i>}	Export intensity of activity	Average export intensity of activity on figure <i>k</i> of NACE.
LOK _{<i>t</i>}	Location (1-21)	Indicator of county of enterprise registered office <i>i</i> in <i>t</i> .
STAR _{<i>t</i>}	Age (1-11)	Natural algorithm of the number of years of enterprise <i>i</i> in the sample with year <i>t</i> .
PRIH _{<i>t</i>}	Size	Natural logarithm of operational revenues in enterprise <i>i</i> during year <i>t</i> .
ZAP _{<i>ik</i>}	Relative size	Ln of the ratio of the number of employed in enterprise <i>i</i> and the median number of employed in its activity on figure <i>k</i> of NACE.
RAST _{<i>t</i>}	Growth	First difference of variable PRIH _{<i>t</i>} for year <i>t</i> .
RAD _{<i>t</i>}	Labour intensity	Ratio of expenses on employees and total expenses of enterprise <i>i</i> , as a measure of labour intensity in <i>t</i> .
VJEST _{<i>t</i>}	Labour force skill	Expenses for employees of enterprise <i>i</i> per employee, as a measure of labour force skill in <i>t</i> .
TEH _{<i>t</i>}	Technological advancement	Share of intangible assets in total assets of enterprise <i>i</i> , as a measure of technological advancement in <i>t</i> .
UDIO _{<i>ik</i>}	Market share	Share of revenues of enterprise <i>i</i> in total revenues of its activity on figure <i>k</i> of NACE.
KONC _{<i>ik</i>}	Concentration of activities	95th quintile of variable UDIO _{<i>ik</i>} in year <i>t</i> .
POL _{<i>t</i>}	Financial lever	Ln of the ratio of long-term debt and expenditures of enterprise <i>i</i> , as a measure of reliance on long-term financing in <i>t</i> .
INT _{<i>t</i>}	Internal financing	Ln of the ratio of short-term liabilities and expenditures of enterprise <i>i</i> , as a measure of reliance on internal financing in <i>t</i> .
FIN _{<i>t</i>}	Financing expenses	Ln of the ratio of financial and total expenses of enterprise <i>i</i> , as a measure of financing accessibility in <i>t</i> .

Source: CNB.

number of observations was considerably reduced (from 1.3m to 0.7m in the period from 1996 to 2012), but the representativeness of the sample was preserved at 97.6% of total goods and services exports of all enterprises in the database.

The statistical analysis of the export intensity of enterprises for the whole period and for all enterprises is shown in Figure 31, on the left. This Figure shows that most enterprises do not export; 540,00 of approximately 660,000 observations (one observation is related to data on one enterprise in one calendar year) refer to non-exporting enterprises. Exporting enterprises

(Figure 31, on the right) include a small number of enterprises with the largest share in total revenues accounted for by export revenues¹² and a large number of enterprises whose export revenues account for a very small share in total revenues. As a result, in the period from 1996 to 2012, exporting enterprises generated approximately 30% of their revenues by foreign sales, but in a typical enterprise this share was much lower. For example, the median of the distribution of export intensity amounts to approximately 13%.

With regard to activities, enterprises operating in transport,

12 Although there are very few enterprises generating part of their revenues by exports, they account for a large share of total exports. An average 30% of exporters generate more than half of total revenues through exports, and they account for 60% of total exports.

13 Real estate trading; professional, scientific and technical activities; administrative and ancillary activities; art, entertainment and recreation; other service activities.

Table 10 Results of the initial regression analysis of export intensity of enterprises in RC

Dependent variable (Y): INTIZ (Export intensity, i.e. exports as % of operating revenues (2002-2012))						
Filter: Operational revenues and exports as % of operating revenues > 0, Employed > 1, Non-financial activities						
Number of observations:	N = 12.053	N = 73.792	N = 73.792	N = 73.216	N = 60.672	
Transformation:	Median	–	RE	2-way FE	FD for N + FE for t	
Estimate method:	OLS	POLS	FGLS	2SLS	PGMM	
Variance estimate method:	White	White	White	PCSE	White	
Variable components estimate method:			Swamy Arora			
Instrument weighting matrix:					White	
Independent variable (X)	Coefficient	Coefficient	Coefficient	Coefficient	Coefficient	Coefficient
Const. reg.	16.783 **	6.553	13.585 ***	–0.592		
KONC (t-1)	–0.220	–0.485 ***	–0.266 ***	0.091	–0.182	
INTIZ_NKD	0.013	0.021	0.132 ***	0.064 **	0.132 ***	
LOK (t-1) <> "Zagreb"	10.645 ***	8.289 ***	4.596 ***	–1.955 **	–0.155	
VLA (t-1) <> "privatno"	0.509	0.599	–0.789	–0.727	–1.269	
INO (t-1)	15.851 ***	14.217 ***	5.622 ***	0.823	1.811 ***	
STAR (t-1)	–8.155 ***	–4.616 ***	–4.817 ***	–6.574 ***	10.370 ***	
PRIH (t-1)	0.651	1.405 ***	0.545 **	2.324 ***	–0.938 ***	
RAST (t-1)	0.286	0.962 ***	0.612 ***	0.410 ***	0.122	
UDIO (t-1)	1.624 **	0.734	0.385	–0.332	0.367	
ZAP (t-1)	–3.312 ***	–2.533 ***	0.943 ***	1.758 ***	2.681 ***	
FIN (t-1)	0.418 ***	0.408 ***	0.017	–0.067 ***	–0.109 ***	
INT (t-1)	0.000	–0.013 ***	–0.005 ***	–0.002 **	0.000	
POL (t-1)	0.005	0.000	–0.002	–0.003 **	0.001	
TEH (t-1)	–0.201 ***	–0.099 ***	–0.048 *	–0.052 **	–0.043	
RAD (t-1)	0.596 ***	0.467 ***	0.180 ***	0.076 ***	–0.054 ***	
VJEST (t-1)	–0.510	–6.472	–0.759	–2.911	4.321	
Adjusted R-square	0.183	0.129	0.031	0.784	J-statistics	0.000
Stand. error reg.	30.553	30.831	15.439	15.357	Stand. error reg.	21.433
F-statistics	88.028	353.158	6.212	13.937		
P-val. of F-statistics	0.000	0.000	0.000	0.000		

* Statistical significance of 10%. ** Statistical significance of 5%. *** Statistical significance of 1%.
Note: More relevant coefficient estimates are shaded grey.

Sources: FINA and CNB calculations.

storage, information and communication activities (HJ) generate an above-average share of revenues by exports, in contrast to wholesale and retail trade enterprises (G) where the share is much lower. Manufacturing enterprises (C) and enterprises from the group of various service activities (LMNRS¹³) generate one third of their revenues by exports. In the group of manufacturing companies with at least 20 employees, the average export intensity is somewhat higher (about 36%), approximating the average of eleven European countries (ISGEP, 2008¹⁴). It should be noted that the export intensity of enterprises ranged between 24% in France and 55% in Slovenia, with below-average indicator values mostly recorded in large European economies (Germany, Italy, Spain and the United Kingdom), and above-average values in relatively small economies (Belgium, Austria, Ireland). There are also other indicators affecting the intensity of exports in manufacturing. For example, Stollinger et al, (2010)¹⁵, when performing an analysis of Austrian manufacturing companies, established as possible causes of differences between industries their specific trading costs, differences in comparative advantages/disadvantages and the impact of foreign direct investments.

Differences in export intensity among enterprises also depend on their size measured by the number of employees. A rough division of enterprises into six categories (fewer than 20 employees, between 20 and 50, between 50 and 150, between 150 and 250, between 250 and 500 and over 500 employees) suggests that the intensity of exports mainly grows in line with the increase in the size of an enterprise. For example, taking only the sample of manufacturing enterprises, the average export intensity increases by 30% in the group of smallest enterprises, up to 44% in the group of enterprises with 250 to 500 employees, standing only slightly below that in the group of the largest enterprises¹⁶.

Econometric methods were used to analyse the link between export intensity and various characteristics of non-financial enterprises. In addition to the size of enterprises, the analysis includes other variables commonly used in the modelling of export behaviour of enterprises, taking into account data availability restrictions. Table 9 shows the list of selected independent variables. The analysis was made for the period from 2002 to 2012, due to a break in the methodology of reporting in the data

14 International Study Group on Exports and Productivity (ISGEP, 2008): *Understanding Cross-Country Differences in Exporter Premia: Comparable Evidence for 14 Countries*, Review of World Economics/Weltwirtschaftliches Archiv, 144 (4), p. 596–635.

15 Stollinger, R., R. Stehrer, and J. Poschl (2010): *Austrian Exporters: A Firm-Level Analysis*, The Vienna Institute for International Economic Studies (WIIW), Working Paper, No. 67, July 2010.

16 ISGEP (2008) also showed that export intensity grows in line with the increase in the enterprise size.

comprised by the FINA database between 2001 and 2002, and because of stricter penalties for non-reporting, starting with reports for 2002. The estimate includes only exporting companies, irrespective of whether they export on a regular or temporary basis, whose export intensity in a given year exceeded zero.

Table 10 shows the results of the econometric analysis. Due to lack of space, the table excludes the estimated coefficients for control variables that are not primary for the analysis, including real GDP growth (or indicator of the year), indicators for enterprise activity based on NACE1, for a new enterprise in the sample, for an enterprise undergoing bankruptcy or winding up procedures and for an enterprise owned by a cooperative. The analysis used various techniques for the estimation of coefficients.¹⁷ Ordinary least squares, pooled ordinary least squares and random effects coefficient estimates, shown in the first three columns of Table 1, are more relevant for variables that change only a little or do not change at all over time. Fixed effects estimates and first difference estimates, shown in the last two columns of the Table, are more relevant for variables whose change in any given period reflects changes specific for each enterprise.

The analysis shows that an increase in the export intensity of a non-financial enterprise is closely related to the presence of foreign capital, favourable financing conditions and economic environment conducive to enterprise growth, although causal and consequential links were not identified, but only partial correlations between variables. The examination of the values of estimated coefficients shows a statistically significant: 1) positive correlation between export intensity and a significant share of foreign capital owned by an enterprise, size of an enterprise, measured by the number of employees, and the location of the enterprise's registered office outside Zagreb; 2) negative correlation between export intensity and the age of an enterprise in the sample and financing conditions. In addition, some links were identified that are statistically significant in one estimate of model parameters, and not significant in another estimate; 3) a positive link between export intensity and revenue growth; 4) a negative link between export intensity and the lever and reliance on internal financing, as well as the technological advancement of the enterprise. Other links are either not statistically significant or their estimates are opposed.

7 Financing conditions and capital flows

Financing conditions

Domestic financing conditions remained slightly more favourable in the second half of 2013 than in the previous years, and foreign financing costs increased. The easing of tensions around the debt crisis of eurozone member states and high liquidity in international financial markets had no effect on lowering the cost of government foreign borrowing, as confirmed by the government bond issue in November. As regards domestic financing conditions, a decrease in the cost of short-term corporate financing was halted and early in the fourth quarter it returned to the level from the beginning of the year. With regard to long term financing conditions of banks, household and corporate lending remained mainly unchanged so that the interest rate level is slightly more favourable than in the previous years.

The government foreign financing cost, estimated by the German government bond yield and the yield spread based on the EMBI index for Croatia, started to increase in June, having decreased throughout 2012 and stagnated in the first five months of 2013. The worsening of government financing conditions is confirmed by foreign market borrowing in November. The issue of a USD 1.75bn ten-year government bond, with a required yield of 6.2%, was less favourable than the April issue, when the required yield was 5.652%. In contrast with external borrowing conditions, the costs of short-term government borrowing in the domestic market remained favourable, especially as regards interest rates on one-year MoF T-bills issued with a currency clause. Thus at the end of October the interest rate on one-year T bills with a currency clause fell to its all-time low of 0.7%, while the same rate for kuna T-bills held steady at the level achieved in the end of 2012 (2.50%).

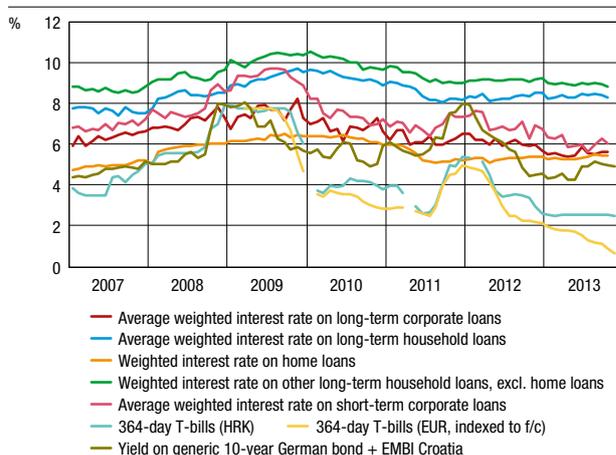
Credit default swaps on bonds of parent banks of the largest Croatian banks fell markedly in the second half of 2013; at the end of November they were approximately 120 basis points lower than in the same period in the previous year. Italian banks' credit default swaps remained higher than those of other banks

under review. CDS for Croatia, however, increased approximately 120 basis points from the same period in the previous year, which confirms the increase in the risk premium in the required yield of the last issued government bond.

Interest rates on loans to non-financial enterprises remained mainly unchanged in the period from July to October 2013 from the first half of the year. Interest rates on short-term loans stopped decreasing and rose close to the levels reached early in the year. Interest rates on long-term loans to enterprises held close to their all-time lows (approximately 5.5%) in that period. Interest rates on loans to households (home loans or other types of loans) did not change.

Total corporate financing dropped in the third quarter of 2013, to a large extent due to a decrease in external debt of enterprises, but also because of a decrease in domestic financing. As a result, the quarterly rate of change in total placements

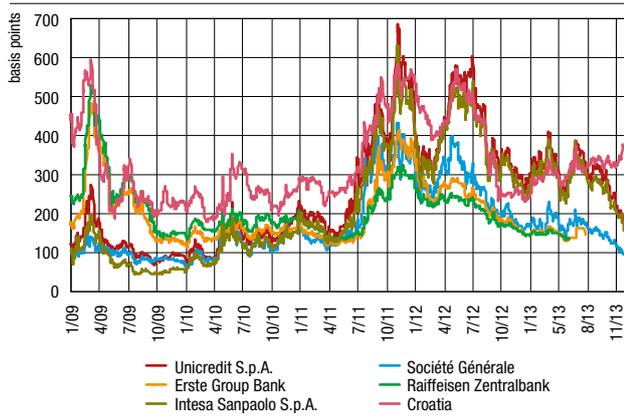
Figure 32 Costs of domestic and foreign financing



Sources: MoF, Bloomberg and CNB.

17 See Woolridge (2002): *Econometric Analysis of Cross-Section and Panel Data*, chapters 10-11.

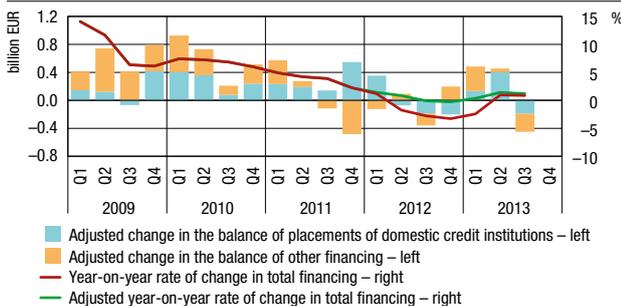
Figure 33 CDS spreads for Croatia and selected parent banks of domestic banks



Note: Credit default swaps (CDS) spread is an annual premium that a CDS buyer pays for protection against credit risk associated with an issuer of an instrument.

Source: Bloomberg.

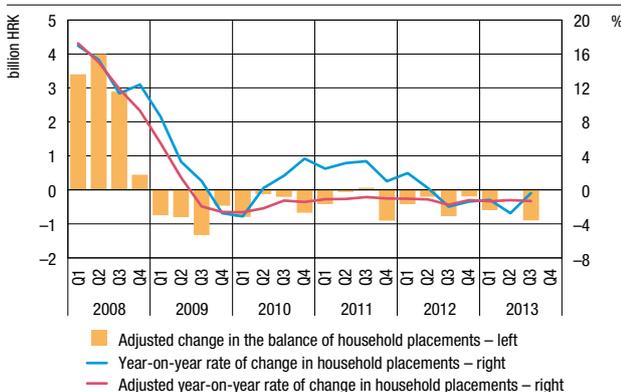
Figure 34 Corporate financing by sources



Note: Other financing includes corporate borrowing from domestic leasing companies and direct borrowing from the CBRD, as well as borrowing from foreign banks and affiliated enterprises abroad. The adjusted changes are calculated on the basis of data which in 2012 do not include the effect of the assumption of loans to the shipyards by the Ministry of Finance, the effect of a transaction of one bank which, in an effort to reduce the amount of partly recoverable and fully irrecoverable placements, transferred a portion of its claims to a company indirectly owned by a parent bank (which in turn contributed to the decrease in its external debt) and the effect of the exchange rate changes.

Sources: HANFA, CNB and CNB calculations.

Figure 35 Household placements

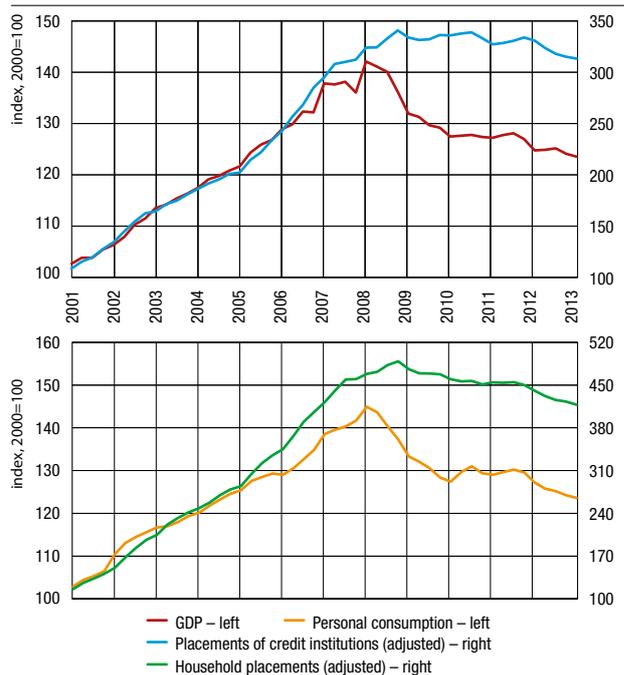


Note: The adjusted changes are calculated on the basis of data which do not include the effect of a transaction of one bank which, in an effort to reduce the amount of partly recoverable and fully irrecoverable placements, transferred a portion of its claims to a company indirectly owned by a parent bank and the effect of the exchange rate changes.

Source: CNB.

Figure 36 Relation between bank lending and real sector developments

index, 2000 = 100, real seasonally adjusted values



Note: Placements of credit institutions and household placements are the adjusted data deflated by the CPI. The adjusted date series are calculated on the basis of data which do not include the effect of the assumption of loans to the shipyards by the Ministry of Finance, the effect of a transaction of one bank which, in an effort to reduce the amount of partly recoverable and fully irrecoverable placements, transferred a portion of its claims to a company indirectly owned by a parent bank (which in turn contributed to the decrease in its external debt) and the effect of the exchange rate changes.

Sources: CBS and CNB data seasonally adjusted by the CNB.

to the corporate sector was negative at the end of September, standing at -1.1% . The deleveraging of enterprises in the third quarter offset approximately one half of the increase in their financing in the first half of 2013. Total corporate debt increased at an annual rate of 1.2% .¹⁸

The household sector also deleveraged in the third quarter of 2013. Lending to this sector remained restricted due to unchanged financing conditions, subdued demand caused by unfavourable labour market conditions and uncertainty about future trends. The end-September quarterly rate of change stood at -0.7% , dropping even more at the annual level, -1.3% , (excluding the exchange rate effect and the effect of the transfer of a bank's bad placements to a company indirectly owned by the parent bank); this sector's five-year deleveraging trend was thus continued.

Although the first years of the crisis saw plummeting economic activity and an increase in lending activity of Croatian banks, real GDP and placements recorded parallel trends in 2012 and in the first half of 2013. Negative trends in the real sector were accompanied by a contraction in lending activity of banks. There is an even stronger link between personal consumption and household lending (Figure 36).

Financing conditions for domestic sectors are expected to improve slightly in the following two years and credit institutions placements are expected to recover somewhat. The growth of credit institutions' placements could range around 1% .¹⁹

18 Excluding the effect of the assumed debt of shipyards, that became government debt, as well as the effect of the transfer of a bank's bad placements to a company indirectly owned by the parent bank.

19 Adjusted for the effect of a one-time loan repayment to the CBRD in early 2014 (HRK 1.6bn) due to the cessation of the Programme for the Development of the Economy.

Financing conditions for domestic sectors could remain under the impact of trends in the risk premium paid on foreign borrowing. Financing conditions will be strongly affected by global financial market developments and by the credibility of government finances, that is, by the implementation of fiscal consolidation (see Box 1 The cost of borrowing of the Republic of Croatia over the recent period). Additional factors include trends in the share of bad loans in banks' balance sheets and the preferences of parent banks regarding exposures to Croatia. In 2014, the profit of credit institutions will be negatively affected by a recent change in the Consumer Credit Act and the regulatory requirement for banks to more actively test the value of collateral for placements granted or accept provisions for bad placements if the collateral is not tested. It should be mentioned that the effects of these regulatory requirements are neutral in the medium term.

Foreign capital flows

Total foreign capital flows remained relatively modest in 2013, but slightly more vigorous than in the previous year. Net capital inflows in the capital and financial account amounted to EUR 0.4bn in the first three months of 2013, compared with EUR 0.3bn in the same period in 2012. Debt capital inflows increased, while equity capital inflows receded. Debt capital inflows were mainly driven by continued strong central government borrowing and the deleveraging of credit institutions, which slowed down considerably from the previous year.

Foreign direct investment in Croatia continued to decrease, standing at EUR 0.5bn in the first three quarters of 2013, which is slightly less than in the same period in the previous year. The decline in equity investments was partly caused by a takeover transaction in the second quarter of 2013 (Crodex derivati took over OMV's branch in Croatia), but primarily related to the small amount of investment into new and current projects. As in the previous quarters, the bulk of investment in the third quarter was in real estate trading, tourism and trade. Due to a decrease in the profit of domestic enterprises and foreign-owned banks, retained earnings dropped. Foreign owners converted about EUR 0.2bn of their debt claims into equity, more than in the previous year, but the debt to non-resident owners increased nevertheless (by EUR 0.1bn).

Debt capital inflows in the first nine months of 2013 resulted from the borrowing of government and other domestic sectors,

Figure 37 Foreign capital flows

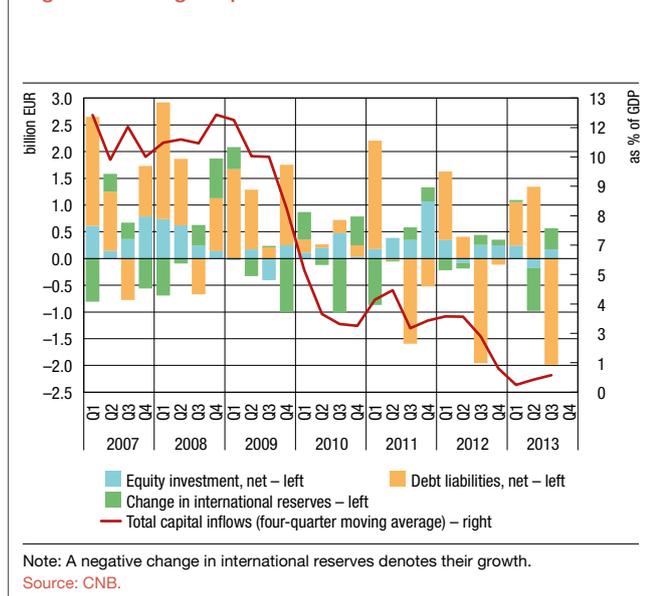
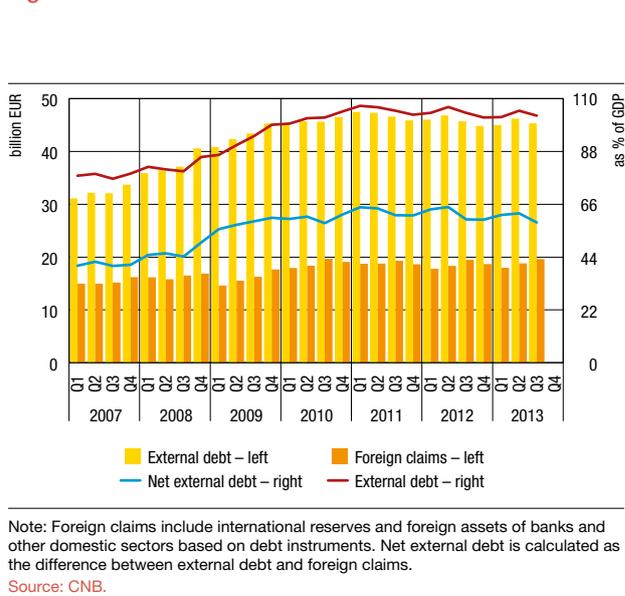


Figure 38 Gross and net external debt



while credit institutions' net liabilities dropped. Major transactions include a government bond issue in the American market in April, worth EUR 1.5bn, with approximately EUR 0.4bn subscribed by domestic investors.²⁰ As regards other domestic sectors, capital inflows were realised by majority privately-owned enterprises and the CBRD, while public enterprises and other non-banking institutions recorded outflows. Foreign liabilities of credit institutions were lower than in the previous year, but their foreign assets increased sharply.

These trends are expected to continue in the last quarter of 2013, that is, the debt of private enterprises and the CBRD is expected to edge up and other non-banking financial institutions and public enterprises are expected to deleverage until the year-end. The government issued a USD 1.75bn worth bond in the American market in November to meet its financing needs in 2014. The funds received boosted CNB international reserves and are to remain in the MoF's account with the CNB until the year-end. The government is therefore again expected to make the largest contribution to total external debt growth in 2013, even higher than in the previous year. Banks' deleveraging is expected to make an impact on the reduction in total external debt, although to a smaller extent than in the previous year.

Net inflows of foreign direct investments in Croatia are expected to recover gradually in 2014 and 2015. The contributing factors include an intensification of privatisation projects, the positive impact of gaining EU membership on the perception of Croatia among foreign investors and an improvement in the general investment climate in the country. As the domestic economy recovers, domestic enterprises' foreign direct investment abroad could be expected to increase. The expected developments in the portfolio investment account primarily depend on the projection of the government's net foreign borrowing. In the following year, the government could make the largest contribution to total external debt growth, especially in 2014, when new foreign bond issues are to considerably exceed estimated liabilities due.²¹ In addition, other non-banking financial institutions

20 Due to government borrowing in the American market, the share of US dollar in the currency structure of external debt rose considerably in the last five years: up from less than one tenth in end 2008 to over a half of the total government debt in end September 2013. However, all bonds issued as of 2010 contain hedges against exchange rate risk.

21 Central government's foreign bonds worth EUR 500m and EUR 750m fall due in April 2014 and January 2015 respectively.

and credit institutions are expected to continue deleveraging, although at a slower pace.

External debt could reach almost EUR 46bn at the end of 2013, which is 104.2% of GDP and about 240% of worth of goods and services exports. The expected increase in gross external debt considerably exceeds the expected increase in foreign assets, with the result that net external debt could reach 62.3%

of GDP at the end of 2013. The international investment position, standing at -89% of GDP at end-2012, which considerably exceeds the 35% benchmark value set by the European Commission, is not expected to change significantly. Gross external debt is expected to continue growth in the following two years, but relative indicators should improve on account of the projected GDP growth.

8 Monetary policy

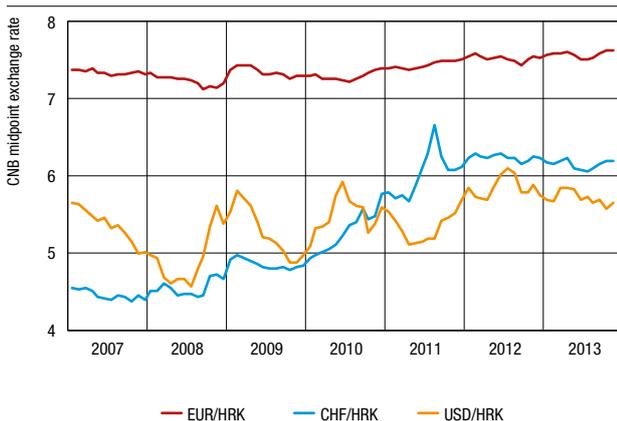
In the second half of 2013, the CNB continued to maintain high levels of kuna liquidity in the monetary system, while maintaining the stable exchange rate of the domestic currency. In line with earlier efforts, the CNB adopted new measures aimed

at stimulating bank lending to corporates and supporting economic recovery. They involved the lowering of the reserve requirement rate from 13.5% to 12% as of December 2013 and the requirement on banks to purchase three-year compulsory CNB bills for the total amount of the released kuna funds (HRK 3.9bn). These funds will be released gradually and subject to certain conditions. Specifically, at the end of each calendar month, starting from December 2013, the CNB will, repurchase CNB bills from banks equal to one-half of the monthly growth in corporate placements.

The nominal exchange rate of the kuna against the euro strengthened gradually at the beginning of the second half of 2013 but soon started to weaken slightly, at the beginning of August. The kuna depreciated until mid-November and then stabilised. This resulted in the exchange rate being at a somewhat higher level in the second half than in the first half of 2013. The average exchange rate of the kuna against the euro stood at EUR/HRK 7.62 in the first two months of the fourth quarter, which is an increase of 1.1% relative to the third quarter and 0.6% relative to first half of the year. As regards the exchange rate of the kuna against other major world currencies, the kuna weakened slightly against the Swiss franc and strengthened against the US dollar in the second half of 2013 in line with the movements in the exchange rates of the Swiss franc and the US dollar against the euro in the global financial market.

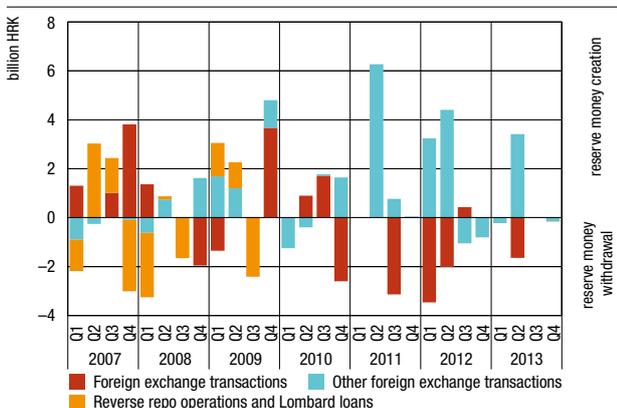
Central bank foreign exchange interventions were not required in the third quarter and the first two months of the fourth quarter. Concurrently, relatively small amounts of foreign exchange were purchased from and sold to the central government.

Figure 39 Nominal exchange rates EUR/HRK, CHF/HRK and USD/HRK



Source: CNB.

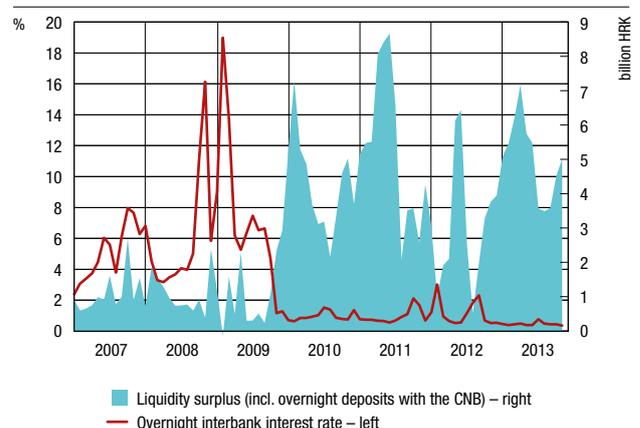
Figure 40 Flows of reserve money (M0) creation



Note: Other foreign exchange transactions include the purchase of foreign exchange from and the sale of foreign exchange to the MoF and the EC and foreign currency swaps with banks, where the positive values refer to the purchase of foreign exchange by the CNB. Data for the fourth quarter of 2013 refer to October.

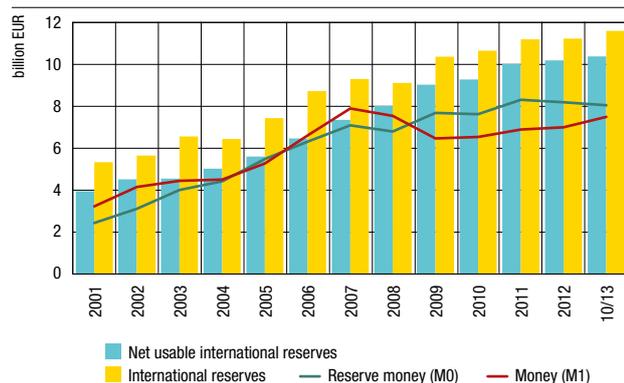
Source: CNB.

Figure 41 Bank liquidity and overnight interbank interest rate



Source: CNB.

Figure 42 International reserves of the CNB and monetary aggregates



Note: The most recent data available for M1 refer to October 2013. Net usable international reserves are defined as international reserves net of foreign liabilities of the CNB, reserve requirements in f/c, general and special SDR allocations in 2009, government foreign currency deposits and off-balance sheet liabilities (swaps).

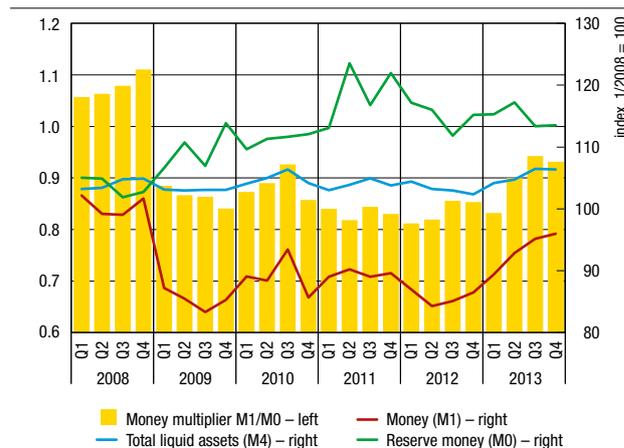
Source: CNB.

Hence, the overall effect of foreign exchange transactions of the central bank in the eleven months of 2013, resulting from the purchase of EUR 190.8m net and the creation of HRK 1.4bn net by the CNB, was almost entirely accounted for by transactions conducted in the first half of the year.

The monetary system's liquidity surplus remained at a very high level in the second half of 2013, reflecting the expansive orientation of monetary policy. The average liquidity surplus in credit institutions' accounts amounted to HRK 3.6bn in the third quarter and increased additionally in the first two months of the fourth quarter, to HRK 4.8bn. The high liquidity level resulted in very low overnight interest rates in the interbank market and low interest rates at T-bill auctions.

International reserves declined slightly in the second half of 2013, due mainly to the fall in the foreign currency deposit of the central government with the CNB. Gross usable international reserves stood at EUR 11.6bn at the end of October and were still higher than at the end of the previous year (by EUR 0.4bn or 3.3%). Net usable international reserves remained almost stagnant in the second half of 2013, standing at EUR 10.4bn at

Figure 43 Monetary aggregates and money multiplier index of developments in seasonally adjusted real values, deflated by the consumer price index



Note: Data for the fourth quarter of 2013 refer to October.

Source: CNB.

the end of October, which is an increase of EUR 0.2bn (1.8%) from the end of the previous year. It is expected that both gross and net usable international reserves will continue to grow gradually in 2014 on the account of the purchase of foreign currency inflows from central government foreign borrowing.

The real seasonally adjusted values of money (M1) and total liquid assets (M4) trended up in the third quarter and at the beginning of the fourth quarter. The positive developments in M1 and M4 monetary aggregates can largely be attributed to their nominal growth, with the deceleration of the CPI inflation also favourably impacting the change in their real values. As regards expectations, the projection for total liquid assets in 2014 does not differ much from estimates for 2013.

Monetary policy in 2014 will be based on a continued maintenance of the kuna/euro exchange rate stability and implementation of the policy of high primary liquidity. It can be expected that monetary and credit aggregates will grow more significantly if the overall economic activity recovers substantially. Their growth in 2014 could be only slightly higher than in 2013.

9 Public finance²²

In October 2013, the European Statistical Office (Eurostat) and the Croatian Bureau of Statistics prepared for the first time, within the so-called fiscal notification, data on the general government deficit and debt level for Croatia in accordance with the ESA 95 methodology for the period from 2009 to 2012. The data indicate that the general government deficit was noticeably above the 3% of GDP limit over the entire period, growing steadily from 2009 to 2011 and reaching 7.8% of GDP in 2011. Although it was reduced sharply in 2012, it remained high (5.0% of GDP). General government debt grew by almost 19 percentage points of GDP in the observed period, to 55.5% of GDP at

the end of 2012. The deficit and public debt levels are higher than previously published, which is due to a change in the coverage of institutional units included in the consolidated general government and different calculation methods for some budget transactions. According to available information, the MoF will continue regularly to publish data on public finance performance in line with the GFS 2001 methodology and the former general government coverage, while plans and projections will be presented according to the national accounting plan. By contrast, the CBS has so far published only annual data and has no intention of publishing higher frequency series very soon.²³

²² A proposal of EC recommendations for excessive deficit correction, which sets out the required adjustment in the general government deficit, was not available at the moment this projection was prepared. CNB projections for 2014 are consistent with EC requirements, but stronger fiscal adjustment will be needed in 2015 than assumed in this document (the EC requires a reduction in the structural deficit of 0.9% of GDP in 2015 instead of the assumed 0.5% of GDP).

²³ Quarterly data published for the period from the first quarter of 2012 to the second quarter of 2013 are available at the Eurostat website.

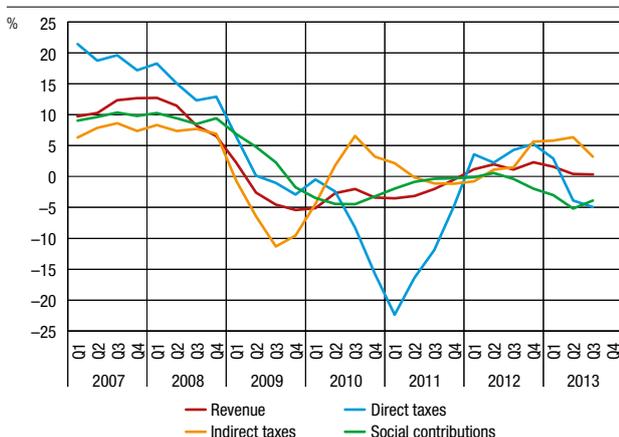
In November 2013, the Croatian Parliament adopted the second budget revision and changes in the financial plans of extrabudgetary users for 2013 together with plans for 2014 and projections for 2015 and 2016. The general government deficit target (GFS 2001) for 2013 was raised from 3.4% of GDP to 5.5% of GDP due to the shortfall in revenues, above all from VAT and profit tax, and higher than expected expenditures, in particular due to the settlement of debt in the health sector. The budget projects that the general government deficit in 2014 should remain the same as in 2013, while fiscal consolidation is to begin only in 2015.

According to the most recent European Commission report Croatia has breached the Stability Pact rules both regarding the general government deficit criterion and the public debt criterion, which implies that it would be put in the excessive deficit procedure very soon (see Box 4 Excessive deficit procedure). Therefore, the CNB expects that fiscal consolidation will have to begin as early as 2014. It is assumed that the Government will have to reduce the structural general government deficit by 0.5% of GDP in both 2014 and 2015, which is the minimum annual adjustment permitted under the rules of the Stability and Growth Pact. The nominal general government deficit (ESA 95) could be reduced from the expected 5.9% of GDP in 2013 to 4.6% of GDP in 2014, with fiscal consolidation continuing into 2015.

Revenues, expenditures and transactions in the non-financial assets of consolidated general government

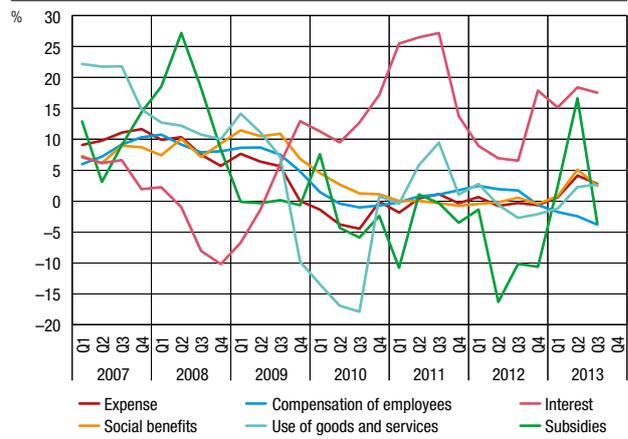
Consolidated general government revenues (GFS 2001) were 1.0% lower in the first three quarters of 2013 than in the same period of 2012. Profit tax revenues made the largest negative contribution to the fall in revenues, due to the repeal of the reinvested earnings tax as of January 2013 and a decline in the profits of economic entities in 2012. Revenues from social contributions also dropped sharply, due to the base effect of the cut in the health insurance contribution rate and a one-off collection of tax debt in the second quarter of 2012, as well as unfavourable movements in the wage bill. The fall in overall revenues was softened by revenue from grants (inflows from EU funds), excise revenues and other revenues. Notwithstanding the strong positive effect of the introduction of fiscal cash registers on the collection of value-added tax, VAT revenues rose only marginally

Figure 44 Consolidated general government revenue
year-on-year rate of change of four-quarter moving sums



Note: Revenues include proceeds from the disposal of non-financial assets. From 2008 on, CM is excluded from consolidated general government.
Sources: MoF and CNB calculations.

Figure 45 Consolidated general government expense
year-on-year rate of change of four-quarter moving sums



Note: Expense includes expenditures for the acquisition of non-financial assets. From 2008 on, CM is excluded from consolidated general government.
Sources: MoF and CNB calculations.

in the observed period. Early in the second half of 2013, VAT revenues recorded a sharp one-off decrease due to the changes in the system of VAT on EU imports as of 1 July 2013.²⁴

Trends in total consolidated general government revenues could be slightly more favourable in the rest of 2013, partly as a result of improved collection of taxes and expected further inflows from the EU budget. If we observe 2013 as a whole, total revenues could be marginally larger than in 2012. All major revenue categories may see an increase in 2014, with the exception of profit tax. It is likely that growth will be driven mostly by VAT revenues, due to the base effect of the one-off loss in revenues in 2013 and the increase in the intermediate VAT rate from 10% to 13% as of January 2014, and revenues from EU funds. In line with projections for the relevant macroeconomic bases, the rise in all major revenue categories should continue into 2015.

Consolidated general government expenditures (GFS 2001) rose by 4.1% on an annual level in the first three quarters of 2013. This was mainly the result of the increase in expenditures for social benefits, which was in turn due to the increase in pension expenditures and the settlement of the previous years' debt of health institutions in June 2013. However, it seems that new arrears in the health sector were incurred in the third quarter. Strong growth was also recorded in interest expenses and grants (due to payments to the EU budget), while expenses for employees alone recorded a sharp decrease. This was mainly due to the cut in the wages of civil servants and government employees in March 2013, non-payment of holiday bonuses and the base effect related to the cut in the health insurance contribution rate. Outlays for the acquisition of non-financial assets grew markedly in the observed period, due to increased capital investment at all general government levels.

Consolidated general government expenditures could grow by almost 6.0% at the entire 2013 level, largely as a result of the increase in social benefits triggered by rehabilitation of debt of health institutions and increased pension expenditures, along with the expected strong increase in interest expenses and grants (payments to the EU budget). Under the revised budget for 2013, outlays for the acquisition of non-financial assets could be much higher on an annual level.

24 As of 1 July 2013, VAT is no longer paid when goods are imported from EU countries, but after their sale. As a result, VAT collection was postponed, which led to a one-off loss in VAT revenues.

Total expenditures, including the acquisition of non-financial assets, could in 2014 be equal to those in 2013 provided that the additional savings necessary to attain the nominal deficit target in line with EC recommendations are made. Under CNB projections, in order to achieve the projected stagnation in expenditures, the Government should take additional consolidation measures to save 1.3% of GDP, assuming that the budget adopted for 2014 looks for savings of 0.7% of GDP. One should note that consolidation measures in the 2014 budget are not quantified in detail and that the amount of savings envisaged is subject to risk that individual expenditure items are underestimated.

The strongest annual increase in expenditures arises from EU membership costs (whole-year payments to the EU budget and implementation of projects financed from EU funds) and interest expenses, with most of the other expenditure categories moving in the opposite direction. Total expenditures could rise marginally in 2015, also due largely to expenditures related to the financing of projects via EU funds and higher interest expenses. Most of the other expenditure categories could be further reduced from 2014 to 2015.

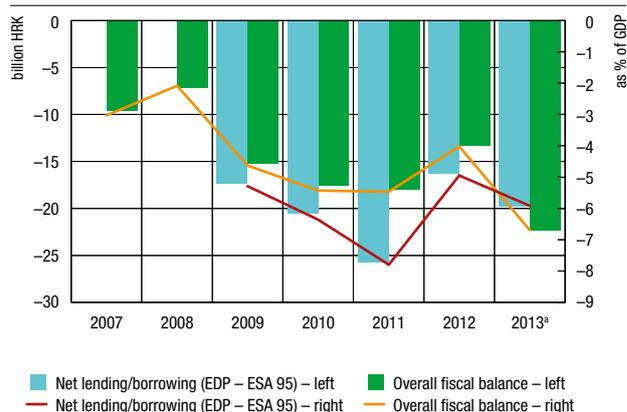
Consolidated general government deficit and debt

In line with the described movements, the expected deficit (ESA 95) could be 5.9% of GDP in 2013. The overall fiscal deficit (GFS 2001), which stood at HRK 15.1bn in the first nine months of 2013, could amount to HRK 22.4bn or 6.7% at the annual level. The lower expected deficit under the ESA 95 methodology is partly based on the assumption that expenditures for rehabilitation of health system debt from the previous years will not be recorded in 2013 expenditures due to the accrual basis used for budget transactions in the national accounts. On an annual level, the nominal deficit (ESA 95) would grow by 1.0 percentage point of GDP, while the primary structural balance,²⁵ which mostly reflects discretionary actions of the fiscal authorities, would remain almost unchanged. The annual increase in the nominal deficit is due to the rise in interest expenses and the one-off loss in revenues due to changes in the system of VAT on EU imports. This drop in VAT revenues does not affect structural revenues, i.e. the structural balance, as it is due exclusively to the postponed VAT collection.

Although this is not evident from the budget proposal, it is assumed that Croatia will reduce its structural deficit by 0.5% of GDP in 2014, to 3.8% of GDP, to observe the rules of the Stability and Growth Pact. In view of the strong projected growth in interest expenses, the primary structural deficit will have to be adjusted by 1.0 percentage point of GDP. The nominal general government deficit (ESA 95) could be some HRK 4bn lower than in 2013, i.e. around 4.6% of GDP.

General government debt went up by HRK 19.7bn, to HRK 203bn, in the first three quarters as the government financed the deficit mostly by issuing bonds in the domestic and American capital markets and by domestic and foreign loans. As a result of the issue of USD 1.75bn worth of bonds in November, public debt could reach around HRK 213.2bn or 64.1% of GDP by the

Figure 46 Consolidated general government deficit

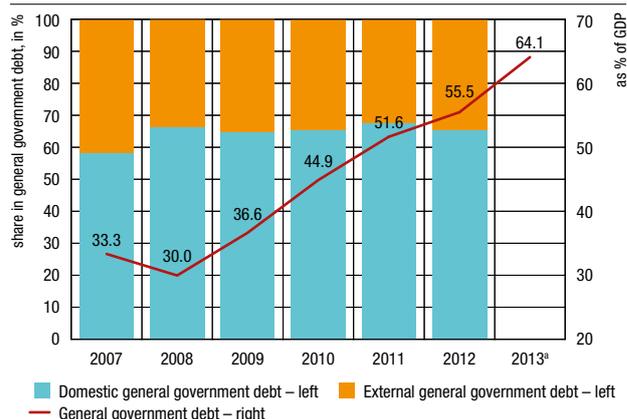


^a Projection of the CNB.

Note: From 2008 on, CM is excluded from consolidated general government.

Sources: MoF and CNB calculations.

Figure 47 General government debt



^a Projection of the CNB.

Note: From 2008 on, CM is excluded from consolidated general government.

Source: CNB.

end of 2013, which is 8.6 percentage points of GDP more than in 2012. The bulk of these funds are to be used for government financing needs in 2014.

Public debt will continue to grow and could reach around 67.0% of GDP by the end of 2014 as the government will finance the deficit mostly by new borrowings. As the fiscal adjustment of around 0.5% of GDP in structural terms is expected to continue into 2015, the nominal general government deficit could be reduced to 3.8% of GDP. Public debt could amount to 67.6% of GDP by the end of 2015.

Box 4 Excessive deficit procedure

According to the recent report of the European Commission, Croatia will soon be put in the excessive deficit procedure as its general government deficit is higher than 3% of GDP and public

debt is above 60% of GDP. The size and path of the required fiscal adjustment for Croatia, which is soon to be adopted officially, along with the choice of measures for its implementation

²⁵ A structural balance is a cyclically adjusted balance of the general government, further corrected for the impact of one-off and temporary measures. A cyclical adjustment corrects the balance value for the effects of cyclical fluctuations in the economy (for more details, see Box 5 in CNB Bulletin No. 176).

by the Croatian government, will largely influence fiscal policy in the forthcoming period.

The corrective arm of the Stability and Growth Pact and the excessive deficit procedure

Following Croatia's accession to the EU, the Government of the Republic of Croatia is obliged to adhere to the guidelines from the Stability and Growth Pact of 1997, which sets out the rules for fiscal policy coordination of EU member states. The bases of the Pact are provided in the Maastricht Treaty of 1992, which limits the budget deficit of a member state to 3% of GDP and public debt to 60% of GDP. If these limits are breached, an excessive deficit procedure (EDP) is initiated, the implementation of which is defined in the corrective arm of the Pact.²⁶

A procedure has been initiated and will very soon result in the formal inclusion of Croatia in the excessive deficit procedure (hereinafter: "procedure") in line with the European Commission report stating that Croatia does not fulfil either the deficit or the debt criterion. The Commission also issued an opinion on the existence of the excessive deficit because general government deficit is estimated at 5.4% of GDP in 2013 and the deficit is projected to remain much above 3% of GDP through to 2015, while public debt is estimated to exceed 60% of GDP in the current year.²⁷ The Commission also issued a proposal for a Council decision on the existence of an excessive deficit and a proposal of recommendations for its correction, which is soon to be adopted by the Council of the European Union. The recommendations set 2016 as the deadline for excessive deficit correction, with the required annual improvement in the structural balance of 0.5% of GDP in 2014, 0.9% of GDP in 2015 and 0.7% of GDP in 2016. This would reduce the general government deficit to 4.6% of GDP in 2014, 3.5% of GDP in 2015 and 2.7% of GDP in 2016.²⁸ This box aims to provide an explanation of the main technical details related to the opening of the procedure and an illustration of the required levels, paths and deadlines of fiscal adjustments, as well as measures taken by the other member states to reduce their budget deficits.

Up to 2011, an excessive deficit procedure was initiated only when a general government deficit exceeded 3% of GDP (taking into account whether the breach was temporary and/or a result of special circumstances). Under the amendments to the Stability and Growth Pact adopted in late 2011 one of the conditions for the opening of the procedure is public debt over 60% of GDP that has not been reduced at a satisfactory pace in the preceding three years and when projected public debt values indicate that debt will not be reduced at a satisfactory pace in the reference period. A satisfactory pace is defined as a reduction of the difference between a country's public debt and a benchmark of 60% by one twentieth per year on average during a three-year period. Actual, planned or projected values are taken into account to determine whether there is a breach of a deficit or public debt limit.

Once the European Commission establishes that conditions to initiate the procedure have been fulfilled, it forwards a proposal of a decision on the existence of an excessive deficit to the Council of the European Union, which initiates the procedure to endorse the EC proposal. Together with the proposal of a decision on the existence of an excessive deficit, the Commission forwards to the Council a recommendation with a view to bringing an end to the excessive deficit situation. EC recommendations need not comprise measures to be implemented by a member state, but may outline a path for the nominal and structural deficit and deadlines for fiscal adjustment, with the recommended annual improvement in the structural balance of at least 0.5% of GDP.²⁹ With regard to the deadline for adjustment, the initial rule is that an excessive deficit has to be corrected in the year following its identification, which usually means two years after its occurrence. Longer deadlines may be set in special circumstances³⁰ and in cases when larger adjustments are needed to reduce public debt.

After the adoption of a Commission opinion, the countries within the procedure have six months (or, in the case of larger deviations, only three months) to adopt recommendations of the European Commission. Within that period, a member state must forward to the Council and the Commission a public report stating the measures already taken and/or planned and their impact on budget revenues and expenditures. According to the proposed recommendations, 30 April 2014 is the deadline established for Croatia to forward such a report.

A country's effective action, adjustment monitoring and possible sanctions

After the expiry of the implementation deadline, the European Commission assesses whether effective action has been taken, i.e. whether the measures adopted and announced are sufficient to achieve the recommended adjustment of the nominal and structural deficit. An assessment of effective action is carried out in three steps. The attainment of nominal deficit targets is first assessed based on Commission projections. In the event of a departure from nominal targets, there will be an assessment of the structural deficit adjustment, corrected for factors beyond government control.³¹ In the absence of the corrected structural adjustment, a detailed analysis is made of the effects of individual measures on developments in budget revenues and expenditures, which are then compared with the original plan of a member state.³²

If it is established that effective action in line with recommendations has been taken, the Commission monitors the progress of fiscal adjustment. Depending on the results of the adjustment, the procedure may be either abrogated or made more stringent. Initial recommendations of the Council may be amended if unexpected adverse economic events occur in the meantime. Changes of recommendations may include the extension of the deadline for excessive deficit correction, usually by one year, or the definition

26 The Stability and Growth Pact consists of a preventive and a corrective arm. Within the preventive arm, each member state sets out its medium term objective (MTO) within the given criteria which ensure the observance of Maastricht limits and/or rapid convergence to a zone within these limits and leave room for fiscal policy implementation. In view of unfavourable demographic trends in most European countries, estimated effects of population ageing are taken into account in the determination of MTO. The preventive arm also sets out the limits on the rise in general government expenditures, which should not exceed potential GDP growth, unless a faster increase in expenditures is covered by additional discretionary revenues.

27 In its revised budget for 2013 and budget proposal for 2014, the Government estimated that the general government deficit under the national accounting plan would be 5.5% of GDP in 2013 and 2014 and 4.6% of GDP in 2015. According to CNB estimates, the deficit (ESA 95) stands at 5.9% in 2013 and public debt is already above 60% of GDP.

28 European Commission documents: http://ec.europa.eu/economy_finance/economic_governance/sgp/deficit/countries/croatia_en.htm.

29 A structural deficit is the nominal deficit excluding the effect of an economic cycle on the budget deficit and the effects of temporary and one-off measures.

30 The Commission took into account as special circumstances the financial crisis in the EU and its impact on growing deficits.

31 The recommended fiscal adjustment is compared with the actual or projected structural adjustment, with the actual adjustment being corrected for revised potential output growth and the impact of revenue windfalls/shortfalls.

32 A bottom-up analysis comprises: quantification of each measure, the outturn of expenditures planned, introduction of discretionary measures on the revenue side and the impact on revenues of changes in the GDP growth structure.

of new nominal and structural targets that take into consideration the economic situation, but without extending the deadline.

The excessive deficit procedure is made more stringent for eurozone members that have been established to have failed to take effective action, while new recommendations may be made for non-eurozone member states. Eurozone member states that fail to meet established targets may be fined in the amount of 0.2% of GDP while non-eurozone member states may be sanctioned by the suspension of financing from the cohesion fund.³³

The procedure is abrogated for all member states if the correction of excessive deficit is permanent and if it meets several conditions. First, the general government deficit must be below 3% of GDP and projected to remain below that figure.³⁴ Second, the public-debt-to-GDP ratio must be limited to 60% of GDP and projected to remain at that level. If the public-debt ratio is above the threshold limit, the third condition to abrogate the procedure is that the deficit level at the end of the adjustment period is such that it ensures that the difference between actual public debt and the 60%-of-GDP limit will decrease during the three following years at an average yearly rate of 1/20th of the difference.³⁵

Experience of the countries under the procedure

Out of the 27 EU member states, 25 have been put under the excessive deficit procedure.³⁶ Most of the 16 member states currently under the procedure entered it in 2009 due to the financial crisis. The countries that exited the procedure are: Finland (2011), Germany and Bulgaria (2012), and Italy, Hungary, Lithuania, Latvia and Romania (2013).

The required path for budget deficit adjustment for the countries under the procedure has taken three forms: equal annual adjustment, differentiated annual adjustment (different for each year), and a cumulative adjustment, where a member state alone sets the pace of adjustment. The annual adjustment in the structural deficit required by the European Commission ranged from 0.5% of GDP to over 3% of GDP, averaging 1.2% of GDP.³⁷ However, the current practice of the Commission is to set nominal and structural deficit targets for each year of the adjustment. Although the criteria to determine the size of the deficit adjustment are not strictly defined, there is a clear link between the level of the average projected nominal deficit in the year when the procedure is initiated or extended and the recommended annual adjustment for the next year. The larger the deficit, the larger the required average annual adjustment (see Figure 48).

Between 2009 and 2013, the period for adjustment was most often set at three years (Figure 49). Such a long deadline was set due to exceptional circumstances, i.e. the EU financial crisis. For example, Italy, Spain, France and Belgium were given a

33 The suspension of cohesion fund commitments for the following year may be either partial or full. Hungary is the only member state on which sanctions were imposed due to non-compliance with the recommended adjustment and which was threatened with suspension of EUR 0.5bn from the cohesion funds in 2013 (around 0.5% of GDP in Hungary). The decision on the sanction was subsequently withdrawn since Hungary achieved a deficit correction.

34 Except in the case of a pension reform. If the deficit above 3% of GDP can be accounted for by net expenses of the introduction of the second pension pillar, it is considered that the deficit target has been fulfilled.

35 The following formula is applied:

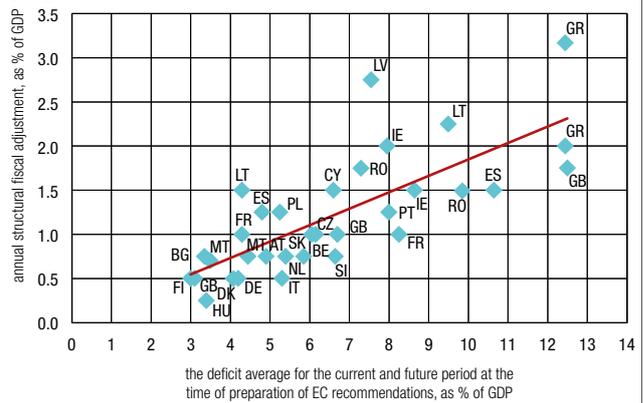
$$bb_{t+2} = 60\% + \frac{0.95}{3}(b_{t+1} - 60\%) + \frac{0.95^2}{3}(b_t - 60\%) + \frac{0.95^3}{3}(b_{t-1} - 60\%),$$

where bb_{t+2} is the benchmark level of debt for two years, and b_t is the debt level after the fiscal adjustment. In its projection of debt, b_{t+1} , the European Commission assumes deficit to be equal to that in year t after the adjustment.

36 Only Estonia and Sweden have not been put under the procedure.

37 Excluding the largest required adjustment for Ireland of 9.5% of GDP per year set for the period from 2011 to 2015.

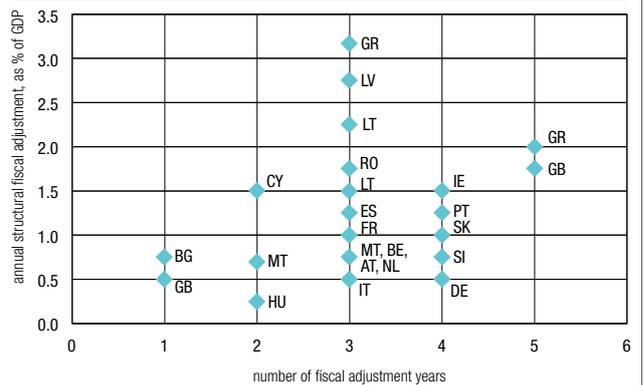
Figure 48 Comparison between the average deficit and the required annual fiscal adjustments in EU member states subject to the EDP in the 2009–2013 period



Note: Figure shows the fiscal adjustments set out in the initial and revised EC recommendations for each country subject to the EDP as a result of which there are several different adjustments for one country in the stated period.

Sources: EC and CNB calculations.

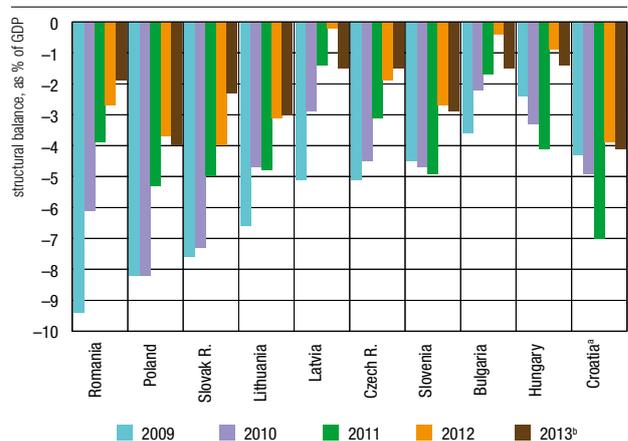
Figure 49 Comparison between the average deficit and the required number of fiscal adjustment years for EU member states in the 2009–2013 period



Note: Figure shows the fiscal adjustment deadlines set out in the initial and revised EC recommendations for each country subject to the EDP as a result of which there are several different adjustment deadlines for one country in the stated period.

Sources: EC and CNB calculations.

Figure 50 Structural balance in selected countries in the 2009–2013 period



^a The cyclically adjusted variables for Croatia are estimated and subject to future revisions. ^b Projection of the EC.

Source: EC.

Table 11 Overview of the key fiscal adjustment measures for selected countries subject to the EDP in the 2009–2013 period

	Slovenia	Hungary	Latvia	Lithuania	Poland	Czech R.	Slovak R.	Bulgaria	Romania
	• VAT rate increase by 2%	• VAT rate increase to 27%	• increase in taxes and tax rates	• VAT rate increase	• change in the collection and increase of the reduced VAT rate	• VAT rate increase	• VAT rate increase	• increase of excises	• VAT rate increase by 5%
Revenue-side measures	• introduction of financial transactions tax	• financial transactions tax	• increase of consumption tax	• widening of the contributions base	• changes in the pension system	• property tax	• increase of excises	• introduction of insurance premiums tax	• widening of the contributions base
	• increase of excises on tobacco products	• utility services tax	• increase of property tax	• increase of non-tax revenues	• increase of excises	• increase of excises	• new taxes	• increase of pension insurance contributions	• increase of the personal income tax base
	• decrease of public sector wages	• freezing and cutting of public sector wages	• job cuts in the public sector	• reduction of the volume of public sector wages	• decrease of current expenditures	• cutting of public sector wages	• reduction of the volume of wages and social benefits	• decrease of grants and social benefits	• decrease of public sector wages by 25%
Expenditure-side measures	• discontinuation of pension indexation	• decrease of pension expenditures	• decrease of public sector wages by about 25%	• decrease of maternity benefits and pensions	• freezing of public sector wages	• discontinuation of pension indexation	• decrease of public investment	• discontinuation of pension indexation	• decrease of social benefits, excl. pensions, by 15%
	• decrease of social benefits	• decrease of subsidies	• decrease in government agencies by 50%	• increase of the retirement age	• introduction of expenditure rules	• decrease of social benefits	• discontinuation of pension indexation	• decrease of government investment	• decrease of the use of goods and services by 10%

Source: EC.

three-year period for adjustment, while a four-year period to correct the excessive deficit was set for Slovenia, Slovakia, Portugal and Ireland. In addition, initial deadlines for adjustment were often revised since member states failed to attain the set nominal targets. Although the procedure formally provides for an extension of the deadline by one year, this was applied only to the Netherlands and Portugal, while deficit deadlines for France, Slovenia, Spain and some other countries were extended by two years.

Member states under the procedure adopted a series of measures to reduce their budget deficits (Figure 50). An analysis of the measures taken by the member states in transition that were or still are under the procedure shows that measures on the revenue side of the budget were predominant; they included an increase in the VAT rate and excises (Hungary, the Czech Republic, Lithuania, Latvia, Bulgaria, Slovenia), introduction of or increase in property taxes (the Czech Republic, Latvia) and improvements in the collection of taxes and contributions. On the expenditure side, the countries often resorted to the rationalisation of the system of social security benefits (Bulgaria,

Romania, Slovakia, the Czech Republic, Slovenia, Lithuania), reduction in capital investments (Slovenia, Slovakia) and limits on spending for individual budget items (Bulgaria, Latvia, Slovakia). Among restrictive measures, most often implemented were the freezing or reduction of the public sector wage bill (the Czech Republic, Latvia, Lithuania, Romania, Slovenia) and social benefits (Slovenia, the Czech Republic, Bulgaria), and suspension of the indexation of pensions to price inflation (Slovenia, Bulgaria, the Czech Republic, Latvia). The most stringent restrictive policy was implemented in Latvia and Romania (the fiscal adjustment of Latvia on the expenditure side was a high 11% of GDP in the period from 2009 to 2012).

The stated measures of the countries reviewed led to a sharp reduction in their structural deficits in the period between 2009 and 2013, as evident in Figure 51. According to EC estimates, the structural deficit for Croatia averaged 4.8% of GDP in that period. The fiscal adjustment that had begun in 2012 did not continue into 2013, but was postponed for the forthcoming period.

10 Deviations from the previous projection

The expected rate of change in real GDP in 2013 is -0.8% , which is slightly less than in the July projection when it was -1.0% . The lower economic decline expected reflects more favourable economic movements in the second quarter compared with the previous expectations, which is, among other things, due to a one-off favourable impact of Croatia's accession to the EU, as well as the introduction of fiscal cash registers.

An analysis of individual aggregate demand components shows a noticeable negative correction in exports of goods and services as goods exports were exceptionally weak in the first nine months of the current year, while exports of ships were slower than expected. In addition, a significant negative correction was made in gross fixed capital formation due to the delays in the announced investment cycle of the public sector,

continued uncertainty about developments in aggregate demand and the absence of strong FDI inflows in new production capacities. By contrast, as planned savings have not been made over the year, government consumption was revised upwards. Personal consumption was also revised upwards, but its contribution remained negative as a result of unfavourable trends in the labour market. The largest correction for 2014 was made in gross fixed capital formation, the growth rate of which was reduced slightly. However, gross fixed capital formation remained one of the key drivers of economic activity in the projection period.

Expected developments in the labour market remained mostly unchanged from the previous projection. The total number of the employed edged down in 2013, while the expected registered

Table 12 Deviations from the previous projection

	2013			2014			2015		
	Previous projection (7/2013)	Current projection	Deviation	Previous projection (7/2013)	Current projection	Deviation	Previous projection (7/2013)	Current projection	Deviation
National accounts (real rate of change, in %)									
GDP	-1.0	-0.8	0.1	0.7	0.7	0.0	1.3	0.9	-0.4
Personal consumption	-2.2	-0.8	1.4	-0.2	-0.1	0.1	0.4	0.6	0.1
Government consumption	-1.2	0.3	1.5	-1.4	-1.6	-0.3	-0.6	-1.1	-0.6
Gross fixed capital formation	0.7	-0.7	-1.4	4.2	3.5	-0.7	4.4	4.4	0.0
Exports of goods and services	0.3	-1.5	-1.8	2.3	2.3	0.0	3.1	2.8	-0.2
Imports of goods and services	-0.5	-0.7	-0.2	1.7	1.6	-0.1	2.4	2.6	0.2
Labour market									
Number of employed persons (average rate of change, in %)	-1.6	-1.3	0.4	0.2	0.2	0.0	1.3	0.6	-0.6
Registered unemployment rate	20.1	20.4	0.3	19.6	20.2	0.5	18.7	19.6	0.9
ILO unemployment rate	16.7	17.2	0.4	16.3	17.0	0.6	15.8	16.5	0.6
Prices									
Consumer price index (average rate of change, in %)	2.6	2.3	-0.3	1.9	1.3	-0.6	2.0	1.8	-0.2
Public finances (as % of GDP)									
Net lending/borrowing (EDP – ESA 95)	-4.8	-5.9	-1.2	-4.1	-4.6	-0.5	-3.5	-3.8	-0.4
Public debt	59.7	64.1	4.4	64.4	66.8	2.4	64.9	67.6	2.7
External sector									
Current account balance (as % of GDP)	1.3	0.9	-0.4	1.0	1.5	0.6	0.7	1.2	0.5
Goods	-13.9	-14.5	-0.5	-13.6	-14.4	-0.8	-13.5	-14.4	-1.0
Services	15.1	15.3	0.2	15.2	15.7	0.6	15.2	15.9	0.7
Factor income	-2.5	-2.4	0.1	-2.7	-2.4	0.3	-3.3	-2.8	0.5
Current transfers	2.7	2.5	-0.2	2.1	2.6	0.4	2.3	2.5	0.2
Current and capital account balance (as % of GDP)	1.4	1.0	-0.5	1.3	1.8	0.6	1.3	1.7	0.4
Gross external debt (as % of GDP)	102.0	104.2	2.1	101.5	103.3	1.8	99.3	100.7	1.3
Monetary developments (rate of change, in %)									
Total liquid assets – M4	4.1	3.5	-0.6	3.0	3.0	0.0	4.1	3.4	-0.7
Total liquid assets – M4 ^a	3.7	3.0	-0.7	3.0	2.9	-0.1	4.1	3.3	-0.8
Credit institution placements ^b	1.5	-0.3	-1.9	1.6	-0.1	-1.7	2.3	1.6	-0.7
Credit institution placements ^{a, b}	1.5	-0.8	-2.2	1.7	0.1	-1.6	2.3	1.6	-0.7

^a Exchange rate effects excluded.

^b If we exclude the changes in the methodology (the recording of fees and the bankruptcy of Centar banka) and the one-off repayment of CBRD loan, the estimated growth rate of placements in 2013 stands at 0.9% or 0.5%, exchange rate effects excluded. If we exclude the one-off repayment of CBRD loan at the beginning of 2014 due to the discontinuation of the Programme for the Development of the Economy, the projected growth rate of placements in 2014 stands at 0.6% or 0.8%, exchange rate effects excluded.

Sources: CBS, MoF and CNB.

and Labour Force Survey unemployment rates were revised up a bit in view of the dynamic increase in unemployment.

The average annual consumer price inflation should fall from 3.4% in 2012 to 2.3% in 2013, which is 0.3 percentage points less than in the previous projection. This is largely due to the stronger than projected impact of the fall in prices of food raw materials on prices of food and, to a lesser extent, slower growth in the CPI excluding food and energy. The average annual inflation is expected to drop to 1.3% in 2014, which is 0.6 percentage points less than in the previous projection, due to a lower carry-over effect from 2013 and a downward correction in the annual CPI excluding food and energy in 2014.

The estimated current and capital account balance for 2013 is slightly less favourable than projected in July. In contrast with the then estimated 1.4% of GDP, the current projection shows a surplus of 1.0% of GDP. Most of the deviation is attributable

to a larger foreign trade deficit, with exports of goods adjusted down by EUR 0.4bn (1.0% of GDP) for the entire 2013 due to a much weaker performance in the second and third quarters. In the context of sluggish economic activity, imports of goods also remained below expectations in the first three quarters and were adjusted down by EUR 0.2bn (0.5% of GDP) for 2013 as a whole. By contrast, the positive balance in trade in services could exceed expectations, largely owing to better results in the peak tourist season. Net expenditures in the factor income account estimated for 2013 are lower than previously projected. This is largely due to reduced profits of enterprises and banks owned by non-residents, whose poor performance is likely to continue in the remainder of the year. Interest expenses alone exceeded expectations, due to heavy borrowing of the central government. Expected net inflows of current transfers are much worse than previously projected as it became evident that some

of advance payments from the EU, expected to be paid in 2013, will be paid in 2014.

The expected surplus in the current account in 2014 and 2015 was revised up. On the one hand, tourism outlook for the forthcoming period improved, while expenditures in the factor income account could have a lesser impact on the deterioration in the overall current account balance in view of the bleak prospects for improvement in business results of economic entities. On the other hand, the foreign trade deficit could deteriorate strongly in the following period because of the much slower dynamics of recovery in goods exports.

While the July projection anticipated that gross external debt would hold steady in 2013, it is highly likely that it will grow by around EUR 0.7bn. Expectations changed mostly due to the central government, which borrowed much more than expected (instead of the projected EUR 1.0bn, expected growth in central government debt now stands at EUR 1.5bn). The central government is also accountable for the deterioration in the relative indicator of total external debt, which could reach 104.2% of GDP by the end of 2013. The pace of external debt growth expected in 2014 and 2015 was reduced relative to the July projection, largely owing to slightly intensified bank deleveraging.

The projection for credit aggregates in 2013 was revised downwards from the previous expectations. Although positive trends were seen in the first half of the year, lending to enterprises lost momentum and households continued to deleverage in the last months of 2013. The nominal decrease in placements was also due to tightened lending conditions, weak demand and the rise in the ratio of non-performing loans in bank balance sheets, as well as some methodological changes. Placements of credit institutions are expected to fall by 0.3% in the 2013 as a whole, which implies a downward adjustment of 1.8 percentage points. Projections for placements in 2014 were also revised downwards, due to a weak recovery in the real sector and the expected stagnation in financing conditions for domestic sectors.

Placements could level off in nominal terms in 2014; excluding the effect of a one-off repayment of CBRD loans to banks and exchange rate changes, the rise in placements could be 0.8%, one half of the previous expectations.

The projection of monetary aggregates in 2013 was revised downwards so that the annual increase in M4 now stands at 3.5% instead of the previously expected 4.1%. This is primarily due to a larger seasonal fall in money (M1) in the period following the summer months, while the estimated rise in savings and time deposits was in line with the previous projections. As there are no deviations from the most recent projection for 2014, the monetary aggregate could grow by some 3.0%.

The deficit projected for the 2013-2015 period according to the ESA 95 methodology is much larger than previously anticipated. This is mainly the result of methodological changes in the public finance statistics. The most important adjustments that raise the projected deficit are: larger expected expenses for interest due to the application of the accrual method of accounting for expenditures; the inclusion of outlays for CBRD recapitalisation into government budget expenditures; the exclusion of DAB from the general government; and the inclusion of Croatian Radiotelevision and CR infrastructure into the general government. In addition, profit taxes are expected to be lower in 2013 than projected in July as a result of methodological changes. More precisely, the CBS applies a time-adjusted cash basis for recording some revenue categories; available data suggest that a four-month lag is applied for profit tax. Adjustment of data in line with this principle shows that profit tax revenues in 2013 could be lower than presented in line with the cash basis principle. Projections for public debt have also been amended in line with methodological changes in the public debt statistics and revised assumptions about general government borrowing. The different dynamics of projected public debt in 2013 and 2014 is largely due to government borrowing in the American capital market in November 2013 to meet its financing needs in 2014.



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.

Up to November 2010, the sector classification of institutional units was based on the sector classification under the Decision on the Chart of Accounts for Banks, and data were based on the reporting system in accordance with the Decision relating to the bank statistical report.

From December 2010 on, the sector classification of counterparties is made in accordance with the Decision on the statistical classification of institutional sectors published by the Central Bureau of Statistics State (CBS). This classification by sectors is based on the European System of Accounts 1995 (ESA 1995), a mandatory statistical standard of the European Union, and is aligned with the basic international statistical standard – the System of National Accounts 1993 (SNA 1993). The data are based on the reporting system in accordance with the Decision on statistical and prudential reporting.

Table 1 provides a comparative overview of the two sector classifications.

Table 1 Comparative overview of the two sector classifications

Sector classification under the Decision on the Chart of Accounts for Banks	ESA 95 sector classification
Enterprises	Non-financial corporations
Public enterprises	Public non-financial corporations
Other enterprises	National private non-financial corporations
	Foreign controlled non-financial corporations
Financial institutions	Financial institutions
Croatian National Bank	Central bank
Banks	Other monetary financial institutions
Other banking institutions	Other financial intermediaries, except insurance corporations and pension funds
CBRD	
Non-banking financial institutions	Financial auxiliaries
Banks undergoing bankruptcy proceedings	Insurance corporations and pension funds
Government units	General government
Republic of Croatia (central government)	Central government
Central government funds	State government
Local government	Local government
	Social security funds
Households	Households
Non-profit institutions serving households	Non-profit institutions serving households
Non-residents	Rest of the world

For the purposes of the CNB Bulletin, institutional sectors in tables A to D12 are as follows: financial institutions, central government, other domestic sectors and rest of the world.

Financial institutions

Up to November 2010, the financial institutions sector included the following subsectors: monetary authorities (the central bank), banks, other banking institutions and non-banking financial institutions. The central bank is the Croatian National Bank. Banks are institutions to which the Croatian National Bank has issued a license to perform banking business services in accordance with the Banking Act. Data on banks do not include claims and liabilities of banks undergoing bankruptcy proceedings, nor former branches of banks headquartered outside the Republic of Croatia. Other banking institutions comprise housing savings banks, savings and loan cooperatives and

investment funds. Non-banking financial institutions are financial institutions not classified as banks or other banking institutions (e.g. insurance corporations, pension funds).

Data in tables A to D12 have been revised due to the reclassification of the Croatian Bank for Reconstruction and Development from the subsector social security funds to the subsector other banking institutions as of July 1999.

From December 2010 on, the financial institutions sector comprises the following subsectors: monetary authorities (the central bank), other monetary financial institutions, other financial intermediaries except insurance corporations and pension funds, financial auxiliaries, and insurance corporations and pension funds. The central bank is the Croatian National Bank. Other monetary financial institutions are credit institutions (banks, savings banks and housing savings banks). In line with European Central Bank regulations, the scope of the other monetary financial institutions is to be expanded to include money market funds. Credit institutions are institutions authorised by the Croatian National Bank under the Credit Institutions Act. Data on

Table 2 Sector classification of financial institutions up to November 2010

	Central bank
	Banks
	Banks and savings banks
	Housing savings banks
	Other banking institutions
	Savings and loan cooperatives/Credit unions
	Investment funds etc.
Financial institutions	CBRD
	Insurance corporations
	Pension funds
	Non-banking financial institutions
	Other financial intermediaries (e.g. leasing companies)
	Financial auxiliaries (stock exchanges, exchange offices, investment firms, investment and pension fund management companies, etc.)

Table 3 Sector classification of financial institutions from December 2010

	Central bank
	Banks
	Credit institutions
	Savings banks
	Housing savings banks
	Open-end money market funds
	Other monetary financial institutions
	Investment funds
	Leasing companies
	Other financial intermediaries (except insurance corporations and pension funds)
	Factoring companies
	Banks undergoing bankruptcy/winding-up proceedings
	CBRD
	Credit unions, etc.
	Stock exchanges
	Exchange offices
	Financial regulatory authorities
Financial institutions	Financial auxiliaries
	Insurance intermediaries and agents
	Investment firms
	Investment/pension fund management companies, etc.
	Insurance corporations and pension funds
	Insurance corporations
	Pension funds

credit institutions do not include banks undergoing winding-up or bankruptcy proceedings. The subsector other financial intermediaries except insurance corporations and pension funds consists of institutions which are principally engaged in financial intermediation by incurring liabilities in forms other than currency, deposits and/or close substitutes for deposits. It includes, for example, investment funds, leasing companies, factoring companies, banks undergoing winding-up or bankruptcy proceedings, credit unions, the Croatian Bank for Reconstruction and Development, etc. Financial auxiliaries are institutions which are principally engaged in providing auxiliary financial services and comprise, in particular, stock exchanges, exchange offices, financial regulatory authorities, insurance intermediaries and agents, investment firms, investment and pension fund management companies, the CDCC, HANFA, FINA, DAB, etc. Insurance corporations and pension funds are institutions which are principally engaged in financial intermediation as the consequence of the pooling of risks.

Tables 2 and 3 provide a comparative overview of the structure of differences among financial institutions.

Central government

Up to November 2010, the central government and social security funds sector consisted of the central government subsector (up to CNB Bulletin No. 190, reported under Republic of Croatia) and the social security funds subsector (up to CNB Bulletin No. 190, reported under central government funds).

Up to December 2003, the central government subsector included government authorities, comprising the Croatian Roads, the Croatian Motorways and the State Agency for Deposit Insurance and Bank Rehabilitation. The subsector social security funds included the Croatian Institute for Health Insurance, the Croatian Pension Insurance Administration, the Croatian Employment Service, the Croatian Privatisation Fund and the Croatian Waters. As from January 2004, the Croatian Roads, the State Agency for Deposit Insurance and Bank Rehabilitation and the Croatian Motorways have been reclassified from the central government subsector to the social security funds subsector. In addition, as from January 2008, the Croatian Motorways have been reclassified from the social security funds subsector to the subsector of public non-financial corporations.

From December 2010 on, the central government includes government authorities, comprising the Croatian Roads, the Croatian Waters and the Agency for Management of the Public Property. The social security funds subsector comprises the Croatian Pension Insurance Administration, the Croatian Institute for Health Insurance and the Croatian Employment Service.

The central government sector also includes institutional units established and controlled by the central government (e.g. engaged in education, health, science, culture, etc.), which have been reclassified from the subsector national private non-financial corporations and foreign controlled non-financial corporations (up to CNB Bulletin No. 190, reported under other enterprises).

Other domestic sectors

Other domestic sectors comprise local government, public non-financial corporations, national private non-financial corporations, foreign controlled non-financial corporations and households, including craftsmen and non-profit institutions serving households.

In some tables other domestic sectors are divided into the following subsectors: local government, non-financial corporations (up to CNB Bulletin No. 190, reported under enterprises) and households.

Local government comprises units of local and regional

self-government. The local government sector also includes institutional units established and controlled by local government units (e.g. engaged in education, health, science, culture, etc.), which have been reclassified from the subsector national private non-financial corporations and foreign controlled non-financial corporations (up to CNB Bulletin No. 190, reported under other enterprises).

Non-financial corporations include public non-financial corporations, national private non-financial corporations and foreign controlled non-financial corporations.

Up to November 2010, public non-financial corporations (up to CNB Bulletin No. 190, reported under public enterprises) comprised public non-financial corporations included in the list provided in the Instructions for the implementation of the Chart of Accounts for Banks.

National private non-financial corporations and foreign controlled non-financial corporations (up to CNB Bulletin No. 190, reported under other enterprises) include, among others, institutional units established and controlled by the central government (e.g. engaged in education, health, science, culture, etc.). This comprises, in particular, faculties, hospitals, kindergartens, health centres, etc., whereby reporting institutions have to classify e.g. higher education institutions into this subsector regardless of ownership and control (and regardless of whether they are established by the Republic of Croatia or whether they are private institutions). This subsector also includes banks undergoing bankruptcy proceedings.

Data in tables A to D12 have been revised due to the reclassification of the Croatian Motorways from the subsector social security funds to the subsector of public non-financial corporations as of January 2008.

From December 2010 on, public non-financial corporations (up to CNB Bulletin No. 190, reported under public enterprises) include all institutional units meeting the criteria for this subsector in accordance with the sector classification of institutional units.

All privately established institutions remained within national private non-financial corporations and foreign controlled non-financial corporations (up to CNB Bulletin No. 190, reported under other enterprises), while institutional units established and controlled by the government (e.g. engaged in education, health, science, culture, etc.) are classified into the corresponding subsector (central or local government) of the general government sector, depending on their founder. This subsector does not include banks undergoing bankruptcy proceedings.

Households also include craftsmen and non-profit institutions serving households.

Rest of the world includes foreign natural and legal persons.

All data on claims and liabilities in tables A to D12 refer to balances at the end of the reporting period. Foreign currency items are reported in their kuna equivalent at the CNB's midpoint exchange rate at the end of the reporting period. In tables where there is a breakdown into kuna and foreign currency items, kuna items include kuna items not indexed to foreign currency and kuna items indexed to foreign currency. All items are reported on a gross basis (i.e. before value adjustments).

The change in the sector classification and reporting system caused a break in the series of data in tables A to D12 (CNB Bulletin No. 190) and in tables H (CNB Bulletin No. 194) as of December 2010.

Furthermore, data in tables A to D12 have been revised starting from July 1999 to include data on housing savings banks in addition to data on banks and savings banks.

A Monetary and credit aggregates

Table A1 Monetary and credit aggregates
end of period, in million HRK and %

Year	Month	Reserve money	Money M1	Broadest money M4	Net domestic assets	Domestic credit	Monthly rates of growth				
							Reserve money	Money M1	Broadest money M4	Net domestic assets	Domestic credit
1999	December ^a	10,310.3	13,850.7	59,579.0	42,923.5	55,937.6	4.53	5.44	2.31	0.51	-4.54
2000	December	11,717.8	18,023.2	76,005.6	46,988.4	60,949.6	7.20	9.93	3.68	10.06	2.67
2001	December	17,864.6	23,749.5	109,951.7	61,290.3	75,103.2	8.21	13.11	11.47	3.61	1.19
2002	December	23,066.6	30,889.4	120,915.3	88,097.9	97,841.8	10.83	6.18	1.88	7.91	2.32
2003	December	30,637.9	33,940.4	135,200.4	102,429.0	112,075.1	9.08	1.93	0.46	3.37	0.60
2004	December	33,925.5	34,563.2	148,819.7	117,087.8	127,929.0	8.46	2.66	0.70	2.62	2.02
2005	December	40,441.9	38,868.2	166,161.3	142,867.8	150,245.3	9.51	4.46	0.55	2.37	2.01
2006	December	46,338.0	48,527.8	196,724.2	169,171.5	184,879.1	3.18	4.76	1.86	3.57	3.06
2007	December	51,932.2	57,886.6	233,080.1	183,673.5	213,200.1	3.75	6.73	3.95	3.56	2.67
2008	December	49,752.8	55,237.9	244,134.1	202,476.0	241,827.1	-9.89	8.16	3.30	5.61	2.76
2009	December	56,153.9	47,195.7	244,445.9	199,520.7	241,862.6	4.57	3.16	0.67	0.25	0.01
2010	December	56,353.8	48,301.4	251,738.5	207,240.1	256,504.6	3.00	-0.12	-0.79	1.44	-1.02
2011	December	62,559.6	51,934.5	255,730.6	221,732.4	269,114.2	3.76	3.27	0.15	2.40	1.08
2012	November	59,734.3	50,512.9	263,106.0	212,255.7	263,078.6	-0.44	-0.47	0.33	-0.53	-0.36
	December ^b	61,856.3	52,780.4	263,788.3	213,562.9	258,492.0	3.55	4.49	0.26	0.62	-1.74
2013	January	60,856.9	49,919.3	261,143.8	213,896.6	258,401.5	-1.62	-5.42	-1.00	0.16	-0.03
	February	60,509.1	49,625.1	261,170.4	214,661.9	258,732.2	-0.57	-0.59	0.01	0.36	0.13
	March	62,354.6	51,859.3	263,130.6	215,761.0	259,586.3	3.05	4.50	0.75	0.51	0.33
	April	61,580.6	52,896.1	262,070.0	211,724.1	261,889.7	-1.24	2.00	-0.40	-1.87	0.89
	May	62,746.3	54,780.3	263,572.5	212,804.8	260,556.0	1.89	3.56	0.57	0.51	-0.51
	June	63,520.8	57,124.6	263,936.2	215,915.1	259,236.5	1.23	4.28	0.14	1.46	-0.51
	July	60,808.4	56,746.0	265,771.9	214,277.0	259,912.0	-4.27	-0.66	0.70	-0.76	0.26
	August	61,414.6	59,145.1	273,021.1	212,315.3	259,843.2	1.00	4.23	2.73	-0.92	-0.03
	September ^a	61,495.7	57,836.8	274,523.0	213,530.7	260,439.8	0.13	-2.21	0.55	0.57	0.23
	October	61,329.7	57,000.5	273,210.9	213,364.1	257,958.7	-0.27	-1.45	-0.48	-0.08	-0.95

^a Domestic credit decreased by a one-off HRK 2,759.4m. ^b Within Domestic credit, claims on other domestic sectors fell by HRK 5.6bn in December 2012. This fall was fully attributable to a transaction of one credit institution which, in an effort to reduce the amount of partly recoverable and fully irrecoverable placements, transferred a total of HRK 5.6bn in its claims to a company indirectly owned by a parent bank.

Table A1 Monetary and credit aggregates • The table shows data on some basic monetary and credit aggregates, including their monthly growth rates.

As from CNB Bulletin No. 190, data on all the monetary aggregates have been revised from July 1999 onward to include housing savings banks in addition to the Croatian National Bank, banks and savings banks.

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 credit institutions, deposits with the CNB by other financial institutions as well as demand deposits with credit institutions.

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).

Up to November 2010, Domestic credit comprised banks' and housing savings banks' claims on other domestic sectors, other banking institutions and non-banking financial institutions.

From December 2010 on, Domestic credit comprises credit institutions' claims on other domestic sectors, other financial intermediaries, financial auxiliaries as well as insurance corporations and pension funds.

B Monetary institutions

Table B1 Monetary survey
end of period, in million HRK

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec. ^a	2013			
						Mar.	Jun.	Sep.*	Oct.
ASSETS									
1 Foreign assets (net)	41,658.1	44,925.2	44,498.4	33,998.2	50,225.4	47,369.7	48,021.0	60,992.3	59,846.9
2 Domestic credit	274,165.9	275,430.1	295,198.1	317,322.1	315,273.2	318,974.7	316,967.5	317,182.7	315,339.2
2.1 Claims on central government and social security funds (net)	32,338.7	33,567.5	38,693.6	48,208.0	56,781.3	59,388.3	57,731.0	56,743.0	57,380.4
2.2 Claims on other domestic sectors	239,449.4	240,118.1	250,294.2	261,982.9	247,816.4	249,083.0	248,254.4	249,719.0	247,486.8
2.3 Claims on other banking institutions	1,249.9	633.9	....	....	....	....	....	....	....
2.4 Claims on non-banking financial institutions	1,127.8	1,110.6	....	....	....	....	....	....	....
2.5 Claims on other financial intermediaries	....	....	4,588.1	5,975.8	9,366.9	9,310.4	9,009.8	8,674.4	8,858.6
2.6 Claims on financial auxiliaries	....	....	967.9	1,022.8	1,065.5	1,035.9	1,157.8	1,217.2	1,204.4
2.7 Claims on insurance corporations and pension funds	....	....	654.3	132.6	243.1	157.0	814.5	829.1	409.0
Total (1+2)	315,824.0	320,355.3	339,696.6	351,320.4	365,498.7	366,344.3	364,988.6	378,175.1	375,186.1
LIABILITIES									
1 Money	55,237.9	47,195.7	48,301.4	51,934.5	52,780.4	51,859.3	57,124.6	57,836.8	57,000.5
2 Savings and time deposits	56,240.7	44,874.3	38,885.2	42,558.9	40,590.0	41,780.0	41,470.6	42,134.7	42,153.6
3 Foreign currency deposits	117,590.8	135,509.1	147,320.5	144,486.8	152,649.2	152,731.1	148,554.1	157,308.7	157,158.4
4 Bonds and money market instruments	15,064.7	16,866.7	17,231.3	16,750.4	17,768.7	16,760.3	16,786.9	17,242.8	16,898.5
5 Restricted and blocked deposits	3,094.2	2,598.3	3,580.9	3,399.7	5,274.1	5,511.7	5,101.0	4,990.1	4,957.9
6 Other items (net)	68,595.7	73,311.1	84,377.1	92,190.1	96,436.2	97,702.0	95,951.4	98,661.9	97,017.2
Total (1+2+3+4+5+6)	315,824.0	320,355.3	339,696.6	351,320.4	365,498.7	366,344.3	364,988.6	378,175.1	375,186.1

^a Claims on other domestic sectors fell by HRK 5.6bn in December 2012. This fall was fully attributable to a transaction of one credit institution which, in an effort to reduce the amount of partly recoverable and fully irrecoverable placements, transferred a total of HRK 5.6bn in its claims to a company indirectly owned by a parent bank.

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

As from CNB Bulletin No. 190, data on all the items have been revised from July 1999 onward to include housing savings banks in addition to the Croatian National Bank, banks and savings banks.

Foreign assets (net) is a difference between total foreign assets and total foreign liabilities of the CNB and credit institutions.

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

and credit institutions.

Money is the sum of currency outside credit institutions, deposits by other financial institutions with the CNB and demand deposits with credit institutions (item Demand deposits in the Credit institutions' 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 Credit institutions' accounts, while item Restricted and blocked deposits represents the sum of the corresponding items in the Monetary authorities accounts (excluding credit institutions' blocked deposits with the CNB) and the Credit institutions' accounts. Other items (net) are unclassified liabilities decreased by unclassified assets.

Table B2 Number of credit institutions and their classification by total assets

Year	Month	Total number of credit institutions	Banks	Savings banks	Housing savings banks	Savings banks ^a	Credit institutions 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
1	2	3 = 4 to 7	4	5	6	7	8	9	10	11	12	13
1999	December	87	53	0	4	30	34	27	7	7	10	2
2000	December	78	45	0	4	29	28	23	9	6	10	2
2001	December	69	44	0	4	21	20	20	8	7	10	4
2002	December	59	46	0	3	10	12	16	9	9	8	5
2003	December	53	42	0	4	7	7	16	9	7	8	6
2004	December	49	39	0	4	6	7	13	10	8	5	6
2005	December	43	36	0	4	3	4	10	8	8	7	6
2006	December	43	35	0	5	3	6	6	6	11	6	8
2007	December	42	35	0	5	2	5	5	2	16	5	9
2008	December	43	35	1	5	2	4	8	1	14	7	9
2009	December	43	34	2	5	2	5	6	3	14	7	8
2010	December	38	32	1	5	0	1	5	2	12	10	8
2011	December	37	31	1	5	0	1	5	1	12	10	8
2012	November	37	31	1	5	0	1	5	1	11	11	8
	December	36	30	1	5	0	1	5	1	11	10	8
2013	January	36	30	1	5	0	1	5	1	11	10	8
	February	36	30	1	5	0	1	5	1	11	10	8
	March	36	30	1	5	0	1	5	1	11	10	8
	April	36	30	1	5	0	1	5	1	11	10	8
	May	36	30	1	5	0	1	5	1	11	10	8
	June	36	30	1	5	0	1	5	1	12	9	8
	July	36	30	1	5	0	1	5	1	11	10	8
	August	36	30	1	5	0	1	5	1	11	10	8
	September	36	30	1	5	0	1	5	1	12	9	8
	October	35	29	1	5	0	1	4	2	11	9	8

^a Savings banks operated under the Act on Banks and Savings Banks of 1993.

Table B2 Number of reporting credit institutions and their classification by total assets • The table shows the total number of credit institutions which report monthly to the CNB. Their operations are shown in the Credit institutions' accounts. In line with European Central Bank regulations, the scope of the other monetary financial institutions is to be expanded to include money market funds.

Up to February 2005, monetary statistics included institutions whose authorisations have been withdrawn, but which have not initiated winding-up proceedings. Up to November 2010, monetary statistics included institutions undergoing winding-up proceedings.

The table also shows the classification of reporting credit institutions according to their total assets.

C Monetary authorities

Table C1 Monetary authorities accounts
end of period, in million HRK

	2008	2009	2010	2011	2012	2013				
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Oct.	
ASSETS										
1 Foreign assets	66,805.5	75,807.8	78,728.2	84,302.0	84,782.1	85,552.5	89,569.3	89,204.0	88,361.6	
1.1 Gold	-	-	-	-	-	-	-	-	-	
1.2 Holdings of SDRs	5.3	2,423.7	2,634.5	2,716.3	2,662.3	2,709.1	2,627.1	2,637.5	2,618.3	
1.3 Reserve position in the IMF	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	
1.4 Currency and demand deposits with foreign banks	1,472.7	1,763.8	1,483.0	1,887.2	10,647.4	6,460.5	6,411.7	7,067.6	6,368.3	
1.5 Time deposits with foreign banks	13,189.3	17,534.5	22,702.9	18,676.4	6,298.8	7,257.9	14,001.0	10,216.2	8,706.4	
1.6 Securities in f/c	52,136.9	54,084.5	51,906.5	61,020.7	65,172.2	69,123.5	66,528.1	69,281.3	70,667.1	
1.7 Non-convertible foreign exchange	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
2 Claims on central government	2.2	2.9	0.3	251.8	-	-	0.0	-	-	
2.1 Claims in kuna	2.2	2.9	0.3	251.8	-	-	0.0	-	-	
2.2 Claims in f/c	-	-	-	-	-	-	-	-	-	
3 Claims on other domestic sectors	3.7	3.5	3.1	2.8	2.5	2.5	2.4	2.4	2.4	
4 Claims on credit institutions	13.9	13.5	12.9	139.2	11.8	11.5	11.1	20.6	11.3	
4.1 Loans to credit institutions	13.9	13.5	12.9	139.2	11.8	11.5	11.1	20.6	11.3	
Lombard loans	-	-	-	-	-	-	-	-	-	
Short-term liquidity loans	-	-	-	126.8	-	-	-	9.3	-	
Other loans	13.9	13.5	12.9	12.4	11.8	11.5	11.1	11.3	11.3	
Reverse repo transactions	-	-	-	-	-	-	-	-	-	
4.2 Overdue claims	-	-	-	-	-	-	-	-	-	
5 Claims on other financial institutions	60.5	0.7	0.7	0.7	-	-	-	-	-	
Total (1+2+3+4+5)	66,885.8	75,828.3	78,745.2	84,696.5	84,796.4	85,566.5	89,582.9	89,227.0	88,375.2	
LIABILITIES										
1 Reserve money	49,752.8	56,153.9	56,353.8	62,559.6	61,856.3	62,354.6	63,520.8	61,495.7	61,329.7	
1.1 Currency outside credit institutions	17,051.0	15,282.1	15,262.7	16,689.1	16,947.0	16,919.3	18,511.1	18,358.5	17,707.2	
1.2 Credit institutions' cash in vaults	3,428.3	3,659.6	4,048.7	4,253.9	4,681.0	4,021.3	4,764.9	4,653.3	4,241.2	
1.3 Credit institutions' deposits	29,263.7	37,200.1	36,937.6	41,436.0	39,636.7	41,347.5	40,092.1	37,981.6	38,916.5	
Settlement accounts	9,520.3	12,024.6	10,246.1	12,705.0	11,509.2	9,847.7	15,829.1	13,319.5	14,036.9	
Statutory reserve in kuna	19,222.7	23,600.6	22,705.1	25,755.0	24,555.7	24,129.8	24,263.0	24,662.1	24,879.6	
CNB bills on obligatory basis	460.6	-	-	-	-	-	-	-	-	
Overnight deposits	60.0	1,575.0	3,986.4	2,976.0	3,571.9	7,370.0	-	-	-	
1.4 Deposits of other financial institutions	9.9	12.0	104.8	180.6	591.6	66.5	152.7	502.4	464.8	
2 Restricted and blocked deposits	8,064.1	5,091.6	5,979.3	5,754.0	7,954.8	7,482.5	7,241.7	7,110.2	7,079.5	
2.1 Statutory reserve in f/c	8,008.3	5,041.7	4,773.2	5,538.3	5,094.5	5,066.9	4,975.7	4,997.6	5,011.8	
2.2 Restricted deposits	55.8	49.9	1,206.0	215.8	2,860.2	2,415.6	2,265.9	2,112.6	2,067.7	
2.3 Blocked f/c deposits	-	-	-	-	-	-	-	-	-	
3 Foreign liabilities	16.6	8.1	8.7	0.4	0.1	0.1	947.3	560.3	356.0	
3.1 Use of IMF credit	-	-	-	-	-	-	-	-	-	
3.2 Liabilities to international institutions	16.6	8.1	8.7	0.4	0.1	0.1	0.1	560.3	356.0	
3.3 Liabilities to foreign banks	-	-	-	0.0	0.0	-	947.3	-	-	
4 Deposits of central government and social security funds	197.1	4,159.4	4,106.2	1,439.2	146.6	296.3	4,158.4	5,022.6	4,761.3	
4.1 Demand deposits	161.3	1,827.1	1,379.8	849.7	68.1	258.0	1,098.2	2,829.8	3,182.8	
Central government demand deposits	43.0	1,772.9	1,379.8	849.7	68.1	258.0	1,098.2	2,829.8	3,182.8	
Demand deposits of social security funds	118.3	54.2	-	-	-	-	-	-	-	
4.2 Central government f/c deposits	35.8	2,332.2	2,726.4	589.5	78.5	38.3	3,060.2	2,192.8	1,578.5	
4.3 CNB bills	-	-	-	-	-	-	-	-	-	
5 CNB bills	-	-	-	-	-	-	-	-	-	
5.1 CNB bills in kuna	-	-	-	-	-	-	-	-	-	
5.2 CNB bills in f/c	-	-	-	-	-	-	-	-	-	
6 Capital accounts	9,562.4	11,151.3	13,090.1	15,787.9	15,716.8	16,329.9	14,631.2	15,961.7	15,767.3	
7 Other items (net)	-707.1	-735.9	-792.9	-844.6	-878.1	-896.8	-916.5	-923.6	-918.5	
Total (1+2+3+4+5+6+7)	66,885.8	75,828.3	78,745.2	84,696.5	84,796.4	85,566.5	89,582.9	89,227.0	88,375.2	

Table C1 Monetary authorities accounts • The table reports data on claims and liabilities of the 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 are loans, overdue claims on the budget of the Republic of Croatia and investments in short-term securities of the Republic of Croatia. In accordance with the Croatian National Bank Act that entered into force in July 2008, 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.

Claims on other domestic sectors are loans and overdue claims on other domestic sectors (up to CNB Bulletin No. 190, this item included claims on banks undergoing bankruptcy proceedings).

From May 1999 on, Claims on other financial institutions (up to CNB Bulletin No. 190, reported under Claims on other banking institutions) include overdue claims on credit institutions against which bankruptcy proceedings have been initiated.

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

Reserve money consists of currency outside credit institutions,

cash in credit institutions' vaults, credit institutions' deposits with the CNB and deposits of other financial institutions with the CNB.

Credit institutions' deposits are: settlement account balances, statutory reserves deposited on a special account with the CNB (including, from March 2006, the special reserve requirement on liabilities arising from issued securities), CNB bills on an obligatory basis and overnight deposits.

Deposits by other financial institutions are settlement account balances of the CBRD, CDCC deposits for securities trading and DAB deposits.

Restricted and blocked deposits include required foreign currency reserves and accrued interest, restricted deposits and blocked foreign currency deposits. Credit institutions are required to set aside the reserve requirements against certain foreign currency sources of funds and the marginal reserve requirements (from August 2004 to October 2008) in special accounts at the Croatian National Bank. Restricted deposits are kuna funds set aside on the basis of a court order or regulations, kuna funds set aside in the period between May 1999 and April 2002 and deposits of banks undergoing bankruptcy proceedings. From March 2010 on, this item includes CBRD funds related to the accounts of the programme for the development of the economy. Blocked foreign currency deposits are funds that were set aside in special accounts at the Croatian National Bank for repaying unpaid amounts due to foreign creditors.

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

Deposits of central government and social security funds are demand deposits and foreign currency deposits of the central government and social security funds with the CNB, and CNB bills purchased by institutions in the central government and social security funds' sector.

CNB bills are kuna and f/c CNB bills on a voluntary basis, excluding CNB bills voluntarily purchased by institutions in the central government and social security funds' sector.

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.

D Credit institutions

Table D1 Credit institutions' accounts
end of period, in million HRK

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec. ^a	2013			
						Mar.	Jun.	Sep.*	Oct.
ASSETS									
1 Reserves with the CNB	40,705.6	45,902.1	45,745.5	51,114.0	49,411.3	50,442.0	49,832.7	47,660.8	48,181.3
1.1 In kuna	32,700.5	40,860.4	40,169.1	45,590.6	44,316.8	45,375.1	44,856.9	42,663.2	43,169.5
1.2 In f/c	8,005.1	5,041.7	5,576.4	5,523.5	5,094.5	5,066.9	4,975.7	4,997.6	5,011.8
2 Foreign assets	50,246.6	49,577.0	47,878.2	40,044.9	39,118.6	34,225.2	34,563.2	43,218.2	41,077.9
3 Claims on central government and social security funds	35,209.4	40,031.2	46,162.1	53,474.4	60,838.0	63,403.5	65,706.0	65,655.7	66,116.1
4 Claims on other domestic sectors	239,445.7	240,114.6	250,291.1	261,980.1	247,813.8	249,080.5	248,251.9	249,716.7	247,484.4
4.1 Claims on local government	2,077.4	2,074.2	3,348.1	3,563.3	3,500.1	3,547.2	3,311.6	3,136.6	3,432.8
4.2 Claims on non-financial corporations	107,959.0	112,167.5	116,802.9	126,938.8	114,622.2	116,082.3	117,584.8	117,908.6	116,455.2
4.3 Claims on households	129,409.4	125,872.8	130,140.1	131,478.0	129,691.5	129,451.0	127,355.5	128,671.4	127,596.3
5 Claims on other banking institutions	1,249.9	633.9	....	....	....	....	....	....	....
6 Claims on non-banking financial institutions	1,067.4	1,109.9	....	....	....	....	....	....	....
7 Claims on other financial intermediaries	....	....	4,587.5	5,975.1	9,366.9	9,310.4	9,009.8	8,674.4	8,858.6
8 Claims on financial auxiliaries	....	....	967.9	1,022.8	1,065.5	1,035.9	1,157.8	1,217.2	1,204.4
9 Claims on insurance corporations and pension funds	....	....	654.3	132.6	243.1	157.0	814.5	829.1	409.0
Total (1+2+3+4+5+6+7+8+9)	367,924.6	377,368.7	396,286.6	413,744.0	407,857.2	407,654.5	409,335.9	416,972.1	413,331.7
LIABILITIES									
1 Demand deposits	38,177.0	31,901.5	32,933.9	35,064.8	35,241.9	34,873.6	38,460.8	38,975.9	38,828.5
2 Savings and time deposits	56,240.7	44,874.3	38,885.2	42,558.9	40,590.0	41,780.0	41,470.6	42,134.7	42,153.6
3 Foreign currency deposits	117,590.8	135,509.1	147,320.5	144,486.8	152,649.2	152,731.1	148,554.1	157,308.7	157,158.4
4 Bonds and money market instruments	15,064.7	16,866.7	17,231.3	16,750.4	17,768.7	16,760.3	16,786.9	17,242.8	16,898.5
5 Foreign liabilities	75,377.4	80,451.5	82,099.3	90,348.3	73,675.1	72,408.0	75,164.1	70,869.6	69,236.6
6 Deposits of central government and social security funds	2,675.8	2,307.2	3,362.6	4,079.1	3,910.1	3,718.8	3,816.6	3,890.2	3,974.4
7 Credit from central bank	14.0	13.5	12.9	139.1	11.8	11.5	11.1	20.6	11.3
8 Restricted and blocked deposits	3,038.4	2,548.4	2,374.9	3,183.9	2,413.9	3,096.1	2,835.0	2,877.5	2,890.3
9 Capital accounts	60,708.0	66,784.4	72,555.2	77,208.3	80,700.6	82,000.6	81,415.8	83,102.6	83,327.6
10 Other items (net)	-962.2	-3,888.0	-489.3	-75.6	896.0	274.6	820.9	549.5	-1,147.4
Total (1+2+3+4+5+6+7+8+9+10)	367,924.6	377,368.7	396,286.6	413,744.0	407,857.2	407,654.5	409,335.9	416,972.1	413,331.7

^a Claims on other domestic sectors fell by HRK 5.6bn in December 2012. This fall was fully attributable to a transaction of one credit institution which, in an effort to reduce the amount of partly recoverable and fully irrecoverable placements, transferred a total of HRK 5.6bn in its claims to a company indirectly owned by a parent bank.

Table D1 Credit institutions' accounts • Credit institutions' accounts include data on claims and liabilities of credit institutions.

As from CNB Bulletin No. 190, data on all the items have been revised from July 1999 onward to include housing savings banks in addition to the Croatian National Bank, banks and savings banks. Mutual claims and liabilities between banks, savings banks and housing savings banks are consolidated.

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

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

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

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

Up to November 2010, the same forms of kuna and foreign currency claims were included in claims on other banking institutions and non-banking financial institutions, with one difference: Claims on other banking institutions also included deposits with those institutions. From December 2010 on, the same forms of kuna and foreign currency claims are included in claims on other financial intermediaries (including claims on the CBRD), financial auxiliaries as well as insurance corporations and pension funds.

Up to November 2010, items Demand deposits, Savings and time deposits, Foreign currency deposits as well as Bonds and money market instruments comprised credit institutions' liabilities to other domestic sectors, other banking institutions and non-banking financial institutions. From December 2010 on, these items comprise credit institutions' liabilities to other domestic sectors, other financial intermediaries, financial auxiliaries as well as insurance corporations and pension funds.

Demand deposits include transaction accounts balances and credit institutions' obligations arising from kuna payment

instruments issued, minus currency in the payment system, i.e. checks in credit institutions' 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 credit institutions' liabilities for securities issued (net) and loans received. Issued subordinated and hybrid instruments, purchased by foreign investors, are excluded from this item.

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

Deposits of central government and social security funds are all forms of credit institutions' kuna and foreign currency liabilities (except restricted and blocked deposits) to the central government and social security funds.

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

Up to November 2010, Restricted and blocked deposits comprised the following banks' liabilities: kuna and foreign currency restricted deposits by other domestic sectors, other banking institutions, non-banking financial institutions, central government as well as foreign legal and natural persons, and households' blocked

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

From December 2010 on, Restricted and blocked deposits comprise the following credit institutions' liabilities: kuna and foreign currency restricted deposits by other domestic sectors, other financial intermediaries, financial auxiliaries, insurance corporations and pension funds, central government as well as foreign legal and natural persons, and households' blocked foreign currency deposits, regulated by the Act on Converting Households' Foreign Currency Deposits into the Public Debt of the Republic of Croatia.

Capital accounts are share capital, retained earnings (loss), profit (loss) for the previous year, profit (loss) for the current year, legal reserves, reserves provided for by the articles of association and other capital reserves, reserves for general banking risks, deferred tax in equity, dividends paid in the current year, revaluation reserves, collectively and individually assessed impairment provisions for off-balance sheet items, value adjustments and collectively assessed impairment provisions.

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

Tables D2 – D12 • This group of tables (with the exception of tables D5, D5a, D5b, D5c and D5d) provides a detailed analysis of the relevant asset and liability items in Table D1 (Credit institutions' accounts).

Table D2 Foreign assets of credit institutions
end of period, in million HRK

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013			
						Mar.	Jun.	Sep.	Oct.
1 Foreign assets in f/c	49,705.1	49,230.3	46,906.2	39,109.0	37,343.7	33,260.4	33,172.3	41,949.3	39,478.5
1.1 Claims on foreign financial institutions	38,038.3	34,186.6	32,056.3	29,655.0	28,730.5	26,088.1	24,869.3	31,861.4	30,462.8
Foreign currencies	1,973.2	1,772.6	1,623.1	1,940.5	1,758.0	1,748.7	2,052.9	1,906.2	1,650.0
Demand deposits	2,109.8	1,338.7	1,175.2	2,377.1	5,457.7	3,609.0	3,642.6	4,479.4	3,543.9
Time and notice deposits	31,444.5	29,254.5	27,129.2	22,372.8	15,915.9	14,629.5	15,667.6	19,804.6	19,767.6
Securities	2,307.1	1,629.0	1,896.5	2,847.4	5,360.6	5,982.6	3,348.7	5,515.9	5,343.3
Loans and advances	166.3	117.6	170.1	8.7	187.7	67.4	59.4	54.1	53.6
Shares and participations	37.4	74.2	62.1	108.5	50.6	50.9	98.2	101.1	104.5
1.2 Claims on foreign non-financial institutions	11,666.8	15,043.7	14,849.9	9,454.0	8,613.2	7,172.3	8,303.0	10,087.9	9,015.7
Claims on foreign governments	9,976.8	13,477.2	12,906.2	7,544.3	6,944.0	5,474.7	6,282.0	7,936.9	6,891.6
Claims on other non-residents	1,613.5	1,534.5	1,926.6	1,902.7	1,643.2	1,662.4	1,984.0	2,119.8	2,090.1
Securities	235.1	205.4	271.7	55.1	0.1	2.3	16.9	14.3	14.5
Loans and advances	1,378.4	1,329.1	1,654.9	1,847.7	1,643.1	1,660.1	1,967.1	2,105.4	2,075.6
Shares and participations	76.5	32.0	17.1	6.9	26.0	35.3	37.0	31.2	34.1
2 Foreign assets in kuna	541.5	346.7	972.1	935.9	1,774.9	964.8	1,390.8	1,268.9	1,599.4
2.1 Claims on foreign financial institutions	144.1	86.3	713.7	764.4	1,583.4	772.3	1,199.8	1,079.4	1,410.3
2.2 Claims on foreign non-banks	397.4	260.3	258.3	171.5	191.5	192.6	191.0	189.4	189.1
o/w: Loans and advances	396.8	260.0	258.0	171.2	191.2	192.2	190.7	189.1	188.7
Total (1+2)	50,246.6	49,577.0	47,878.2	40,044.9	39,118.6	34,225.2	34,563.2	43,218.2	41,077.9

Table D2 Foreign assets of credit institutions • This table shows credit institutions' claims on foreign legal and natural persons.

Foreign assets of credit institutions comprise foreign assets in

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

Table D3 Credit institutions' claims on the central government and social security funds
end of period, in million HRK

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013			
						Mar.	Jun.	Sep.*	Oct.
1 In kuna	24.192,6	23.306,6	27.968,6	31.215,7	32.801,9	33,104.7	36,640.6	37,574.4	37,953.8
1.1 Claims on central government	22.361,4	21.517,8	27.967,6	31.213,5	32.800,3	33,102.7	36,639.2	37,573.2	37,952.7
Securities	19.431,0	18.592,7	21.932,2	22.831,0	19.556,8	21,565.3	22,135.2	22,125.4	22,649.8
o/w: Bonds (c'part to f/c savings deposits)	6,1	5,2	17,1	16,3	15,6	15.5	15.2	15.6	15.6
Loans and advances	2.930,4	2.925,1	6.035,4	8.382,5	13.243,5	11,537.4	14,504.0	15,447.8	15,302.8
1.2 Claims on social security funds	1.831,2	1.788,8	1,0	2,2	1,6	1,9	1,4	1,2	1,1
Securities	6,1	-	-	-	-	-	-	-	-
Loans and advances	1.825,2	1.788,8	1,0	2,2	1,6	1,9	1,4	1,2	1,1
2 In f/c	11.016,8	16.724,6	18.193,4	22.258,7	28.036,1	30,298.8	29,065.4	28,081.4	28,162.4
2.1 Claims on central government	9.843,6	14.793,1	18.193,4	22.258,7	28.036,1	30,298.8	29,065.4	28,081.4	28,162.4
Securities	300,7	234,7	207,7	1.281,2	6.907,5	6,948.8	6,884.3	4,857.0	4,906.5
Loans and advances	9.542,9	14.558,4	17.985,7	20.977,5	21.128,6	23,350.0	22,181.1	23,224.4	23,255.8
2.2 Claims on social security funds	1.173,2	1.931,6	-	-	-	-	-	-	-
Securities	-	-	-	-	-	-	-	-	-
Loans and advances	1.173,2	1.931,6	-	-	-	-	-	-	-
Total (1+2)	35.209,4	40.031,2	46.162,1	53.474,4	60.838,0	63,403.5	65,706.0	65,655.7	66,116.1

Table D3 Credit institutions' claims on the central government and social security funds • The table shows credit institutions' kuna and foreign currency claims on the central government and social security funds. Item Securities, shown under kuna claims

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

Table D3a Credit institutions' kuna claims on the central government and social security funds
end of period, in million HRK

	2010 Dec.	2011		2012		2013			
		Jun.	Dec.	Jun.	Dec.	Mar.	Jun.	Sep.*	Oct.
1 Kuna claims not indexed to foreign currency	16,278.6	18,636.8	18,224.7	18,536.0	18,072.2	20,318.2	22,405.6	22,487.4	22,890.4
1.1 Claims on central government	16,277.6	18,635.2	18,222.4	18,535.4	18,070.6	20,316.2	22,404.2	22,486.2	22,889.3
Securities	12,633.4	14,685.2	14,070.4	13,379.8	12,650.7	14,637.7	15,864.3	15,550.9	16,023.3
Loans and advances	3,644.2	3,950.0	4,152.0	5,155.5	5,419.9	5,678.5	6,540.0	6,935.3	6,866.0
1.2 Claims on social security funds	1,0	1,6	2,2	0,7	1,6	1,9	1,4	1,2	1,1
Securities	-	-	-	-	-	-	-	-	-
Loans and advances	1,0	1,6	2,2	0,7	1,6	1,9	1,4	1,2	1,1
2 Kuna claims indexed to foreign currency	11,690.0	10,998.1	12,991.1	13,500.6	14,729.7	12,786.5	14,235.0	15,087.0	15,063.3
2.1 Claims on central government	11,690.0	10,998.1	12,991.1	13,500.6	14,729.7	12,786.5	14,235.0	15,087.0	15,063.3
Securities	9,298.8	8,231.9	8,760.6	6,461.9	6,906.1	6,927.6	6,270.9	6,574.5	6,626.5
o/w: Bonds (c'part to f/c savings deposits)	17,0	15,9	16,3	16,0	15,6	15,5	15,2	15,6	15,6
Loans and advances	2,391.2	2,766.1	4,230.5	7,038.7	7,823.6	5,858.9	7,964.0	8,512.5	8,436.8
2.2 Claims on social security funds	-	-	-	-	-	-	-	-	-
Securities	-	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-
Total (1+2)	27,968.6	29,634.8	31,215.7	32,036.7	32,801.9	33,104.7	36,640.6	37,574.4	37,953.8

Table D3a Credit institutions' kuna claims on the central government and social security funds • The table provides a detailed analysis of the claims in kuna item in Table D3, showing

separately claims not indexed to foreign currency and claims indexed to foreign currency.

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

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec. ^a	2013			
						Mar.	Jun.	Sep.	Oct.
1 Claims in kuna	223,493.1	218,545.6	224,689.7	232,466.6	223,356.3	224,641.4	221,045.6	221,915.1	219,722.8
1.1 Money market instruments	2,674.5	2,040.2	1,906.0	2,165.9	3,786.7	4,008.1	4,179.3	4,137.0	4,090.6
1.2 Bonds	1,341.4	1,691.0	1,714.7	1,734.5	1,553.1	1,508.6	1,444.0	1,324.2	1,319.4
1.3 Loans and advances	217,386.3	212,551.5	219,978.2	227,495.7	216,980.4	217,931.5	214,248.2	215,266.1	213,121.1
1.4 Shares and participations	2,090.8	2,262.9	1,090.7	1,070.6	1,036.1	1,193.3	1,174.0	1,187.8	1,191.7
2 Claims in f/c	15,952.6	21,569.1	25,601.4	29,513.5	24,457.5	24,439.1	27,206.4	27,801.6	27,761.6
2.1 Securities	109.3	441.1	106.0	163.0	143.5	167.0	164.5	185.2	159.6
2.2 Loans and advances	15,843.3	21,128.0	25,495.4	29,350.4	24,314.0	24,272.2	27,041.9	27,616.4	27,602.0
Total (1+2)	239,445.7	240,114.6	250,291.1	261,980.1	247,813.8	249,080.5	248,251.9	249,716.7	247,484.4

^a Claims on other domestic sectors fell by HRK 5.6bn in December 2012. This fall was fully attributable to a transaction of one credit institution which, in an effort to reduce the amount of partly recoverable and fully irrecoverable placements, transferred a total of HRK 5.6bn in its claims to a company indirectly owned by a parent bank.

Table D4 Credit institutions' claims on other domestic sectors • The table shows credit institutions' kuna and foreign currency claims on other domestic sectors, classified according to financial instruments: money market instruments (including factoring and forfeiting since January 2004), bonds, loans and advances, and equities.

From January 2004 to November 2010, factoring and

forfeiting were in their entirety included in money market instruments. From December 2010 on, factoring and forfeiting which credit institutions report within the loan portfolio are included in loans and advances. Factoring and forfeiting in all other portfolios are reported within money market instruments (with original maturity of up to and including one year) or bonds (with original maturity of over one year).

Table D4a Credit institutions' kuna claims on other domestic sectors
end of period, in million HRK

	2010 Dec.	2011		2012		2013			
		Jun.	Dec.	Jun.	Dec.	Mar.	Jun.	Sep.	Oct.
1 Kuna claims not indexed to foreign currency	66,440.4	65,168.5	66,228.5	66,077.8	64,761.5	66,329.5	66,752.5	66,545.9	66,020.5
1.1 Money market instruments	1,720.7	1,930.7	2,030.7	2,525.5	3,176.5	3,357.0	3,449.7	3,359.1	3,380.3
1.2 Bonds	1,381.8	1,005.6	1,024.9	1,175.0	1,047.4	1,028.2	993.3	997.1	1,008.2
1.3 Loans and advances	62,247.2	61,114.9	62,102.3	61,314.7	59,501.5	60,751.1	61,135.5	61,001.9	60,440.3
1.4 Shares and participations	1,090.7	1,117.3	1,070.6	1,062.6	1,036.1	1,193.3	1,174.0	1,187.8	1,191.7
2 Kuna claims indexed to foreign currency	158,249.3	163,100.2	166,238.1	162,549.6	158,594.8	158,311.9	154,293.1	155,369.2	153,702.2
2.1 Securities	518.2	800.0	844.7	725.7	1,115.8	1,131.5	1,180.3	1,105.0	1,021.4
2.2 Loans and advances	157,731.1	162,300.2	165,393.4	161,823.9	157,479.0	157,180.4	153,112.7	154,264.2	152,680.8
Total (1+2)	224,689.7	228,268.7	232,466.6	228,627.4	223,356.3	224,641.4	221,045.6	221,915.1	219,722.8

Table D4a Credit institutions' kuna claims on other domestic sectors • The table provides a detailed analysis of the Claims in

kuna item in Table D4, showing separately claims not indexed to foreign currency and claims indexed to foreign currency.

Table D5 Distribution of credit institutions' loans by domestic institutional sectors
end of period, in million HRK

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013			
						Mar.	Jun.	Sep.*	Oct.
LOANS IN KUNA									
1 Loans to central government and social security funds	4,755.6	4,713.9	6,036.4	8,384.7	13,245.1	11,539.3	14,505.3	15,449.0	15,303.9
1.1 Loans to central government	2,930.4	2,925.1	6,035.4	8,382.5	13,243.5	11,537.4	14,504.0	15,447.8	15,302.8
1.2 Loans to social security funds	1,825.2	1,788.8	1.0	2.2	1.6	1.9	1.4	1.2	1.1
2 Loans to local government	1,786.9	1,795.4	3,096.8	3,360.1	3,346.3	3,395.6	3,156.8	3,019.5	3,317.5
3 Loans to non-financial corporations	86,536.1	85,206.2	87,099.3	93,018.7	84,260.3	85,419.8	84,053.4	83,860.2	82,482.3
4 Loans to households	129,063.3	125,549.8	129,782.2	131,117.0	129,373.9	129,116.1	127,038.1	128,386.5	127,321.4
o/w: Housing loans	55,162.0	55,927.1	60,955.4	63,016.7	62,662.3	62,459.0	60,869.2	61,864.7	61,378.5
5 Loans to other banking institutions	36.1	102.0	....	....	....	....	....	....	....
6 Loans to non-banking financial institutions	741.4	689.0	....	....	....	....	....	....	....
7 Loans to other financial intermediaries	....	....	3,555.4	3,789.8	7,435.1	7,242.0	6,808.4	6,352.0	6,381.9
8 Loans to financial auxiliaries	....	....	604.6	608.9	661.3	604.4	667.2	704.6	699.2
9 Loans to insurance corporations and pension funds	....	....	487.1	23.2	134.1	49.0	708.9	724.7	307.2
A Total (1+2+3+4+5+6+7+8+9)	222,919.4	218,056.4	230,661.8	240,302.3	238,455.9	237,366.3	236,938.1	238,496.4	235,813.4
LOANS IN F/C									
1 Loans to central government and social security funds	10,716.1	16,489.9	17,985.7	20,977.5	21,128.6	23,350.0	22,181.1	23,224.4	23,255.8
1.1 Loans to central government	9,542.9	14,558.4	17,985.7	20,977.5	21,128.6	23,350.0	22,181.1	23,224.4	23,255.8
1.2 Loans to social security funds	1,173.2	1,931.6	-	-	-	-	-	-	-
2 Loans to local government	5.5	3.0	0.5	0.3	0.2	0.2	9.3	9.0	9.0
3 Loans to non-financial corporations	15,491.7	20,802.0	25,149.9	29,022.2	24,051.5	23,991.5	26,755.3	27,333.5	27,326.7
4 Loans to households	346.1	323.0	345.0	327.9	262.3	280.4	277.2	273.8	266.3
5 Loans to other banking institutions	758.3	65.7	....	....	....	....	....	....	....
6 Loans to non-banking financial institutions	143.5	269.4	....	....	....	....	....	....	....
7 Loans to other financial intermediaries	....	....	367.5	446.0	293.5	435.9	477.4	500.7	628.1
8 Loans to financial auxiliaries	....	....	17.5	48.8	37.9	70.3	38.9	59.5	59.2
9 Loans to insurance corporations and pension funds	....	....	0.0	0.0	-	-	-	-	-
B Total (1+2+3+4+5+6+7+8+9)	27,461.1	37,953.0	43,866.1	50,822.7	45,774.1	48,128.3	49,739.3	51,401.0	51,545.1
TOTAL (A+B)	250,380.5	256,009.4	274,527.9	291,125.0	284,230.0	285,494.6	286,677.4	289,897.4	287,358.5

Table D5 Distribution of credit institutions' loans by domestic institutional sectors • The table shows data on kuna and foreign currency loans granted by credit institutions to domestic sectors, including acceptances, financial leases, payments made on the basis of guarantees and similar instruments, purchased claims, and until December 2003 factoring and forfeiting. From December 2010 on, loans include the following types of loans: overnight loans, loans for payments made on the basis of guarantees and similar instruments, reverse repo loans, shares in syndicated loans, financial leases, consumer loans, education

loans, housing loans, mortgage loans, car loans, credit card loans, overdrafts on transaction accounts, margin loans, Lombard loans, working capital loans, construction loans, agricultural loans, tourism loans, investment loans, export finance loans, any-purpose cash loans, factoring and forfeiting in the portfolio of loans and claims and other loans.

Tables D5a – D5d • This group of tables provides a detailed analysis of the corresponding items in Table D5 Distribution of credit institutions' loans by domestic institutional sectors.

Table D5a: Distribution of credit institutions' kuna loans by domestic institutional sectors
end of period, in million HRK

	2010 Dec.	2011		2012		2013			
		Jun.	Dec.	Jun.	Dec.	Mar.	Jun.	Sep.*	Oct.
KUNA LOANS NOT INDEXED TO FOREIGN CURRENCY									
1 Loans to central government and social security funds	3,645.2	3,951.6	4,154.2	5,156.2	5,421.5	5,680.5	6,541.3	6,936.5	6,867.1
1.1 Loans to central government	3,644.2	3,950.0	4,152.0	5,155.5	5,419.9	5,678.5	6,540.0	6,935.3	6,866.0
1.2 Loans to social security funds	1.0	1.6	2.2	0.7	1.6	1.9	1.4	1.2	1.1
2 Loans to local government	896.4	918.8	953.9	982.9	974.7	1,087.6	916.8	800.1	792.0
3 Loans to non-financial corporations	28,612.9	29,076.2	30,226.7	29,820.2	27,943.5	28,819.5	28,683.1	28,500.0	27,903.8
4 Loans to households	32,737.8	31,119.9	30,921.8	30,511.6	30,583.2	30,843.9	31,535.6	31,701.8	31,744.5
5 Loans to other financial intermediaries	2,739.2	2,732.4	2,928.2	6,238.8	6,650.0	6,553.9	6,114.4	5,611.4	5,668.9
6 Loans to financial auxiliaries	445.7	474.8	356.1	417.0	473.3	445.0	507.2	562.3	564.4
7 Loans to insurance corporations and pension funds	483.7	33.5	20.0	209.9	131.1	46.1	705.0	720.7	303.3
A Total (1+2+3+4+5+6+7)	69,560.9	68,307.2	69,560.9	73,336.6	72,177.3	73,476.5	75,003.3	74,832.8	73,844.1
KUNA LOANS INDEXED TO FOREIGN CURRENCY									
1 Loans to central government and social security funds	2,391.2	2,766.1	4,230.5	7,038.7	7,823.6	5,858.9	7,964.0	8,512.5	8,436.8
1.1 Loans to central government	2,391.2	2,766.1	4,230.5	7,038.7	7,823.6	5,858.9	7,964.0	8,512.5	8,436.8
1.2 Loans to social security funds	-	-	-	-	-	-	-	-	-
2 Loans to local government	2,200.4	2,106.7	2,406.2	2,275.8	2,371.5	2,307.9	2,240.0	2,219.4	2,525.5
3 Loans to non-financial corporations	58,486.3	61,028.0	62,792.0	59,500.6	56,316.8	56,600.3	55,370.3	55,360.1	54,578.4
4 Loans to households	97,044.4	99,165.5	100,195.2	100,047.5	98,790.6	98,272.2	95,502.5	96,684.7	95,576.9
5 Loans to other financial intermediaries	816.2	748.1	861.6	839.6	785.1	688.1	694.1	740.6	713.0
6 Loans to financial auxiliaries	159.0	259.6	252.8	214.4	188.0	159.4	160.1	142.4	134.8
7 Loans to insurance corporations and pension funds	3.4	-	3.2	3.1	3.0	2.9	3.9	3.9	3.9
B Total (1+2+3+4+5+6+7)	161,100.9	166,074.0	170,741.4	169,919.7	166,278.7	163,889.7	161,934.8	163,663.6	161,969.3
TOTAL (A+B)	230,661.8	234,381.2	240,302.3	243,256.4	238,455.9	237,366.3	236,938.1	238,496.4	235,813.4

Table D5a Distribution of credit institutions' kuna loans by domestic institutional sectors • The table provides a detailed analysis of the Loans in kuna item in Table D5, showing

separately loans not indexed to foreign currency and loans indexed to foreign currency.

Table D5b Distribution of credit institutions' loans by domestic institutional sectors and original maturity
end of period, in million HRK

	2010	2011		2012		2013			
	Dec.	Jun.	Dec.	Jun.	Dec.	Mar.	Jun.	Sep.*	Oct.
1 Loans to central government and social security funds	24,022.1	29,421.7	29,362.2	32,354.4	34,373.6	34,889.3	36,686.5	38,673.4	38,559.8
1.1 Loans to central government	24,021.1	29,420.1	29,360.0	32,353.7	34,372.1	34,887.4	36,685.1	38,672.2	38,558.7
Up to 1 year	1,647.9	5,349.0	1,358.9	3,273.5	2,938.6	2,370.9	2,208.8	2,902.3	1,471.4
Over 1 and up to 5 years	5,763.5	7,033.3	8,952.7	9,429.9	10,243.2	12,440.9	13,745.0	14,980.8	17,038.1
Over 5 years	16,609.7	17,037.9	19,048.5	19,650.3	21,190.2	20,075.6	20,731.3	20,789.0	20,049.2
1.2 Loans to social security funds	1.0	1.6	2.2	0.7	1.6	1.9	1.4	1.2	1.1
Up to 1 year	1.0	1.6	2.2	0.7	1.6	1.9	1.4	1.2	1.1
Over 1 and up to 5 years	-	-	-	-	-	-	-	-	-
Over 5 years	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 Loans to local government	3,097.2	3,025.9	3,360.4	3,259.0	3,346.5	3,395.7	3,166.1	3,028.5	3,326.5
Up to 1 year	195.4	258.2	323.0	258.7	261.1	318.1	304.8	175.5	164.6
Over 1 and up to 5 years	554.2	502.0	470.8	691.3	793.9	733.5	593.8	568.9	566.2
Over 5 years	2,347.6	2,265.7	2,566.6	2,309.0	2,291.5	2,344.2	2,267.4	2,284.1	2,595.6
3 Loans to non-financial corporations	112,249.2	114,973.8	122,040.9	117,258.3	108,311.9	109,411.3	110,808.7	111,193.7	109,809.0
Up to 1 year	27,053.9	27,898.0	28,517.1	27,168.3	23,389.1	23,832.9	23,886.4	23,655.3	23,357.6
Over 1 and up to 5 years	36,481.4	36,294.5	35,766.2	32,246.2	28,075.3	27,822.3	27,915.8	27,637.5	27,195.9
Over 5 years	48,713.9	50,781.3	57,757.5	57,843.8	56,847.5	57,756.1	59,006.5	59,900.9	59,255.5
4 Loans to households	130,127.2	130,639.0	131,444.9	130,894.2	129,636.2	129,396.6	127,315.3	128,660.3	127,587.7
Up to 1 year	12,092.7	12,361.7	12,138.1	12,756.8	12,483.0	12,305.1	12,237.0	12,141.9	12,157.2
Over 1 and up to 5 years	10,977.9	10,494.6	10,274.8	9,919.4	9,471.9	9,519.4	9,596.5	9,658.9	9,611.1
Over 5 years	107,056.7	107,782.8	109,032.0	108,218.0	107,681.3	107,572.1	105,481.8	106,859.5	105,819.3
5 Loans to other financial intermediaries	3,922.9	3,809.4	4,235.8	7,363.1	7,728.6	7,677.9	7,285.9	6,852.7	7,010.1
Up to 1 year	1,190.7	1,048.4	1,456.3	1,230.5	1,477.0	1,379.5	1,506.5	1,345.9	1,522.6
Over 1 and up to 5 years	2,220.8	2,221.6	2,265.2	5,143.2	5,293.6	5,248.9	5,042.1	4,565.8	4,548.7
Over 5 years	511.4	539.4	514.2	989.3	958.0	1,049.5	737.2	941.1	938.7
6 Loans to financial auxiliaries	622.2	773.3	657.7	670.8	699.2	674.7	706.1	764.1	758.4
Up to 1 year	474.9	590.5	456.2	469.4	526.3	503.5	531.2	625.4	629.9
Over 1 and up to 5 years	123.2	93.4	111.2	114.0	98.4	96.2	100.0	63.1	61.4
Over 5 years	24.1	89.5	90.3	87.4	74.5	75.0	75.0	75.6	67.0
7 Loans to insurance corporations and pension funds	487.1	33.5	23.2	213.0	134.1	49.0	708.9	724.7	307.2
Up to 1 year	483.7	33.5	20.0	209.9	131.1	46.1	705.0	720.7	303.3
Over 1 and up to 5 years	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-
Over 5 years	3.4	0.0	3.2	3.1	3.0	2.9	3.9	3.9	3.9
Total (1+2+3+4+5+6+7)	274,527.9	282,676.7	291,125.0	292,012.8	284,230.0	285,494.6	286,677.4	289,897.4	287,358.5
Up to 1 year	43,140.3	47,540.8	44,271.9	45,367.9	41,207.7	40,758.0	41,381.1	41,568.1	39,607.9
Over 1 and up to 5 years	56,120.9	56,639.4	57,841.0	57,544.0	53,976.2	55,861.3	56,993.1	57,475.2	59,021.4
Over 5 years	175,266.7	178,496.5	189,012.2	189,100.9	189,046.1	188,875.3	188,303.2	190,854.1	188,729.3

Table D5b Distribution of credit institutions' loans by domestic institutional sectors and original maturity • The table provides a detailed analysis of the Loans in kuna and Loans in f/c items in Table D5, showing separately loans by domestic

institutional sectors and original maturity, with the latter divided into maturity of up to one year, over one and up to five years and over five years.

Table D5c Distribution of credit institutions' loans to households by purpose and currency composition
end of period, in million HRK

	2010 Dec.	2011		2012		2013			
		Jun.	Dec.	Jun.	Dec.	Mar.	Jun.	Sep.	Oct.
1 Consumer loans	159.9	135.9	121.3	110.2	102.3	92.9	84.3	78.9	74.3
1.1 Kuna loans not indexed to f/c	128.2	110.4	101.3	95.5	91.3	83.6	76.6	72.1	68.1
1.2 Kuna loans indexed to f/c	31.7	25.5	20.0	14.8	11.0	9.3	7.7	6.8	6.2
o/w: Indexed to EUR	28.5	23.3	18.7	14.1	10.6	9.0	7.5	6.5	6.0
o/w: Indexed to CHF	3.1	2.2	1.3	0.6	0.3	0.3	0.2	0.2	0.2
1.3 Foreign currency loans	-	-	-	-	-	-	-	-	-
2 Housing loans	60,968.5	61,987.5	63,029.2	62,935.9	62,673.6	62,470.0	60,879.5	61,875.0	61,388.6
2.1 Kuna loans not indexed to f/c	4,747.7	4,585.2	4,607.0	4,626.7	4,544.4	4,490.3	4,465.1	4,452.1	4,425.4
2.2 Kuna loans indexed to f/c	56,207.7	57,389.2	58,409.7	58,297.3	58,117.9	57,968.7	56,404.1	57,412.6	56,953.1
o/w: Indexed to EUR	30,730.6	31,858.4	33,763.7	34,318.2	34,989.3	35,285.7	34,814.7	35,566.9	35,450.7
o/w: Indexed to CHF	25,441.7	25,496.9	24,604.9	23,934.8	23,086.0	22,640.7	21,548.8	21,806.9	21,464.1
2.3 Foreign currency loans	13.2	13.1	12.5	11.9	11.3	11.0	10.4	10.3	10.1
3 Mortgage loans	3,513.0	3,479.9	3,261.3	3,171.1	3,073.7	3,021.3	2,910.9	2,913.1	2,865.3
3.1 Kuna loans not indexed to f/c	234.8	207.1	131.3	125.3	117.3	112.6	113.0	110.4	111.1
3.2 Kuna loans indexed to f/c	3,263.0	3,271.7	3,129.0	3,044.8	2,953.8	2,906.2	2,795.6	2,796.0	2,747.6
o/w: Indexed to EUR	2,649.0	2,654.3	2,524.9	2,482.7	2,422.3	2,386.1	2,302.9	2,303.6	2,263.7
3.3 Foreign currency loans	15.2	1.1	1.1	1.0	2.5	2.5	2.3	6.6	6.5
4 Car loans	6,236.8	5,365.2	4,539.5	3,833.7	3,175.0	2,848.6	2,552.4	2,334.5	2,241.6
4.1 Kuna loans not indexed to f/c	1,458.6	1,395.3	1,385.0	1,316.5	1,200.7	1,130.0	1,082.6	1,025.3	1,002.5
4.2 Kuna loans indexed to f/c	4,772.2	3,965.1	3,150.7	2,514.5	1,972.5	1,717.1	1,468.7	1,308.4	1,238.3
o/w: Indexed to EUR	1,600.2	1,500.1	1,402.3	1,290.6	1,169.6	1,082.2	990.5	931.1	897.9
o/w: Indexed to CHF	3,171.7	2,464.8	1,748.3	1,223.8	802.8	634.9	478.2	377.2	340.5
4.3 Foreign currency loans	6.1	4.9	3.7	2.7	1.8	1.5	1.1	0.8	0.8
5 Credit card loans	4,386.8	4,250.3	4,109.3	3,995.8	3,941.2	3,860.9	3,912.9	3,861.9	3,861.1
5.1 Kuna loans not indexed to f/c	4,382.9	4,246.2	4,105.4	3,991.9	3,937.8	3,858.2	3,910.4	3,859.6	3,858.7
5.2 Kuna loans indexed to f/c	1.8	1.7	1.7	1.6	1.4	0.5	0.5	0.5	0.5
o/w: Indexed to EUR	1.8	1.7	1.7	1.6	1.4	0.5	0.5	0.5	0.5
5.3 Foreign currency loans	2.2	2.4	2.3	2.3	2.0	2.2	2.1	1.8	1.9
6 Overdrafts on transaction accounts	8,069.1	8,228.1	8,196.0	8,708.8	8,612.0	8,490.5	8,428.0	8,423.9	8,504.0
6.1 Kuna loans not indexed to f/c	8,068.8	8,227.8	8,195.6	8,708.4	8,611.5	8,490.1	8,427.5	8,423.4	8,503.5
6.2 Kuna loans indexed to f/c	-	-	0.0	-	-	-	-	-	-
o/w: Indexed to EUR	-	-	0.0	-	-	-	-	-	-
6.3 Foreign currency loans	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.5	0.5
7 Any-purpose cash loans	33,686.1	35,201.5	36,284.5	36,132.7	36,436.3	36,945.3	36,948.2	37,596.8	37,258.1
7.1 Kuna loans not indexed to f/c	10,485.2	10,324.9	10,350.8	9,494.6	9,931.9	10,460.9	11,083.1	11,432.7	11,475.9
7.2 Kuna loans indexed to f/c	23,133.2	24,873.3	25,930.9	26,635.7	26,504.4	26,483.2	25,864.0	26,163.1	25,781.2
o/w: Indexed to EUR	22,371.5	24,239.6	25,408.7	26,196.5	26,148.2	26,139.7	25,576.4	25,892.1	25,519.7
7.3 Foreign currency loans	67.7	3.3	2.7	2.4	-	1.3	1.1	1.0	0.9
8 Other loans	13,107.0	11,990.6	11,903.7	12,006.0	11,622.0	11,667.1	11,599.2	11,576.3	11,394.6
8.1 Kuna loans not indexed to f/c	3,231.7	2,023.0	2,045.4	2,152.8	2,148.2	2,218.3	2,377.4	2,326.2	2,299.2
8.2 Kuna loans indexed to f/c	9,634.9	9,639.0	9,553.2	9,538.9	9,229.6	9,187.2	8,961.9	8,997.3	8,849.9
o/w: Indexed to EUR	8,833.0	8,861.4	8,756.8	8,712.3	8,465.9	8,443.2	8,263.5	8,303.1	8,169.7
8.3 Foreign currency loans	240.4	328.5	305.2	314.3	244.2	261.6	259.9	252.8	245.5
Total (1+2+3+4+5+6+7+8)	130,127.2	130,639.0	131,444.9	130,894.2	129,636.2	129,396.6	127,315.3	128,660.3	127,587.7

Table D5c Distribution of credit institutions' loans to households by purpose and currency composition • The table provides a detailed analysis of kuna and f/c loans to households in Table D5 by purpose, showing separately loans not indexed to f/c,

loans indexed to f/c and foreign currency loans. Within loans indexed to f/c, loans indexed to the euro and loans indexed to the Swiss franc are reported separately under the "o/w" items.

Table D5d Distribution of credit institutions' working capital and investment loans to non-financial corporations by currency composition end of period, in million HRK

	2010 Dec.	2011		2012		2013			
		Jun.	Dec.	Jun.	Dec.	Mar.	Jun.	Sep.	Oct.
1 Working capital loans	39,298.6	42,265.8	45,654.3	41,960.6	39,729.0	40,689.6	41,679.4	41,803.5	41,103.8
1.1 Kuna loans not indexed to f/c	13,278.0	14,043.3	15,502.6	15,451.3	14,789.8	15,330.5	15,492.5	15,553.6	15,112.2
1.2 Kuna loans indexed to f/c	18,857.8	20,544.0	21,240.8	18,872.2	18,166.1	18,610.2	18,484.4	18,273.3	18,027.7
o/w: Indexed to EUR	18,246.4	19,996.9	20,739.0	18,437.6	17,868.5	18,317.3	18,203.7	17,983.2	17,738.9
o/w: Indexed to CHF	509.5	463.4	383.8	359.3	270.6	265.5	254.5	264.1	262.5
1.3 Foreign currency loans	7,162.8	7,678.5	8,910.9	7,637.2	6,773.1	6,748.9	7,702.5	7,976.6	7,963.9
o/w: In EUR	6,035.8	6,587.8	7,485.4	6,963.2	6,241.3	6,225.1	7,139.8	7,371.8	7,366.5
o/w: In USD	1,010.0	978.8	1,266.9	547.7	415.1	426.0	472.4	466.5	460.9
2 Investment loans	38,043.2	40,150.6	41,071.4	38,789.5	36,659.8	36,776.0	35,902.9	35,940.8	35,401.5
2.1 Kuna loans not indexed to f/c	6,576.7	6,488.2	6,282.1	5,386.6	5,593.1	5,820.3	5,956.2	5,941.2	5,923.1
2.2 Kuna loans indexed to f/c	26,267.6	27,686.5	28,566.9	27,755.4	26,405.3	26,271.8	25,260.9	25,317.1	24,836.4
o/w: Indexed to EUR	23,841.5	25,576.5	26,734.8	26,096.6	24,997.5	24,934.9	24,012.2	24,121.7	23,663.3
o/w: Indexed to CHF	2,378.2	2,069.0	1,788.9	1,619.0	1,372.7	1,302.9	1,218.4	1,167.2	1,146.3
2.3 Foreign currency loans	5,199.0	5,975.8	6,222.5	5,647.5	4,661.4	4,683.9	4,685.8	4,682.4	4,642.1
o/w: In EUR	4,807.0	5,113.2	5,447.6	4,902.0	4,430.2	4,514.9	4,529.1	4,531.3	4,496.0
o/w: In USD	31.3	449.7	406.2	387.3	14.8	17.6	16.1	12.3	11.8
Total (1+2)	77,341.8	82,416.4	86,725.7	80,750.2	76,388.8	77,465.6	77,582.3	77,744.3	76,505.4

Table D5d Distribution of credit institutions' working capital and investment loans to non-financial corporations by currency composition • The table provides a detailed analysis of kuna and f/c loans to non-financial corporations in Table D5 by purpose,

showing separately loans not indexed to f/c, loans indexed to f/c and foreign currency loans. Within loans indexed to f/c, loans indexed to the euro and loans indexed to the Swiss franc are reported separately under the "o/w" items.

Table D6 Demand deposits with credit institutions end of period, in million HRK

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013			
						Mar.	Jun.	Sep.*	Oct.
1 Local government	2,441.1	1,377.7	2,231.1	2,179.4	2,210.4	1,704.2	1,583.8	1,747.3	1,842.7
2 Non-financial corporations	16,901.8	14,895.0	14,154.3	15,757.6	15,328.2	15,180.5	17,658.7	17,603.1	17,352.0
3 Households	17,620.1	14,218.6	15,289.1	15,874.2	15,994.3	16,292.2	17,032.8	17,993.6	17,650.9
4 Other banking institutions	293.6	517.1	....	....	....	....	....	....	....
5 Non-banking financial institutions	921.1	893.4	....	....	....	....	....	....	....
6 Other financial intermediaries	....	....	670.3	652.5	834.1	747.1	725.8	584.6	662.9
7 Financial auxiliaries	....	....	399.5	283.8	512.2	316.4	399.4	336.7	395.2
8 Insurance corporations and pension funds	....	....	189.6	317.3	362.7	633.3	1,060.4	710.6	924.9
9 Less: Checks of other banks and checks in collection	-0.7	-0.3	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total (1+2+3+4+5+6+7+8+9)	38,177.0	31,901.5	32,933.9	35,064.8	35,241.9	34,873.6	38,460.8	38,975.9	38,828.5

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

Up to November 2010, demand deposits were the sum of balances in transaction accounts of other domestic sectors, other banking institutions and non-banking financial institutions, minus currency in the payment system (i.e. checks in credit institutions' vaults and checks in collection). From December 2010

on, demand deposits are the sum of balances in transaction accounts of other domestic sectors, other financial intermediaries, financial auxiliaries as well as insurance corporations and pension funds, minus currency in the payment system (i.e. checks in credit institutions' vaults and checks in collection). Credit institutions' obligations arising from kuna payment instruments issued are included in the household sector.

Table D7 Kuna deposits with credit institutions
end of period, in million HRK

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013			
						Mar.	Jun.	Sep.	Oct.
1 Savings deposits	2,770.3	2,523.1	2,665.0	2,651.7	2,535.6	2,682.5	2,699.2	2,884.9	2,997.6
1.1 Local government	0.0	0.0	0.2	21.2	18.9	1.2	4.2	2.6	3.4
1.2 Non-financial corporations	108.8	203.7	303.1	427.3	417.7	625.5	684.7	802.4	928.1
1.3 Households	2,657.8	2,268.9	2,329.0	2,162.4	2,055.1	2,004.7	1,942.8	1,977.9	2,017.1
1.4 Other banking institutions	0.0	5.0	....	....	....	....	....	....	....
1.5 Non-banking financial institutions	3.7	45.5	....	....	....	....	....	....	....
1.6 Other financial intermediaries	....	....	9.7	30.0	30.1	33.7	49.3	94.0	41.2
1.7 Financial auxiliaries	....	....	12.4	7.8	8.3	11.4	10.0	1.9	1.0
1.8 Insurance corporations and pension funds	....	....	10.6	3.1	5.4	6.0	8.2	6.0	6.9
2 Time and notice deposits	53,470.4	42,351.2	36,220.3	39,907.2	38,054.4	39,097.5	38,771.4	39,249.8	39,155.9
2.1 Local government	726.0	498.8	435.1	384.9	331.8	828.3	748.9	823.6	827.9
o/w: Indexed to f/c	346.6	244.9	152.0	96.4	84.0	85.9	73.3	66.3	66.3
2.2 Non-financial corporations	16,291.1	11,615.9	8,781.5	10,648.7	7,072.3	6,692.9	6,474.0	6,760.5	6,794.6
o/w: Indexed to f/c	....	....	1,032.9	897.2	815.1	698.7	710.5	702.2	703.3
2.3 Households	29,019.2	22,622.4	22,666.8	24,916.3	26,956.1	27,622.5	27,400.8	28,124.0	28,142.4
o/w: Indexed to f/c	9,574.3	7,442.5	7,006.7	7,035.4	6,993.7	6,834.7	6,591.6	6,717.5	6,657.2
2.4 Other banking institutions	2,413.1	3,006.0	....	....	....	....	....	....	....
o/w: Indexed to f/c	7.3	36.8	....	....	....	....	....	....	....
2.5 Non-banking financial institutions	5,021.1	4,608.1	....	....	....	....	....	....	....
o/w: Indexed to f/c	669.7	670.1	....	....	....	....	....	....	....
2.6 Other financial intermediaries	....	....	972.0	741.6	898.6	984.8	929.3	1,112.7	1,110.6
o/w: Indexed to f/c	....	....	179.0	161.7	144.2	161.3	145.0	155.9	147.7
2.7 Financial auxiliaries	....	....	1,015.2	779.4	563.6	698.2	589.3	676.9	672.8
o/w: Indexed to f/c	....	....	9.5	0.3	5.3	7.1	6.4	10.8	10.8
2.8 Insurance corporations and pension funds	....	....	2,349.7	2,436.3	2,231.9	2,270.7	2,629.1	1,752.2	1,607.6
o/w: Indexed to f/c	....	....	395.4	239.4	270.1	212.5	161.8	154.2	147.2
Total (1+2)	56,240.7	44,874.3	38,885.2	42,558.9	40,590.0	41,780.0	41,470.6	42,134.7	42,153.6

Table D7 Kuna deposits with credit institutions • Up to November 2010, the table shows kuna savings and time deposits by other domestic sectors, other banking institutions and non-banking financial institutions. From December 2010 on, the table shows kuna savings and time deposits by other domestic

sectors, other financial intermediaries, financial auxiliaries as well as insurance corporations and pension funds.

Within time and notice deposits, deposits indexed to f/c are reported separately for each sector under the “o/w” item.

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

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013			
						Mar.	Jun.	Sep.*	Oct.
1 Savings deposits	21,293.5	20,787.5	22,708.2	22,712.9	24,072.7	22,613.2	23,760.1	26,849.3	26,233.4
1.1 Local government	22.1	25.5	20.8	21.5	52.9	31.7	31.5	32.5	29.3
1.2 Non-financial corporations	5,163.1	5,059.4	5,634.6	5,417.3	6,498.4	4,910.7	5,807.5	7,684.3	7,242.9
1.3 Households	15,682.8	15,148.7	16,305.6	16,794.8	16,417.9	16,333.5	16,787.8	18,113.6	17,788.0
1.4 Other banking institutions	121.6	151.1	....	....	....	....	....	....	....
1.5 Non-banking financial institutions	303.9	402.9	....	....	....	....	....	....	....
1.6 Other financial intermediaries	....	....	508.1	232.5	556.5	436.6	582.3	474.9	436.7
1.7 Financial auxiliaries	....	....	201.6	39.7	52.0	66.1	95.5	96.3	99.0
1.8 Insurance corporations and pension funds	....	....	37.5	207.1	495.1	834.6	455.4	447.7	637.5
2 Time deposits	96,297.3	114,721.6	124,612.3	121,773.9	128,576.5	130,117.8	124,794.0	130,459.4	130,925.0
2.1 Local government	2.3	2.5	3.3	2.5	5.7	16.8	8.6	8.7	9.1
2.2 Non-financial corporations	11,448.4	13,542.5	15,085.1	10,108.2	10,451.0	11,147.0	9,703.3	11,561.0	12,039.4
2.3 Households	80,419.6	95,598.0	104,477.4	108,674.3	114,246.5	115,687.2	112,296.6	115,873.6	115,807.0
2.4 Other banking institutions	940.0	729.5	....	....	....	....	....	....	....
2.5 Non-banking financial institutions	3,487.0	4,849.1	....	....	....	....	....	....	....
2.6 Other financial intermediaries	....	....	3,408.0	2,047.5	1,534.0	1,895.4	1,767.3	2,029.7	2,009.8
2.7 Financial auxiliaries	....	....	396.7	41.1	493.9	220.7	216.9	233.1	335.6
2.8 Insurance corporations and pension funds	....	....	1,241.8	900.2	1,845.5	1,150.7	801.3	753.4	724.0
Total (1+2)	117,590.8	135,509.1	147,320.5	144,486.8	152,649.2	152,731.1	148,554.1	157,308.7	157,158.4

Table D8a Currency composition of time deposits of households and non-financial corporations
end of period, in million HRK

	2010 Dec.	2011		2012		2013			
		Jun.	Dec.	Jun.	Dec.	Mar.	Jun.	Sep.	Oct.
1 Kuna deposits not indexed to foreign currency	23,408.6	24,056.9	27,632.4	26,782.1	26,219.7	26,782.0	26,572.7	27,464.8	27,576.4
1.1 Deposits of households	15,660.1	16,452.6	17,880.9	18,900.9	19,962.5	20,787.8	20,809.1	21,406.5	21,485.1
1.2 Deposits of non-financial corporations	7,748.5	7,604.3	9,751.6	7,881.2	6,257.2	5,994.2	5,763.6	6,058.3	6,091.3
2 Kuna deposits indexed to foreign currency	8,039.6	7,819.2	7,932.5	7,718.1	7,808.8	7,533.4	7,302.1	7,419.7	7,360.5
2.1 Deposits of households	7,006.7	6,888.9	7,035.4	6,856.1	6,993.7	6,834.7	6,591.6	6,717.5	6,657.2
2.1.1 Indexed to EUR	6,807.2	6,701.5	6,851.2	6,681.8	6,828.1	6,675.9	6,439.1	6,569.2	6,503.8
2.1.2 Indexed to USD	64.4	52.0	61.3	55.8	55.4	49.6	49.6	44.9	51.5
2.1.3 Indexed to other currencies	135.1	135.4	122.9	118.5	110.1	109.1	103.0	103.3	101.9
2.2 Deposits of non-financial corporations	1,032.9	930.3	897.2	861.9	815.1	698.7	710.5	702.2	703.3
2.2.1 Indexed to EUR	1,022.2	924.4	890.2	860.2	812.6	696.4	709.3	701.0	701.7
2.2.2 Indexed to USD	9.9	5.1	6.2	1.1	1.8	1.8	0.7	0.7	1.1
2.2.3 Indexed to other currencies	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.5	0.5
3 Foreign currency deposits	119,562.5	114,771.6	118,782.5	119,419.3	124,697.4	126,834.3	121,999.9	127,434.5	127,846.4
3.1 Deposits of households	104,477.4	104,964.3	108,674.3	110,644.7	114,246.5	115,687.2	112,296.6	115,873.6	115,807.0
3.1.1 In EUR	97,163.6	97,693.2	98,753.6	99,719.9	103,102.6	104,146.2	101,274.8	104,877.2	105,047.7
3.1.2 In USD	5,316.9	5,134.3	6,447.6	6,925.6	6,967.3	7,327.7	7,132.6	7,115.5	6,932.6
3.1.3 In other currencies	1,996.9	2,136.9	3,473.1	3,999.2	4,176.6	4,213.4	3,889.3	3,880.9	3,826.7
3.2 Deposits of non-financial corporations	15,085.1	9,807.3	10,108.2	8,774.6	10,451.0	11,147.0	9,703.3	11,561.0	12,039.4
3.2.1 In EUR	13,534.8	8,156.5	8,618.0	7,595.9	9,182.9	9,645.6	8,367.2	10,269.8	10,759.9
3.2.2 In USD	1,429.0	1,608.0	1,333.3	989.7	1,082.6	1,318.1	1,109.2	1,082.2	1,103.3
3.2.3 In other currencies	121.3	42.8	157.0	189.0	185.5	183.4	226.9	209.0	176.2
Total (1+2+3)	151,010.7	146,647.8	154,347.5	153,919.4	158,725.9	161,149.6	155,874.7	162,318.9	162,783.3

Table D8b Maturity composition of time deposits by sectors
end of period, in million HRK

	2010 Dec.	2011		2012		2013			
		Jun.	Dec.	Jun.	Dec.	Mar.	Jun.	Sep.	Oct.
1 Local government	438.4	811.3	387.4	844.3	337.5	845.1	757.5	832.3	837.0
Up to 1 year	286.2	655.3	249.8	737.3	242.8	754.8	671.6	750.8	753.5
Over 1 and up to 2 years	28.9	41.1	35.3	24.6	16.5	14.4	14.5	11.0	13.2
Over 2 years	123.3	114.9	102.3	82.4	78.3	75.9	71.3	70.6	70.3
2 Non-financial corporations	23,866.5	18,341.9	20,756.9	17,517.7	17,523.3	17,839.9	16,177.4	18,321.4	18,833.9
Up to 1 year	19,044.0	12,748.8	15,229.5	12,130.6	12,805.4	12,753.7	11,455.7	13,026.1	13,479.4
Over 1 and up to 2 years	3,467.1	3,854.3	3,993.7	3,741.5	3,327.6	3,692.3	3,336.1	3,934.4	3,959.1
Over 2 years	1,355.5	1,738.9	1,533.7	1,645.6	1,390.4	1,393.9	1,385.5	1,360.9	1,395.4
3 Households	127,144.1	128,305.8	133,590.6	136,401.7	141,202.6	143,309.7	139,697.4	143,997.5	143,949.4
Up to 1 year	77,921.3	76,447.5	77,230.0	79,573.4	81,913.0	81,709.5	77,344.5	76,333.0	75,069.2
Over 1 and up to 2 years	23,228.2	25,291.5	27,752.7	28,225.1	28,108.2	29,738.8	30,389.8	33,927.4	34,933.7
Over 2 years	25,994.6	26,566.8	28,607.9	28,603.2	31,181.4	31,861.4	31,963.0	33,737.1	33,946.5
4 Other financial intermediaries	4,380.0	2,952.6	2,789.1	3,276.8	2,432.6	2,880.2	2,696.6	3,142.4	3,120.5
Up to 1 year	3,518.0	2,826.4	2,630.4	3,129.3	2,298.6	2,610.3	2,429.6	2,839.9	2,835.7
Over 1 and up to 2 years	852.7	114.6	136.8	134.9	131.3	243.4	245.7	297.4	260.6
Over 2 years	9.3	11.6	21.9	12.6	2.7	26.6	21.3	5.1	24.2
5 Financial auxiliaries	1,412.0	982.7	820.5	927.4	1,057.5	919.0	806.2	910.0	1,008.5
Up to 1 year	1,361.8	884.3	759.1	791.9	850.2	730.6	571.4	663.6	764.5
Over 1 and up to 2 years	3.7	7.5	15.7	90.1	162.2	143.4	151.0	159.4	159.2
Over 2 years	46.5	90.8	45.6	45.5	45.0	44.9	83.8	87.0	84.7
6 Insurance corporations and pension funds	3,591.6	3,518.1	3,336.6	3,605.3	4,077.4	3,421.4	3,430.4	2,505.6	2,331.6
Up to 1 year	2,189.8	2,180.2	2,082.3	2,288.4	2,840.9	2,102.9	2,142.3	1,240.4	1,089.8
Over 1 and up to 2 years	676.1	660.9	528.0	666.6	644.2	731.8	689.4	664.1	723.6
Over 2 years	725.7	677.0	726.4	650.2	592.4	586.7	598.7	601.1	518.3
Total time deposits (1+2+3+4+5+6)	160,832.6	154,912.4	161,681.1	162,573.1	166,630.9	169,215.3	163,565.5	169,709.2	170,080.9
Up to 1 year	104,321.1	95,742.5	98,181.1	98,650.9	100,950.9	100,661.7	94,615.2	94,853.9	93,992.1
Over 1 and up to 2 years	28,256.7	29,969.9	32,462.2	32,882.8	32,389.9	34,564.1	34,826.6	38,993.7	40,049.4
Over 2 years	28,254.9	29,200.1	31,037.8	31,039.4	33,290.1	33,989.5	34,123.7	35,861.7	36,039.4

Table D8 Foreign currency deposits with credit institutions • Up to November 2010, the table shows foreign currency savings and time deposits by other domestic sectors, other banking institutions and non-banking financial institutions. From December 2010 on, the table shows foreign currency savings and time deposits by other domestic sectors, other financial intermediaries, financial auxiliaries as well as insurance corporations and pension funds.

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 D8a Currency composition of time deposits of households and non-financial corporations • The table provides a detailed analysis of the time deposits of households and non-financial corporations items in tables D7 and D8, showing separately kuna deposits not indexed to foreign currency, kuna deposits indexed to foreign currency and foreign currency deposits. Within deposits indexed to foreign currency and foreign currency deposits, separately reported are deposits indexed to/denominated in the euro, the US dollar and other currencies.

Table D8b Maturity composition of time deposits by sectors • The table provides a detailed analysis of the Time deposits item in Table D8, showing separately time deposits by sectors, with the division according to original maturity of up to one year, over one and up to five years and over five years.

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

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013			
						Mar.	Jun.	Sep.	Oct.
1 Money market instruments (net)	0.8	0.8	-	-	-	-	-	-	-
2 Bonds (net)	619.5	775.3	940.1	1,692.7	1,592.3	1,654.9	1,617.2	1,634.7	1,604.6
3 Other domestic borrowing	14,444.4	16,090.6	16,291.2	15,057.7	16,176.4	15,105.4	15,169.7	15,608.1	15,293.9
3.1 Local government	-	-	-	-	-	-	-	-	-
3.2 Non-financial corporations	3.5	4.6	0.0	0.0	786.5	248.0	247.0	541.0	685.5
3.3 Other banking institutions	14,242.7	16,045.5	....	....	....	....	....	....	....
3.4 Non-banking financial institutions	198.1	40.5	....	....	....	....	....	....	....
3.5 Other financial intermediaries	....	....	16,291.2	15,018.4	15,350.7	14,818.9	14,883.9	14,985.6	14,514.3
3.6 Financial auxiliaries	....	....	-	13.2	39.2	38.4	38.8	81.5	94.1
3.7 Insurance corporations and pension funds	....	....	-	26.1	-	-	-	-	-
Total (1+2+3)	15,064.7	16,866.7	17,231.3	16,750.4	17,768.7	16,760.3	16,786.9	17,242.8	16,898.5

Table D9 Bonds and money market instruments • The table shows credit institutions' liabilities for securities issued (net) and loans received from other domestic sectors and, up to November 2010, other banking institutions and non-banking financial institutions and, from December 2010, other financial intermediaries, financial auxiliaries as well as insurance corporations and pension funds.

Up to November 2010, money market instruments (net) comprised credit institutions' net liabilities for CNB bills, bills of exchange (issued and accepted) and other securities issued.

From December 2010 on, money market instruments (net) comprise net liabilities for issued commercial bills and non-transferable instruments (debt securities).

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

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

Table D10 Foreign liabilities of credit institutions
end of period, in million HRK

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013			
						Mar.	Jun.	Sep.	Oct.
1 Foreign liabilities in f/c	54,741.5	60,061.3	58,755.8	67,871.8	57,806.1	56,045.8	55,936.9	53,923.1	52,422.3
1.1 Liabilities to foreign financial institutions	47,893.1	51,716.9	48,835.7	58,012.0	47,451.4	45,540.2	45,883.0	43,815.8	42,389.1
Subordinated and hybrid instruments	1,599.8	2,015.3	2,094.6	2,283.2	2,237.7	2,277.1	2,230.3	2,281.4	2,280.5
Demand deposits	176.6	221.0	203.4	180.4	179.1	228.6	210.6	235.8	267.8
Time and notice deposits	14,016.4	21,945.8	20,225.8	27,444.5	17,377.5	16,689.9	18,508.4	17,505.2	17,485.6
Loans and advances	28,823.2	27,534.7	26,311.8	28,103.9	27,657.1	26,344.7	24,933.7	23,793.3	22,355.2
Bonds	3,277.1	–	–	–	–	–	–	–	–
1.2 Liabilities to foreign non-financial institutions	6,848.4	8,344.4	9,920.1	9,859.8	10,354.7	10,505.6	10,053.9	10,107.3	10,033.2
Subordinated and hybrid instruments	–	–	11.1	11.3	9.3	9.4	9.2	9.4	5.1
Savings and time deposits	6,719.0	8,336.3	9,905.0	9,846.0	10,193.3	10,343.9	9,895.1	9,945.7	9,875.7
Savings deposits	1,374.5	1,267.8	1,421.3	1,398.5	1,606.5	1,580.0	1,660.1	1,689.4	1,667.8
Time and notice deposits	5,344.6	7,068.6	8,483.6	8,447.5	8,586.8	8,763.9	8,235.0	8,256.3	8,208.0
Loans and advances	129.3	8.0	4.1	2.5	152.1	152.3	149.6	152.2	152.4
Bonds	....	....	–	–	–	–	–	–	–
2 Foreign liabilities in kuna	20,635.9	20,390.2	23,343.5	22,476.5	15,869.0	16,362.2	19,227.2	16,946.4	16,814.3
2.1 Liabilities to foreign financial institutions	20,127.7	20,014.5	22,965.9	21,973.5	15,289.0	15,761.1	18,684.5	16,376.9	16,246.6
o/w: Indexed to f/c	....	....	2,234.8	2,069.6	1,097.3	1,079.0	1,051.1	1,089.5	1,081.2
Subordinated and hybrid instruments	66.6	820.7	970.9	1,037.2	1,043.4	1,024.6	998.4	1,029.8	1,021.5
Demand deposits	898.1	359.1	696.5	655.3	724.4	1,045.6	2,329.5	689.7	622.9
Time and notice deposits	15,014.2	14,654.3	15,963.5	16,449.5	11,398.4	11,598.5	12,117.4	11,428.9	11,153.9
Loans and advances	4,148.8	4,180.4	5,258.6	3,831.5	2,091.7	2,092.3	3,234.2	3,228.5	3,448.3
Bonds	....	....	76.5	–	30.9	0.0	5.0	0.0	0.0
2.2 Liabilities to foreign non-financial institutions	508.2	375.7	377.6	503.0	580.0	601.1	542.7	569.5	567.7
o/w: Indexed to f/c	....	....	29.8	23.9	23.1	23.4	22.0	22.5	22.3
Subordinated and hybrid instruments	5.5	8.5	8.5	13.7	14.9	15.0	15.0	15.1	15.5
Demand deposits	257.0	222.8	221.7	327.7	364.8	389.7	332.0	355.1	341.9
Time and notice deposits	245.7	144.4	147.0	161.6	200.4	196.4	195.6	199.3	210.3
Loans and advances	–	–	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	....	....	–	–	–	–	–	–	–
Total (1+2)	75,377.4	80,451.5	82,099.3	90,348.3	73,675.1	72,408.0	75,164.1	70,869.6	69,236.6

Table D10 Foreign liabilities of credit institutions • The table shows credit institutions' 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.

Foreign liabilities of credit institutions comprise foreign currency liabilities and foreign kuna liabilities.

Within foreign kuna and foreign currency liabilities, liabilities to foreign financial institutions are reported separately from liabilities to foreign non-financial institutions (total and by

financial instruments). Items Demand deposits and Savings deposits comprise transaction accounts and savings deposits.

As from CNB Bulletin No. 190, data on item Loans have been revised to exclude data related to subordinated and hybrid instruments. Item "o/w: Subordinated and hybrid instruments", which was up to CNB Bulletin No. 190 reported under Loans and advances, has been reclassified accordingly. It is now reported as a separate item and includes all instruments on the liability side having the features of a subordinated or hybrid instrument.

Table D11 Deposits of the central government and social security funds with credit institutions
end of period, in million HRK

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013			
						Mar.	Jun.	Sep.*	Oct.
1 In kuna	1,322.7	954.4	1,898.6	2,485.5	2,459.1	2,414.8	2,561.0	2,878.9	2,769.1
1.1 Central government deposits	429.5	356.6	1,887.1	2,473.3	2,447.3	2,405.1	2,551.5	2,869.1	2,759.2
Demand deposits	176.7	189.3	1,369.9	1,732.2	1,790.4	1,464.6	1,795.1	2,088.2	1,972.6
Savings deposits	1.1	0.6	0.4	0.4	20.3	32.2	35.6	23.7	27.6
Time and notice deposits	251.6	166.7	501.8	732.4	630.6	902.3	714.8	703.8	705.6
Loans and advances	–	–	15.0	8.3	6.0	6.0	6.0	53.4	53.4
1.2 Deposits of social security funds	893.1	597.8	11.5	12.2	11.8	9.7	9.6	9.8	9.9
Demand deposits	639.8	387.5	0.3	0.6	0.0	0.1	0.1	0.0	0.1
Savings deposits	0.0	0.3	–	–	–	–	–	–	–
Time and notice deposits	253.3	210.0	11.2	11.6	11.8	9.7	9.5	9.8	9.8
Loans and advances	–	–	–	–	–	–	–	–	–
2 In f/c	1,353.2	1,352.8	1,464.0	1,593.6	1,451.0	1,304.0	1,255.6	1,011.3	1,205.3
2.1 Central government deposits	1,122.5	1,088.3	1,439.6	1,562.3	1,418.0	1,265.0	1,238.0	984.4	1,173.0
Savings deposits	666.8	716.8	1,127.1	740.6	1,192.7	767.1	954.4	649.1	823.9
Time and notice deposits	330.0	309.4	312.3	821.5	225.4	497.9	283.6	335.3	349.1
Refinanced loans and advances	125.7	62.2	0.2	0.2	–	–	–	–	–
2.2 Deposits of social security funds	230.7	264.5	24.3	31.3	33.0	39.0	17.6	26.8	32.3
Savings deposits	75.8	100.2	24.3	31.3	33.0	39.0	17.6	26.8	32.3
Time and notice deposits	154.9	164.3	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–
Total (1+2)	2,675.8	2,307.2	3,362.6	4,079.1	3,910.1	3,718.8	3,816.6	3,890.2	3,974.4

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

Kuna and foreign currency deposits by the central government and social security funds are shown separately. Kuna deposits comprise demand deposits, savings deposits, time and notice deposits, and loans received from the central government and social security funds. Foreign currency deposits comprise savings deposits, time deposits and notice deposits.

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

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013			
						Mar.	Jun.	Sep.	Oct.
1 Restricted deposits	3,038.4	2,548.4	2,374.9	3,183.9	2,413.9	3,096.1	2,835.0	2,877.5	2,890.3
1.1 In kuna	1,478.8	1,366.0	1,262.6	1,576.8	1,429.0	1,491.6	1,669.7	1,672.4	1,643.5
1.2 In f/c	1,559.6	1,182.5	1,112.4	1,607.1	984.9	1,604.5	1,165.3	1,205.2	1,246.8
2 Blocked f/c deposits of households	–	–	–	–	–	–	–	–	–
Total (1+2)	3,038.4	2,548.4	2,374.9	3,183.9	2,413.9	3,096.1	2,835.0	2,877.5	2,890.3

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

Blocked foreign currency deposits include households'

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

F Monetary policy instruments and liquidity

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

Year	Month	CNB discount rate	CNB repo rate ^a	Credit rates					
				On Lombard credits ^b	On intervention credits	On intra-day refinance facility ^b	On short-term liquidity credits	On inaccurately calculated statutory reserves ^b	On arrears ^c
1	2	3	4	5	6	7	8	9	10
1999	December	7.90	–	13.00	19.00	–	14.00	19.00	18.00
2000	December	5.90	–	12.00	18.00	–	13.00	18.00	18.00
2001	December	5.90	–	10.00	–	–	11.00	15.00	18.00
2002	December	4.50	–	9.50	–	–	10.50	15.00	15.00
2003	December	4.50	–	9.50	–	–	10.50	15.00	15.00
2004	December	4.50	–	9.50	–	–	10.50	15.00	15.00
2005	December	4.50	3.50	7.50 ^c	–	–	8.50 ^c	15.00	15.00
2006	December	4.50	3.50	7.50	–	–	8.50	15.00	15.00
2007	December	9.00 ^d	4.06	7.50	–	–	8.50	15.00	15.00
2008	December	9.00	6.00	9.00	–	–	10.00	15.00	14.00
2009	December	9.00	–	9.00	–	–	10.00	15.00	14.00
2010	December	9.00	–	9.00	–	–	10.00	15.00	14.00
2011	December	7.00	–	6.25	–	–	7.25	15.00	12.00
2012	November	7.00	–	6.25	–	–	7.25	14.50	12.00
	December	7.00	–	6.25	–	–	7.25	14.50	12.00
2013	January	7.00	–	6.25	–	–	7.25	14.50	12.00
	February	7.00	–	6.25	–	–	7.25	14.50	12.00
	March	7.00	–	6.25	–	–	7.25	14.50	12.00
	April	7.00	–	6.25	–	–	7.25	14.50	12.00
	May	7.00	–	6.25	–	–	7.25	14.50	12.00
	June	7.00	–	6.25	–	–	7.25	14.50	12.00
	July	7.00	–	6.25	–	–	7.25	14.50	12.00
	August	7.00	–	6.25	–	–	7.25	14.50	12.00
	September	7.00	–	6.25	–	–	7.25	14.50	12.00
	October	7.00	–	6.25	–	–	7.25	14.50	12.00

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

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

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

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

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

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

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

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

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

Year	Month	Interest rates on statutory reserves dep. with the CNB	Interest rates on CNB bills on an obligatory basis	Interest rates on CNB bills on a voluntary basis ^a				Interest rates on f/c CNB bills on a voluntary basis					Interest rates on overnight deposits
				Due in 7 days	Due in 35 days	Due in 70 days	Due in 105 days	Due in 35 days	Due in 63 days	Due in 91 days	Due in 182 days	Due in 364 days	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1999	December	5.90	–	–	10.50	11.55	12.50	–	4.83	3.56	–	–	–
2000	December	4.50	–	–	6.65	7.00	7.70	–	5.51	4.83	–	–	–
2001	December	2.00	–	–	3.36	4.26	4.85	–	2.62	3.06	–	–	–
2002	December	1.75	–	–	2.08	–	–	2.30	2.68	–	–	–	–
2003	December	1.25	0.50	–	–	–	–	1.75	1.48	–	–	–	–
2004	December	1.25	–	–	–	–	–	–	–	–	–	–	–
2005	December	0.75	–	–	–	–	–	–	–	–	–	–	0.50
2006	December	0.75	–	–	–	–	–	–	–	–	–	–	0.50
2007	December	0.75	0.75	–	–	–	–	–	–	–	–	–	0.50
2008	December	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
2009	December	0.75	0.25	–	–	–	–	–	–	–	–	–	0.50
2010	December	0.75	–	–	–	–	–	–	–	–	–	–	0.50
2011	December	–	–	–	–	–	–	–	–	–	–	–	0.25
2012	November	–	–	–	–	–	–	–	–	–	–	–	0.25
	December	–	–	–	–	–	–	–	–	–	–	–	0.25
2013	January	–	–	–	–	–	–	–	–	–	–	–	0.25
	February	–	–	–	–	–	–	–	–	–	–	–	0.25
	March	–	–	–	–	–	–	–	–	–	–	–	0.25
	April	–	–	–	–	–	–	–	–	–	–	–	0.00 ^b
	May	–	–	–	–	–	–	–	–	–	–	–	0.00
	June	–	–	–	–	–	–	–	–	–	–	–	0.00
	July	–	–	–	–	–	–	–	–	–	–	–	0.00
	August	–	–	–	–	–	–	–	–	–	–	–	0.00
	September	–	–	–	–	–	–	–	–	–	–	–	0.00
	October	–	–	–	–	–	–	–	–	–	–	–	0.00

^a Breaks in the series of data are explained in notes on methodology. ^b Since 24 April 2013.

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

Interest rates paid by the CNB for appropriated statutory reserve funds are set by a decision of the Council of the Croatian National Bank. Until April 2005, the appropriated statutory reserve funds included the calculated statutory reserve funds that were deposit in a special statutory reserve account with the CNB, or maintained (in average) in banks' settlement accounts, or deposited in a special account with the CNB for the settlement of net positions in the National Clearing System (NCS). From April 2005, they include the calculated statutory reserve funds allocated to a special statutory reserve account with the CNB. From March 2011 on, the CNB pays no remuneration on the reserve requirement funds (column 3).

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

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

From April 1998 on, columns 9 through 13 report the weighted average interest rates on CNB bills on a voluntary basis in EUR and USD (until December 1998, in DEM and USD)

attained at CNB bills' auctions as a weighted average of subscribed amounts in those two currencies.

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

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

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

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

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

Table F3 Banks' reserve requirements

daily averages and percentages, in million HRK and %

Year	Month	Weighted average res. requirement in % on res. base	Reserve requirement (RR)			Other obligatory deposits with the CNB	Statutory reserves deposited with the CNB		Weighted avg. remuneration rate on immobilised funds in kuna	Weighted avg. remuneration rate on allocated funds in f/c
			Total	In kuna	In f/c		In kuna	In f/c		
1	2	3	4=5+6	5	6	7	8	9	10	11
1999	December	30.50	13,579.0	4,210.1	9,368.9	37.3	3,695.1	4,606.5	5.62	....
2000	December	23.22	16,245.8	4,646.8	11,599.0	5.0	4,191.6	5,544.6	4.05	....
2001	December	19.67	21,187.1	8,691.5	12,495.5	-	6,287.8	5,950.0	1.97	2.73
2002	December	19.00	25,985.1	11,447.1	14,538.0	-	8,156.7	7,139.9	1.72	2.16
2003	December	19.00	31,009.4	18,023.8	12,985.6	109.4	12,459.8	6,850.2	1.17	1.47
2004	December	18.00	33,615.7	20,040.9	13,574.8	430.1	14,664.1	10,171.3	1.22	1.36
2005	December	18.00	37,424.5	24,997.9	12,426.6	3,940.2	17,497.7	9,271.4	0.52	0.92
2006	December	17.00	40,736.4	28,966.1	11,770.4	7,332.5	20,257.0	8,780.9	0.52	1.06
2007	December	17.00	44,465.9	31,809.1	12,656.8	6,641.1	22,266.4	9,203.5	0.53	1.29
2008	December	14.87	41,474.4	29,179.7	12,294.7	461.9	20,425.8	8,807.0	0.52	0.81
2009	December	14.00	40,423.5	33,693.7	6,729.8	30.9	23,585.6	4,898.0	0.52	-
2010	December	13.00	38,990.6	32,374.8	6,615.8	-	22,662.4	4,736.7	0.52	-
2011	December	14.00	44,443.2	36,936.6	7,506.7	-	25,654.6	5,437.9	-	-
2012	November	13.50	42,439.9	35,280.1	7,159.8	-	24,696.1	5,144.6	-	-
	December	13.50	42,272.1	35,107.8	7,164.3	-	24,575.4	5,120.7	-	-
2013	January	13.50	41,981.1	34,821.5	7,159.5	-	24,375.1	5,093.0	-	-
	February	13.50	41,781.7	34,647.9	7,133.7	-	24,253.5	5,068.9	-	-
	March	13.50	41,623.5	34,515.2	7,108.3	-	24,160.6	5,051.4	-	-
	April	13.50	41,607.5	34,524.1	7,083.4	-	24,166.8	5,027.8	-	-
	May	13.50	41,773.0	34,685.5	7,087.6	-	24,279.8	5,040.5	-	-
	June	13.50	41,729.4	34,685.1	7,044.3	-	24,279.6	5,013.6	-	-
	July	13.50	41,931.4	34,926.7	7,004.7	-	24,448.7	4,989.1	-	-
	August	13.50	41,975.6	34,978.8	6,996.8	-	24,485.2	4,985.2	-	-
	September	13.50	42,169.6	35,133.8	7,035.9	-	24,593.6	4,996.6	-	-
	October	13.50	42,566.6	35,462.1	7,104.4	-	24,823.5	5,021.3	-	-

reserve requirements in kuna and in foreign currency were unified, i.e. reserve requirements rate, periods for calculating, allocating and maintaining reserve requirements were unified, as well as a minimum percentage of the total reserve requirements deposited with the Croatian National Bank. From September 2001 on, column 5 includes also the f/c component of reserve requirements that is set aside/maintained in kuna.

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

Column 7 shows the total amount of other obligatory deposits with the CNB, including CNB bills on an obligatory basis, those CNB bills on a voluntary basis used by banks to maintain the prescribed minimal liquidity (LAR), special statutory reserves until July 1995, special reserve requirement on liabilities

arising from issued securities from March 2006 to February 2009, statutory reserves on f/c deposits, f/c credits from foreign banks and guarantees for such credits and marginal reserve requirement (from August 2004 to October 2008).

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

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

Column 10 shows the weighted average remuneration rate on all forms of immobilised kuna funds which include reserve requirements and other obligatory deposits with the CNB. From March 2011 on, the CNB pays no remuneration on the reserve requirement funds.

Column 11 shows the weighted average remuneration rate on allocated funds in foreign currency, including the marginal reserve

Table F4 Banks' liquidity indicators

daily averages and percentages, in million HRK and %

Year	Month	Free reserves		Primary liquidity ratio	Secondary liquidity sources	Kuna CNB bills	F/c CNB bills	Kuna MoF treasury bills
		In kuna	In f/c					
1	2	3	4	5	6	7	8	9
1999	December	179.6	....	1.30	1,183.6	1,311.1	1,507.6	373.9
2000	December	638.8	10,721.4	3.32	80.1	2,485.3	1,692.7	2,006.5
2001	December	794.4	17,247.4	3.23	2.6	2,656.2	2,630.8	3,360.9
2002	December	1,225.0	10,398.0	3.53	0.6	4,965.5	1,273.9	4,279.5
2003	December	451.6	20,561.4	0.98	501.6	–	4,316.0	3,073.2
2004	December	1,495.5	26,126.1	2.64	0.0	–	–	4,581.7
2005	December	672.5	20,493.4	0.96	0.2	–	–	4,163.3
2006	December	840.8	20,239.1	0.83	–	–	–	5,993.7
2007	December	1,161.5	30,412.6	1.03	330.4	–	–	4,449.4
2008	December	1,168.7	28,101.4	1.03	289.1	–	–	6,171.2
2009	December	880.0	24,885.6	0.91	–	–	–	4,776.6
2010	December	407.1	30,511.9	0.42	–	–	–	5,705.9
2011	December	333.0	15,693.8	0.32	97.3	–	–	8,157.7
2012	November	652.7	5,388.1	0.64	–	–	–	7,545.4
	December	612.4	5,113.4	0.61	–	–	–	8,010.0
2013	January	520.3	4,803.0	0.53	–	–	–	8,357.8
	February	378.9	4,455.3	0.39	–	–	–	8,768.3
	March	418.5	4,164.2	0.43	–	–	–	10,013.4
	April	2,260.6	3,894.7	2.30	18.6	–	–	10,719.1
	May	5,211.5	3,963.0	5.24	17.4	–	–	11,404.0
	June	5,613.8	3,986.0	5.59	11.8	–	–	11,037.6
	July	3,613.4	4,422.3	3.51	6.0	–	–	11,584.8
	August	3,068.5	5,274.3	2.96	5.5	–	–	10,554.0
	September	3,716.7	6,425.8	3.58	19.50	–	–	11,623.2
	October	4,415.3	6,298.6	4.21	27.41	–	–	12,058.7

requirement funds (from August 2004 to October 2008). From November 2009 on, the CNB does not pay remuneration on the allocated foreign currency component of reserve requirements.

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

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

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

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

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

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

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

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

G Financial markets

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

Year	Month	Interest rates on interbank demand deposit trading		Interest rates on kuna credits not indexed to foreign currency									
		On overnight credits	On other credits	Total average	On short-term credits						On long-term credits		
					Total average	Enterprises	Households			Total average	Enterprises	Households	
							Total average	Credit lines	Other				
1	2	3	4	5	6	7	8	9	10	11	12	13	
1999	December	9.92	12.78	13.54	13.52	10.55	20.83	20.84	20.39	15.14	15.31	14.16	
2000	December	2.39	4.45	10.45	10.45	6.81	20.30	20.33	19.05	9.90	9.64	12.97	
2001	December	2.49	2.18	9.51	9.49	5.43	18.81	18.85	14.88	11.42	10.06	13.14	
2002	December	1.03	1.59	10.91	11.24	7.44	15.16	15.28	9.84	7.32	6.48	7.88	
2003	December	6.54	6.36	11.45	11.80	8.02	14.89	15.01	12.38	8.51	6.14	10.69	
2004	December	4.87	4.74	11.44	11.71	8.33	14.19	14.27	12.29	9.31	6.90	11.16	
2005	December	3.08	3.91	9.91	9.99	7.71	11.26	13.18	5.35	8.75	6.48	10.35	
2006	December	3.14	2.52	9.07	9.37	6.75	11.84	13.21	4.67	7.53	5.86	9.44	
2007	December	6.23	7.33	9.32	9.74	7.39	12.34	13.19	4.95	7.50	6.66	8.01	
2008	December	5.77	6.77	10.71	10.89	8.98	12.33	12.97	4.96	9.05	8.10	10.35	
2009	December	1.20	1.50	11.12	11.22	9.29	12.68	13.24	4.89	9.77	8.27	11.33	
2010	December	1.28	1.70	9.90	10.05	6.98	12.64	13.17	4.66	8.38	6.45	11.29	
2011	December	0.61	1.73	9.36	9.49	7.48	11.18	11.58	4.21	8.15	6.76	9.21	
2012	November	0.45	0.45	9.55	9.69	7.13	11.18	11.53	3.99	8.21	5.14	9.69	
	December	0.46	0.50	9.26	9.45	7.15	11.20	11.56	4.68	7.70	5.43	9.75	
2013	January	0.38	0.90	9.08	9.18	6.35	11.09	11.42	3.83	7.92	4.87	9.63	
	February	0.32	0.85	9.19	9.34	6.53	11.23	11.55	3.77	7.65	4.94	9.58	
	March	0.37	1.16	9.21	9.36	6.58	11.18	11.55	4.33	7.91	4.79	9.42	
	April	0.41	0.85	9.18	9.27	6.27	11.20	11.55	3.99	8.33	4.71	9.47	
	May	0.31	1.16	9.26	9.32	6.29	11.19	11.55	4.09	8.55	5.09	9.49	
	June	0.32	1.29	9.14	9.25	6.28	11.19	11.56	3.86	8.05	5.65	9.50	
	July	0.68	1.35	9.16	9.21	6.39	11.02	11.39	3.78	8.65	5.50	9.47	
	August	0.40	0.59	9.47	9.62	6.91	11.11	11.46	3.46	7.96	5.69	9.51	
	September	0.36	0.43	9.35	9.46	6.76	11.18	11.54	3.86	8.18	5.36	9.42	
	October	0.36	0.77	9.24	9.33	6.47	11.01	11.39	3.77	8.36	4.99	9.35	
Relative significance ^a		-	-	75.92	69.28	25.67	43.61	41.47	2.14	6.63	1.51	5.12	

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

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

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

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

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

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

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

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

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

Year	Month	Interest rates on kuna credits indexed to foreign currency									Interest rates on credits in euros		
		Total average	On short-term credits			On long-term credits			Total average	On short-term credits	On long-term credits		
			Total average	Enterprises	Households	Total average	Enterprises	Households					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1999	December	12.53	13.66	13.54	17.21	10.81	10.46	11.65	....	....	6.75	7.43	6.07
2000	December	10.74	11.17	11.10	13.59	10.52	9.41	11.64	....	....	7.70	7.49	8.05
2001	December	9.29	9.45	9.45	11.30	9.20	7.52	10.79	....	....	5.94	5.70	7.27
2002	December	8.25	9.34	8.72	11.37	7.98	6.37	9.50	7.42	10.11	5.91	6.66	5.44
2003	December	7.07	7.21	7.00	8.66	7.03	5.76	8.04	6.02	9.70	5.62	6.22	5.18
2004	December	6.89	7.25	7.09	8.47	6.77	5.55	7.73	5.71	8.79	5.34	5.92	4.83
2005	December	6.18	6.52	6.34	7.91	6.07	5.18	6.98	4.95	8.10	5.29	5.28	5.30
2006	December	6.30	6.56	6.29	8.33	6.22	6.21	6.22	4.75	7.57	5.65	6.19	5.34
2007	December	6.73	6.86	6.86	6.84	6.66	6.51	6.80	5.12	8.24	6.79	6.59	7.10
2008	December	7.73	8.20	8.18	8.65	7.43	6.92	7.89	6.08	9.02	7.08	7.17	6.83
2009	December	8.28	8.48	8.41	10.23	8.11	7.31	9.02	6.45	9.96	6.98	7.35	6.49
2010	December	7.78	7.95	7.91	8.86	7.67	7.19	8.16	6.02	8.94	6.38	7.12	6.06
2011	December	7.15	7.60	7.56	8.49	6.82	6.37	7.53	5.26	8.48	6.49	6.27	6.87
2012	November	7.02	6.91	6.88	7.52	7.08	6.37	7.69	5.37	8.67	5.71	5.57	6.01
	December	6.54	6.52	6.47	7.42	6.55	5.76	7.61	5.37	8.64	5.08	4.69	5.83
2013	January	6.67	7.03	6.99	7.64	6.49	5.77	7.19	5.27	8.20	5.51	5.43	5.60
	February	6.86	6.67	6.64	7.16	6.95	6.04	7.57	5.32	8.42	5.53	5.53	5.54
	March	6.91	6.75	6.74	6.84	6.98	5.88	7.76	5.31	8.57	5.22	5.30	5.07
	April	6.75	6.36	6.31	7.22	6.95	6.23	7.42	5.26	8.36	4.73	4.32	5.26
	May	6.74	6.52	6.45	7.86	6.84	6.02	7.42	5.30	8.24	4.50	4.29	4.90
	June	6.89	6.99	7.02	6.60	6.85	5.87	7.77	5.35	8.54	4.97	4.18	5.99
	July	6.84	6.50	6.47	7.01	6.99	5.90	7.72	5.40	8.46	4.09	3.77	5.21
	August	6.34	6.47	6.45	6.83	6.29	5.38	7.66	5.50	8.42	3.75	3.46	6.38
	September	6.80	6.77	6.78	6.54	6.82	5.79	7.65	5.44	8.38	3.82	3.60	5.74
	October	6.69	6.09	6.09	6.04	6.92	5.97	7.54	5.43	8.30	4.75	4.52	5.36
Relative significance ^a		15.44	4.30	3.90	0.39	11.14	4.42	6.72	1.77	4.95	8.65	6.25	2.40

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

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

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

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

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

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

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

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

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

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

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

Year	Month	Interest rates on kuna deposits not indexed to foreign currency								
		Total average	In giro and current accounts	On time deposits						
				Total average	On short-term deposits			On long-term deposits		
					Total average	Households	Enterprises	Total average	Households	Enterprises
1	2	3	4	5	6	7	8	9	10	11
1999	December	4.27	2.24	8.87	8.79	9.62	8.38	10.96	11.56	10.18
2000	December	3.40	1.64	7.20	7.13	7.44	7.03	8.89	9.19	8.63
2001	December	2.76	1.40	5.68	5.60	6.35	5.38	7.35	7.93	6.70
2002	December	1.55	0.94	3.64	3.53	4.39	2.86	6.05	7.24	3.23
2003	December	1.66	0.75	4.46	4.46	3.62	4.69	4.58	4.90	2.82
2004	December	1.83	0.74	4.11	4.11	3.93	4.13	4.10	4.65	3.30
2005	December	1.58	0.61	3.36	3.34	3.89	3.23	4.12	5.04	3.49
2006	December	1.91	0.56	2.98	2.94	4.10	2.69	4.32	4.98	3.11
2007	December	2.67	0.49	5.42	5.34	4.47	5.48	6.28	5.45	6.45
2008	December	2.92	0.43	5.65	5.60	5.34	5.64	6.58	5.88	6.85
2009	December	2.22	0.43	2.52	2.49	4.89	2.04	2.76	6.12	2.07
2010	December	1.61	0.34	1.93	1.85	3.66	1.41	4.26	4.76	3.03
2011	December	1.88	0.36	2.46	2.33	3.55	1.88	2.98	4.58	2.78
2012	November	1.80	0.34	2.17	2.07	3.43	1.43	4.04	4.32	2.89
	December	1.76	0.34	2.09	1.95	3.37	1.37	4.36	4.33	4.46
2013	January	1.75	0.35	1.87	1.73	3.34	1.07	4.19	4.34	3.46
	February	1.70	0.33	1.81	1.64	3.15	0.86	3.95	4.09	3.46
	March	1.64	0.33	1.65	1.45	3.14	0.83	3.72	4.19	2.92
	April	1.60	0.32	1.74	1.58	3.05	0.88	3.94	4.11	2.89
	May	1.52	0.32	1.19	1.09	3.02	0.61	3.84	3.98	2.65
	June	1.48	0.31	1.44	1.31	2.90	0.74	3.77	3.90	3.19
	July	1.47	0.30	1.28	1.15	2.90	0.73	3.80	3.90	2.88
	August	1.43	0.31	1.31	1.18	2.92	0.67	3.76	3.84	2.86
	September	1.42	0.27	1.81	1.64	2.96	0.97	3.80	3.86	3.26
	October	1.43	0.27	1.55	1.36	2.85	0.76	3.52	3.81	2.90
Relative significance ^a		54.69	40.64	10.95	10.01	2.88	7.14	0.94	0.63	0.30

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

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

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

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

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

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

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

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

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

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

Year	Month	Interest rates on savings and time deposits indexed to f/c			Interest rates on foreign currency deposits					
		Total average	On short-term deposits	On long-term deposits	Total average	Savings deposits				
						Total average	Households		Enterprises	
							EUR	USD	EUR	USD
1	2	3	4	5	6	7	8	9	10	11
1999	December	6.62	6.91	1.10	4.23	1.80	1.95	2.04	0.78	1.30
2000	December	5.54	5.94	2.16	3.47	1.03	0.99	1.23	0.65	1.29
2001	December	4.58	4.92	2.56	2.60	0.71	0.71	0.81	0.82	0.40
2002	December	2.92	3.45	1.48	2.55	0.50	0.52	0.41	0.52	0.38
2003	December	3.48	3.74	5.55	2.22	0.31	0.35	0.23	0.23	0.15
2004	December	4.17	3.61	5.19	2.65	0.31	0.34	0.22	0.22	0.21
2005	December	3.99	3.63	4.77	2.61	0.27	0.27	0.17	0.27	0.76
2006	December	3.67	3.30	4.07	2.94	0.25	0.23	0.17	0.32	0.44
2007	December	3.98	3.76	4.35	3.44	0.25	0.22	0.15	0.36	0.43
2008	December	4.09	4.05	4.42	3.97	0.21	0.20	0.15	0.26	0.13
2009	December	3.01	3.12	3.31	3.98	0.18	0.22	0.16	0.10	0.07
2010	December	2.91	2.75	3.46	3.09	0.19	0.21	0.14	0.18	0.07
2011	December	2.86	2.75	3.62	2.90	0.19	0.21	0.14	0.13	0.08
2012	November	2.31	2.67	3.16	2.91	0.17	0.22	0.11	0.06	0.05
	December	2.38	3.42	2.10	2.84	0.16	0.22	0.11	0.05	0.04
2013	January	1.88	2.18	3.42	2.79	0.17	0.22	0.11	0.05	0.05
	February	2.54	2.25	2.85	2.71	0.16	0.22	0.11	0.05	0.04
	March	2.06	2.38	2.87	2.64	0.17	0.22	0.11	0.06	0.03
	April	2.04	2.94	2.14	2.49	0.17	0.21	0.11	0.07	0.03
	May	2.33	2.28	2.16	2.44	0.16	0.21	0.11	0.06	0.04
	June	2.56	3.06	2.68	2.38	0.18	0.21	0.11	0.12	0.04
	July	2.12	2.63	2.56	2.34	0.17	0.21	0.11	0.10	0.03
	August	2.50	2.03	2.34	2.34	0.17	0.21	0.11	0.10	0.03
	September	2.30	2.73	3.32	2.32	0.17	0.21	0.11	0.12	0.04
	October	2.57 ^b	2.51	3.03	2.26	0.17	0.20	0.11	0.12	0.02
Relative significance ^a		0.15	0.11	0.04	45.16	26.13	16.53	2.21	6.71	0.68

^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, 47.40% refers to enterprises.

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

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

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

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

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

interest rates on time deposits are shown in column 4 (short-term deposits) and column 5 (long-term deposits) respectively.

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

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

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

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

Year	Month	Interest rates on foreign currency deposits										
		On time deposits										
		Total average	On short-term deposits						On long-term deposits			
			Total average	Households		Enterprises		Total average	Households		Enterprises	
EUR	USD	EUR		USD	EUR	USD	EUR		USD			
1	2	12	13	14	15	16	17	18	19	20	21	22
1999	December	5.43	5.17	4.93	6.39	3.97	6.00	6.59	6.64	8.09	3.66	6.77
2000	December	4.57	4.36	3.65	5.15	4.59	6.62	5.56	5.17	6.61	5.97	8.53
2001	December	3.54	3.35	3.42	3.23	3.60	2.44	4.59	4.72	4.42	4.58	0.23
2002	December	3.13	2.96	3.27	2.21	2.89	1.43	4.59	4.69	3.84	3.46	2.30
2003	December	2.64	2.46	2.83	1.65	2.29	1.08	3.69	4.71	3.13	2.85	1.64
2004	December	2.85	2.65	3.01	1.69	2.46	2.28	4.20	4.85	3.13	3.61	2.65
2005	December	3.07	2.94	2.99	1.76	2.63	4.34	3.69	4.25	0.48	4.39	-
2006	December	3.82	3.76	3.16	2.05	4.24	5.84	4.25	4.47	2.26	4.79	4.61
2007	December	4.32	4.25	3.47	2.60	5.10	5.33	4.80	4.83	3.84	5.13	2.19
2008	December	4.15	3.95	4.33	2.69	4.13	1.84	5.51	5.57	3.58	5.52	2.38
2009	December	3.58	3.40	4.33	2.73	2.64	1.77	5.13	5.43	3.86	2.85	0.13
2010	December	2.69	2.15	3.13	2.45	1.63	0.76	5.36	4.28	3.20	6.91	3.80
2011	December	2.76	2.56	2.87	2.45	2.37	0.86	3.84	3.92	3.27	3.54	1.70
2012	November	3.19	2.27	2.80	2.26	1.43	0.63	5.28	3.76	3.36	6.93	2.38
	December	2.59	2.34	2.70	2.24	1.92	0.48	3.64	3.67	3.16	4.11	3.20
2013	January	2.82	2.33	2.67	2.22	1.81	0.59	4.21	3.64	3.26	6.66	2.40
	February	2.55	2.18	2.51	2.08	1.65	0.93	3.66	3.65	3.04	4.99	0.55
	March	2.74	1.98	2.50	2.05	1.39	0.33	4.34	3.60	3.13	5.95	1.58
	April	2.28	1.94	2.34	1.96	1.36	0.34	3.40	3.41	3.03	3.80	-
	May	2.25	1.90	2.35	2.00	1.28	0.38	3.34	3.33	3.04	4.05	1.68
	June	2.22	1.86	2.29	1.96	1.26	0.42	3.39	3.29	3.20	5.37	1.51
	July	2.20	1.87	2.29	1.99	1.38	0.34	3.19	3.25	2.95	3.15	1.22
	August	2.22	1.89	2.28	1.99	1.46	0.44	3.23	3.19	2.73	5.56	1.20
	September	2.27	1.89	2.24	1.88	1.41	0.35	3.33	3.16	2.92	5.64	0.60
	October	2.03	1.77	2.15	1.85	1.40	0.40	2.96	3.01	2.51	2.60	1.23
Relative significance^a		19.02	14.84	8.10	0.75	5.08	0.92	4.18	3.72	0.17	0.27	0.02

^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).

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

The basis for the calculation of the weighted averages of monthly interest rates on total foreign currency time deposits

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

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

	2008	2009	2010	2011	2012	2013				
						Mar.	Jun.	Sep.	Oct.	
A Purchase of foreign exchange										
1 Legal persons	33,058.3	19,939.9	21,453.6	20,628.9	19,837.3	1,143.2	1,546.5	1,269.6	1,288.5	
2 Natural persons	4,755.3	4,920.3	4,878.0	5,264.9	5,060.8	379.8	399.6	480.1	441.4	
2.1 Residents	4,252.9	4,389.6	4,251.3	4,867.9	4,647.1	371.4	367.1	429.7	423.9	
2.2 Non-residents	502.4	530.7	626.7	397.0	413.7	8.4	32.4	50.4	17.6	
3 Domestic banks	20,017.6	10,964.5	11,171.3	10,406.6	10,237.5	485.1	1,771.7	1,099.0	930.7	
4 Foreign banks	7,342.5	5,681.9	5,548.6	5,226.3	6,023.2	378.1	721.0	492.3	527.7	
5 Croatian National Bank	420.6	1,899.4	350.1	596.7	724.4	-	-	-	-	
Total (1+2+3+4)	65,594.2	43,405.9	43,401.6	42,123.5	41,883.2	2,386.3	4,438.8	3,340.9	3,188.4	
B Sale of foreign exchange										
1 Legal persons	35,448.8	21,707.2	21,930.5	20,809.2	20,355.7	1,627.0	2,071.0	1,732.8	1,533.0	
2 Natural persons	4,366.4	3,205.5	1,815.9	1,760.2	1,461.3	87.1	121.8	115.4	116.0	
2.1 Residents	4,335.2	3,186.0	1,800.5	1,743.3	1,450.8	86.7	120.9	114.4	115.6	
2.2 Non-residents	31.2	19.5	15.4	16.9	10.5	0.4	1.0	1.1	0.4	
3 Domestic banks	20,017.6	10,964.5	11,171.3	10,406.6	10,237.5	485.1	1,771.7	1,099.0	930.7	
4 Foreign banks	6,615.7	5,281.5	5,455.0	5,730.2	7,159.4	408.5	925.9	526.2	557.5	
5 Croatian National Bank	409.1	2,224.2	363.7	-	58.1	-	-	-	-	
Total (1+2+3+4)	66,857.5	43,382.7	40,736.5	38,706.2	39,272.0	2,607.7	4,890.5	3,473.4	3,137.2	
C Net purchase (A-B)										
1 Legal persons	-2,390.5	-1,767.3	-476.9	-180.3	-518.4	-483.8	-524.5	-463.2	-244.4	
2 Natural persons	388.9	1,714.8	3,062.1	3,504.7	3,599.5	292.7	277.7	364.6	325.5	
2.1 Residents	-82.2	1,203.6	2,450.8	3,124.6	3,196.3	284.7	246.3	315.3	308.3	
2.2 Non-residents	471.1	511.2	611.2	380.1	403.2	8.0	31.5	49.3	17.2	
3 Foreign banks	726.8	400.4	93.6	-503.9	-1,136.2	-30.4	-204.9	-33.9	-29.8	
4 Croatian National Bank	11.5	-324.8	-13.6	596.7	666.3	-	-	-	-	
Total (1+2+3)	-1,263.3	23.2	2,665.2	3,417.2	2,611.2	-221.4	-451.6	-132.5	51.3	
Memo items: Other Croatian National Bank transactions										
Purchase of foreign exchange	265.4	664.6	238.5	968.2	1,016.3	130.4	0.4	0.9	0.5	
o/w: MoF	265.4	664.6	238.5	968.2	1,016.3	130.4	0.4	0.9	0.5	
Sale of foreign exchange	83.7	98.3	233.1	0.0	246.1	37.0	-	0.0	19.7	
o/w: MoF	83.7	98.3	233.1	0.0	246.1	37.0	-	0.0	-	

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

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

CNB). Sources of data are banks' reports on trading with foreign exchange, including data on exchange transactions with natural persons conducted by authorised currency exchange offices.

Other Croatian National Bank transactions include foreign exchange sales and purchases on behalf of others.

H International economic relations

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

in million EUR

	2008 ^c	2009 ^c	2010 ^c	2011 ^c	2012 ^c	2013		
						Q1 ^d	Q2 ^e	Q3 ^d
A CURRENT ACCOUNT (1+6)	-4,255.9	-2,333.8	-523.3	-392.1	-12.9	-1,431.3	-288.1	2,849.6
1 Goods, services, and income (2+5)	-5,326.4	-3,338.2	-1,584.2	-1,538.3	-1,168.0	-1,705.9	-638.9	2,637.4
1.1 Credit	21,277.7	17,166.5	18,608.7	19,711.8	20,101.8	3,211.5	5,009.1	7,833.0
1.2 Debit	-26,604.1	-20,504.7	-20,192.9	-21,250.2	-21,269.8	-4,917.3	-5,648.0	-5,195.6
2 Goods and services (3+4)	-3,780.1	-1,557.8	30.0	51.0	415.3	-1,348.9	-322.5	2,901.5
2.1 Credit	19,883.8	16,369.6	17,714.8	18,765.9	19,127.6	2,937.6	4,721.7	7,494.8
2.2 Debit	-23,663.9	-17,927.4	-17,684.8	-18,714.9	-18,712.3	-4,286.5	-5,044.2	-4,593.4
3 Goods	-10,632.4	-7,207.0	-5,745.5	-6,148.5	-6,045.2	-1,526.3	-1,957.9	-1,544.1
3.1 Credit	9,752.7	7,674.5	9,063.6	9,773.7	9,811.1	2,113.7	2,338.9	2,339.2
3.2 Debit	-20,385.1	-14,881.5	-14,809.1	-15,922.2	-15,856.3	-3,640.0	-4,296.7	-3,883.3
4 Services	6,852.3	5,649.2	5,775.5	6,199.5	6,460.5	177.4	1,635.4	4,445.5
4.1 Credit	10,131.1	8,695.1	8,651.2	8,992.2	9,316.5	823.9	2,382.8	5,155.6
4.2 Debit	-3,278.8	-3,045.8	-2,875.7	-2,792.7	-2,856.0	-646.5	-747.4	-710.1
5 Income	-1,546.3	-1,780.4	-1,614.2	-1,589.3	-1,583.3	-357.0	-316.5	-264.1
5.1 Credit	1,393.9	796.9	893.9	946.0	974.2	273.9	287.4	338.1
5.2 Debit	-2,940.2	-2,577.3	-2,508.1	-2,535.3	-2,557.4	-630.8	-603.8	-602.2
6 Current transfers	1,070.5	1,004.4	1,060.9	1,146.2	1,155.1	274.5	350.9	212.2
6.1 Credit	1,684.4	1,575.9	1,657.5	1,669.6	1,713.2	410.5	479.8	447.5
6.2 Debit	-613.9	-571.5	-596.6	-523.3	-558.1	-135.9	-128.9	-235.3
B CAPITAL AND FINANCIAL ACCOUNT	5,694.0	3,623.9	1,304.7	1,408.6	460.6	1,084.3	364.8	-1,397.8
B1 Capital account	21.9	57.8	62.4	24.7	35.5	-6.0	14.8	-4.5
B2 Financial account, excl. reserves	5,341.7	4,462.5	1,326.1	1,784.5	471.0	1,051.7	1,154.3	-1,790.9
1 Direct investment	3,102.8	1,670.5	503.3	1,049.3	1,094.2	576.5	-48.2	-121.2
1.1 Abroad	-952.7	-896.2	114.2	-37.9	28.3	22.4	-64.8	-81.0
1.2 In Croatia	4,055.6	2,566.8	389.1	1,087.1	1,066.0	554.0	16.6	-40.2
2 Portfolio investment	-796.4	454.4	407.1	584.6	1,737.5	-42.3	957.3	-506.8
2.1 Assets	-363.4	-521.0	-408.0	491.9	-309.9	76.6	292.7	-527.5
2.2 Liabilities	-433.0	975.4	815.1	92.7	2,047.4	-118.9	664.6	20.7
3 Financial derivatives	0.0	0.0	-252.7	-61.2	93.8	-2.9	-10.8	29.2
4 Other investment	3,035.3	2,337.6	668.4	211.9	-2,454.5	520.5	255.9	-1,192.1
4.1 Assets	-1,639.7	703.4	608.9	347.2	663.2	458.1	-78.3	-652.1
4.2 Liabilities	4,675.0	1,634.2	59.6	-135.4	-3,117.7	62.4	334.2	-540.1
B3 Reserve assets	330.4	-896.4	-83.8	-400.6	-45.8	38.6	-804.2	397.6
C NET ERRORS AND OMISSIONS	-1,438.0	-1,290.1	-781.4	-1,016.5	-447.7	347.0	-76.8	-1,451.9

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

^c Revised data. ^d Preliminary data.

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

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

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

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

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

	2008	2009	2010	2011	2012 ^a	2013		
						Q1 ^a	Q2 ^a	Q3 ^b
Goods	-10,632.4	-7,207.0	-5,745.5	-6,148.5	-6,045.2	-1,526.3	-1,957.9	-1,544.1
1 Credit	9,752.7	7,674.5	9,063.6	9,773.7	9,811.1	2,113.7	2,338.9	2,339.2
1.1 Exports (f.o.b.) in trade statistics	9,585.1	7,529.4	8,905.2	9,582.2	9,628.7	2,075.7	2,284.4	2,279.3
1.2 Adjustments for coverage	167.5	145.1	158.3	191.5	182.5	38.0	54.5	59.9
2 Debit	-20,385.1	-14,881.5	-14,809.1	-15,922.2	-15,856.3	-3,640.0	-4,296.7	-3,883.3
2.1 Imports (c.i.f.) in trade statistics	-20,817.1	-15,220.1	-15,137.0	-16,281.1	-16,214.4	-3,730.1	-4,393.7	-3,960.5
2.2 Adjustments for coverage	-421.4	-331.1	-376.0	-359.0	-374.8	-78.4	-101.6	-101.8
2.3 Adjustments for classification	853.5	669.7	703.9	718.0	732.9	168.6	198.6	179.0
Services	6,852.3	5,649.2	5,775.5	6,199.5	6,460.5	177.4	1,635.4	4,445.5
1 Transportation	404.3	287.6	299.3	278.8	253.8	13.4	49.1	80.5
1.1 Credit	1,209.4	938.2	973.0	967.6	941.9	172.8	238.0	255.5
1.2 Debit	-805.1	-650.7	-673.7	-688.8	-688.1	-159.4	-188.9	-174.9
2 Travel	6,694.0	5,655.8	5,600.8	5,984.5	6,136.7	168.0	1,585.9	4,337.2
2.1 Credit	7,459.4	6,379.7	6,230.0	6,616.9	6,858.7	306.9	1,771.0	4,518.3
2.1.1 Business	386.4	255.7	236.3	210.1	233.2	39.4	91.2	51.3
2.1.2 Personal	7,073.1	6,124.0	5,993.6	6,406.9	6,625.5	267.5	1,679.7	4,467.0
2.2 Debit	-765.5	-724.0	-629.2	-632.4	-722.0	-139.0	-185.1	-181.1
2.2.1 Business	-261.3	-240.8	-180.6	-184.3	-224.6	-42.8	-59.1	-48.8
2.2.2 Personal	-504.2	-483.1	-448.6	-448.1	-497.4	-96.1	-126.0	-132.3
3 Other services	-246.0	-294.1	-124.6	-63.9	70.0	-4.0	0.4	27.8
3.1 Credit	1,462.3	1,377.1	1,448.3	1,407.7	1,515.9	344.2	373.9	381.8
3.2 Debit	-1,708.3	-1,671.2	-1,572.8	-1,471.6	-1,445.9	-348.2	-373.4	-354.1

^a Revised data. ^b Preliminary data.

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

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

reliability, the c.i.f./f.o.b. coefficient as of 2011 started to be estimated based on the available CBS data on goods imports. The shares of transportation and insurance services have been calculated separately for each year, starting with 2008, based on the goods imported at f.o.b. parity and similar parities. The estimated coefficient amounted to 4.1% for 2008, 4.4% for 2009 and 4.7% for 2010. The figure is estimated again in the same manner for each following year. In the period from 1993 to 1996, the value of imports was modified by estimates of imports in duty free zones, which have been included in the merchandise trade statistics since 1997. From 1996 on, goods exports and imports are modified by the data on repairs on goods and goods procured in ports by carriers. In addition, since 1999, based on the Survey on Consumption of Foreign Travellers in Croatia and Domestic Travellers Abroad, the item of goods exports has been modified by the estimated value of goods sold to foreign travellers and tourists and taken out of the Republic of Croatia. The item of goods imports is adjusted for the estimated value of goods imported personally by the Croatian citizens from the neighbouring countries (shopping expenditures).

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

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

	2008	2009 ^a	2010 ^a	2011 ^a	2012 ^a	2013		
						Q1 ^a	Q2 ^a	Q3 ^b
Income	-1,546.3	-1,780.4	-1,614.2	-1,589.3	-1,583.3	-357.0	-316.5	-264.1
1 Compensation of employees	564.1	586.5	620.8	634.9	719.3	185.2	206.2	184.1
1.1 Credit	599.7	624.2	657.1	673.5	753.4	192.0	213.2	188.7
1.2 Debit	-35.5	-37.6	-36.3	-38.5	-34.2	-6.8	-7.0	-4.6
2 Direct investment income	-1,135.5	-1,153.0	-1,146.7	-996.5	-1,004.9	-261.1	-234.2	-137.7
2.1 Credit	194.6	-64.5	86.5	61.6	-10.2	29.9	16.5	96.5
o/w: Reinvested earnings	118.6	-117.1	7.4	-7.4	-78.3	22.2	-1.8	77.3
2.2 Debit	-1,330.0	-1,088.5	-1,233.3	-1,058.1	-994.7	-290.9	-250.7	-234.3
o/w: Reinvested earnings	-508.5	-293.9	-541.3	-276.4	-221.5	-114.9	122.4	-161.7
3 Portfolio investment income	-158.0	-173.8	-304.6	-351.3	-494.5	-138.1	-149.2	-161.5
3.1 Credit	82.3	73.0	40.5	49.4	35.7	8.3	14.7	12.4
3.2 Debit	-240.3	-246.9	-345.1	-400.7	-530.1	-146.4	-164.0	-173.9
4 Other investment income	-817.0	-1,040.1	-783.7	-876.4	-803.2	-143.0	-139.2	-148.9
4.1 Credit	517.4	164.3	109.7	161.5	195.3	43.7	42.9	40.5
4.2 Debit	-1,334.3	-1,204.3	-893.4	-1,037.9	-998.5	-186.7	-182.1	-189.4
Current transfers	1,070.5	1,004.4	1,060.9	1,146.2	1,155.1	274.5	350.9	212.2
1 General government	-20.0	-61.9	-66.9	-81.1	-101.1	-34.7	-9.8	-90.1
1.1 Credit	342.6	277.1	277.5	224.8	210.9	45.4	69.9	92.3
1.2 Debit	-362.7	-339.0	-344.4	-305.9	-312.0	-80.1	-79.7	-182.4
2 Other sectors	1,090.5	1,066.3	1,127.8	1,227.4	1,256.2	309.2	360.7	302.3
2.1 Credit	1,341.7	1,298.8	1,379.9	1,444.8	1,502.2	365.1	409.9	355.2
2.2 Debit	-251.2	-232.5	-252.2	-217.4	-246.1	-55.9	-49.2	-52.9

^a Revised data. ^b Preliminary data.

data. As of January 2011, due to the abolishment of the ITRS, this item has been compiled on the basis of data from export customs declarations of the CBS and estimates of the Road Freight Transporters Association. Expenditures on the basis of road freight transportation equal transportation and insurance costs related to imports of goods which belong to non-residents and which are estimated by adjusting the value of imports at c.i.f. parity to the value of imports f.o.b.

Revenues from services rendered to foreign travellers and tourists, as well as expenditures incurred by domestic travellers and tourists abroad are shown under the position Travel. In the 1993-1998 period, this position was assessed by using various data sources which did not provide for a full coverage in accordance with the recommended methodology. Accordingly, in the second half of 1998, the Croatian National Bank started to carry out the Survey on Consumption of Foreign Travellers in Croatia and Domestic Travellers Abroad and use its results for compiling the Travel position. Since early 1999, the results of this Survey, based on carrying out a survey of travellers (stratified sample) at border crossings, have been combined with the Ministry of the Interior and Central Bureau of Statistics data on the 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. Starting from the first quarter of 2012, the balance of payments data on revenues from services rendered to foreign travellers and tourists are not computed using the standard methodological combination of volume indicators and estimated average consumption from the Survey on Consumption of Foreign Travellers, but are based on a combination of the estimated level of tourism consumption in 2011 and an economically computed indicator – the first principal component of

a group of variables that are assumed to follow the dynamics of tourism revenue (foreign tourist arrivals and nights, the number of foreign travellers at border crossings, total tourist consumption according to the CNB survey, the number of the employed in accommodation and food service activities, the revenues of hotels and restaurants, the price index of hotel and restaurants services, the real retail trade turnover index, currency outside banks, the value of foreign credit card transactions, the banks' turnover in transactions with natural persons in the foreign exchange market and the industrial production EU-27).

Other services position is compiled by using different data sources: apart from revenues and expenditures related to insurance services and communication and construction services, which have been determined by the CNB special statistical research since 2001, the values of all other services were adopted from the ITRS until the end of 2010, when the reporting by transaction types was abolished. As of 2011, the uniform statistical survey is used for estimating the position of Other services, which encompasses 30 different types of services, the classification of which is prescribed by the IMF's Balance of Payments Manual, 6th edition. That survey also includes communication services, as a result of which a special survey on communication services was abolished, while insurance and construction services continued to be monitored through separate surveys.

Transactions in the income account are classified into four main groups. Compensation of employees item was compiled on the basis of the ITRS until the end of 2010, when the reporting by transaction types was abolished. As of 2011, this position on the revenues side is estimated by a model based on the aggregate data of banks on inflows of resident natural persons from non-residents. On the expenditures side, the existing surveys on services are used, containing a part which relates to compensation

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

in million EUR

	2008 ^c	2009 ^c	2010 ^c	2011 ^c	2012 ^c	2013		
						Q1 ^c	Q2 ^c	Q3 ^d
Direct investment	3,102.8	1,670.5	503.3	1,049.3	1,094.2	576.5	-48.2	-121.2
1 Abroad	-952.7	-896.2	114.2	-37.9	28.3	22.4	-64.8	-81.0
1.1 Equity capital and reinvested earnings	-1,058.5	-899.5	252.8	-176.2	-70.4	-24.3	-51.7	-88.8
1.1.1 Claims	-1,058.5	-1,016.6	235.8	-199.4	-177.9	-24.3	-53.6	-88.8
1.1.2 Liabilities	0.0	117.1	17.0	23.2	107.5	0.0	1.8	0.0
1.2 Other capital	105.7	3.2	-138.6	138.3	98.6	46.7	-13.1	7.8
1.1.1 Claims	106.8	-35.2	-369.2	323.9	117.1	40.1	-14.4	10.8
1.2.2 Liabilities	-1.1	38.4	230.6	-185.6	-18.5	6.6	1.3	-3.0
2 In Croatia	4,055.6	2,566.8	389.1	1,087.1	1,066.0	554.0	16.6	-40.2
2.1 Equity capital and reinvested earnings	2,733.1	956.0	939.3	2,243.0	1,080.5	300.8	-127.3	280.5
2.1.1 Claims	-6.9	-92.6	-63.4	-61.3	-239.2	0.0	-122.4	0.0
2.1.2 Liabilities	2,740.0	1,048.6	1,002.7	2,304.3	1,319.7	300.8	-4.9	280.5
2.2 Other capital	1,322.5	1,610.8	-550.2	-1,155.9	-14.5	253.2	143.9	-320.7
2.2.1 Claims	-24.5	-22.1	-13.1	19.9	6.5	-6.0	-13.0	1.4
2.2.2 Liabilities	1,347.0	1,632.9	-537.0	-1,175.8	-21.0	259.2	156.9	-322.1
Portfolio investment	-796.4	454.4	407.1	584.6	1,737.5	-42.3	957.3	-506.8
1 Assets	-363.4	-521.0	-408.0	491.9	-309.9	76.6	292.7	-527.5
1.1 Equity securities	166.3	-74.3	-514.0	-117.0	-121.8	-44.9	99.4	-30.6
1.1.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1 Credit institutions	6.8	8.5	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2 Other sectors	159.5	-82.8	-514.0	-117.0	-121.8	-44.9	99.4	-30.6
1.2 Debt securities	-529.7	-446.7	105.9	608.9	-188.1	121.4	193.3	-496.9
1.2.1 Bonds	-431.4	-86.2	263.9	345.2	-293.0	49.6	97.8	-48.8
1.2.1.1 General government	0.0	0.0	-1.5	0.0	-0.7	0.0	0.0	0.0
1.2.1.2 Credit institutions	-226.5	-52.5	167.3	343.0	-267.8	17.6	144.4	-21.2
1.2.1.3 Other sectors	-204.9	-33.7	98.1	2.1	-24.4	32.1	-46.6	-27.6
1.2.2 Money market instruments	-98.3	-360.5	-157.9	263.8	104.9	71.8	95.5	-448.1
1.2.2.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2.2 Credit institutions	-100.9	-341.4	-124.3	300.3	22.3	101.6	95.6	-438.0
1.2.2.3 Other sectors	2.5	-19.0	-33.6	-36.6	82.6	-29.7	0.0	-10.1
2 Liabilities	-433.0	975.4	815.1	92.7	2,047.4	-118.9	664.6	20.7
2.1 Equity securities	-58.3	12.7	137.8	16.5	-123.7	8.1	-97.6	7.7
2.1.1 Credit institutions	26.8	-3.7	-0.2	-1.4	-1.8	0.0	-0.4	-0.6
2.1.2 Other sectors	-85.1	16.4	138.0	17.9	-121.9	8.0	-97.1	8.3
2.2 Debt securities	-374.7	962.7	677.3	76.3	2,171.1	-126.9	762.1	13.0
2.2.1 Bonds	-360.4	817.3	380.8	388.2	2,211.9	-178.3	790.9	53.0
2.2.1.1 General government	-275.5	862.9	389.1	625.6	1,270.0	-189.5	857.9	13.8
2.2.1.2 Credit institutions	-4.7	-447.2	-0.2	-7.0	7.0	-6.5	4.1	-2.3
2.2.1.3 Other sectors	-80.1	401.7	-8.1	-230.3	934.8	17.7	-71.1	41.6
2.2.2 Money market instruments	-14.3	145.3	296.5	-312.0	-40.7	51.4	-28.7	-40.1
2.2.2.1 General government	-14.4	145.4	296.5	-312.1	-40.7	51.4	-28.8	-40.0
2.2.2.2 Credit institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2.3 Other sectors	0.0	0.0	0.0	0.1	0.0	0.0	0.0	-0.1

^a As from Bulletin No. 146 the CBRD is reclassified from the subsector central government funds to the subsector non-banking financial institutions. The reclassification covers the entire statistical series (from January 1999 onwards). Moreover, as from the same number of the Bulletin, CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards. ^b Data also include the round tripping which increases direct investment in Croatia and direct investment abroad by the same amount. This type of direct investment was recorded in December 2008 (EUR 825.7m), August 2009 (EUR 666.5m) and December 2010 (EUR 618.6m, investment withdrawal). ^c Revised data. ^d Preliminary data.

of employees paid to non-residents. Income from direct investment, portfolio investment and other investment are reported separately. Data on reinvested earnings are reported separately, under direct investment income, calculated on the basis of the CNB Research on direct and other equity investment. In contrast to data on dividends, these data are not available for

the 1993-1996 period, since at that time they were not reported separately. From the first quarter of 2009 on, international standards are applied in the statistical monitoring of reinvested earnings, meaning that reinvested earnings are reported on a quarterly basis, i.e. in the period in which the profit is actually earned. Previously, reinvested earnings were reported in the

Table H5 Balance of payments – other investment^a
in million EUR

	2008 ^b	2009 ^b	2010 ^b	2011 ^b	2012 ^b	2013		
						Q1 ^b	Q2 ^b	Q3 ^c
Other investment (net)	3,035.3	2,337.6	668.4	211.9	-2,454.5	520.5	255.9	-1,192.1
1 Assets	-1,639.7	703.4	608.9	347.2	663.2	458.1	-78.3	-652.1
1.1 Trade credits	-126.5	138.4	208.7	-22.2	393.5	-100.6	172.7	-38.8
1.1.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1.1 Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2 Other sectors	-126.5	138.4	208.7	-22.2	393.5	-100.6	172.7	-38.8
1.1.2.1 Long-term	26.7	58.0	22.2	2.9	0.2	0.8	0.7	0.6
1.1.2.2 Short-term	-153.2	80.5	186.5	-25.2	393.3	-101.3	171.9	-39.4
1.2 Loans	-107.5	41.5	-105.2	42.6	-66.8	52.2	-60.6	-54.9
1.2.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.1.1 Long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2 Credit institutions	-66.7	20.5	-85.5	51.0	-36.8	100.3	-48.5	-53.4
1.2.2.1 Long-term	-26.8	-28.7	-63.3	10.4	52.9	4.0	-42.3	-26.4
1.2.2.2 Short-term	-39.9	49.2	-22.2	40.6	-89.7	96.3	-6.3	-26.9
1.2.3 Other sectors	-40.8	21.0	-19.7	-8.4	-29.9	-48.1	-12.1	-1.6
1.2.3.1 Long-term	-37.6	20.9	17.4	-34.6	-9.9	-49.2	-8.0	-2.5
1.2.3.2 Short-term	-3.2	0.1	-37.1	26.1	-20.1	1.1	-4.0	0.9
1.3 Currency and deposits	-1,405.7	523.4	505.4	326.8	336.4	506.4	-190.4	-558.4
1.3.1 General government	0.0	0.0	0.0	0.0	-2.1	-0.6	-0.5	-0.7
1.3.2 Credit institutions	-136.4	423.7	417.0	522.0	421.0	477.5	-331.5	-557.7
1.3.3 Other sectors	-1,269.3	99.7	88.5	-195.1	-82.5	29.5	141.7	0.0
1.4 Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 Liabilities	4,675.0	1,634.2	59.6	-135.4	-3,117.7	62.4	334.2	-540.1
2.1 Trade credits	32.0	-143.7	49.2	-525.7	290.7	17.3	16.4	-5.8
2.1.1 General government	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.1.1 Long-term	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2 Other sectors	32.5	-143.7	49.2	-525.7	290.7	17.3	16.4	-5.8
2.1.2.1 Long-term	34.9	-58.0	-25.4	-147.6	-53.8	-11.1	-24.2	6.7
2.1.2.2 Short-term	-2.4	-85.7	74.6	-378.1	344.6	28.4	40.6	-12.5
2.2 Loans	3,703.9	593.0	33.9	-511.3	-1,410.4	60.2	-191.0	-187.4
2.2.1 Croatian National Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.1 o/w: IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.1.1 Drawings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.1.2 Repayments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.2 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2 General government	96.7	-21.3	127.3	77.3	-73.3	204.2	-73.1	-33.4
2.2.2.1 Long-term	65.0	10.4	127.3	77.3	-68.7	204.2	-73.4	-32.3
2.2.2.1.1 Drawings	330.1	309.3	370.1	352.4	181.8	233.2	19.2	29.3
2.2.2.1.2 Repayments	-265.2	-298.9	-242.9	-275.0	-250.5	-29.1	-92.6	-61.6
2.2.2.2 Short-term	31.7	-31.7	0.0	0.0	-4.6	0.0	0.3	-1.2
2.2.3 Credit institutions	115.2	-162.2	-192.7	-50.5	-290.1	-183.9	39.7	-227.8
2.2.3.1 Long-term	-276.1	162.4	-322.9	369.9	-281.2	-165.1	-105.2	-139.0
2.2.3.1.1 Drawings	609.4	1,219.2	849.3	453.3	-170.6	-145.4	-87.3	-118.0
2.2.3.1.2 Repayments	-885.4	-1,056.8	-1,172.2	-83.4	-110.6	-19.7	-17.8	-21.0
2.2.3.2 Short-term	391.3	-324.6	130.2	-420.4	-9.0	-18.8	144.9	-88.8
2.2.4 Other sectors	3,492.0	776.6	99.3	-538.2	-1,047.0	39.9	-157.6	73.8
2.2.4.1 Long-term	3,175.7	500.3	-91.9	-913.1	-1,486.8	-52.2	-186.7	111.7
2.2.4.1.1 Drawings	6,700.9	4,401.2	4,336.2	2,867.3	3,311.3	823.0	1,526.4	1,087.6
2.2.4.1.2 Repayments	-3,525.2	-3,900.9	-4,428.2	-3,780.4	-4,798.1	-875.2	-1,713.1	-975.9
2.2.4.2 Short-term	316.2	276.2	191.2	374.9	439.9	92.1	29.1	-37.9

	2008 ^b	2009 ^b	2010 ^b	2011 ^b	2012 ^b	2013		
						Q1 ^b	Q2 ^b	Q3 ^c
2.3 Currency and deposits	875.7	1,175.0	-19.0	910.5	-1,967.4	-12.7	494.8	-415.9
2.3.1 General government	-0.1	-1.2	0.0	-1.0	0.0	0.0	0.0	73.9
2.3.2 Credit institutions	867.1	1,197.2	-19.0	911.5	-1,967.3	-12.7	494.8	-489.8
2.3.3 Other sectors	8.7	-21.1	0.0	0.0	0.0	0.0	0.0	0.0
2.4 Other liabilities	63.5	9.9	-4.5	-8.7	-30.6	-2.4	14.1	69.0

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

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

Current transfers are reported separately for the government sector and other sectors. The ITRS was used as the main data source on current transfers for both sectors until the end of 2010, when the reporting by transaction types was abolished. As of 2011, transfers of the government sector are recorded on the basis of the data of the Ministry of Finance and the Croatian Pension Insurance Administration in the case of pensions paid out to non-residents. In addition to taxes and excise duties, pensions, gifts and donations, which are included in current transfers of both sectors, the government sector also encompasses data on multilateral cooperation, whereas other sectors include data on workers' remittances. As of 2011, the position of workers' remittances and gifts and donations for other sectors is estimated through a model based on aggregate data of banks on inflows of resident natural persons from abroad and outflows of resident natural persons abroad. Pensions from abroad are estimated on the basis of the available data of the Croatian Pension Insurance Administration. Furthermore, other sector transfers are supplemented by the data from the survey on trade in international services, containing a special part for possible transfers from and to foreign countries. Current transfers of the government sector also include data on exports and imports of goods without a payment obligation, provided by the CBS. In the 1993–1998 period, current transfers of other sectors also encompassed an estimate of unregistered foreign currency remittances, which accounted for 15% of the positive difference between unclassified inflows and outflows of the household sector. From 1993 to the second quarter of 1996, the CNB also assessed a portion of the outflow based on current transfers. From 2002 on, inflows and outflows based on current transfers of other sectors are supplemented by the data of the CNB special statistical research on international transactions related to

insurance services.

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 had been launched. Since 1999, data on debt relations within direct investments have been collected on the basis of external debt relations statistics. From 2007 on, the CNB Statistics Department conducts the research on the purchase and sale of the real estate by non-residents on the territory of the Republic of Croatia. Persons obliged to submit reports are the public notaries who learn about these transactions in the course of their business. Data on the purchase and sale of the real estate by Croatian residents abroad are compiled on the basis of the ITRS. These purchase and sale transactions are also a constituent part of direct investments.

Data on equity portfolio investments are collected from the same data source as the data on direct equity 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. Since 2009, these positions have been modified by the statistics on trade in equity and debt securities submitted by the Central Depository and Clearing Company and commercial banks providing securities custody services. Portfolio investments are modified by these data in the parts not fully covered by the existing research. Data for the 2006–2009 period have also been revised. As a result, from 2006 on, the balance of payments includes data on debt securities issued by domestic issuers and traded by non-residents in the domestic market (portfolio investment, debt securities on the liabilities side). Since these are debt securities of domestic issuers traded by non-residents, the balance of this portfolio on a specific day reflects an increase in the external debt, notwithstanding the fact that securities are issued in the domestic market. It should be noted that this approach is already applied in relation to securities issued by our residents abroad and that the amount of debt generated in this manner is reduced by the amount repurchased by residents.

Table H6 Balance of payments – summary^a

in million HRK

	2008 ^b	2009 ^b	2010 ^b	2011 ^b	2012 ^b	2013		
						Q1 ^b	Q2 ^b	Q3 ^c
A CURRENT ACCOUNT (1+6)	-30,873.9	-16,970.3	-4,051.8	-2,967.9	-348.0	-10,933.1	-2,204.7	21,359.4
1 Goods, services, and income (2+5)	-38,602.8	-24,342.9	-11,751.6	-11,489.3	-9,031.9	-13,013.7	-4,856.3	19,762.4
1.1 Credit	153,279.5	125,509.8	135,369.6	146,416.1	150,689.1	24,233.0	37,744.3	58,804.8
1.2 Debit	-191,882.3	-149,852.7	-147,121.2	-157,905.3	-159,721.0	-37,246.7	-42,600.6	-39,042.3
2 Goods and services (3+4)	-27,399.1	-11,254.7	11.4	385.7	2,957.6	-10,286.4	-2,452.2	21,740.4
2.1 Credit	143,213.9	119,656.7	128,866.6	139,463.6	143,458.5	22,178.7	35,592.5	56,246.3
2.2 Debit	-170,612.9	-130,911.3	-128,855.3	-139,078.0	-140,500.9	-32,465.0	-38,044.7	-34,505.9
3 Goods	-76,817.4	-52,927.0	-41,861.3	-45,712.0	-45,463.2	-11,598.0	-14,783.1	-11,601.4
3.1 Credit	70,414.9	56,336.3	66,044.6	72,653.1	73,737.6	16,017.4	17,665.2	17,623.5
3.2 Debit	-147,232.3	-109,263.3	-107,905.9	-118,365.1	-119,200.9	-27,615.4	-32,448.4	-29,225.0
4 Services	49,418.3	41,672.3	41,872.7	46,097.7	48,420.8	1,311.6	12,330.9	33,341.8
4.1 Credit	72,798.9	63,320.4	62,822.1	66,810.5	69,720.9	6,161.3	17,927.2	38,622.8
4.2 Debit	-23,380.6	-21,648.1	-20,949.4	-20,712.8	-21,300.1	-4,849.6	-5,596.3	-5,281.0
5 Income	-11,203.7	-13,088.2	-11,763.0	-11,875.0	-11,989.5	-2,727.4	-2,404.0	-1,978.0
5.1 Credit	10,065.6	5,853.2	6,502.9	6,952.4	7,230.6	2,054.3	2,151.8	2,558.4
5.2 Debit	-21,269.3	-18,941.4	-18,265.9	-18,827.4	-19,220.1	-4,781.7	-4,555.9	-4,536.4
6 Current transfers	7,728.8	7,372.6	7,699.8	8,521.3	8,683.9	2,080.6	2,651.6	1,597.0
6.1 Credit	12,159.5	11,565.5	12,055.5	12,413.6	12,878.2	3,110.8	3,625.5	3,369.9
6.2 Debit	-4,430.6	-4,192.9	-4,355.7	-3,892.2	-4,194.4	-1,030.2	-973.9	-1,773.0
B CAPITAL AND FINANCIAL ACCOUNT	41,240.1	27,664.9	9,956.2	11,267.8	4,316.9	8,320.5	3,189.5	-10,686.2
B1 Capital account	108.2	284.7	284.2	244.8	207.1	-45.3	139.8	-33.5
B2 Financial account, excl. reserves	38,823.7	33,891.5	10,133.9	13,945.6	4,443.3	8,073.1	9,127.0	-13,648.4
1 Direct investment	22,005.0	12,310.9	3,642.0	7,801.1	8,223.4	4,368.2	-356.0	-907.3
1.1 Abroad	-6,856.6	-6,564.5	888.2	-268.9	229.5	169.0	-490.3	-612.7
1.2 In Croatia	28,861.6	18,875.4	2,753.8	8,070.0	7,993.9	4,199.2	134.3	-294.5
2 Portfolio investment	-5,393.1	3,236.9	2,841.2	4,344.8	13,037.2	-318.7	7,286.0	-3,768.5
2.1 Assets	-2,552.0	-3,769.9	-2,991.9	3,679.7	-2,308.3	582.8	2,226.4	-3,921.8
2.2 Liabilities	-2,841.0	7,006.8	5,833.1	665.1	15,345.5	-901.5	5,059.6	153.3
3 Financial derivatives	0.0	0.0	-1,838.9	-450.0	703.1	-22.1	-81.8	220.4
4 Other investment	22,211.8	18,343.7	5,489.7	2,249.7	-17,520.4	4,045.7	2,278.8	-9,192.9
4.1 Assets	-11,871.3	5,786.4	4,443.0	2,625.5	5,041.5	3,463.7	-573.7	-5,683.6
4.2 Liabilities	34,083.0	12,557.3	1,046.7	-375.8	-22,561.9	582.0	2,852.5	-3,509.4
B3 Reserve assets (CNB)	2,308.3	-6,511.2	-462.0	-2,922.6	-333.5	292.7	-6,077.3	2,995.7
C NET ERRORS AND OMISSIONS	-10,366.2	-10,694.6	-5,904.4	-8,299.9	-3,968.9	2,612.7	-984.8	-10,673.2

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

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

From the first quarter of 2010, the balance of payments includes the transactions arising from the concluded contracts which have features of financial derivatives. Reporting institutions are commercial banks and other financial institutions. In addition, the reporting population has been extended as of the fourth quarter of 2012 to include non-financial institutions which enter into these transactions mainly to hedge against changing market conditions.

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.

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

Year	Month	International reserves of the Croatian National Bank							Banks' foreign currency reserves
		Total	Special drawing rights	Reserve position in the Fund	Gold	Foreign currency			
						Total	Currency and deposits	Bonds and notes	
1999	December	3,012.7	188.7	0.2	–	2,823.7	2,449.8	373.9	1,344.7
2000	December	3,783.2	158.5	0.2	–	3,624.5	2,763.0	861.5	2,310.7
2001	December	5,333.6	122.9	0.2	–	5,210.5	3,469.7	1,740.7	4,056.0
2002	December	5,651.3	2.3	0.2	–	5,648.8	3,787.8	1,861.0	2,581.6
2003	December	6,554.1	0.7	0.2	–	6,553.2	3,346.0	3,207.2	3,927.1
2004	December	6,436.2	0.6	0.2	–	6,435.4	3,173.3	3,262.0	4,220.1
2005	December	7,438.4	0.9	0.2	–	7,437.3	3,834.5	3,602.8	2,938.4
2006	December	8,725.3	0.7	0.2	–	8,724.4	4,526.9	4,197.5	3,315.0
2007	December	9,307.4	0.8	0.2	–	9,306.5	4,533.9	4,772.5	4,388.9
2008	December	9,120.9	0.7	0.2	–	9,120.0	2,001.8	7,118.2	4,644.5
2009	December	10,375.8	331.7	0.2	–	10,043.9	2,641.4	7,402.6	4,293.9
2010	December	10,660.3	356.7	0.2	–	10,303.4	3,274.9	7,028.5	3,828.9
2011	December	11,194.9	360.7	0.2	–	10,834.0	2,730.7	8,103.2	3,463.7
2012	December	11,235.9	352.8	0.2	–	10,882.9	2,245.8	8,637.1	2,895.3
2013	January	11,080.3	346.6	0.2	–	10,733.6	1,994.0	8,739.6	2,330.7
	February	11,133.6	352.7	0.2	–	10,780.7	1,982.0	8,798.8	2,415.3
	March	11,276.6	357.1	0.2	–	10,919.3	1,808.2	9,111.1	2,473.6
	April	12,058.9	351.6	0.2	–	11,707.1	2,687.5	9,019.6	2,290.0
	May	12,049.4	354.3	0.2	–	11,695.0	2,698.6	8,996.4	2,350.1
	June	12,020.6	352.6	0.2	–	11,667.8	2,739.5	8,928.3	2,718.1
	July	11,887.2	347.5	0.2	–	11,539.4	2,829.7	8,709.7	2,691.6
	August	11,841.3	348.1	0.2	–	11,493.0	2,435.4	9,057.6	3,311.7
	September	11,719.5	346.5	0.2	–	11,372.8	2,270.7	9,102.1	3,317.9
	October	11,596.2	343.6	0.2	–	11,252.4	1,978.4	9,274.1	3,156.5
	November ^b	12,867.6	346.6	0.2	–	12,520.8	3,376.6	9,144.3	2,829.6

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

Monetary statistics represent a data source for the 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 also relate to the effect of the EMU countries' currencies changeover to the euro. Data for the fourth quarter of 2008 were modified by estimates of currency and deposit withdrawals from the financial system driven by fears of the effects of the global financial crisis.

The sector classification of the portfolio and other investment involves the sector classification of residents and is fully harmonised with the sector classification of the gross external debt by domestic sectors and the international investment position. As a result, the government sector includes the general government, which up to December 2010 comprised the Republic of Croatia, central government funds (including the State Agency for Deposit Insurance and Bank Rehabilitation, the Agency for Management of the Public Property, the Croatian Waters, the Croatian Roads and, up to 31 December 2007, the Croatian

Motorways; from this date on, the Croatian Motorways is shown within the subsector public enterprises under item Other sectors), and local government. From December 2010 on, the government sector includes central government, social security funds and local government. The sector of the central bank includes the Croatian National Bank. The sector of credit institutions comprises credit institutions. Other domestic sectors comprise all financial institutions and intermediaries except credit institutions and the central bank (including the Croatian Bank for Reconstruction and Development), private and public corporations, non-profit institutions and households, including craftsmen.

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.

From the first quarter of 2013, data on transactions carried out by the International Reserves and Foreign Exchange Liquidity Department of the Croatian National Bank represent the data source for this position.

Table H7 International reserves and banks' foreign currency reserves • Data on the international reserves of the Croatian National Bank are compiled in accordance with the methodology

Table H8 International reserves and foreign currency liquidity
end of period, in million EUR

	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013				
						Mar.	Jun.	Sep.	Oct.	
I Official reserve assets and other f/c assets (approximate market value)										
A Official reserve assets	9,120.9	10,375.8	10,660.3	11,194.9	11,235.9	11,276.6	12,020.6	11,719.5	11,596.2	
(1) Foreign currency reserves (in convertible f/c)	8,625.0	9,243.3	8,794.8	10,694.0	10,445.8	10,895.9	10,309.5	10,200.5	10,209.1	
(a) Securities	7,118.2	7,402.6	7,028.5	8,103.2	8,637.1	9,111.1	8,928.3	9,102.1	9,274.1	
o/w: Issuer headquartered in reporting country but located abroad	-	-	-	-	-	-	-	-	-	
(b) Total currency and deposits with:	1,506.7	1,840.8	1,766.3	2,590.7	1,808.7	1,784.8	1,381.1	1,098.4	935.0	
(i) Other national central banks, BIS and IMF	1,397.3	1,698.9	1,576.4	2,468.7	1,808.1	1,784.4	1,253.6	1,096.9	934.7	
(ii) Banks headquartered in the reporting country	-	-	-	-	-	-	-	-	-	
o/w: Located abroad	-	-	-	-	-	-	-	-	-	
(iii) Banks headquartered outside the reporting country	109.5	141.8	189.9	122.1	0.6	0.4	127.5	1.5	0.4	
o/w: Located in the reporting country	-	-	-	-	-	-	-	-	-	
(2) IMF reserve position	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
(3) SDRs	0.7	331.7	356.7	360.7	352.8	357.1	352.6	346.5	343.6	
(4) Gold	-	-	-	-	-	-	-	-	-	
(5) Other reserve assets	495.0	800.6	1,508.6	140.0	437.1	23.4	1,358.3	1,172.3	1,043.3	
– Reverse repo	495.0	800.6	1,508.6	140.0	437.1	23.4	1,358.3	1,172.3	1,043.3	
B Other foreign currency assets (specify)	-	-	-	-	-	-	-	-	-	
– Time deposits	-	-	-	-	-	-	-	-	-	
C Total (A+B)	9,120.9	10,375.8	10,660.3	11,194.9	11,235.9	11,276.6	12,020.6	11,719.5	11,596.2	
II Predetermined short-term net drains on f/c assets (nominal value)										
1 F/c loans, securities, and deposits (total net drains up to one year)	-1,084.1	-989.3	-1,234.9	-679.5	-801.8	-912.8	-1,499.8	-1,339.4	-1,370.1	
(a) Croatian National Bank	-0.9	-	-	-	-	-	-	-	-	
Up to 1 month										
Principal	-	-	-	-	-	-	-	-	-	
Interest	-0.9	-	-	-	-	-	-	-	-	
More than 1 and up to 3 months										
Principal	-	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	
More than 3 months and up to 1 year										
Principal	-	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	
(b) Central government (excl. central government funds)	-1,083.2	-989.3	-1,234.9	-679.5	-801.8	-912.8	-1,499.8	-1,339.4	-1,370.1	
Up to 1 month										
Principal	-50.8	-39.9	-16.4	-140.2	-170.5	-181.6	-262.6	-171.2	-156.8	
Interest	-	-	-8.1	-6.5	-6.5	-7.7	-0.1	-1.9	-6.1	
More than 1 and up to 3 months										
Principal	-616.8	-625.3	-882.2	-112.5	-50.1	-83.5	-67.7	-75.7	-89.7	
Interest	-	-	-15.1	-20.5	-22.7	-15.3	-14.1	-17.1	-24.3	
More than 3 months and up to 1 year										
Principal	-348.3	-207.1	-170.5	-208.7	-311.6	-368.9	-830.3	-779.7	-789.0	
Interest	-67.4	-117.0	-142.5	-191.2	-240.3	-255.7	-325.1	-293.9	-304.2	
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	-	-	-	-	-	-	-	-	0.0	
– Outflows related to repos (-)	-	-	-	-	-	-	-	-	0.0	
Up to 1 month										
Principal	-	-	-	-	-	-	-	-	0.0	
Interest	-	-	-	-	-	-	-	-	0.0	
More than 1 and up to 3 months										
Principal	-	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	
More than 3 months and up to 1 year										
Principal	-	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	
4 Total predetermined short-term net drains on f/c assets (1+2+3)	-1,084.1	-989.3	-1,234.9	-679.5	-801.8	-912.8	-1,499.8	-1,339.4	-1,370.1	

	2008	2009	2010	2011	2012	2013			
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Oct.
III Contingent short-term net drains on f/c assets (nominal value)									
1 Contingent liabilities in foreign currency	-1,896.1	-1,351.6	-1,734.2	-1,741.7	-1,311.6	-1,322.1	-1,389.6	-1,368.4	-1,338.1
(a) Collateral guarantees on debt falling due within 1 year	-803.2	-661.5	-1,087.9	-1,005.2	-636.4	-653.9	-721.3	-711.8	-680.3
– Croatian National Bank	-	-	-	-	-	-	-	-	-
– Central government (excl. central government funds)	-803.2	-661.5	-1,087.9	-1,005.2	-636.4	-653.9	-721.3	-711.8	-680.3
Up to 1 month	-91.8	-30.3	-0.2	-8.0	-26.6	-28.9	-89.0	-27.9	-54.7
More than 1 and up to 3 months	-58.4	-101.3	-438.5	-111.2	-70.3	-195.7	-56.7	-184.9	-147.6
More than 3 months and up to 1 year	-652.9	-529.8	-649.2	-885.9	-539.5	-429.3	-575.5	-498.9	-478.1
(b) Other contingent liabilities	-1,092.9	-690.1	-646.3	-736.5	-675.2	-668.1	-668.4	-656.6	-657.8
– Croatian National Bank	-1,092.9	-690.1	-646.3	-736.5	-675.2	-668.1	-668.4	-656.6	-657.8
Up to 1 month	-	-	-	-	-	-	-	-	-
More than 1 and up to 3 months	-1,092.9	-690.1	-646.3	-736.5	-675.2	-668.1	-668.4	-656.6	-657.8
More than 3 months and up to 1 year	-	-	-	-	-	-	-	-	-
– Central government (excl. central government funds)	-	-	-	-	-	-	-	-	-
2 Foreign currency securities issued with embedded options (puttable bonds)	-	-	-	-	-	-	-	-	-
3 Undrawn, unconditional credit lines provided by:	-	-	-	-	-	-	-	-	-
– BIS (+)	-	-	-	-	-	-	-	-	-
– IMF (+)	-	-	-	-	-	-	-	-	-
4 Aggregate short and long positions of options in f/c vis-a-vis the domestic currency	-	-	-	-	-	-	-	-	-
5 Total contingent short-term net drains on f/c assets (1+2+3+4)	-1,896.1	-1,351.6	-1,734.2	-1,741.7	-1,311.6	-1,322.1	-1,389.6	-1,368.4	-1,338.1
IV Memo items									
(a) Short-term domestic currency debt indexed to the exchange rate	-	-	-	-	-	-	-	-	-
o/w: Central government (excl. central government funds)	-	-	-	-	-	-	-	-	-
(b) Financial instruments denominated in foreign currency and settled by other means (e.g., in domestic currency)	-	-	-	-	-	-	-	-	-
(c) Pledged assets	-	-	-	-	-	-	-	-	-
(d) Securities lent and on repo	-	-	-	-	-	-	-	-	-
– Lent or repoed and included in Section I	-6.1	-	-	-0.4	-	-	-	-1.3	-2.4
– Lent or repoed but not included in Section I	-	-	-	-	-	-	-	-	-
– Borrowed or acquired and included in Section I	-	-	-	-	-	-	-	-	-
– Borrowed or acquired but not included in Section I	478.6	766.5	1,458.5	136.9	551.3	23.7	1,282.5	1,125.8	979.4
(e) Financial derivative assets (net, marked to market)	-	-	-	-	-	-	-	-	-
(f) Currency composition of official reserves assets	-	-	-	-	-	-	-	-	-
– Currencies in SDR basket	9,120.8	10,375.7	10,660.0	11,194.7	11,235.7	11,276.4	12,020.3	11,719.2	11,596.1
– Currencies not in SDR basket	0.1	0.1	0.3	0.1	0.2	0.2	0.2	0.3	0.1
– By individual currencies									
USD	2,064.6	2,461.8	2,451.0	2,333.0	2,140.4	2,086.1	2,163.4	2,091.1	2,055.1
EUR	7,054.9	7,581.5	7,851.8	8,500.6	8,742.1	8,832.8	9,504.0	9,281.3	9,197.1
Other	1.5	332.5	357.5	361.2	353.4	357.7	353.1	347.1	344.0

set out in the Balance of Payments Manual (International Monetary Fund, 1993), and include those foreign claims of the Croatian National Bank that can be used to bridge imbalances in international payments. International reserves include special drawing rights, reserve position in the Fund, gold, foreign currency and deposits with foreign banks, as well as bonds and debt instruments.

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

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

Template, 2001”.

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

The second part of the Template shows fixed predetermined foreign currency net liabilities of the Croatian National Bank and the central government (excluding central government funds) that fall due in the next 12 months. Foreign currency loans, securities and deposits (III1) include future interest payments on banks' foreign currency reserve requirements with the

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

Year	Month	EUR/HRK	ATS/HRK	FRF/HRK	100 ITL/HRK	CHF/HRK	GBP/HRK	USD/HRK	DEM/HRK
1999		7.581823	0.550993	1.155840	0.391568	4.739965	11.514804	7.122027	3.876528
2000		7.633852	0.554774	1.163773	0.394256	4.903244	12.530514	8.287369	3.903127
2001		7.471006	0.542939	1.138947	0.385845	4.946810	12.010936	8.339153	3.819865
2002		7.406976				5.049125	11.793108	7.872490	
2003		7.564248				4.978864	10.943126	6.704449	
2004		7.495680				4.854986	11.048755	6.031216	
2005		7.400047				4.780586	10.821781	5.949959	
2006		7.322849				4.656710	10.740292	5.839170	
2007		7.336019				4.468302	10.731537	5.365993	
2008		7.223178				4.553618	9.101622	4.934417	
2009		7.339554				4.861337	8.233112	5.280370	
2010		7.286230				5.285859	8.494572	5.500015	
2011		7.434204				6.035029	8.566138	5.343508	
2012		7.517340				6.237942	9.269634	5.850861	
2012	December	7.529460				6.228983	9.276943	5.747093	
2013	January	7.567746				6.166394	9.115161	5.701444	
	February	7.582399				6.161676	8.790390	5.664825	
	March	7.585782				6.185597	8.819467	5.846774	
	April	7.602485				6.234325	8.937617	5.845017	
	May	7.568123				6.104171	8.924146	5.828459	
	June	7.500346				6.084023	8.801832	5.687173	
	July	7.494112				6.061138	8.704896	5.733695	
	August	7.521353				6.100104	8.744931	5.647567	
	September	7.587204				6.148251	9.005257	5.690963	
	October	7.614419				6.185285	8.996090	5.585714	
	November	7.627680				6.191761	9.095568	5.651523	

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

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

The fourth part of the Template lists memo items.

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

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

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

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

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

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

Year	Month	EUR/HRK	ATS/HRK	FRF/HRK	100 ITL/HRK	CHF/HRK	GBP/HRK	USD/HRK	DEM/HRK
1999		7.679009	0.558055	1.170657	0.396588	4.784268	12.340257	7.647654	3.926215
2000		7.598334	0.552192	1.158359	0.392421	4.989712	12.176817	8.155344	3.884966
2001		7.370030	0.535601	1.123554	0.380630	4.977396	12.101856	8.356043	3.768237
2002		7.442292				5.120256	11.451442	7.145744	
2003		7.646909				4.901551	10.860544	6.118506	
2004		7.671234				4.971314	10.824374	5.636883	
2005		7.375626				4.744388	10.753209	6.233626	
2006		7.345081				4.571248	10.943208	5.578401	
2007		7.325131				4.412464	9.963453	4.985456	
2008		7.324425				4.911107	7.484595	5.155504	
2009		7.306199				4.909420	8.074040	5.089300	
2010		7.385173				5.929961	8.608431	5.568252	
2011		7.530420				6.194817	8.986181	5.819940	
2012		7.545624				6.245343	9.219971	5.726794	
2012	December	7.545624				6.245343	9.219971	5.726794	
2013	January	7.581946				6.102661	8.824425	5.594294	
	February	7.585661				6.223877	8.771578	5.795890	
	March	7.586727				6.234470	8.996475	5.918807	
	April	7.600678				6.186958	9.026933	5.811805	
	May	7.556230				6.039186	8.821188	5.861177	
	June	7.451344				6.035432	8.702808	5.706344	
	July	7.490071				6.071718	8.639067	5.645215	
	August	7.553891				6.129912	8.838061	5.707942	
	September	7.611593				6.210503	9.074384	5.642397	
	October	7.619859				6.168927	8.898586	5.538091	
	November	7.630815				6.198371	9.157344	5.608007	

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

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

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

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

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

Year	Month	Nominal effective exchange rate of the kuna	Real effective exchange rate of the kuna; deflator		Real effective exchange rate of the kuna ^b ; deflator
			Consumer price index	Industrial producer price index ^a	Unit labour costs in the total economy
1999	December	107.42		110.58	
2000	December	107.39		108.01	110.85
2001	December	104.41		104.91	109.08
2002	December	102.98		103.92	106.20
2003	December	103.17		104.36	105.62
2004	December	101.23		102.11	102.38
2005	December	100.26		99.63	99.79
2006	December	98.76		98.02	93.58
2007	December	97.20		94.18	88.71
2008	December	96.12		92.10	85.19
2009	December	96.36		91.83	85.58
2010	December	100.14		95.58	99.22
2011	December	101.50		97.54	100.89
2012	December	102.34		96.05	101.54
2013	January	102.18		95.06	100.83
	February	101.94		94.98	100.42
	March	102.25		95.83	100.87
	April	102.37		95.57	100.85
	May	101.78		95.12	101.04
	June	100.71		94.41	101.64
	July	100.58		94.42	101.31
	August	100.81		94.67	101.55
	September	101.70		95.44	101.84
	October	101.92		95.95 ^c	102.09 ^c
	November	101.98			

^a The index of industrial producer prices on the non-domestic market for Croatia is available from January 2010. As a result, the real effective exchange rate is calculated on the 2010 basis. ^b The values shown are quarterly data. ^c Preliminary data.
Note: Historical data may be revised when the series are updated.

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 selected currencies of the main trading partners. The currencies of the main trading partners and their weights are determined based on the structure of imports and exports of manufactured goods, where the weights used reflect direct import competition, direct export competition and export competition in third markets (see Box 2 in CNB Bulletin No. 165, 2011). The group of countries included in the formation of the index of the effective exchange rate of the kuna comprises the following 16 partner countries: a) eight eurozone countries: Austria (a 6.9% weight), Belgium (2.8%), France (6.4%), Germany (22.5%), Italy (21.4%), the Netherlands (3.2%), Slovenia (6.5%) and Spain (2.6%); b) five EU countries outside the eurozone: the Czech Republic (2.8%), Hungary (2.6%), Poland (2.8%), Sweden (1.9%) and the United Kingdom (3.9%); and c) three non-EU countries: the United States (7.6%), Japan (4.0%) and Switzerland (2.2%). The reference period for the calculation of the weights is the average for the 2007-2009 period. The time series of basic indices were recalculated on the basis of 2005.

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

against a basket of currencies. An increase in the index of the nominal effective exchange rate of the kuna in a certain period indicates that the kuna has depreciated against the basket of currencies and vice versa. The index of the real effective exchange rate is a weighted geometric average of the index of bilateral exchange rates of the kuna adjusted for the corresponding indices of relative prices or costs (the ratio of price indices or costs in partner countries to domestic prices). Industrial producer price indices, consumer price indices and the harmonised consumer price indices for EU member states and unit labour cost indices in the total economy are used as deflators. The time series for the index of industrial producer prices on the non-domestic market for Croatia is available from January 2010. The time series for consumer prices in Croatia is constructed in the following manner: retail price indices are used for the period until and including December 1997 and consumer price indices for the period as of January 1998. Unit labour costs in Croatia are calculated as the ratio of compensation per employee at current prices to labour productivity at constant prices (for more details on the calculation of unit labour costs, see Box 1 in CNB Bulletin No. 141, 2008). Data on the real effective exchange rate for the last month are preliminary. The historical data may be corrected for the subsequent changes in the data on deflators used in the calculation of the index of the real effective exchange rate of the kuna.

	2007 Dec. ^b	2008 Dec. ^{c,d}	2009 Dec. ^{e,*}	2010 Dec. [*]	2011 Dec. [*]	2012 Dec. [*]	2013				
							Mar. [*]	Jun. [*]	Jul. [*]	Aug. [*]	Sep.
Long-term	13,241.1	18,890.6	19,591.3	19,299.8	18,644.5	17,681.9	17,433.3	17,075.2	17,015.8	17,215.0	17,218.6
Debt securities	1,293.4	1,251.6	1,665.8	1,581.6	1,382.8	2,299.6	2,334.5	2,304.0	2,233.1	2,411.1	2,327.2
Credits	11,657.9	17,306.2	17,632.9	17,429.8	17,130.3	15,269.4	15,001.5	14,695.8	14,700.5	14,724.9	14,812.5
Currency and deposits	0.0	10.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	289.8	322.2	292.6	288.4	131.4	113.0	97.3	75.4	82.2	79.0	79.0
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
5 Direct investment	3,932.8	5,835.9	8,004.2	8,380.8	7,110.8	7,408.7	7,797.0	7,964.1	7,901.1	7,852.6	7,801.7
Short-term	540.4	1,415.7	446.8	923.8	1,324.2	863.4	802.2	600.0	543.4	560.6	571.8
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	216.8	1,314.0	343.2	765.2	1,068.3	575.4	550.0	315.4	263.5	256.7	268.1
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	323.6	101.6	103.6	158.6	255.9	288.1	252.2	284.6	279.9	303.9	303.7
Principal arrears	293.9	85.8	73.5	124.5	207.5	235.7	195.1	217.7	212.8	232.8	233.0
Interest arrears	29.7	15.8	30.1	34.2	48.4	52.4	57.2	66.9	67.2	71.1	70.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	3,392.5	4,420.2	7,557.4	7,457.0	5,786.6	6,545.3	6,994.8	7,364.1	7,357.7	7,291.9	7,229.9
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	3,374.5	4,414.7	7,556.4	7,454.0	5,783.0	6,536.6	6,986.2	7,355.5	7,349.2	7,283.5	7,221.6
Trade credits	18.0	5.5	1.0	3.0	3.6	8.7	8.5	8.6	8.5	8.4	8.3
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (1+2+3+4+5)	33,720.8	40,590.0	45,427.3	46,684.7	46,058.6	45,019.1	45,194.8	46,199.9	45,643.1	45,494.9	45,147.0
o/w: Round tripping ^a	-	825.6	1,499.0	-	-	-	-	-	-	-	-

^a The rise in the external debt of the Republic of Croatia is attributed to the direct investment-related debt which comprises round-tripping transactions. A significant transaction, contributing to the removal of a round tripping component of direct investment, was recorded in December 2010. Nevertheless, the debt is presented in this table under heading 5 Direct investment. ^b The relevant comparable data as at 31 December 2007, reported in the Statistical Survey at the CNB website, should be used for the calculation of the external debt growth rate in 2008. ^c From January 2008 on, the data of non-financial enterprises are estimated on the basis of the data collected from the sample, and the comparable balance as at 31 December 2007 has been calculated by applying the same methodology. ^d The relevant comparable data as at 31 December 2008, reported in the Statistical Survey at the CNB website, should be used for the calculation of the external debt growth rate in 2009. ^e From January 2009 on, the data of non-banking financial institutions and non-financial enterprises are processed with the help of the new reporting system (INOK) which uses market interest rates to calculate the balance and the schedule of interest payments. The comparable balance as at 31 December 2008 has been calculated by applying the same methodology. Note: As from CNB Bulletin No. 194, the entire data series on gross external debt has been revised in order to comply with the sectoral classification of institutional units from ESA 1995, and from December 2010 it also includes the change in the data source for credit institutions and the change in the method of valuation of debt securities upon which financial derivatives are based.

Table H12 Gross external debt by domestic sectors • Gross external debt is defined as the external debt liabilities of residents on the basis of debt securities issued in the foreign markets (at nominal 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) and, from December 2005 on, non-resident investment in debt securities issued in the domestic market. External debt is shown by domestic sectors, i.e. by debtor sectors. Item Government shows the external debt of the general government, which up to December 2010 comprised the Republic of Croatia, central government funds (including the State Agency for Deposit Insurance and Bank Rehabilitation, the Agency for Management of the Public Property, the Croatian Waters, the Croatian Roads and, up to 31 December 2007, the Croatian Motorways; from this date on, the Croatian Motorways is shown within the subsector public non-financial corporations under item Other sectors), and local government. From December 2010 on, item General government includes central government, social security funds and local government. Item Croatian

National Bank shows the debt of the central bank. Item credit institutions shows the debt of credit institutions. Item Other sectors shows the debt of all financial institutions and intermediaries except credit institutions and the central bank (including the Croatian Bank for Reconstruction and Development), private and public non-financial corporations, non-profit institutions serving households, including employers and self-employed persons. Item Direct investment shows borrower – lender transactions of other sectors that are interrelated by ownership. Each sector data are further shown by contractual (short-term or long-term) maturity and by debt instrument. From the beginning of 2004, instruments included in item Currency and deposits (3 Credit institutions) 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 future principal payments, accrued interest and principal and interest arrears. 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^a
in million EUR

	2007 Dec. ^b	2008 Dec. ^{c,d}	2009 Dec. ^{e,*}	2010 Dec. [*]	2011 Dec. [*]	2012 Dec. [*]	2013				
							Mar. [*]	Jun. [*]	Jul. [*]	Aug. [*]	Sep. [*]
1 Public sector	9,986.7	10,852.7	12,820.6	14,368.1	14,218.2	14,773.8	15,101.6	15,380.5	15,157.4	15,500.1	15,373.2
Short-term	116.2	209.2	429.9	651.1	337.3	159.0	263.4	215.2	246.4	256.8	211.6
Debt securities	43.7	24.6	170.3	468.3	157.9	117.2	168.8	138.8	133.7	119.6	99.9
Credits	35.4	164.1	215.6	108.6	103.7	0.9	53.0	32.9	64.6	23.1	0.0
Currency and deposits	2.3	2.3	1.1	1.2	0.1	0.0	0.0	0.0	5.0	75.7	73.6
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	34.7	18.2	42.9	73.1	75.7	40.9	41.5	43.5	43.0	38.5	38.1
Principal arrears	29.9	17.1	39.4	69.3	71.6	38.3	39.0	40.9	40.5	35.9	35.5
Interest arrears	4.8	1.1	3.6	3.8	4.1	2.6	2.6	2.6	2.6	2.6	2.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	9,868.8	10,641.8	12,207.3	13,350.1	13,664.2	14,612.0	14,835.5	15,162.5	14,908.3	15,240.5	15,158.9
Debt securities	4,543.3	4,294.8	5,326.8	5,579.7	6,022.0	7,253.5	7,210.8	7,962.4	7,690.7	8,021.3	7,830.6
Credits	5,120.3	6,068.5	6,608.2	7,499.0	7,527.4	7,261.1	7,543.0	7,140.0	7,150.7	7,152.2	7,261.4
Currency and deposits	0.0	10.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	205.2	267.9	272.3	271.4	114.8	97.4	81.7	60.1	66.9	67.0	67.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment	1.8	1.7	183.4	366.8	216.7	2.8	2.7	2.7	2.7	2.7	2.7
2 Publicly guaranteed private sector	139.9	80.3	9.2	0.5	0.0	2.9	2.9	2.9	2.9	2.7	2.7
Short-term	11.3	7.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7	2.7
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	11.3	7.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7	2.7
Principal arrears	9.4	7.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7	2.7
Interest arrears	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	128.6	73.2	9.2	0.5	0.0	2.9	2.9	2.9	2.9	0.0	0.0
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	128.6	73.2	9.2	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	2.9	2.9	2.9	2.9	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3 Non-publicly guaranteed private sector	23,594.3	29,657.1	32,597.6	32,316.2	31,840.3	30,242.4	30,090.2	30,816.5	30,482.8	29,992.1	29,771.1
Short-term	3,763.3	4,564.9	4,180.2	4,592.7	5,134.2	3,922.6	4,097.7	4,767.1	4,672.7	4,148.2	4,173.1
Debt securities	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Credits	1,356.4	1,641.6	1,268.9	1,357.4	837.0	1,014.3	1,029.1	1,137.2	1,137.7	1,087.4	1,033.3
Currency and deposits	1,648.8	2,670.3	2,283.9	2,200.9	3,291.3	1,470.0	1,648.7	2,172.9	2,112.5	1,671.0	1,743.4
Trade credits	31.1	39.5	28.2	30.9	34.2	178.1	162.6	136.8	118.7	100.7	95.7
Other debt liabilities	727.0	213.5	599.2	1,003.5	971.6	1,260.0	1,257.1	1,320.1	1,303.6	1,289.0	1,300.7
Principal arrears	645.4	150.2	484.4	831.7	797.4	1,067.9	1,061.8	1,127.5	1,106.5	1,092.5	1,099.4
Interest arrears	81.7	63.3	114.9	171.8	174.2	192.1	195.3	192.6	197.2	196.5	201.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	15,899.9	19,258.0	20,596.6	19,709.4	19,812.1	18,913.8	18,198.3	18,088.0	17,911.8	17,994.1	17,799.0
Debt securities	628.8	585.5	324.4	332.2	432.5	1,302.0	1,306.5	1,298.4	1,282.7	1,311.4	1,303.2
Credits	12,691.4	16,162.4	16,209.2	15,096.1	15,263.6	13,668.7	13,151.9	13,063.2	12,992.6	13,017.1	12,885.4
Currency and deposits	2,493.9	2,455.0	4,042.7	4,256.9	4,069.4	3,930.5	3,727.2	3,713.9	3,624.1	3,653.5	3,598.3
Trade credits	85.8	55.0	20.3	24.3	46.6	12.6	12.6	12.4	12.4	12.1	12.1
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment	3,931.1	5,834.2	7,820.9	8,014.0	6,894.0	7,405.9	7,794.2	7,961.3	7,898.4	7,849.8	7,799.0
Total (1+2+3)	33,720.8	40,590.0	45,427.3	46,684.7	46,058.6	45,019.1	45,194.8	46,199.9	45,643.1	45,494.9	45,147.0
o/w: Round tripping ^g	-	825.6	1,499.0	-	-	-	-	-	-	-	-

^a The rise in the external debt of the Republic of Croatia is attributed to the direct investment-related debt which comprises round-tripping transactions. A significant transaction, contributing to the removal of a round tripping component of direct investment, was recorded in December 2010. Nevertheless, the debt is presented in this table under heading Direct investment. ^b The relevant comparable data as at 31 December 2007, reported in the Statistical Survey at the CNB website, should be used for the calculation of the external debt growth rate in 2008. ^c From January 2008 on, the data of non-financial enterprises are estimated on the basis of the data collected from the sample, and the comparable balance as at 31 December 2007 has been calculated by applying the same methodology. ^d The relevant comparable data as at 31 December 2008, reported in the Statistical Survey at the CNB website, should be used for the calculation of the external debt growth rate in 2009. ^e From January 2009 on, the data of non-banking financial institutions and non-financial enterprises are processed with the help of the new reporting system (INOK) which uses market interest rates to calculate the balance and the schedule of interest payments. The comparable balance as at 31 December 2008 has been calculated by applying the same methodology.

Note: As from CNB Bulletin No. 194, the entire data series on gross external debt has been revised in order to comply with the sectoral classification of institutional units from ESA 1995, and from December 2010 it also includes the change in the data source for credit institutions and the change in the method of valuation of debt securities upon which financial derivatives are based.

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 (which up to December 2010 comprised the Republic of Croatia, central government funds and local government and which from December 2010 on includes central government, social security funds and local government), the central bank, public non-financial corporations,

financial corporations and the CBRD. 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 H14 Gross external debt by domestic sectors and projected future payments
in million EUR

	Gross external debt 30/9/2013	Imme- diate	Projected future principal payments												
			Q4/13		Q1/14	Q2/14	Q3/14	2013	2014	2015	2016	2017	2018	2019	Other
			Total ^a	o/w: Accrued interest ^a											
1 General government	9,208.1	0.8	252.8	141.5	136.9	604.6	45.3	252.8	856.9	1,197.2	410.0	1,280.7	490.3	1,170.0	3,549.4
Short-term	100.7	0.8	46.2	1.5	37.8	12.3	3.6	46.2	53.7	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	99.9	0.0	46.2	1.5	37.8	12.3	3.6	46.2	53.7	0.0	0.0	0.0	0.0	0.0	0.0
Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.8	0.8	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	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	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
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	9,107.4	0.0	206.6	140.1	99.2	592.3	41.6	206.6	803.2	1,197.2	410.0	1,280.7	490.3	1,170.0	3,549.4
Debt securities	6,802.3	0.0	125.4	125.4	72.5	471.3	0.4	125.4	548.2	843.2	6.5	1,109.1	394.3	1,085.3	2,690.3
Credits	2,305.1	0.0	81.3	14.7	26.7	121.0	41.3	81.3	255.0	354.1	403.4	171.6	95.9	84.7	859.1
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 Croatian National Bank	73.6	0.0	73.6	0.0	0.0	0.0	0.0	73.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term	73.6	0.0	73.6	0.0	0.0	0.0	0.0	73.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	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	73.6	0.0	73.6	0.0	0.0	0.0	0.0	73.6	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
Debt securities	0.0	0.0	0.0	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 Credit institutions	8,934.9	11.3	2,278.9	53.9	1,053.1	464.9	464.9	2,278.9	2,543.9	963.3	654.1	1,280.7	968.0	43.0	191.9
Short-term	2,303.1	11.3	1,609.2	12.5	397.3	142.7	142.7	1,609.2	682.6	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	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	548.4	0.0	337.1	4.5	206.3	2.5	2.5	337.1	211.3	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	1,743.4	0.0	1,272.2	8.0	191.0	140.1	140.1	1,272.2	471.3	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	11.3	11.3	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
Principal arrears	7.0	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	0.0
Interest arrears	4.3	4.3	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
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	6,631.8	0.0	669.7	41.3	655.9	322.3	322.3	669.7	1,861.3	963.3	654.1	1,280.7	968.0	43.0	191.9

	Gross external debt 30/9/2013	Imme- diate	Projected future principal payments													
			Q4/13		Q1/14	Q2/14	Q3/14	2013	2014	2015	2016	2017	2018	2019	Other	
			Total ^a	o/w: Accrued interest ^a												
Debt securities	4.3	0.0	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	4.3	0.0	0.0	0.0
Credits	3,029.2	0.0	231.5	9.7	24.9	159.4	159.4	231.5	726.3	494.5	298.1	646.3	490.7	23.6	118.3	
Currency and deposits	3,598.3	0.0	438.1	31.6	631.0	162.9	162.9	438.1	1,135.0	468.8	356.0	630.1	477.4	19.4	73.6	
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
4 Other sectors	19,128.7	1,329.5	2,161.8	410.6	927.2	827.6	746.7	2,161.8	3,452.7	1,947.6	1,920.6	2,104.7	1,001.1	975.7	4,235.1	
Short-term	1,910.1	1,329.5	235.8	7.9	137.0	174.4	33.4	235.8	344.8	0.0	0.0	0.0	0.0	0.0	0.0	
Debt securities	0.0	0.0	0.0	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	484.9	0.0	235.7	7.9	137.0	78.7	33.4	235.7	249.2	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	95.7	0.0	0.0	0.0	0.0	95.7	0.0	0.0	95.7	0.0	0.0	0.0	0.0	0.0	0.0	
Other debt liabilities	1,329.5	1,329.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Principal arrears	1,129.8	1,129.8	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	
Interest arrears	199.7	199.7	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	
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	17,218.6	0.0	1,926.1	402.7	790.2	653.2	713.3	1,926.1	3,107.8	1,947.6	1,920.6	2,104.7	1,001.1	975.7	4,235.1	
Debt securities	2,327.2	0.0	59.6	46.2	0.0	0.6	23.5	59.6	24.7	25.8	505.3	855.9	0.0	263.0	592.8	
Credits	14,812.5	0.0	1,843.0	356.1	768.8	651.6	688.9	1,843.0	3,033.6	1,919.3	1,414.0	1,247.6	1,000.1	712.7	3,642.3	
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	79.0	0.0	23.5	0.3	21.5	1.0	0.8	23.5	49.5	2.6	1.2	1.2	1.0	0.0	0.0	
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
5 Direct investment	7,801.7	303.7	1,317.3	342.7	396.2	690.0	550.0	1,317.3	2,130.0	882.1	637.8	409.4	294.4	224.8	1,602.3	
Short-term	571.8	303.7	155.5	3.3	20.6	20.1	71.9	155.5	112.6	0.0	0.0	0.0	0.0	0.0	0.0	
Debt securities	0.0	0.0	0.0	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	268.1	0.0	155.5	3.3	20.6	20.1	71.9	155.5	112.6	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	303.7	303.7	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	233.0	233.0	0.0	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	70.6	70.6	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	7,229.9	0.0	1,161.7	339.4	375.6	669.9	478.1	1,161.7	2,017.4	882.1	637.8	409.4	294.4	224.8	1,602.3	
Debt securities	0.0	0.0	0.0	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	7,221.6	0.0	1,160.7	339.3	375.5	669.8	478.0	1,160.7	2,017.1	882.0	637.7	403.5	294.3	224.6	1,601.7	
Trade credits	8.3	0.0	1.0	0.1	0.1	0.1	0.1	1.0	0.4	0.1	0.1	5.9	0.1	0.1	0.6	
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total (1+2+3+4+5)	45,147.0	1,645.2	6,084.3	948.7	2,513.5	2,587.2	1,806.9	6,084.3	8,983.4	4,990.2	3,622.4	5,075.5	2,753.8	2,413.5	9,578.6	
Supplement: Projected interest payments			148.5		218.3	327.9	246.2	148.5	1,122.6	1,055.2	888.0	728.2	584.5	467.5	1,517.3	

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

Table 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. The structure of sectors, original maturity and instruments shown in this table follows the structure presented in Table 12. Future interest payments of credit institutions are estimated on the basis of the available monetary statistics data

on the schedule of interest payments. Future interest payments of other sectors are estimated on the basis of the submitted schedule of payments and the benchmark interest rate applicable on the reporting date. Projected payments of accrued interest, which are an integral part of the gross external debt, increase the projected principal payments in the first quarter period and, consequently, decrease the interest payments estimated for the same period.

Table H15 Gross external debt by other sectors

in million EUR

	2007 Dec. ^a	2008 Dec. ^{b,c}	2009 Dec. ^d	2010 Dec.	2011 Dec. ^e	2012 Dec. ^e	2013				
							Mar. [*]	Jun. [*]	Jul. [*]	Aug. [*]	Sep.
1 Other sectors	14,719.3	19,815.9	20,938.0	20,913.4	20,130.0	19,647.2	19,467.3	19,091.9	19,008.4	19,151.1	19,128.7
Short-term	1,478.2	925.3	1,346.7	1,613.5	1,485.5	1,965.3	2,034.0	2,016.7	1,992.6	1,936.1	1,910.1
Debt securities	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Credits	681.0	652.9	677.7	519.1	415.7	498.6	585.4	529.1	539.1	517.3	484.9
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	31.1	39.5	28.2	30.9	34.2	178.1	162.6	136.8	118.7	100.7	95.7
Other debt liabilities	766.0	232.9	640.9	1,063.5	1,035.5	1,288.5	1,285.9	1,350.7	1,334.7	1,317.9	1,329.5
Principal arrears	683.4	170.4	523.6	892.8	861.8	1,098.4	1,092.6	1,160.0	1,139.3	1,123.2	1,129.8
Interest arrears	82.6	62.5	117.2	170.7	173.7	190.1	193.3	190.7	195.4	194.8	199.7
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	13,241.1	18,890.6	19,591.3	19,299.8	18,644.5	17,681.9	17,433.3	17,075.2	17,015.8	17,215.0	17,218.6
Debt securities	1,293.4	1,251.6	1,665.8	1,581.6	1,382.8	2,299.6	2,334.5	2,304.0	2,233.1	2,411.1	2,327.2
Credits	11,657.9	17,306.1	17,632.9	17,429.8	17,130.3	15,269.4	15,001.5	14,695.8	14,700.5	14,724.9	14,812.5
Currency and deposits	0.0	10.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	289.8	322.2	292.6	288.4	131.4	113.0	97.3	75.4	82.2	79.0	79.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1 Financial institutions (excl. credit institutions and central banks)	3,922.0	4,949.7	5,396.1	4,628.5	4,066.9	3,784.6	3,508.7	3,527.7	3,493.8	3,622.4	3,581.7
Short-term	201.6	155.4	436.3	109.1	217.3	305.3	298.5	355.5	345.4	345.7	327.8
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	184.5	144.5	431.8	94.1	209.8	274.5	267.6	324.8	314.1	315.6	297.5
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
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	17.1	10.9	4.5	15.0	7.5	30.9	30.9	30.7	31.2	30.2	30.3
Principal arrears	2.9	4.2	1.3	11.6	3.4	26.6	26.6	26.6	26.9	26.1	26.1
Interest arrears	14.2	6.7	3.2	3.4	4.1	4.3	4.3	4.2	4.3	4.1	4.2
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	3,720.4	4,794.3	4,959.8	4,519.4	3,849.5	3,479.3	3,210.2	3,172.2	3,148.4	3,276.7	3,253.9
Debt securities	806.7	791.5	1,014.7	928.0	633.6	321.5	323.3	316.6	282.6	427.7	354.2
Credits	2,913.7	3,992.3	3,945.1	3,591.4	3,216.0	3,157.7	2,886.9	2,855.5	2,865.8	2,849.0	2,899.7
Currency and deposits	0.0	10.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2 Public non-financial corporations	2,517.6	4,642.0	5,158.2	5,766.8	5,349.5	4,784.2	4,922.5	4,491.3	4,513.4	4,495.6	4,550.9
Short-term	64.8	146.3	77.7	180.8	179.4	40.1	92.8	54.4	87.9	60.7	37.3
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits	35.4	132.4	34.8	108.6	103.7	0.0	52.1	11.8	45.6	23.1	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	29.4	13.9	42.8	72.2	75.7	40.1	40.8	42.7	42.3	37.7	37.3
Principal arrears	28.8	12.9	39.3	68.6	71.6	37.6	38.2	40.1	39.7	35.1	34.8
Interest arrears	0.6	1.1	3.6	3.7	4.1	2.5	2.5	2.5	2.5	2.5	2.5
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	2,452.8	4,495.7	5,080.6	5,586.1	5,170.2	4,744.1	4,829.7	4,436.9	4,425.5	4,434.9	4,513.6
Debt securities	330.4	341.3	335.6	330.3	318.6	685.0	707.1	695.4	675.3	680.1	674.1
Credits	1,918.4	3,887.3	4,472.7	4,984.4	4,736.8	3,961.7	4,040.8	3,681.4	3,683.2	3,687.9	3,772.6
Trade credits	204.0	267.2	272.3	271.4	114.8	97.4	81.7	60.1	66.9	67.0	67.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3 Private non-financial corporations	8,113.0	9,958.6	10,103.8	10,303.5	10,495.8	10,862.4	10,821.3	10,862.3	10,792.6	10,824.6	10,786.8
Short-term	1,174.3	619.2	800.4	1,316.7	1,082.9	1,614.4	1,637.3	1,601.9	1,554.9	1,525.5	1,540.8
Debt securities	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Credits	451.2	373.8	178.7	309.4	96.2	218.7	260.3	187.6	174.8	174.6	183.2
Trade credits	31.1	39.5	28.2	30.9	34.2	178.1	162.6	136.8	118.7	100.7	95.7
Other debt liabilities	692.0	205.9	593.5	976.4	952.3	1,217.5	1,214.3	1,277.3	1,261.2	1,250.1	1,261.9

	2007 Dec. ^a	2008 Dec. ^{b,c}	2009 Dec. ^d	2010 Dec.	2011 Dec.*	2012 Dec.*	2013				
							Mar.*	Jun.*	Jul.*	Aug.*	Sep.
Principal arrears	630.2	151.2	483.0	812.7	786.8	1,034.3	1,027.8	1,093.3	1,072.7	1,062.0	1,068.9
Interest arrears	61.8	54.7	110.5	163.7	165.5	183.3	186.5	184.0	188.5	188.1	193.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	6,938.8	9,339.3	9,303.5	8,986.8	9,412.9	9,247.9	9,184.0	9,260.4	9,237.7	9,299.1	9,246.0
Debt securities	156.3	118.9	315.5	323.4	430.7	1,293.1	1,304.1	1,291.9	1,275.1	1,303.3	1,298.9
Credits	6,701.7	9,168.7	8,968.0	8,646.5	8,965.7	7,939.3	7,864.3	7,953.2	7,947.3	7,983.7	7,935.1
Trade credits	80.8	51.7	20.0	16.9	16.6	15.5	15.6	15.3	15.3	12.1	12.1
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
1.4 Non-profit institutions serving households	5.4	3.8	3.6	2.6	4.8	9.4	10.7	11.5	12.3	12.4	12.6
1.5 Households (employers and self-employed persons)	24.1	17.1	11.5	7.2	5.2	10.6	10.4	9.9	9.7	9.5	9.4
1.6 Households (other)	137.2	244.7	264.8	204.7	207.9	196.0	193.8	189.2	186.8	186.5	187.3

^a The relevant comparable data as at 31 December 2007, reported in the Statistical Survey at the CNB website, should be used for the calculation of the external debt growth rate in 2008. ^b From January 2008 on, the data of non-financial enterprises are estimated on the basis of the data collected from the sample, and the comparable balance as at 31 December 2007 has been calculated by applying the same methodology. ^c The relevant comparable data as at 31 December 2008, reported in the Statistical Survey at the CNB website, should be used for the calculation of the external debt growth rate in 2009. ^d From January 2009 on, the data of non-banking financial institutions and non-financial enterprises are processed with the help of the new reporting system (INOK) which uses market interest rates to calculate the balance and the schedule of interest payments. The comparable balance as at 31 December 2008 has been calculated by applying the same methodology.

Note: As from CNB Bulletin No. 194, the entire data series on gross external debt has been revised in order to comply with the sectoral classification of institutional units from ESA 1995, and it also includes the change in the method of valuation of debt securities upon which financial derivatives are based.

Table H15 Gross external debt by other sectors • Gross external debt of other sectors shows the external debt of all financial institutions and intermediaries except credit institutions and the central bank (including the Croatian Bank for Reconstruction and Development), public non-financial corporations (which from January 2008 on include the Croatian Motorways), private non-financial corporations, non-profit institutions serving households and households, including employers and self-employed persons. Direct investment shows borrower – lender transactions of other sectors that are interrelated by ownership. Each sector data are further shown by contractual (short-term or long-term) maturity and by debt instrument.

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

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

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

Data on foreign direct and portfolio equity investment are compiled on the basis of market prices, whenever available. Market prices on the last day of the reporting period taken from the Zagreb Stock Exchange are used in the part related to investment in the Republic of Croatia, while in the part related to investment abroad, the reporting units participating in the research on direct and portfolio equity investments are obliged to state the value at market prices of their equity investment abroad. When this is not possible, the book value of total equity held by direct or portfolio investors is used, regardless of whether investments are made in the Republic of Croatia or abroad (the own funds at book value method).

Portfolio debt investment and other investment are classified according to the following institutional sectors: the Croatian

National Bank, government, banks and other sectors. The government sector comprises the central government and funds and local government authorities. The banking sector comprises banks.

Item Portfolio debt investment – Assets and liabilities comprises data on investments of residents into debt securities issued by non-residents (assets) and investments of non-residents into debt securities issued by residents (liabilities). The source of data is the register of foreign credit relations kept by the Croatian National Bank and monetary statistics data.

Data on portfolio equity and debt investment are modified by the data submitted by the Central Depository and Clearing Company and commercial banks providing securities custody services, particularly in the part Assets of other sectors.

From the first quarter of 2010, the balance of payments includes the balance of positions of the concluded contracts which have features of financial derivatives. Reporting institutions are commercial banks and other financial institutions. In addition, the reporting population has been extended as of the fourth quarter of 2012 to include non-financial institutions which enter into these transactions mainly to hedge against changing market conditions.

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

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

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

Item Other investment – Currency and deposits – Liabilities shows the total foreign currency and kuna liabilities of the said

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

in million EUR

	2008 ^c	2009 ^c	2010 ^c	2011 ^c	2012 ^c	2013		
						Q1 ^c	Q2 ^c	Q3 ^d
1 International investment position (net)	-35,285.9	-39,517.4	-42,214.4	-40,334.2	-39,139.5	-40,266.0	-39,957.9	-37,884.1
2 Assets	22,383.9	24,386.6	23,420.4	23,379.6	23,373.5	23,061.9	23,869.9	24,304.2
2.1 Direct investment abroad	3,732.7	4,538.1	3,271.1	3,496.1	3,352.1	3,436.9	3,583.0	3,476.8
2.2 Portfolio investment	2,629.9	3,198.4	3,659.1	2,988.1	3,353.2	3,352.4	3,088.0	3,638.8
2.2.1 Equity securities	640.6	784.1	1,351.9	1,307.2	1,489.2	1,614.7	1,518.2	1,568.0
2.2.2 Debt securities	1,989.3	2,414.3	2,307.2	1,680.9	1,864.1	1,737.7	1,569.8	2,070.7
Bonds	1,606.9	1,685.6	1,431.0	1,074.3	1,365.7	1,315.0	1,231.7	1,279.8
Money market instruments	382.4	728.7	876.2	606.6	498.3	422.7	338.1	790.9
2.3 Financial derivatives	0.0	24.1	14.2	204.5	145.7	248.6	221.3	16.4
2.4 Other investment	6,900.4	6,250.2	5,815.8	5,496.0	5,286.7	4,747.4	4,957.1	5,452.8
2.4.1 Trade credits	224.7	123.6	80.5	85.7	142.0	131.1	143.7	101.8
2.4.2 Loans	435.9	384.5	430.8	420.8	531.3	485.4	550.0	605.3
2.4.3 Currency and deposits	6,239.7	5,742.0	5,304.5	4,989.5	4,613.4	4,130.9	4,263.3	4,745.6
2.4.4 Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.5 Reserve assets (CNB)	9,120.9	10,375.8	10,660.2	11,194.8	11,235.9	11,276.6	12,020.5	11,719.4
3 Liabilities	57,669.8	63,904.0	65,634.8	63,713.8	62,513.0	63,327.9	63,827.8	62,188.3
3.1 Direct investment in Croatia	22,376.9	25,771.2	26,398.4	24,019.1	24,212.7	25,225.7	24,944.6	24,130.9
3.2 Portfolio investment	5,443.7	6,479.1	7,118.3	7,208.3	9,134.6	9,199.9	9,881.0	9,707.2
3.2.1 Equity securities	613.8	657.6	738.0	595.7	461.7	513.6	481.2	473.5
3.2.2 Debt securities	4,829.9	5,821.5	6,380.3	6,612.6	8,672.9	8,686.3	9,399.8	9,233.7
Bonds	4,805.3	5,651.2	5,911.9	6,454.5	8,555.6	8,517.3	9,260.9	9,133.8
Money market instruments	24.6	170.3	468.3	158.1	117.3	169.0	139.0	99.9
3.3 Financial derivatives	-	-	194.6	151.3	228.2	190.8	166.3	238.7
3.4 Other investment	29,849.2	31,601.6	31,923.6	32,335.2	28,937.5	28,711.5	28,835.9	28,111.6
3.4.1 Trade credits	367.5	344.4	370.2	217.0	314.2	283.6	233.2	198.0
3.4.2 Loans	24,343.4	24,929.1	25,093.7	24,757.2	23,222.2	23,051.3	22,715.0	22,497.8
3.4.3 Currency and deposits	5,138.3	6,328.1	6,459.7	7,361.0	5,401.0	5,376.6	5,887.8	5,415.8
3.4.4 Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

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.

The sector classification of the portfolio and other investment involves the sector classification of residents and is fully harmonised with the sector classification of the gross external debt by domestic sectors and the balance of payments. As a result, the government sector includes the general government, which up to December 2010 comprised the Republic of Croatia, central government funds (including the State Agency for Deposit Insurance and Bank Rehabilitation, the Agency for Management of the Public Property, the Croatian Waters, the Croatian Roads and, up to 31 December 2007, the Croatian Motorways; from this date on, the Croatian Motorways is shown within the

subsector public enterprises under item Other sectors), and local government. From December 2010 on, the government sector includes central government, social security funds and local government. The sector of the central bank includes the Croatian National Bank. The sector of credit institutions comprises credit institutions. Other domestic sectors comprise all financial institutions and intermediaries except credit institutions and the central bank (including the Croatian Bank for Reconstruction and Development), private and public corporations, non-profit institutions and households, including craftsmen.

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

Table H17 International investment position – direct investment^a

in million EUR

	2008 ^b	2009 ^b	2010 ^b	2011 ^b	2012 ^b	2013		
						Q1 ^b	Q2 ^b	Q3 ^c
Direct investment (net)	-18,644.3	-21,233.1	-23,127.3	-20,523.0	-20,860.7	-21,788.8	-21,361.6	-20,654.1
1 Abroad	3,732.7	4,538.1	3,271.1	3,496.1	3,352.1	3,436.9	3,583.0	3,476.8
1.1 Equity capital and reinvested earnings	3,542.9	4,444.9	3,030.1	3,030.1	2,944.4	3,060.1	3,201.8	3,101.6
1.1.1 Claims	3,542.9	4,444.9	3,030.1	3,030.1	2,944.4	3,060.1	3,201.8	3,101.6
1.1.2 Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2 Other capital	189.7	93.2	241.1	466.0	407.6	376.8	381.2	375.2
1.1.1 Claims	220.2	217.0	608.7	641.5	572.1	543.6	550.3	539.6
1.2.2 Liabilities	30.5	123.8	367.6	175.5	164.5	166.7	169.1	164.5
1.3 Financial derivatives (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 In Croatia	22,376.9	25,771.2	26,398.4	24,019.1	24,212.7	25,225.7	24,944.6	24,130.9
2.1 Equity capital and reinvested earnings	16,595.8	17,943.7	18,453.5	17,134.5	17,023.5	17,645.5	17,206.3	16,548.9
2.1.1 Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2 Liabilities	16,595.8	17,943.7	18,453.5	17,134.5	17,023.5	17,645.5	17,206.3	16,548.9
2.2 Other capital	5,781.1	7,827.5	7,944.9	6,884.6	7,189.3	7,580.2	7,738.2	7,582.0
2.2.1 Claims	24.3	52.9	68.3	50.7	55.0	50.0	56.8	55.2
2.2.2 Liabilities	5,805.4	7,880.4	8,013.2	6,935.3	7,244.2	7,630.2	7,795.0	7,637.2
2.3 Financial derivatives (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

Table H18 International investment position – portfolio investment^a

in million EUR

	2008 ^b	2009 ^b	2010 ^b	2011 ^b	2012 ^b	2013		
						Q1 ^b	Q2 ^b	Q3 ^c
Portfolio investment (net)	-2,813.8	-3,280.7	-3,459.2	-4,220.1	-5,781.4	-5,847.5	-6,793.0	-6,068.4
1 Assets	2,629.9	3,198.4	3,659.1	2,988.1	3,353.2	3,352.4	3,088.0	3,638.8
1.1 Equity securities	640.6	784.1	1,351.9	1,307.2	1,489.2	1,614.7	1,518.2	1,568.0
1.1.1 Banks	9.7	11.8	9.2	13.7	10.6	11.8	18.6	17.9
1.1.2 Other sectors	630.9	772.2	1,342.6	1,293.5	1,478.6	1,602.8	1,499.6	1,550.2
1.2 Debt securities	1,989.3	2,414.3	2,307.2	1,680.9	1,864.1	1,737.7	1,569.8	2,070.7
2 Liabilities	5,443.7	6,479.1	7,118.3	7,208.3	9,134.6	9,199.9	9,881.0	9,707.2
2.1 Equity securities	613.8	657.6	738.0	595.7	461.7	513.6	481.2	473.5
2.1.1 Banks	66.5	62.4	56.8	44.6	34.3	37.9	37.3	29.1
2.1.2 Other sectors	547.3	595.2	681.2	551.0	427.4	475.7	443.9	444.4
2.2 Debt securities	4,829.9	5,821.5	6,380.3	6,612.6	8,672.9	8,686.3	9,399.8	9,233.7
2.2.1 Bonds	4,805.3	5,651.2	5,911.9	6,454.5	8,555.6	8,517.3	9,260.9	9,133.8
2.2.1.1 General government	3,162.1	3,976.4	4,321.4	5,069.8	6,247.1	6,180.3	6,950.4	6,802.3
2.2.1.2 Banks	456.8	9.0	8.9	1.9	8.9	2.5	6.5	4.3
2.2.1.3 Other sectors	1,186.4	1,665.8	1,581.6	1,382.8	2,299.6	2,334.5	2,304.0	2,327.2
2.2.2 Money market instruments	24.6	170.3	468.3	158.1	117.3	169.0	139.0	99.9
2.2.2.1 General government	24.6	170.3	468.3	157.9	117.2	168.8	138.8	99.9
2.2.2.2 Other sectors	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.0

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

Table H19 International investment position – other investment^a
in million EUR

	2008 ^b	2009 ^b	2010 ^b	2011 ^b	2012 ^b	2013		
						Q1 ^b	Q2 ^b	Q3 ^c
Other investment (net)	-22,948.8	-25,351.4	-26,107.8	-26,839.2	-23,650.8	-23,964.1	-23,878.8	-22,658.8
1 Assets	6,900.4	6,250.2	5,815.8	5,496.0	5,286.7	4,747.4	4,957.1	5,452.8
1.1 Trade credits	224.7	123.6	80.5	85.7	142.0	131.1	143.7	101.8
1.1.1 General government	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
1.1.2 Other sectors	224.7	123.6	80.5	85.7	142.0	131.1	143.7	101.8
Long-term	202.6	96.3	61.4	58.3	57.6	55.9	54.9	53.9
Short-term	22.1	27.3	19.2	27.4	84.3	75.2	88.8	47.9
1.2 Loans	435.9	384.5	430.8	420.8	531.3	485.4	550.0	605.3
1.2.1 Croatian National Bank	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2 General government	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
1.2.3 Banks	285.3	270.1	291.8	276.2	355.8	258.7	310.1	368.1
Long-term	193.6	233.7	257.2	266.6	238.9	239.8	284.2	310.4
Short-term	91.7	36.5	34.6	9.6	117.0	19.0	25.9	57.7
1.2.4 Other sectors	150.0	113.8	139.0	144.6	175.5	226.7	239.9	237.2
Long-term	146.8	113.6	101.3	140.0	154.5	210.6	221.4	223.2
Short-term	3.3	0.2	37.7	4.6	21.0	16.1	18.5	14.1
1.3 Currency and deposits	6,239.7	5,742.0	5,304.5	4,989.5	4,613.4	4,130.9	4,263.3	4,745.6
1.3.1 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.2 Banks	4,863.6	4,442.9	4,058.2	3,559.7	3,108.4	2,652.5	2,936.2	3,461.0
1.3.3 Other sectors	1,376.1	1,299.1	1,246.3	1,429.8	1,505.0	1,478.4	1,327.2	1,284.7
1.4 Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 Liabilities	29,849.2	31,601.6	31,923.6	32,335.2	28,937.5	28,711.5	28,835.9	28,111.6
2.1 Trade credits	367.5	344.4	370.2	217.0	314.2	283.6	233.2	198.0
2.1.1 General government	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2 Other sectors	366.7	344.4	370.2	217.0	314.2	283.6	233.2	198.0
Long-term	327.2	316.2	339.3	182.8	136.1	121.0	96.4	102.3
Short-term	39.5	28.2	30.9	34.2	178.1	162.6	136.8	95.7
2.2 Loans	24,343.4	24,929.1	25,093.7	24,757.2	23,222.2	23,051.3	22,715.0	22,497.8
2.2.1 Croatian National Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
o/w: IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2 General government	1,574.6	1,648.5	1,832.1	1,962.2	2,209.2	2,416.2	2,341.4	2,305.9
Long-term	1,542.9	1,648.5	1,832.1	1,962.2	2,208.3	2,415.3	2,340.2	2,305.9
Short-term	31.7	0.0	0.0	0.0	0.9	0.9	1.2	0.0
2.2.3 Banks	4,496.7	4,352.8	4,300.1	4,264.9	3,979.7	3,786.1	3,819.1	3,588.4
Long-term	3,374.7	3,545.3	3,352.3	3,738.9	3,463.0	3,289.3	3,178.2	3,039.0
Short-term	1,122.0	807.5	947.8	526.0	516.8	496.8	640.9	549.4
2.2.4 Other sectors	18,272.0	18,927.8	18,961.5	18,530.0	17,033.3	16,849.0	16,554.6	16,603.5
Long-term	17,589.5	18,189.1	18,352.9	18,015.6	16,421.9	16,168.3	15,927.5	16,021.4
Short-term	682.5	738.7	608.6	514.5	611.4	680.7	627.0	582.1
2.3 Currency and deposits	5,138.3	6,328.1	6,459.7	7,361.0	5,401.0	5,376.6	5,887.8	5,415.8
2.3.1 Croatian National Bank	2.3	1.1	1.2	0.1	0.0	0.0	0.0	73.6
2.3.2 Banks	5,125.5	6,327.0	6,458.5	7,361.0	5,401.0	5,376.6	5,887.7	5,342.2
2.3.3 Other sectors	10.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4 Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

	2008	2009	2010	2011	2012	2013			
						Mar.	Jun.	Sep.	Oct.
3.3 CHANGE IN NET INCURRENCE OF LIABILITIES	5,654.1	17,432.0	17,248.4	15,040.2	11,014.4	1,887.0	1,734.3	-103.7	954.4
3.3.1 Domestic	6,795.7	10,130.2	12,892.5	6,448.4	2,958.3	316.3	1,867.5	-99.8	1,029.8
A) Budgetary central government	5,656.6	9,576.6	11,835.1	4,793.1	1,414.0	406.1	1,674.8	55.7	708.0
B) Extrabudgetary users	1,139.1	553.6	1,057.4	1,655.3	1,544.3	-89.8	192.7	-155.5	321.8
3.3.2 Foreign	-1,141.7	7,301.8	4,355.9	8,591.8	8,056.0	1,570.7	-133.3	-3.9	-75.4
A) Budgetary central government	-1,445.8	6,878.4	4,277.0	8,597.2	8,125.2	1,507.3	-96.4	9.1	-138.8
B) Extrabudgetary users	304.1	423.4	79.0	-5.4	-69.2	63.4	-36.8	-13.0	63.4

^a CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards.

^b The Croatian Privatisation Fund (CPF) ceased to operate on 31 March 2011. The Agency for Management of the Public Property (AUDIO) operated from 1 April 2011 to 30 July 2013 and was composed of the CPF and the Central State Administrative Office for State Property Management (the former budget user). From 30 July 2013 onwards, the State Property Management Administration and the newly established Centre for Restructuring and Sale carry out the operations of the AUDIO.

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

Source: MoF.

Table I2 Budgetary central government operations^a
in million HRK

	2008	2009	2010	2011	2012	2013			
						Mar.	Jun.	Sep.	Oct.
1 REVENUE	115,772.7	110,257.9	107,466.4	107,069.7	109,558.9	8,722.6	9,497.7	9,467.9	9,624.4
1.1 Taxes	69,572.7	63,678.9	62,856.6	61,422.2	64,693.9	4,877.2	5,696.1	5,776.6	5,766.7
1.2 Social contributions	40,703.5	39,994.7	38,712.4	38,605.1	37,845.9	3,030.7	3,190.5	3,146.7	3,176.5
1.3 Grants	468.6	616.3	637.1	869.0	968.4	62.4	211.8	168.0	184.2
1.4 Other revenue	5,027.8	5,968.0	5,260.3	6,173.4	6,050.8	752.4	399.3	376.6	497.1
2 EXPENSE	115,292.4	117,924.0	120,323.3	119,939.5	118,730.0	11,198.8	12,266.6	9,948.9	10,037.8
2.1 Compensation of employees	29,948.5	31,289.3	31,096.5	31,737.4	31,383.2	2,573.5	2,560.9	2,527.0	2,523.3
2.2 Use of goods and services	8,113.7	7,363.8	7,655.7	7,943.6	7,406.3	657.6	585.0	464.4	560.6
2.3 Consumption of fixed capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.4 Interest	4,683.2	5,225.2	6,236.5	7,097.6	8,335.7	1,194.6	339.2	1,272.3	606.1
2.5 Subsidies	6,859.5	6,710.0	6,582.2	6,555.3	5,762.3	1,364.6	279.8	245.7	280.0
2.6 Grants	5,783.1	5,559.6	5,778.6	5,083.7	4,843.8	387.0	409.2	674.5	773.1
2.7 Social benefits	52,593.2	56,148.5	56,906.6	56,483.0	56,169.9	4,658.9	7,673.7	4,303.2	4,898.4
2.8 Other expense	7,311.2	5,627.6	6,067.3	5,039.1	4,828.9	362.5	418.8	461.9	396.3
3 CHANGE IN NET WORTH: TRANSACTIONS	480.2	-7,666.0	-12,857.0	-12,869.8	-9,171.1	-2,476.2	-2,768.9	-481.0	-413.3
3.1 Change in net acquisition of non-financial assets	2,988.1	1,963.4	1,232.4	1,139.0	829.6	114.1	55.0	59.4	313.2
3.1.1 Fixed assets	2,719.5	1,839.7	1,200.4	1,118.7	772.2	116.1	49.5	52.7	140.8
3.1.2 Inventories	79.4	35.4	11.0	2.5	29.3	-0.4	0.1	5.2	168.6
3.1.3 Valuables	10.1	8.9	6.1	3.7	3.5	0.0	0.0	0.0	0.0
3.1.4 Non-produced assets	179.1	79.3	14.9	14.0	24.7	-1.7	5.3	1.5	3.9
3.2 Change in net acquisition of financial assets	1,702.9	6,825.5	2,022.7	-618.4	-461.5	-676.9	-1,245.5	-475.6	-157.4
3.2.1 Domestic	1,690.5	6,823.2	2,022.3	-623.8	-468.0	-677.9	-1,245.5	-475.6	-157.4
3.2.2 Foreign	12.4	2.3	0.4	5.3	6.5	1.0	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
3.3 Change in net incurrence of liabilities	4,210.8	16,455.0	16,112.0	13,390.4	9,539.2	1,913.4	1,578.4	64.8	569.2
3.3.1 Domestic	5,656.6	9,576.6	11,835.1	4,793.1	1,414.0	406.1	1,674.8	55.7	708.0
3.3.2 Foreign	-1,445.8	6,878.4	4,277.0	8,597.2	8,125.2	1,507.3	-96.4	9.1	-138.8

^a CM is reclassified from the subsector central government funds to the subsector public enterprises. The reclassification covers the statistical series from January 2008 onwards.

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

Source: MoF.

Table I3 General government debt
end of period, in million HRK

	2007 Dec.	2008 Dec.	2009 Dec.	2010 Dec.	2011 Dec.	2012 Dec.	2013				
							Mar.*	Jun.*	Jul.*	Aug.*	Sep.
1 Domestic debt of general government	61,877.8	68,160.5	77,943.4	95,359.0	115,457.8	119,907.8	125,540.8	128,470.3	133,286.9	132,719.8	133,865.2
1.1 Domestic debt of central government	52,876.4	62,534.0	71,655.4	91,663.7	111,664.0	116,200.2	121,797.3	124,924.1	129,870.8	129,305.6	130,497.4
Securities other than shares, short-term	11,651.8	14,982.7	18,148.9	17,198.1	19,308.5	18,259.6	21,558.6	21,476.8	20,223.2	19,730.9	20,209.6
Securities other than shares, long-term	34,815.4	36,035.8	36,828.5	48,710.8	55,891.2	63,118.4	64,470.8	66,132.6	71,514.7	70,560.3	70,997.5
Loans	6,409.2	11,515.5	16,678.0	25,754.9	36,464.3	34,822.2	35,767.9	37,314.7	38,132.9	39,014.4	39,290.3
1.2 Domestic debt of social security funds	6,639.8	3,242.3	3,904.0	1.0	2.2	1.6	1.9	1.4	1.3	1.4	1.2
Securities other than shares, short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares, long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	6,639.8	3,242.3	3,904.0	1.0	2.2	1.6	1.9	1.4	1.3	1.4	1.2
1.3 Domestic debt of local government	2,361.6	2,384.2	2,384.0	3,694.2	3,791.6	3,706.0	3,741.5	3,544.8	3,414.8	3,412.8	3,366.5
Securities other than shares, short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares, long-term	364.8	416.2	406.8	384.9	260.2	209.1	201.3	195.6	157.8	158.7	159.5
Loans	1,996.8	1,968.0	1,977.3	3,309.3	3,531.4	3,496.9	3,540.3	3,349.2	3,257.0	3,254.1	3,207.1
2 External debt of general government	44,123.2	34,731.9	42,461.8	49,968.1	54,999.0	63,365.3	64,495.6	68,817.0	68,054.2	69,570.1	69,495.0
2.1 External debt of central government	33,902.5	32,312.2	40,169.6	49,647.4	54,777.0	63,195.9	64,342.2	68,667.4	67,919.3	69,434.3	69,358.8
Securities other than shares, short-term	323.5	183.5	1,301.4	3,520.5	1,205.3	895.1	1,293.6	1,044.5	1,008.9	909.6	765.6
Securities other than shares, long-term	23,969.7	22,141.3	28,091.2	30,790.1	35,979.1	45,121.8	44,408.6	49,854.0	49,121.9	50,657.9	50,768.6
Loans	9,609.3	9,987.4	10,777.1	15,336.8	17,592.6	17,179.1	18,640.1	17,769.0	17,788.6	17,866.8	17,824.6
2.2 External debt of social security funds	9,898.8	1,998.0	1,891.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares, short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares, long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	9,898.8	1,998.0	1,891.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3 External debt of local government	321.9	421.7	400.3	320.7	221.9	169.3	153.3	149.5	134.8	135.8	136.2
Securities other than shares, short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares, long-term	105.7	165.8	165.3	165.8	133.6	132.5	132.5	130.2	130.2	131.3	132.3
Loans	216.2	255.9	235.0	154.9	88.3	36.8	20.8	19.4	4.6	4.5	3.9
3 Total (1+2)	106,001.0	102,892.4	120,405.3	145,327.1	170,456.8	183,273.0	190,036.4	197,287.2	201,341.1	202,289.9	203,360.1
Supplement: Central government guarantees											
Domestic debt	14,217.4	15,668.9	17,528.1	19,578.6	16,523.3	21,136.7	21,293.5	21,180.6	21,185.3	21,388.5	22,027.2
o/w: Guarantees to CBRD	190.7	807.9	41.4	2,641.3	2,256.3	5,610.6	5,775.8	5,315.1	4,989.8	4,761.7	5,268.5
o/w: Guarantees for CBRD loans	1,977.3	1,642.1	1,374.7	1,177.3	802.0	823.6	844.7	847.6	864.7	870.8	876.8
External debt	18,612.6	31,143.1	34,429.8	37,339.5	34,510.8	33,197.3	33,352.2	32,644.4	32,724.5	34,128.5	34,184.4
o/w: Guarantees to CBRD	9,372.5	9,970.3	12,305.6	11,912.8	11,021.3	10,677.3	10,717.7	10,860.6	10,764.5	11,792.3	11,717.9

Table I3: General government debt • Up to CNB Bulletin No. 195, Table I3 showed central government debt which consisted of central government debt and central government funds debt but starting with Bulletin No. 196, this Table shows general government debt, which consists of central government debt, local government debt and social security funds debt. Starting with Bulletin No. 196, the methodology used was aligned with the European system of national and regional accounts (hereinafter: ESA95) and Eurostat Manual on Government Deficit and Debt.

Table I3 shows general government sector debt stock in kuna. As from 31 December 2010, an official sector classification of institutional units in the Republic of Croatia is used, in accordance with the Decision on the statistical classification of institutional sectors issued by the Central Bureau of Statistics, which is based on ESA95 methodology which divides the general government into the following subsectors: central government, social security funds and local government.¹ Up to November 2010, the sector classification of institutional units was based on the prescribed Decision on the Chart of Accounts for Banks.

The source of primary data for domestic and external debt are general government units (the Ministry of Finance and other units of government authorities system, units of local and regional self-government, enterprises allocated to the statistical definition of general government sector, etc.) in the part that relates to treasury bills, bonds and foreign loans and the Croatian National Bank in the part relating to loans of resident banks, CBRD and the Croatian National Bank. Up to November 2010, data on resident bank loans were based on the reporting system in accordance with the Decision relating to the Bank Statistical Report and from December 2010, the data are based on the reporting system in accordance with the Decision on statistical and prudential reporting.

The structure of data by instrument categories involves their division in accordance with ESA95 to securities other than shares, short-term, securities other than shares, long-term, and

loans. Data are also divided by creditor to domestic and external debt.

The stock of the category securities other than shares, short-term, includes short-term securities with original maturity up to and including one year such as treasury bills (issued in kuna, with a currency clause or denominated in foreign currency), eurobills of the Ministry of Finance and other money market instruments.

The stock of the category securities other than shares, long-term, includes long-term debt securities with original maturity of over one year, such as bonds issued on the domestic and foreign markets and long-term T-bills of the Ministry of Finance. Bonds issued abroad in one foreign currency and swapped into another foreign currency are treated as debt denominated in the currency of the swap transaction.

Starting from February 2002, debt securities issued abroad, owned by resident institutional units at the end of the reference period, were reclassified from external into domestic debt. Starting from December 2005, debt securities issued in the domestic market, owned by non-resident institutional units at the end of the reference period, were reclassified from domestic into external debt.

Loans include loans received from resident and non-resident credit institutions and, in accordance with ESA95 methodology, assumed state-guaranteed loans given to institutional units whose guarantees were activated within a period of three years (the so-called third call criterion).

The stock of t-bills regardless of original maturity is shown at nominal value, i.e. with the entire discount included. The stock of bonds and loans include outstanding principal value, excluding accrued interest.

Below shown is data on the total stock of central government guarantees issued, reduced by guarantees given to other central government units, social security funds and the local government. The sources of data are identical to those for loans.

¹ The scope of sector classification is shown in "Classification and presentation of data on claims and liabilities". By way of exception, in this Table, the debt of Croatian Roads, Croatian Motorways and the State Agency for Deposit Insurance and Bank Rehabilitation, in part 2 External debt of general government was reclassified from the subsector central government to the subsector social security funds starting from (and including) December 1998, and in part 1 Domestic debt of general government, it was reclassified from (and including) December 2002. Up to November 2010, data on the old subsector central government funds (CR, CW, CPF/GAMA and CM up to December 2007, when CM was classified into the subsector of public non-financial enterprises) were shown under social security funds subsector. Under ESA95, social security funds include the Croatian Pension Insurance Administration, the Croatian Institute for Health Insurance and the Croatian Employment Service. Also, in accordance with ESA95 methodology, the Croatian Radiotelevision and HŽ Infrastruktura were reclassified from public non-financial enterprises subsector to the central government subsector from the beginning of the series.

J Non-financial statistics – selected data

Table J1 Consumer price and producer price indices

Year	Month	Basic indices. 2010 = 100 ^a				Chain indices				Monthly year-on-year indices			
		Consumer price indices			Industrial producer prices ^b	Consumer price indices			Industrial producer prices ^b	Consumer price indices			Industrial producer prices ^b
		Total	Goods	Services		Total	Goods	Services		Total	Goods	Services	
1999	December	73.2	75.0	66.3	70.6	100.6	100.8	100.0	100.3	103.9	103.1	106.5	105.9
2000	December	77.2	79.1	70.0	79.2	100.4	100.4	100.1	100.2	105.5	105.5	105.5	111.2
2001	December	79.1	80.2	74.7	76.4	100.4	100.4	100.5	99.0	102.4	101.3	106.8	96.9
2002	December	80.5	81.1	78.2	78.1	100.4	100.6	99.6	99.9	101.8	101.1	104.6	102.3
2003	December	81.9	82.3	79.9	78.9	100.3	100.2	100.5	100.0	101.7	101.6	102.2	101.0
2004	December	84.1	84.4	82.8	82.7	100.7	100.9	100.2	99.3	102.7	102.5	103.6	104.8
2005	December	87.2	87.3	86.2	84.5	100.5	100.5	100.5	99.7	103.6	103.5	104.1	102.7
2006	December	89.0	89.0	89.0	86.1	100.0	100.0	100.2	100.0	102.0	101.4	104.2	101.9
2007	December	94.1	94.9	91.5	91.2	101.2	101.2	101.3	100.4	105.8	106.6	103.4	105.9
2008	December	96.8	97.3	95.3	95.1	99.4	99.1	100.5	98.7	102.9	102.4	104.3	104.3
2009	December	98.7	98.6	99.0	96.6	99.4	99.3	100.2	100.0	101.9	101.3	103.9	101.6
2010	December	100.5	100.8	99.3	102.1	100.0	100.1	99.9	101.0	101.8	102.2	100.3	105.7
2011	December	102.6	103.8	98.3	108.0	99.6	99.6	99.6	99.8	102.1	103.0	98.9	105.8
2012	December	107.4	109.4	100.2	115.4	99.9	99.9	99.7	100.0	104.7	105.5	102.0	106.9
2013	January	107.6	109.4	100.9	114.9	100.1	100.0	100.7	99.6	105.2	106.0	102.7	105.4
	February	107.9	109.8	101.0	115.3	100.3	100.4	100.1	100.4	104.9	105.6	102.7	103.7
	March	108.2	110.3	101.0	115.4	100.3	100.4	100.0	100.0	103.7	104.3	101.5	103.2
	April	108.6	110.8	101.2	115.1	100.4	100.4	100.2	99.8	103.3	103.8	101.5	102.4
	May	108.6	110.9	100.8	114.4	100.0	100.1	99.6	99.3	101.6	101.9	100.5	100.2
	June	108.4	110.6	101.0	114.7	99.8	99.7	100.2	100.3	102.0	102.5	100.1	100.9
	July	107.7	109.5	101.3	114.4	99.4	99.1	100.3	99.7	102.3	103.0	100.1	100.6
	August	107.9	109.8	101.0	114.7	100.1	100.3	99.7	100.2	101.9	102.6	99.7	99.3
	September	108.5	110.7	100.9	114.7	100.6	100.8	99.9	100.1	101.1	101.4	100.2	98.4
	October	108.0	110.1	100.8	113.2	99.6	99.4	99.9	98.7	100.2	100.4	99.8	97.0
	November	107.9	110.0	100.7	112.4	99.9	99.9	99.9	99.3	100.4	100.4	100.1	97.4

^a In January 2013, the Croatian Bureau of Statistics started publishing consumer price indices on a new base (2010, while the old base was 2005). Therefore, the basic indices for the period from January 1998 to December 2012 have been recalculated to a new base (2010 = 100). ^b On the domestic market.

Source: CBS.

Table J1 Consumer price and producer price indices • The Central Bureau of Statistics (CBS) introduced the consumer price index (CPI) in early 2004. This indicator of price movements was compiled in accordance with the methodological principles laid down by the ILO and Eurostat. In its First Release, issued on 17 February 2004, the CBS published the data on movements in the CPI in January 2004 and the time series for the CPI as of January 2001. The CBS subsequently constructed the time series for the consumer price index encompassing the period

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

Table J2 Core consumer price indices

Year	Month	Basic indices, 2005 = 100			Chain indices			Year-on-year indices		
		Total	Goods	Services	Total	Goods	Services	Total	Goods	Services
1999	December	78.9	80.5	70.6	100.1	100.1	100.1	102.9	102.9	103.0
2000	December	81.5	82.9	74.2	100.4	100.4	100.2	103.3	103.0	105.0
2001	December	82.5	83.6	77.0	99.8	99.7	100.3	101.2	100.8	103.8
2002	December	83.5	84.4	78.9	100.0	100.1	99.4	101.2	101.0	102.4
2003	December	84.5	85.2	81.2	100.2	100.1	101.0	101.2	100.9	103.0
2004	December	86.5	87.0	83.6	100.1	100.1	100.4	102.3	102.2	102.9
2005	December	89.1	89.5	86.7	100.1	100.0	100.5	103.0	102.9	103.7
2006	December	91.1	91.5	88.9	99.8	99.7	100.3	102.3	102.2	102.5
2007	December	95.6	96.4	91.9	100.8	100.8	100.4	105.0	105.3	103.5
2008	December	99.6	100.2	96.5	99.4	99.3	100.2	104.2	104.0	105.0
2009	December	99.9	100.1	98.8	98.8	98.6	100.2	100.2	99.8	102.4
2010	December	99.9	100.2	98.6	99.1	99.0	99.7	100.1	100.1	99.8
2011	December	102.8	103.5	99.6	99.5	99.4	100.1	102.9	103.3	101.1
2012	December	104.9	105.4	102.5	99.4	99.2	100.0	102.0	101.9	102.8
2013	January	104.5	104.9	102.6	99.6	99.5	100.2	102.6	102.5	102.9
	February	104.6	104.9	102.8	100.0	100.0	100.2	102.9	102.9	102.9
	March	105.0	105.4	102.8	100.4	100.5	100.1	102.2	102.2	102.2
	April	105.8	106.3	103.2	100.8	100.9	100.3	102.0	101.9	102.2
	May	106.3	106.9	103.4	100.5	100.5	100.2	101.9	102.0	101.6
	June	106.2	106.7	103.7	99.9	99.9	100.3	102.0	102.2	101.1
	July	106.0	106.2	104.4	99.7	99.5	100.7	102.6	102.9	101.2
	August	105.6	105.9	103.9	99.7	99.7	99.5	102.4	102.9	100.4
	September	106.4	107.0	103.6	100.8	101.0	99.7	102.1	102.4	101.0
	October	106.7	107.3	103.6	100.2	100.3	100.0	101.1	101.3	100.3
	November	106.5	107.1	103.3	99.8	99.8	99.8	100.8	100.8	100.9

Source: CBS.

Table J2 Core consumer price indices • The core consumer price index is calculated by the Central Bureau of Statistics (CBS) in the manner that agricultural products prices and administrative prices (which among others include the prices of electricity and refined petroleum products) are excluded from the basket of goods and services used in the calculation of the total index. These two groups of products account for a total of 35.23% in the basket in 2013 (agricultural products 5.53 percentage points, and administrative products 29.70 percentage points) and are assigned a zero weight.

Table J3 Hedonic real estate price index • The Croatian National Bank started methodological work on developing a hedonic real estate price index (HREPI)² in 2008. By using data on realised transactions and estimates of realised transactions from the database of *Burza nekretnina* (Croatian association of real estate agencies) as input data, an econometric model was constructed to create a hedonic real estate price index (HREPI), which is methodologically consistent with the Eurosystem's Handbook on Residential Property Prices Indices³. From the

first quarter of 1997, the HREPI is reported on a quarterly and annual basis at the level of the Republic of Croatia and two regions: the City of Zagreb and the Adriatic coast. The main idea behind the methodology used to calculate the index is that buyers determine the usefulness of a real estate based on its characteristics and therefore it is necessary to determine the prices of those characteristics (attributes), the so-called implicit prices. However, as there is no market for individual attributes of residential property, their prices are estimated by simple econometric models. After estimating prices of individual attributes, it is possible to determine a *pure price* of each real estate property, i.e. a price adjusted by the impact of individual attributes of a given real estate, such as its location, floor area, the number of rooms, etc. The movements of pure prices are directly used to calculate the HREPI. Under this methodology, such an index, in contrast with indices based on average prices or medians of a square meter of floor space, adjusts price movements for possible biases in the data caused by the fact that, for example, an unusually large number of real estate properties of above- or below-average quality have been sold in a certain period.

2 The methodology used is described in detail in Kunovac, D. et al. (2008): *Use of the Hedonic Method to Calculate an Index of Real Estate Prices in Croatia*, Working Papers, W-19, CNB.

3 http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/methodology/hps/rppi_handbook

Table J3 Hedonic real estate price index

Year	Quarter	Basic indices, 2010 = 100			Year-on-year rate of change			Rate of change from the previous quarter		
		Croatia	Zagreb	Adriatic coast	Croatia	Zagreb	Adriatic coast	Croatia	Zagreb	Adriatic coast
1999		61.6	69.0	39.9	0.8	1.8	-3.6	....	....	....
2000		60.4	68.0	38.0	-2.0	-1.5	-4.8	....	....	....
2001		61.5	65.4	49.8	1.8	-3.7	31.1	....	....	....
2002		64.9	67.9	56.2	5.6	3.7	12.8	....	....	....
2003		67.0	70.8	55.8	3.2	4.2	-0.6	....	....	....
2004		74.4	78.0	64.0	11.1	10.2	14.5	....	....	....
2005		82.8	85.5	74.8	11.2	9.6	16.9	....	....	....
2006		97.5	101.7	85.0	17.7	18.9	13.7	....	....	....
2007		109.2	112.7	99.0	12.0	10.8	16.5	....	....	....
2008		113.0	115.7	105.2	3.5	2.7	6.2	....	....	....
2009		108.7	109.5	106.7	-3.8	-5.3	1.4	....	....	....
2010		100.0	100.0	100.0	-8.0	-8.7	-6.2	....	....	....
2011		96.4	95.0	99.6	-3.6	-5.0	-0.4	....	....	....
2012		97.3	97.0	97.9	1.0	2.2	-1.7	....	....	....
2011	Q1	96.3	95.5	98.3	-7.4	-9.0	-3.3	-2.4	-2.2	-3.1
	Q2	96.3	93.0	103.8	-4.8	-8.7	4.5	-0.1	-2.6	5.6
	Q3	95.7	95.1	97.2	-0.4	-0.5	-0.3	-0.6	2.3	-6.4
	Q4	97.1	96.2	99.2	-1.6	-1.4	-2.2	1.4	1.2	2.0
2012	Q1	101.1	100.7	102.1	5.0	5.4	3.9	4.1	4.6	3.0
	Q2	99.7	97.8	103.5	3.5	5.2	-0.3	-1.5	-2.8	1.4
	Q3	95.6	96.4	93.9	-0.2	1.3	-3.4	-4.1	-1.5	-9.3
	Q4	92.9	93.2	92.2	-4.4	-3.1	-7.0	-2.8	-3.3	-1.8
2013	Q1	85.7	88.4	79.8	-15.2	-12.2	-21.9	-7.7	-5.2	-13.5
	Q2	80.2	81.8	76.5	-19.6	-16.4	-26.1	-6.5	-7.5	-4.0
	Q3	79.4	80.3	77.5	-16.9	-16.7	-17.5	-0.9	-1.8	1.2

Table J4 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
1999	December	3,262.0	100.9	111.2	114.0
2000	December	3,499.0	99.9	107.3	108.9
2001	December	3,582.0	96.6	102.4	106.5
2002	December	3,839.0	98.0	107.2	105.0
2003	December	4,045.0	99.8	105.4	105.9
2004	December	4,312.0	99.1	106.6	105.9
2005	December	4,473.0	97.3	103.7	104.9
2006	December	4,735.0	97.0	105.9	105.2
2007	December	4,958.0	96.6	104.7	105.2
2008	December	5,410.0	100.3	109.1	107.0
2009	December	5,362.0	99.6	99.1	102.6
2010	December	5,450.0	97.6	101.7	100.6
2011	December	5,493.0	95.9	100.8	101.8
2012	December	5,487.0	96.6	99.9	100.7
2013	January	5,529.0	100.8	101.2	101.2
	February	5,447.0	98.5	101.6	101.4
	March	5,516.0	101.3	100.3	101.0
	April	5,478.0	99.3	101.4	101.1
	May	5,581.0	101.9	100.9	101.1
	June	5,486.0	98.3	99.9	100.9
	July	5,504.0	100.3	101.5	101.0
	August	5,513.0	100.2	99.5	100.8
	September	5,428.0	98.5	101.2	100.8

Source: CBS.

Table J5 Consumer confidence index, consumer expectations index and consumer sentiment index index points, original data

Year	Month	Composite indices			Response indices (I)						
		Consumer confidence index	Consumer expectations index	Consumer sentiment index	I1	I2	I3	I4	I7	I8	I11
1999	October	-33.7	-14.9	-46.3	-38.4	-12.1	-49.9	-17.6	35.5	-50.7	-69.7
2000	October	-20.9	3.5	-32.2	-26.2	1.2	-22.0	5.7	26.9	-48.3	-63.6
2001	October	-27.0	-11.4	-35.6	-29.6	-10.0	-35.9	-12.7	22.9	-41.3	-62.3
2002	October	-25.2	-8.3	-29.3	-22.6	-5.1	-31.2	-11.5	20.1	-34.1	-64.0
2003	October	-22.2	-4.5	-25.0	-21.5	-2.6	-26.5	-6.4	14.7	-27.1	-65.2
2004	October	-23.9	-7.9	-22.0	-19.1	-4.1	-30.5	-11.6	22.5	-16.5	-57.3
2005	December	-26.4	-13.7	-25.6	-16.4	-5.9	-34.4	-21.5	27.6	-25.9	-50.6
2006	December	-18.9	-4.7	-15.4	-10.9	1.1	-22.4	-10.5	16.9	-12.9	-49.4
2007	December	-24.7	-15.5	-24.5	-16.8	-9.8	-31.8	-21.2	12.8	-25.0	-54.8
2008	December	-42.0	-33.3	-40.9	-30.7	-25.9	-51.8	-40.6	43.4	-40.3	-57.9
2009	December	-46.8	-32.7	-47.6	-35.7	-22.6	-64.5	-42.8	63.9	-42.5	-58.0
2010	December	-42.9	-30.6	-48.7	-40.7	-21.7	-65.9	-39.4	55.7	-39.4	-54.8
2011	December	-23.6	-8.9	-43.1	-31.6	-5.5	-56.5	-12.3	25.0	-41.2	-51.4
2012	November	-47.4	-35.3	-50.3	-39.9	-26.9	-67.6	-43.6	59.7	-43.3	-59.5
	December	-47.1	-33.5	-52.6	-42.1	-23.1	-71.4	-43.9	59.1	-44.2	-62.3
2013	January	-44.2	-31.7	-48.0	-38.4	-22.5	-64.5	-40.9	55.2	-41.1	-58.0
	February	-43.6	-32.0	-51.0	-39.9	-23.9	-68.8	-40.1	52.0	-44.4	-58.5
	March	-41.2	-30.0	-52.0	-42.0	-22.2	-67.2	-37.7	45.8	-46.7	-59.2
	April	-39.0	-27.3	-49.6	-41.7	-17.7	-65.2	-36.8	41.2	-41.9	-60.3
	May	-37.7	-27.4	-48.5	-39.1	-17.1	-65.3	-37.7	37.3	-41.0	-58.8
	June	-34.6	-24.1	-44.7	-34.4	-17.9	-61.6	-30.3	32.9	-38.1	-57.3
	July	-25.4	-13.4	-40.5	-30.6	-10.4	-54.2	-16.4	19.2	-36.6	-55.4
	August	-28.6	-15.3	-38.7	-31.1	-8.6	-52.4	-21.9	34.0	-32.7	-49.7
	September	-33.4	-20.4	-40.9	-33.1	-14.3	-55.4	-26.4	38.3	-34.1	-54.5
	October	-38.2	-26.7	-46.6	-37.2	-18.0	-62.5	-35.3	43.9	-40.1	-55.6

Sources: Ipsos Puls and CNB.

Table J4 Consumer confidence index, consumer expectations index and consumer sentiment index • The 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 survey was conducted once a quarter (in January, April, July and October). As of May 2005, the survey is carried out in monthly frequency in cooperation with the European Commission, using its technical and financial assistance.

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

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

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

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

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

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

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

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

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

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

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

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

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

The components of composite indices are as follows:

CCI: I2, I4, I7 × (-1), I11

CEI: I2, I4

CSI: I1, I3, I8.

List of banks and savings banks

1 December 2013

Authorised banks

- 1 Banco Popolare Croatia d.d., Zagreb
- 2 Banka Kovanica d.d., Varaždin
- 3 Banka splitsko-dalmatinska d.d., Split
- 4 BKS Bank d.d., Rijeka
- 5 Croatia banka d.d., Zagreb
- 6 Erste & Steiermärkische Bank d.d., Rijeka
- 7 Hrvatska poštanska banka d.d., Zagreb
- 8 Hypo Alpe-Adria-Bank d.d., Zagreb
- 9 Imex banka d.d., Split
- 10 Istarska kreditna banka Umag d.d., Umag
- 11 Jadranska banka d.d., Šibenik
- 12 Karlovačka banka d.d., Karlovac
- 13 KentBank d.d., Zagreb
- 14 Kreditna banka Zagreb d.d., Zagreb
- 15 Nava banka d.d., Zagreb
- 16 OTP banka Hrvatska d.d., Zadar
- 17 Partner banka d.d., Zagreb
- 18 Podravska banka d.d., Koprivnica
- 19 Primorska banka d.d., Rijeka
- 20 Privredna banka Zagreb d.d., Zagreb
- 21 Raiffeisenbank Austria d.d., Zagreb
- 22 Samoborska banka d.d., Samobor
- 23 Sberbank d.d., Zagreb
- 24 Slatinska banka d.d., Slatina
- 25 Soci t  G n rale – Splitska banka d.d., Split
- 26  tedbanka d.d., Zagreb
- 27 Vaba d.d. banka Varaždin, Varaždin
- 28 Veneto banka d.d., Zagreb
- 29 Zagrebačka banka d.d., Zagreb

Authorised savings banks

- 1 Tesla  tedna banka d.d., Zagreb

Authorised housing savings banks

- 1 HPB – Stambena  tedionica d.d., Zagreb
- 2 PBZ stambena  tedionica d.d., Zagreb
- 3 Prva stambena  tedionica d.d., Zagreb
- 4 Raiffeisen stambena  tedionica d.d., Zagreb
- 5 W stenrot stambena  tedionica d.d., Zagreb

Other institutions

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

Representative offices of foreign banks

- 1 BKS Bank AG, Zagreb
- 2 Commerzbank Aktiengesellschaft, Zagreb
- 3 Deutsche Bank AG, Zagreb
- 4 LHB Internationale Handelsbank AG, Zagreb

Banks and savings banks undergoing bankruptcy proceedings

Name of bank/savings bank	Date of bankruptcy proceedings opening
1 Agroobrtnička banka d.d., Zagreb	14/6/2000
2 Alpe Jadran banka d.d., Split	15/5/2002
3 Centar banka d.d., Zagreb	30/9/2013
4 Credo banka d.d., Split	16/1/2012
5 Glumina banka d.d., Zagreb	30/4/1999
6 Gradska banka d.d., Osijek	3/5/1999
7 Hrvatska gospodarska banka d.d., Zagreb	19/4/2000
8 Ilirija banka d.d., Zagreb	6/4/1999
9 Trgovačko-turistička banka d.d., Split	8.9/2000
10 �upanjska banka d.d., �upanja	3/5/1999

Banks and savings banks undergoing winding-up proceedings

Name of bank/savings bank	Date of winding-up proceedings initiation
1 Investicijsko-komercijalna �tedionica d.d., Zagreb	31/5/2000
2 Kri�evačka banka d.d., Kri�evci	3/1/2005
3 Obrtnička �tedna banka d.d., Zagreb	22/12/2010
4 Primus banka d.d., Zagreb	23/12/2004
5 �tedionica Dora d.d., Zagreb	1/1/2002
6 �tedionica Zlatni vrutak d.d., Zagreb	28/12/2001

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

Name of bank/savings bank	Date of withdrawal of authorisation
1 Hibis �tedionica d.d., Zagreb	7/3/2001
2 Zagrebačka �tedionica d.d., Zagreb	22/3/2000

Management of the Croatian National Bank

1 December 2013

Members of the Council of the Croatian National Bank

Chairman of the Council	Boris Vujčić
Members of the Council	Neven Barbaroša
	Bojan Fras
	Michael Faulend
	Relja Martić
	Damir Odak
	Tomislav Presečan
	Vedran Šošić

Management of the CNB

Governor	Boris Vujčić
Deputy Governor	Relja Martić
Vicegovernor	Vedran Šošić
Vicegovernor	Damir Odak
Vicegovernor	Tomislav Presečan
Vicegovernor	Bojan Fras
Vicegovernor	Michael Faulend
Vicegovernor	Neven Barbaroša

Executive directors

Research and Statistics Area	Ljubinko Jankov
Central Banking Operations Area	Irena Kovačec
Prudential Regulation and Supervision Area	Željko Jakuš
Payment Operations Area	Ivan Biluš
International Relations Area	Sanja Tomičić
Planning, Controlling and Accounting Area	Diana Jakelić
Information Technology Area	Mario Žgela
Support Services Area	Boris Ninić



ISSN 1334-0050 (online)

