

Bulletin 132

year xii • december 2007 quarterly report



CROATIAN NATIONAL BANK

Croatian National Bank

BULLETIN

PUBLISHER Croatian National Bank
Publishing Department
Trg hrvatskih velikana 3, 10002 Zagreb
Phone: 385-1-4564-555
Contact phone: 385-1-4565-006
Fax: 385-1-4564-687

WEBSITE <http://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.

Printed in 600 copies

ISSN 1331-6028

Croatian National Bank

BULLETIN

Zagreb, 2007

General Information on Croatia

Economic Indicators

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|----------|
| Area (square km) | 56,538 | 56,538 | 56,538 | 56,538 | 56,538 | 56,538 | 56,538 | 56,538 | 56,538.0 |
| Population (million) | 4.501 | 4.554 | 4.381 | 4.437 | 4.443 | 4.442 | 4.439 | 4.442 | 4.441 |
| GDP (million HRK, current prices) | 137,604 | 141,579 | 152,519 | 165,639 | 181,231 | 198,422 | 214,983 | 231,349 | 250,590 |
| GDP (million EUR, current prices) ^a | 19,274 | 18,673 | 19,977 | 22,171 | 24,468 | 26,232 | 28,681 | 31,263 | 34,220 |
| GDP per capita (in EUR) | 4,282 | 4,100 | 4,560 | 4,997 | 5,507 | 5,905 | 6,461 | 7,038 | 7,706 |
| GDP – year-on-year rate of growth (in %, constant prices) | 2.5 | -0.9 | 2.9 | 4.4 | 5.6 | 5.3 | 4.3 | 4.3 | 4.8 |
| Average year-on-year inflation rate ^b | 5.7 | 4.0 | 4.6 | 3.8 | 1.7 | 1.8 | 2.1 | 3.3 | 3.2 |
| Current account balance (million EUR) | -1,308 | -1,429 | -568 | -821 | -2,099 | -1,889 | -1,454 | -1,988 | -2,644* |
| Current account balance (as of % GDP) | -6.8 | -7.7 | -2.8 | -3.7 | -8.6 | -7.2 | -5.1 | -6.4 | -7.7 |
| Exports of goods and services (as of % GDP) | 39.8 | 41.0 | 47.1 | 48.8 | 45.5 | 50.1 | 49.7 | 48.9 | 49.7 |
| Imports of goods and services (as of % GDP) | 49.1 | 49.3 | 52.3 | 54.6 | 56.4 | 57.9 | 56.5 | 55.9 | 57.4 |
| External debt (million EUR, end of year) ^c | 9,173 | 10,175 | 12,264 | 13,609 | 15,143 | 19,884 | 22,933 | 25,748 | 29,221* |
| External debt (as of % GDP) | 47.6 | 54.5 | 61.4 | 61.4 | 61.9 | 75.8 | 80.0 | 82.4 | 85.4* |
| External debt (as of % exports of goods and services) | 119.4 | 133.0 | 130.2 | 125.9 | 136.1 | 151.3 | 161.0 | 168.6 | 171.9* |
| External debt service (as % of exports of goods and services) ^{c,d} | 12.3 | 24.6 | 26.2 | 28.2 | 29.8 | 21.3 | 22.0 | 24.4 | 35.1* |
| Gross international reserves (million EUR, end of year) | 2,400 | 3,013 | 3,783 | 5,334 | 5,651 | 6,554 | 6,436 | 7,438 | 8,725 |
| Gross international reserves (in terms of months of imports of goods and services, end of year) | 3.0 | 3.9 | 4.3 | 5.3 | 4.9 | 5.2 | 4.8 | 5.1 | 5.3 |
| National currency: Croatian kuna (HRK) | | | | | | | | | |
| Exchange rate on 31 December (HRK : 1 EUR) | 7.3291 | 7.6790 | 7.5983 | 7.3700 | 7.4423 | 7.6469 | 7.6712 | 7.3756 | 7.3451 |
| Exchange rate on 31 December (HRK : 1 USD) | 6.2475 | 7.6477 | 8.1553 | 8.3560 | 7.1457 | 6.1185 | 5.6369 | 6.2336 | 5.5784 |
| Average exchange rate (HRK : 1 EUR) | 7.1392 | 7.5818 | 7.6339 | 7.4710 | 7.4070 | 7.5642 | 7.4957 | 7.4000 | 7.3228 |
| Average exchange rate (HRK : 1 USD) | 6.3623 | 7.1220 | 8.2874 | 8.3392 | 7.8725 | 6.7044 | 6.0312 | 5.9500 | 5.8392 |
| Consolidated general government balance (as % of GDP) ^e | .... | -7.1 | -7.5 | -6.8 | -4.9 | -6.2 | -4.8 | -4.0 | -3.0 |
| Public debt (as % of GDP) ^f | .... | .... | 48.7 | 49.8 | 48.8 | 48.6 | 48.9 | 49.2 | 46.6 |
| Unemployment rate (ILO, persons above 15 years of age) ^g | 11.4 | 13.6 | 16.1 | 15.8 | 14.8 | 14.3 | 13.8 | 12.7 | 11.2 |
| Employment rate (ILO, persons above 15 years of age) ^g | 47.0 | 44.8 | 42.6 | 41.8 | 43.3 | 43.1 | 43.5 | 43.3 | 43.6 |

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

^b From 1996 to 1998, the rate of inflation was measured by the retail price index. From 1999 on, it is measured by the consumer price index.

^c External debt indicators for the period 1998-2006 are shown on a gross basis, while the indicators for the period up to 1997 do not include interest arrears and accrual interest, hybrid and subordinated instruments, repo transactions of banks and the CNB, deposits of international financial institutions with the CNB, and one-side effects of the secondary bond market.

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

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

^f Public debt includes general government debt and issued government guarantees.

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

Sources: CBS, MoF and CNB.

Contents

Quarterly Report

Introduction / 3

Demand / 5

Foreign Demand / 6

Domestic Demand / 7

Personal Consumption / 7

Investment Consumption / 8

Government Consumption / 9

Output / 9

Industry / 10

Trade / 10

Construction / 11

Hotels and Restaurants / 11

Transport and Communications / 12

Labour Market / 12

Unemployment and Employment / 12

Employment / 13

Wages and Labour Costs / 14

Prices / 15

Box 1: The Effect of Food Price Trends on Trends in the Overall CPI in Croatia / 18

Exchange Rate / 20

Monetary Policy and Instruments / 22

Monetary Environment / 22

Uses of Instruments of Monetary Policy / 22

Reserve Money and International Reserves / 24

Monetary Developments / 25

Total Liquid Assets / 25

Money / 25

Non-Monetary Deposits / 26

Placements / 26

Bank Placements to the Central Government / 27

Box 2: The Effects of the Decision on the Purchase of Compulsory CNB Bills / 28

Foreign Assets and Liabilities / 29

Money Market / 30

Money Market Interest Rates / 30

Banks' Interest Rates / 32

Capital Market / 33

Equity Securities Market / 34

Debt Securities Market / 36

International Transactions / 38

Current Account / 38

Trade in Goods / 39

Capital and Financial Transactions / 41

External Debt / 42

International Liquidity / 43

Government Finance / 43

Fiscal Policy Features in the First Nine Months of 2007 / 43

Consolidated General Government Revenues / 44

Consolidated General Government Expenditures / 44

Operating Balance and Transactions in Non-Financial

Assets and Financial Assets and Liabilities / 45

Consolidated General Government Balance on a Cash Basis and Modified Accrual Basis / 46

Government Debt / 46

Statistical Survey

A. Monetary and Credit Aggregates

Table A1: Monetary and Credit Aggregates / 52

B. Monetary Institutions

Table B1: Monetary Survey / 53

Table B2: Number of Reporting Banks and Savings Banks and their Classification by Total Assets / 54

C. Monetary Authorities

Table C1: Monetary Authorities Accounts / 55

D. Banks

Table D1: Banks' Accounts / 57

Table D2: Banks' Foreign Assets / 58

Table D3: Banks' Claims on the Central Government and Funds / 59

Table D4: Banks' Claims on Other Domestic Sectors / 59

Table D5: Distribution of Banks' Loans by Domestic Institutional Sectors / 60

Table D6: Demand Deposits with Banks / 60

Table D7: Time and Savings Deposits with Banks / 61

Table D8: Foreign Currency Deposits with Banks / 61

Table D9: Bonds and Money Market Instruments / 62

Table D10: Banks' Foreign Liabilities / 62

Table D11: Central Government and Funds' Deposits with Banks / 63

Table D12: Restricted and Blocked Deposits with Banks / 63

Figure D1: Distribution of Banks' Loans by Domestic Institutional Sectors / 64

Figure D2: Distribution of Banks' Deposits by Domestic Institutional Sectors / 64

E. Housing Savings Banks

Table E1: Housing Savings Banks' Accounts / 65

F. Monetary Policy Instruments and Liquidity

Table F1: Credit Rates of the Croatian National Bank / 66

Table F2: Deposit Rates of the Croatian National Bank / 67

Table F3: Banks' Reserve Requirements / 68

Table F4: Banks' Liquidity Indicators / 69

G. Financial Markets

Table G1: Banks' Interest Rates on Kuna Credits Not Indexed to Foreign Currency / 70

Table G2: Banks' Interest Rates on Kuna Credits Indexed to Foreign Currency and on Credits in Euros / 71

Table G3: Banks' Interest Rates on Kuna Deposits Not Indexed to Foreign Currency / 72

Table G4a: Banks' Interest Rates on Kuna Deposits Indexed to Foreign Currency and on Foreign Currency Deposits / 73

Table G4b: Banks' Interest Rates on Kuna Deposits Indexed to Foreign Currency and on Foreign Currency Deposits / 74

Table G5: Banks' Trade with Foreign Exchange / 75

H. International Economic Relations

Table H1: Balance of Payments – Summary / 76

Table H2: Balance of Payments – Goods and Services / 77

Table H3: Balance of Payments – Income and Current Transfers / 78

Table H4: Balance of Payments – Direct and Portfolio Investments / 79

Table H5: Balance of Payments – Other Investment / 80

Table H6: Balance of Payments – Summary / 81

Table H7: International Reserves and Banks' Foreign Currency Reserves^a / 82

Table H8: International Reserves and Foreign Currency Liquidity / 83

Table H9: Midpoint Exchange Rates of the Croatian National Bank (period average) / 85

Table H10: Midpoint Exchange Rates of the Croatian National Bank (end of period) / 86

Table H11: Indices of the Effective Exchange Rate of the Kuna / 87

Table H12: Gross External Debt by Domestic Sectors / 88

Table H13: Public Sector Gross External Debt, and Publicly Guaranteed and Non-Publicly Guaranteed Private Sector Gross External Debt / 90

Table H14: Gross External Debt by Domestic Sectors and Projected Future Payments / 91

Table H15: Gross External Debt by Other Sectors / 93

Table H16: International Investment Position – Summary / 95

Table H17: International Investment Position – Direct Investment / 96

Table H18: International Investment Position – Portfolio Investment / 96

Table H19: International Investment Position – Other Investment / 97

I. Government Finance – Selected Data

Table I1: Consolidated Central Government According to the Government Level / 98

Table I2: Budgetary Central Government Operations / 99

Table I3: Central Government Debt / 100

J. Non-Financial Statistics – Selected Data

Table J1: Consumer Price and Producer Price Indices / 101

Table J2: Core Consumer Price Indices / 102

Table J3: Average Monthly Net Wages / 102

Table J4: Consumer Confidence Index, Consumer Expectations Index and Consumer Sentiment Index / 103

List of Banks and Savings Banks / 105

Management of the Croatian National Bank / 106

List of Abbreviations and Symbols / 107

Quarterly Report

Introduction

Real GDP rose at an annual rate of 6.8% in the first quarter 2007, accelerating sharply compared with the previous two years. These trends were a result of strong personal consumption growth, which was in line with favourable labour market trends and increased consumer optimism. Investment consumption also contributed significantly to GDP growth, with both public and private investments rising at high rates, whereas government consumption increased moderately. Also in this period, goods and services exports increased due to positive trends in Croatia's export markets, outstripping imports, so that net foreign demand's negative contribution to total economic growth reduced considerably. GVA grew at a high annual rate in the first six months of 2007, which was slightly more pronounced in service activities (excluding the public sector), markedly high in financial intermediation and hotels and restaurants, and somewhat lower in industry, the most important segment of the economy.

According to recent monthly indicators for the third quarter, both domestic and foreign demand for investment and consumer goods stabilised, which is expected to slow down real GVA growth in significant production and (non-financial) service activities. Industrial production, as shown by seasonal and calendar adjusted data, increased at almost half the rate from the beginning of the year. Retail trade turnover also decelerated, despite having risen sharply in real terms in July, and especially in August, due to the contraction in September, most likely brought about by citizens temporarily cutting their spending in order to participate in T-HT's IPO. However, this period saw good performance in tourism, although volume indicators increased at slightly lower annual rates than in the first half of the year, and construction activity recovered.

An analysis of trends in aggregate demand components, based on relevant data available for the third quarter 2007, shows that personal consumption continued growing at a relatively high pace, while the dynamics of the main financing sources changed to some extent. This is corroborated by quality CNB's survey data on changes in consumer optimism, relating to the same period. The indicators for the third and the beginning of the fourth quarter 2007 suggest that investment consumption will continue to rise in the second half of the year, although at somewhat slower rates than in the first half. In addition, based on the comparison of consolidated general government revenues and expenditures in the first nine months of 2007 with the amount planned for the whole year, it can be concluded that government consumption will continue to increase in real terms in the remaining part of the year. However, this should produce no significant impact on its contribution to overall GDP.

High and stable economic growth resulted in positive labour market trends. The latest available results of the Labour Force Survey, published quarterly since the beginning of 2007, and not semi-annually as done before, show that the second quarter 2007 was marked by positive developments. These include a decrease in unemployment coupled by an increase in employment and the consequent reduction in the

Labour Force Survey unemployment rate to 9.1%. As shown by the data of the CES, CBS and CPIA, favourable labour market trends continued in the third quarter. The registered unemployment rate reached its lowest level since 1997 in August and employment increased further. The average real gross wage grew at a slightly accelerated annual rate of 3.6% in the third quarter, while the annual rate of change of the average real net wage stagnated at 2.4%, the level achieved in the previous quarter. However, due to the effect of tax progression, the growth of the average real net wage was slower than that of the average real gross wage. Thanks to markedly stronger growth of industrial labour productivity in the same period, price pressures stemming from the labour market were subdued.

Relative price stability in Croatia in the first seven months of 2007 was followed by a marked increase in the inflation rate in the period from August to October. The annual consumer price inflation rate thus rose from 2.1% in July to 4.3% in October. Inflationary pressures in that period mainly resulted from the price increase of agricultural and industrial food products. The annual growth of agricultural products prices accelerated from 1.4% in July to 20% in October, which was due both to drought and the increase in world market prices of some food raw materials, especially cereals and oilseeds. Imported inflationary pressures also arose from the increase in world market prices of crude oil which spilled over into domestic refined petroleum products prices. Croatia's other price indicators also increased, reflecting these unfavourable trends. Core inflation accelerated from 2.4% in July to 3.4% in October, due primarily to the price increase of some food products (especially bread and other bakery products, meat, milk, cheese and eggs and oil and fat). Domestic industrial producer prices jumped from 3.0% annually in July to 4.9% in October, which was primarily caused by the increase in the prices of intermediate goods, energy and non-durable consumer goods.

The inflation increase in the domestic economy was alleviated by a stable kuna/euro exchange rate. The nominal exchange rate of the kuna depreciated by 0.4% against the euro in the first two months of the fourth quarter 2007, with the euro value rising from HRK 7.28 on 30 September to HRK 7.31 on 30 November. The kuna/euro exchange rate appreciated in the second half of September and in early October due to strong growth of demand for the kuna intended for the subscription of T-HT shares. In an effort to ensure required kuna liquidity and alleviate appreciation pressures on the kuna exchange rate, the central bank intervened in the foreign exchange market, purchasing EUR 355.2m from banks at the auction held on 1 October. The kuna/euro exchange rate depreciated slightly in the remainder of October, due to increasing foreign exchange demand on the domestic market, remaining stable in November. The kuna depreciated by 0.4% against the euro and by 1.1% against the Swiss franc in the first two months of the fourth quarter, appreciating by 3.4% and 1.8% respectively against the US dollar and the pound sterling, with the result that the index of the daily nominal effective exchange rate of the kuna appreciated by 0.6% from 30 September to 30 November.

The latest available data on the index of the real effective

exchange rate of the kuna point to a mild worsening of export price competitiveness. In the period from December 2006 to September 2007, this index appreciated by 3.1%, deflated by producer prices, and by 2.7% deflated by consumer prices. The average monthly index of the nominal effective exchange rate of the kuna appreciated by 1.9% in the same period, primarily due to the significant appreciation of the kuna exchange rate against the US dollar. The differences between the appreciation rates of the index of the nominal effective and the real effective kuna exchange rate arose from the faster growth of domestic prices relative to foreign prices (Switzerland, the eurozone and Great Britain).

Monetary developments in the second half of 2007 confirmed the efficiency of monetary policy instruments. This primarily refers to the slowdown in bank placements to the non-banking sector, down from 21.2% annually at end-June to 17.0% at end-October. The decrease in bank lending was predominantly the effect of the Decision on the purchase of compulsory CNB bills, whose provisions were further tightened around mid-2007. However, as some banks' lending growth was not adjusted to the prescribed monthly limit of 0.5%, significant amounts of compulsory CNB bills were purchased in that period. On the other hand, the increase in eurozone benchmark interest rates improved the efficiency of the Decision on the marginal reserve requirement, with the result that banks continued to reduce their external liabilities and stimulate domestic savings.

Total liquid assets (M4) continued to expand strongly in the second half of 2007. Both components of M4, money and quasi-money, increased sharply during the summer months, as common due to the seasonal increase in demand for transaction money and currency and foreign exchange inflow from tourism. During the public offering of T-HT shares in late September, instabilities were recorded both on the money market and the foreign exchange market, and almost all monetary aggregates decreased. In response to strong demand for the kuna during the period of submission of binding bids for the purchase of shares and related appreciation pressures on the kuna exchange rate, the central bank intervened by purchasing foreign exchange from banks and creating higher than usual amounts of liquidity at reverse repo auctions. Monetary aggregates rebounded in October following the IPO's completion as the excess of funds paid for the purchase of shares was transferred back to payers' accounts. In such circumstances, the central bank, aiming to avoid creating excess liquidity and prevent depreciation pressures, postponed repo auctions until mid-November and the new reserve requirement calculation period, while banks made increased use of Lombard loans in that period. The increase in money market interest rates prompted banks to offer higher and differentiated interest rates at the auctions in November in order to ensure that the needed funds would be raised. The CNB increased the marginal repo rate at these auctions (to 4% at the last auction in November), accepting half of the total submitted bids.

The sharp increase in domestic sources of funds and slowdown in placements enabled banks to considerably reduce their external liabilities in the second half of 2007. Their foreign assets also increased sharply in the third quarter and

in the beginning of the fourth quarter due to the increase in foreign currency liabilities and the requirement to maintain foreign currency liquidity at a minimum of 32%. These trends in foreign assets and liabilities improved the external position of banks by as much as HRK 16.5bn in the first ten months of 2007.

Money market interest rates dropped briefly in the period from early July to the middle of August 2007, rebounded by the end of the third quarter due to the surge in demand for reserve money and continued to grow in October and November, remaining, however, highly volatile throughout the whole period. The weighted monthly interest rate on overnight loans in direct interbank trading rose from 5.98% in June to 6.05% in September and 7.61% in November 2007. Interest rates at MoF T-bill auctions held in the third quarter 2007 increased gradually over the whole period. However, the spread between interest rates on those bills and interest rates in direct trading in reserve money remained negative.

Interest rates on short-term household loans not indexed to foreign currency stopped climbing in the third quarter and in October 2007, while interest rates on short-term corporate loans not indexed to foreign currency drifted higher. Banks' interest rates on long-term loans indexed to foreign currency increased in that period. Banks' interest rates on kuna time deposits not indexed to foreign currency rose at an accelerated rate, whereas interest rates on foreign currency time deposits grew more slowly. These interest rate trends resulted from the increase in European interest rates and adjustments of banks to CNB measures.

The Croatian capital market was in the third quarter 2007 marked by the volatility of the domestic stock exchange index, due to a large extent to the continued privatisation of T-HT through the public offering of shares, and to a small extent to ongoing turbulences in global financial markets, undergoing a crisis set off by the difficulties in the US subprime mortgage market. Owing to the uncertainty in the capital market, share turnover dropped from the second quarter and the number of transactions decreased.

In the third quarter 2007, the positive balance in the current account remained unchanged from the same period in the previous year. The foreign trade deficit slowed its annual growth, which was primarily because of the slowdown in trade in energy products. Net income from services (especially tourism) increased at an accelerated annual rate in the same period, while the deficit in the factor income account decreased, predominantly due to strong performance in revenues, and especially to the increase in central bank revenues generated by international reserves investments. Only the trends in the current transfers account made an adverse impact on the stabilisation of net revenues in the current account in the third quarter 2007.

Total goods exports increased by 12.9% in the first nine months of 2007, in constant exchange rate terms, slowing down considerably compared with the same period in the previous year. This slowdown can to a large extent be attributed to the fall in exports of energy products, especially natural and manufactured gas and electric current. Exports of other transport equipment (predominantly ships), electrical machinery, apparatus and appliances and oil and refined

petroleum products recorded the highest increase in that period. Total goods imports also decelerated, falling from 15.9% in the first ten months of 2006 to 12.8% in the same period in 2007. This was primarily due to the drop in imports of natural and manufactured gas and sugar, but also to a slower increase in the imported value of oil and refined petroleum products. In contrast, imports growth in that period was mainly attributed to accelerated imports of road vehicles, iron and steel and capital goods.

The account of capital and financial transactions recorded a small decrease in inflows from foreign direct investments in Croatia compared with the same period in 2006, which was in consequence of the decrease in direct debt investments (primarily hybrid and subordinated instruments of banks). Direct equity investments, including retained earnings, increased markedly in the same period, primarily on account of recapitalisations of some foreign owned banks and investments in the manufacture of food products and beverages.

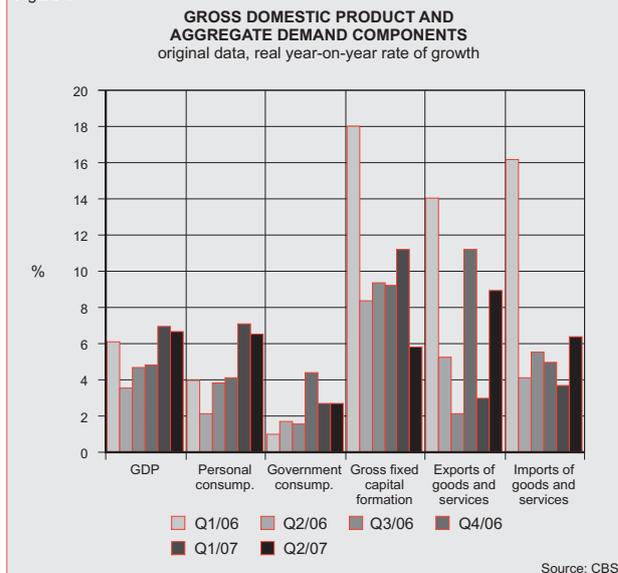
Total external debt increased slightly in the third quarter relative to the end of the second quarter. The increase in the debt of enterprises was almost completely offset by the sharp fall in banks' external liabilities and the decrease in the external debt of the government sector. The debt of banks decreased as a result of CNB's measures and the positive effect of seasonal foreign currency inflows. The increase in the enterprises' debt in the third quarter was accounted for by other enterprises and non-banking financial institutions (mostly leasing companies), as well as by public enterprises, primarily the EUR 300m bond issue by Zagrebački holding in July. Although external debt increased considerably in October, its annual growth rate was lower than that in the third quarter of 2007 and the one in the same month in the previous year.

Fiscal developments were mostly positive in the first nine months of 2007. Revenues increased at a high annual rate of 13.9%, which was significantly higher than the expenditure growth rate of 9.5%. This increase was due to the strong upturn in the economy, favourable labour market trends, accelerated annual growth rate of goods imports and modest growth of consumer goods prices. Government investments continued rising at a strong pace, driven primarily by new investments in road infrastructure. These trends resulted in a sharp decrease in the general government deficit and reduced borrowing requirements. The government met its financing needs in the largest degree on the domestic market, in an effort to reduce its external exposure and contribute to the stabilisation of the external debt to GDP ratio. Positive trends in the area of government finance are expected to continue in the remaining part of 2007, with a slightly faster increase in expenditures and capital investments, so that the deficit for the whole year is expected to reach 2.6% of GDP.

Demand

The first half of 2007 saw an economic boost due to a noticeable strengthening of personal consumption and investment. GDP at constant prices went up 6.8% in the first six months of the year compared with the same period in 2006¹ when economic activity grew at a real rate of 4.8%. Viewed

Figure 1



quarterly, the real growth rates were 7.0% and 6.6% in the first and second quarters of 2007 respectively.

Strong growth of personal consumption, which accounts for almost two thirds of total economic growth, continued during the second quarter. However, gross fixed capital formation rose at a considerably slower pace in the observed period relative to the first quarter, probably due to a more moderate private sector capital investment, accompanied by a decline in the volume of public investment. As a result, its overall contribution to GDP growth was almost half as big as at the beginning of 2007. Government consumption rose at a rate of 2.7% over the first two quarters, its contribution to real GDP growth slightly exceeding the previous year's average. By contrast, demand for imported goods strengthened over the second quarter, slightly accelerating the growth of goods and services imports relative to the first quarter. However, given the markedly stronger foreign demand for domestic products, the negative contribution of net exports declined considerably relative to the beginning of the year.

According to high-frequency economic activity indicators available much before the publishing of the official CBS quarterly GDP estimate for the third quarter,² the beginning of the second half of 2007 was marked by positive economic developments. However, there were signs of stabilisation in domestic and foreign demand for investment goods, but also for consumer goods over the third quarter, which is most likely to result in slightly slower but still strong growth of GVA in major production and (non-financial) service activities compared with the first half of the year. This is supported by recent volume indicators of economic activity, as well as the changes in the CNB's Consumer Confidence Survey results. The period from July to September 2007 saw an annual decline in industrial production, real retail trade turnover and

1 The Central Bureau of Statistics (CBS) data on GDP for the period from the first quarter of 2005 to the second quarter of 2007 are based on quarterly GDP estimates and are therefore preliminary.

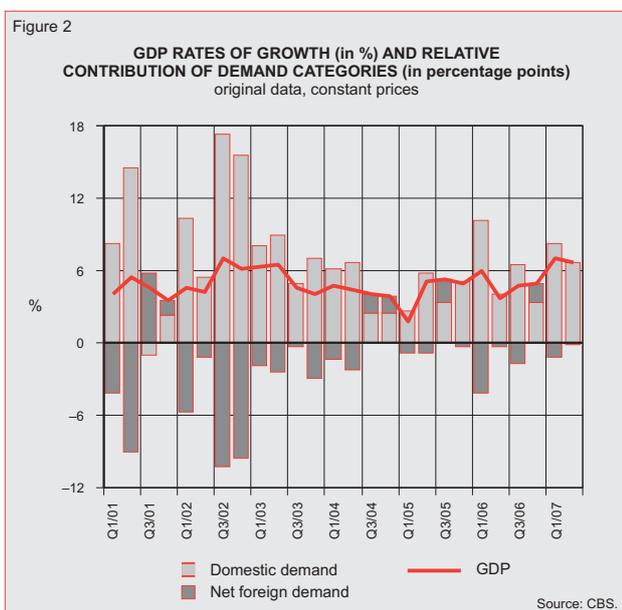
2 According to the CBS Advance Release Calendar for 2007, the quarterly GDP estimate results for the third quarter will be published on 28 December 2007.

the number of tourist arrivals and overnight stays, while the annual production dynamics of construction recovered (according to the July and August data).

Foreign Demand

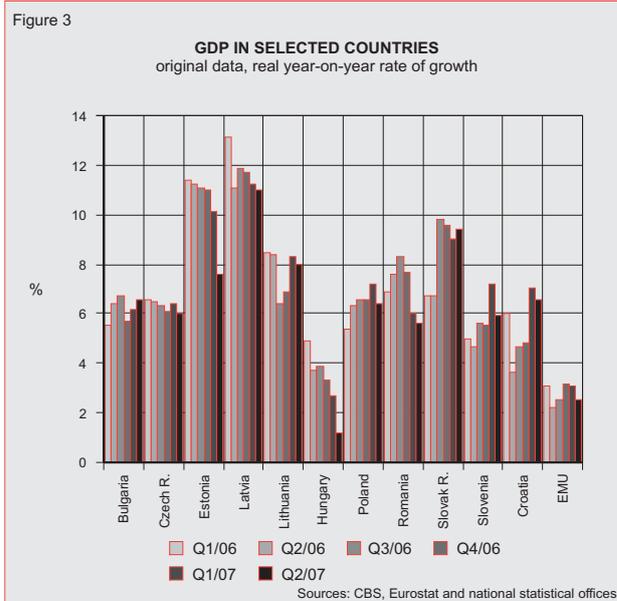
According to quarterly GDP estimate, international trade performance was moderate early in the year, despite the dynamic economic growth. However, international trade strengthened as early as the second quarter. Goods and services exports accelerated to 8.9%, making a significant contribution to total real GDP growth (4.1 percentage points). The annual growth of goods and services imports was slightly slower (6.4%) in this period, thus easing external imbalance.

Viewed semi-annually, total annual exports dynamics (6.3%) slightly outperformed the total imports dynamics (5.2%). However, as the imports of goods and services were almost twice as high as their exports, net foreign demand contributed negatively to GDP growth (0.6 percentage points).



Relatively strong economic growth over the first half of 2007 was recorded in most countries that had joined the EU in the two recent accession waves, providing an impetus to domestic production and the exports of goods and services. As suggested by the national statistical offices' data⁵ for the second quarter of 2007, exceptionally strong growth was recorded in the Baltic group of countries (Estonia, Latvia and Lithuania), with GDP growth ranging from 7.6% to 11.0%. Over the observed period, an exceptionally high growth rate was recorded in Slovakia, 9.4%. Somewhat lower, but still high rates were observed in Slovenia, Bulgaria, Poland and the Czech Republic, whereas Hungary was the slowest-growing economy. Like in the eurozone, the second quarter was marked by more moderate GDP growth in most observed countries relative to the beginning of the year.

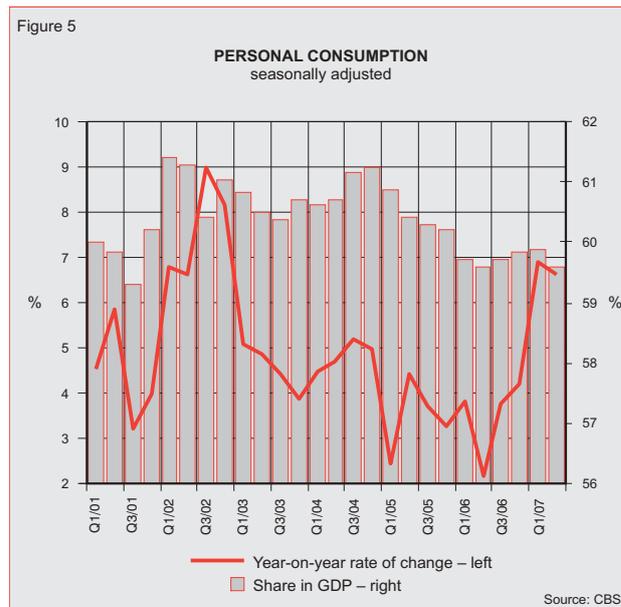
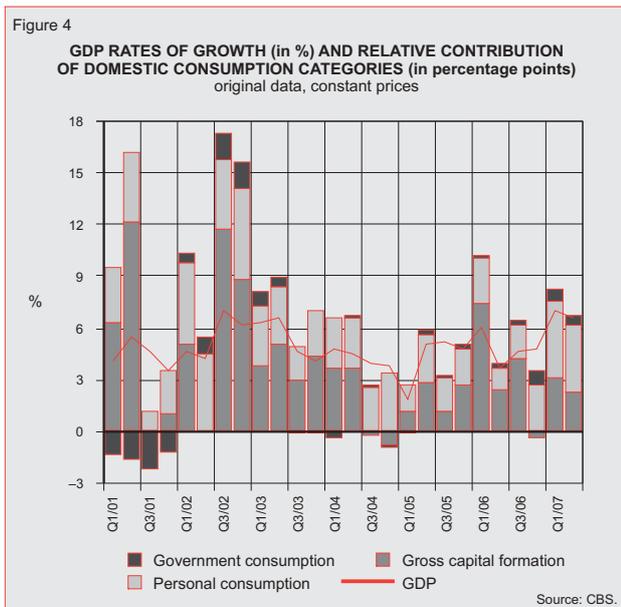
⁵ The national statistical offices' data are subject to usual revisions within the national account statistics, and therefore discrepancies are possible between some data mentioned here and those published in previous CNB publications.



The Eurostat's flash estimate of GDP growth in the euro area for the third quarter of 2007 suggests a mild acceleration of economic growth in this group of countries early in the second half of the year, from 2.5% in the second to 2.6% in the third quarter, seasonally and calendar adjusted. The most recent Quarterly Report on the Euro Area⁴ of the Directorate-General for Economic and Financial Affairs suggests a mild annual acceleration of real GDP growth in the euro area, also predicting a renewed economic slowdown in this group of countries over the last quarter. Interestingly, the most recent results of the EU Consumer and Business Confidence Survey (available for the first ten months of 2007), also point to a further drop in business and consumer optimism, observed since the beginning of the second half of the year, indicating a reversal of its continuous two-year upward trend.

According to nominal (seasonally adjusted) CBS data on merchandise trade, the third quarter of 2007 saw steep annual growth of investment goods (capital and intermediate goods) exports, which account for almost a half of total goods exports. By contrast, a noticeable slowdown in the annual rate of change was recorded in non-durable consumer goods exports, which is to some extent in line with the aforementioned changes in consumer optimism in Croatia's major trading partners. The described trends, accompanied by weaker foreign demand for energy products, especially oil and refined petroleum products, retarded the annual growth of total goods exports during the third quarter. Volume indicators, like foreign tourist arrivals and overnight stays, suggest favourable peak tourist season results. However, foreign tourist arrivals and overnight stays grew at a somewhat slower annual rate relative to their average growth in the first two quarters, which, to a certain extent, contributed to the financial effects of tourism on the balance of payments and, eventually, on the exports of services.

⁴ Full text available from: http://ec.europa.eu/economy_finance/publications/quarterly_report_on_the_euro_area/2007/report0307en.pdf.



Domestic Demand

Strong economic growth (6.6%) in the second quarter of 2007 was mainly fuelled by positive movements in domestic demand, primarily a rapid annual increase in personal consumption (6.5%) and gross fixed capital formation (5.8%). Relatively strong final consumption growth during the observed period was also stimulated by a steady rise in government consumption. Nevertheless, the stated domestic demand categories still rose at a somewhat slower pace in the second quarter compared with the beginning of the year, and a reversal of the growth trend relative to the first quarter was due to the accumulation of certain output surpluses only in the ‘change in inventories’ category. However, this category is not completely reliable (in analytical terms), as it accounts for only a small share of economic growth and contains a statistical discrepancy arising from the adjustment between the production and expenditure GDP calculation methods. Consequently, its contribution to the real growth of total economic activity cannot be determined with certainty.

The available monthly economic activity indicators for the third quarter of 2007 suggest stable growth of domestic demand for consumer goods, continuously encouraging their imports. Yet it should be borne in mind that a large number of foreign tourists in the peak tourist season also stimulates consumer goods imports. Despite certain changes in the capital investment structure (reduced volume of investment in machinery and equipment on account of the usual investment cycles and current production needs), as suggested by the movements in the manufacture of and trade in capital and intermediate goods, relatively strong investment activity is expected to continue.

Personal Consumption

Personal consumption, being the main aggregate demand component, accelerated its real annual growth rate from 4.1% in the last quarter of 2006 to 7.1% and 6.5% in the first and second quarters of 2007. Personal consumption thus again made the largest contribution to real GDP growth, al-

most double the last year’s average. Household consumption reached a record high since 2002, when the positive effects of the expansion of large chains of stores on the domestic market started to wear off.

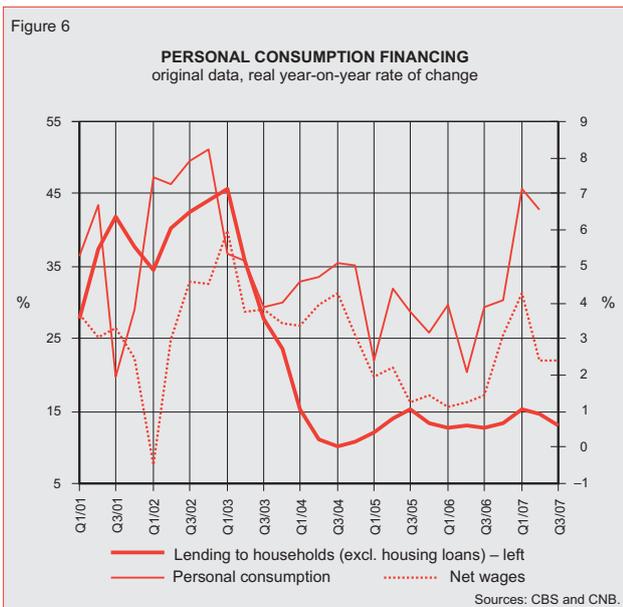
The available monthly indicators suggesting the personal consumption trend in the third quarter of 2007 support the expectations of continuously strong annual growth in this aggregate demand component compared with the first half of the year, though at a more moderate pace.

A stabilisation of total retail trade at a relatively high level over the second quarter was followed by a period of its unexpected volatility. The rise in real retail trade turnover, seasonally adjusted, recorded in July and August 2007, stopped suddenly⁵ in September, partly due to planned household investments in financial assets, which were additionally encouraged by the continuation of the T-HT privatisation.

Trend changes in the main sources of household consumption financing confirm the continuation of strong annual growth of personal consumption in the third quarter of 2007. Wage bill rose steadily over the observed period (according to preliminary administrative data for the second and third quarters, real net wages paid and total employment grew at equal paces⁶). Concurrently, government transfers to households (particularly pensions) accelerated sharply during the third quarter, partly offsetting the effects of a more moderate semi-annual adjustment of pensions in September relative to that in March. According to the planned MoF expenditures for consolidated general government, the strong growth of these transfers is expected to continue towards end-2007. Moreover, this year’s payments of the debt to pensioners in June and November (about HRK 3.4bn in total) will have a

5 These movements led to a slowdown in the annual rate of change in real retail trade turnover during the third quarter, which also accounted for slower growth of VAT revenues, the most efficient tax instrument that usually depends on personal consumption fluctuations.

6 Stable employment growth over the first nine months of 2007 is indicated by the number of insured persons with the CPIA, which is generally considered as a more reliable short-term indicator of employment dynamics. According to these data (which are not subject to revision), the number of employed persons rose at an average rate of 2.7% in the observed period, roughly the same as in 2006.



beneficial effect on the personal consumption dynamics during the third and fourth quarters.

Bank placements to households, excluding housing loans, grew slower in real terms in the third quarter compared with the first half of the year, but still at high double-digit rates (according to average loan balances in the observed periods). Owing to the tightening up of the monetary policy measures, the downward trend in loans to households is expected to continue in the rest of the year.

Strong, but more moderate annual growth of personal consumption over the third and fourth quarters of 2007 can also be expected on account of a slight decline in consumer optimism, suggested by the CNB's Consumer Confidence Survey results for July and October, compared with the April results. The Consumer Confidence Index (CCI) still remains at an above-average level, whereas short-term drops in business optimism resulted from reduced optimism regarding future changes in the financial situations of households and in the country in general, as well as regarding employment

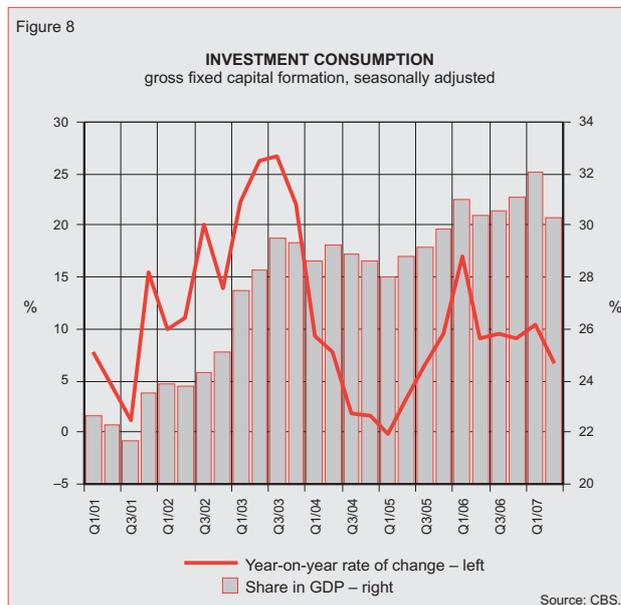
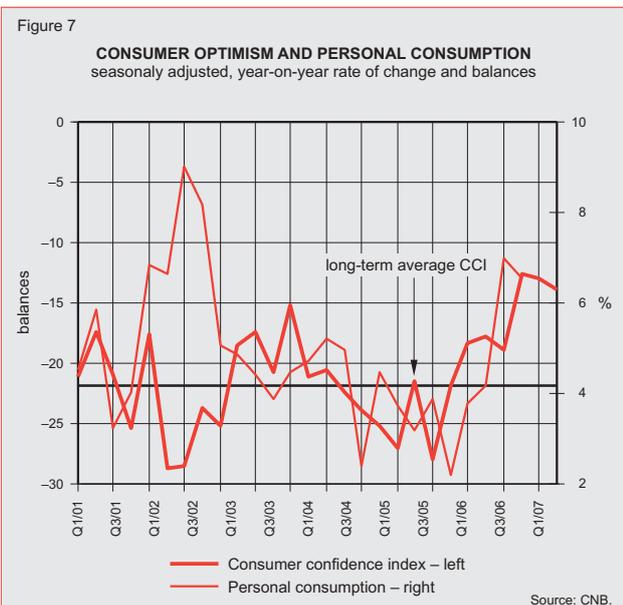
dynamics in the coming 12 months. Interestingly, a mild increase in optimism recorded in October arose from consumers' expectations of increased savings during the next year, which probably reflects the citizens' certainty about the continued stable growth of their incomes and about the possibility of realising capital gains from their previous direct and indirect investments on the financial market.

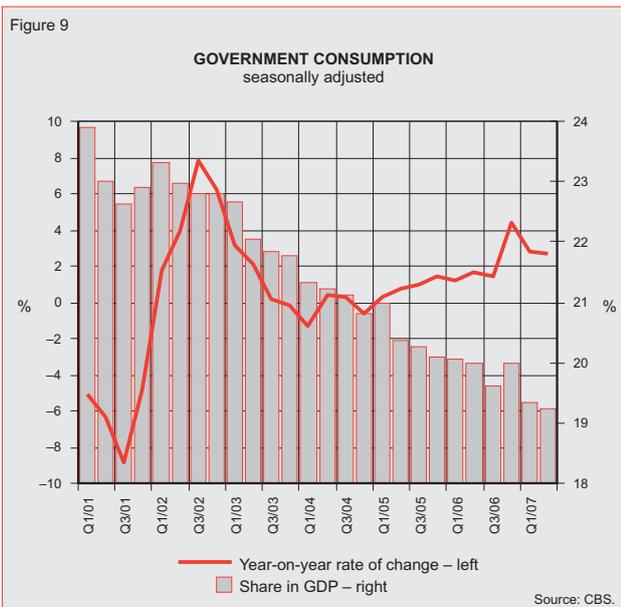
Investment Consumption

A sizeable volume of investment projects from end-2006, accompanied by continuous gross profit growth and improvement of the business and investment climate spurred entrepreneurial activity and provided for a continuation of strong capital investment by the private sector over the first half of 2007. Steep growth of gross fixed capital formation during the first quarter of 2007 (11.2%) was followed by its significant slowdown (to 5.8%) in the second quarter. The contribution of gross fixed capital formation to real GDP growth thus fell from 3.3 percentage points in the first to 1.9 percentage points in the second quarter.

As suggested by the nominal MoF data on the acquisition of non-financial assets by the consolidated general government, the annual rate of change in public sector capital investment was negative in the second quarter. According to the planned MoF expenditures, these are short-term trends and it can be expected that public sector capital investment will rise again in the remainder of the year.

Investment consumption indicators for the third quarter and the beginning of the fourth quarter of 2007 point to its continued growth over the second half of the year, though at a slightly slower pace relative to the first semi-annual period. The decline in domestic demand for capital goods in the observed period was paralleled with rising demand for intermediate goods. The described developments point to stronger producers' demand for production materials following a period of substantial investment in machinery and equipment but can also be accounted for by the recovery of construction early in the second half of 2007. By contrast, the annual growth of bank placements to enterprises slowed





down markedly over the third quarter. However, it should be borne in mind that businesses have also had access to alternative, increasingly foreign sources of financing.

Government Consumption

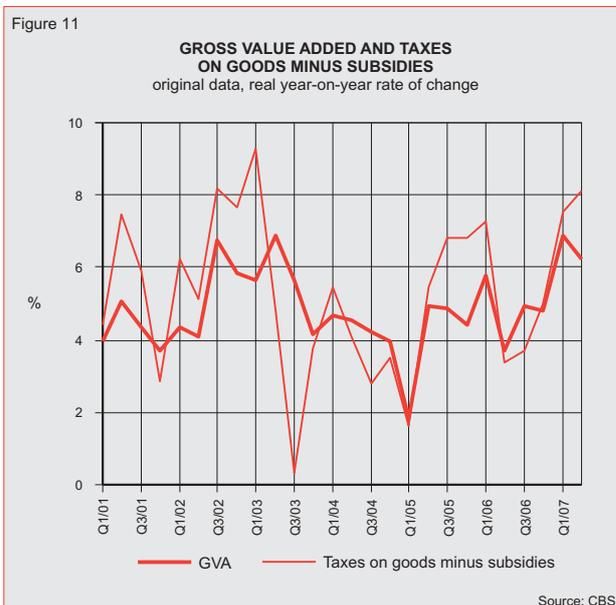
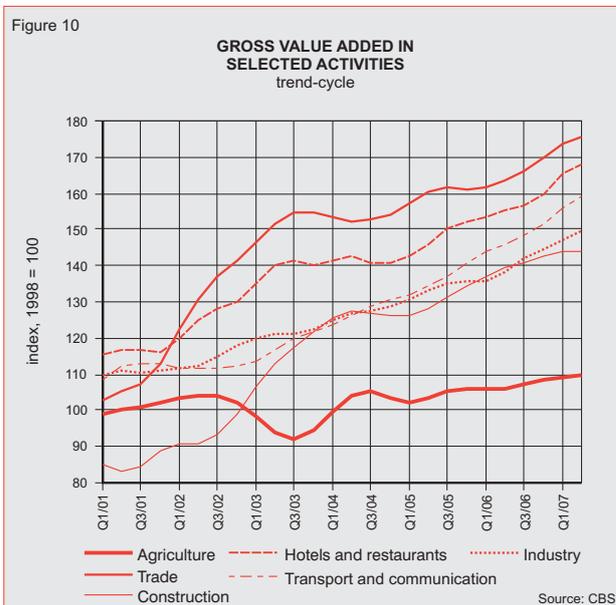
Since the end of the fiscal consolidation that marked the period from late 2003 to early 2005, government consumption has grown continuously, increasingly contributing to overall GDP formation. According to quarterly GDP estimate, government consumption was up 2.8% in the first quarter of 2007 compared with the same period in the previous year, and its annual growth rate was only slightly lower in the second quarter, 2.7%. Thus, its semi-annual real growth of 2.7% accelerated mildly relative to the growth achieved in the base period, as well as relative to that at the entire-2006 level. However, this category's real dynamics and its contribution to total GDP formation still lag behind those of other aggregate demand categories.

Steady and moderate employment growth in public administration over the third quarter of 2007 points to a sizeable increase in nominal labour costs in this sector (compensation of employees, which includes severance payments, grew at a rate of 12.7% in the observed period), mostly accelerating the government consumption deflator growth. Such developments will mitigate the effects of the sharp real increase in expenditures for the use of goods and services, but probably not sufficiently to halt the acceleration of total government consumption in that period. However, the contribution of material and other expenses to real government consumption growth is difficult to assess, given the difference in the coverage between the budgetary data and the System of National Accounts data. Based on a comparison between the consolidated general government revenue and expenditure outturns for the first nine months of 2007 and the plan for the year, the acceleration of the real government consumption is expected to continue in the last quarter, despite the anticipated escalation of consumer prices.

Output

According to quarterly GDP estimate based on production method, GVA slowed down mildly in the second quarter relative to the beginning of the year. The annual GVA growth rate dropped from 6.9% in the first quarter to 6.3% in the second quarter of 2007. At the semi-annual level, all activities contributed positively to GVA growth, primarily industry and financial intermediation.

The available monthly economic activity indicators for the third quarter of 2007 point to somewhat slower, but still positive movements of total gross value added relative to the first half of the year. Broken down by activity, industry recorded a somewhat sharper annual decrease in the total volume of production, with a mild slowdown also observed in trade and transport and communications. By contrast, following negative movements during the first half of the year, construction activity recovered in July and August. Favourable develop-



ments were also recorded in the hotels and restaurants sector, as suggested by the data on domestic and foreign tourist arrivals and nights.

Rapid economic growth during the first half of 2007 contributed, through the tax mechanism, to a pickup in the general government's indirect tax revenues, with expenditures for subsidies remaining relatively stable. As a result of such developments, GDP growth outdid the growth of GVA, particularly in the second quarter when GDP outperformed GVA by 0.3 percentage points. As suggested by the MoF data on the consolidated general government revenues and expenditures, indirect taxes continued upwards at a relatively high annual rate of 6.9% in the third quarter. However, this was paralleled with a sharp increase in expenditures for subsidies (40.3%). As a result, net indirect taxes rose at a relatively low rate of 3.4%, suggesting that GVA growth would still slightly outperform the growth of GDP in the observed period.

Industry

At the annual level, gross value added in industry went up 8.5% during the first half of 2007. Given the large share of this activity in total gross value added (almost 30%), industrial production contributed 2.4 percentage points to total real GVA growth.

As shown by the available monthly data (seasonally and calendar adjusted), the third quarter saw a decline in the annual growth rate of the total volume of industrial production. Following a 7.9% rise in the first half of 2007, the rate fell to 4.4% during the third quarter. Viewed by main industrial groupings, such trend primarily arose from a marked annual slowdown in the manufacture of capital and durable consumer goods, while the growth in energy products and non-durable consumer goods accelerated mildly.

According to the NCEA, seasonally and calendar adjusted data on the total volume of production in manufacturing, which accounts for the largest share of industrial production, point to its slowdown. The annual rate of change was as low as 5% in the third quarter, half the rate achieved in the first

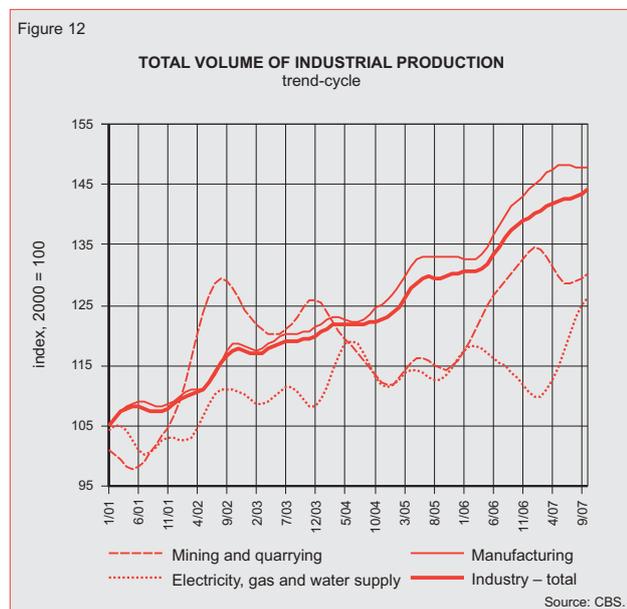
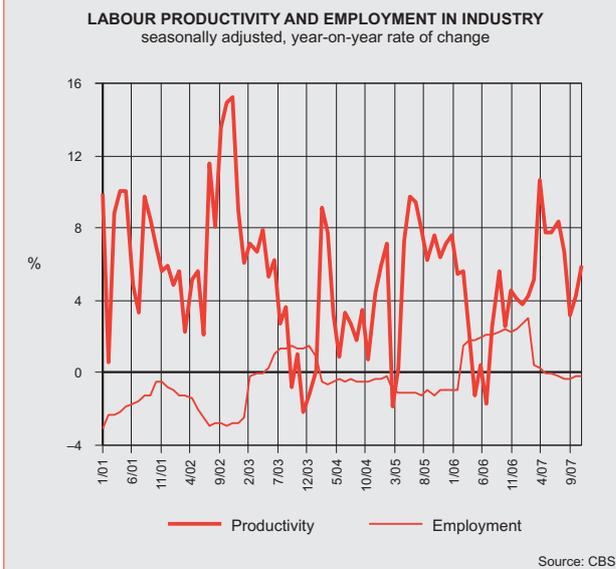


Figure 13



half of 2007 (10.2%). Growth was reported by almost all manufacturing activities, while the manufacture of medical, precision and optical instruments, watches and clocks continued downwards.

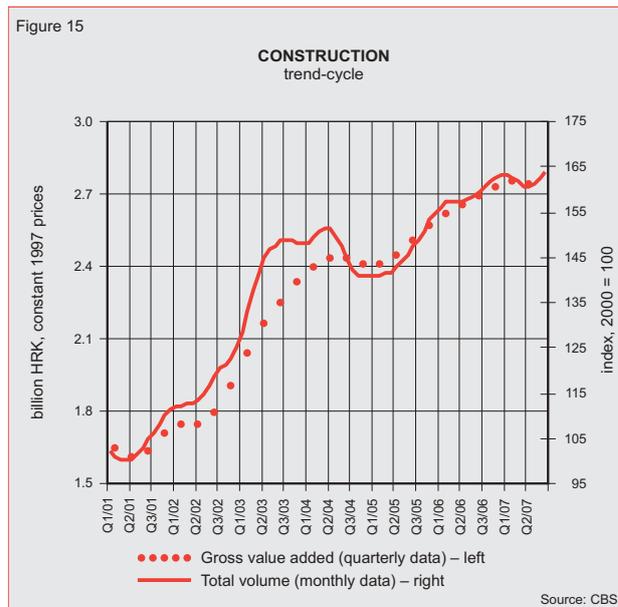
The volume of production in mining and quarrying continued to decrease in the first half of the year, which can be accounted for by reduced volume of construction activity during the period. Despite the recovery of the level of production in August and September, its annual growth rate for the entire third quarter remained mildly negative. Production in energy supply continued to grow early in the third quarter, but fell mildly in September. However, the annual rate of change was positive for the first time after almost a year.

Indicators for October show a slight acceleration of production growth relative to the third quarter, with relatively high annual growth rates recorded in the production of energy, capital goods and durable consumer goods. By contrast, a negative rate of change was observed in the manufacture of intermediate goods. According to the NCEA, October saw steep annual production growth in energy supply and a mild recovery of production in manufacturing, while at the same time mining and quarrying reported a mildly negative rate of change.

In the first half of 2007, positive developments were observed in labour productivity in industry, which rose at an annual rate of 7.3%. During the third quarter, labour productivity slowed down to 4.4% (seasonally adjusted), on account of the stated slowdown in the volume of industrial production, but this effect was partly mitigated by a fall in employment in industry. However, as the industrial labour productivity analysis was based on preliminary CBS employment data by activity, that typically underestimate the number of employed persons, productivity data are likely to be corrected downwards.

Trade

In the first half of 2007, the annual GVA growth rate achieved in trade was relatively high (7.8%). Given the large



share of this activity in total GVA, its contribution to total GVA growth was 1.2 percentage points in the first half of the year.

According to the seasonally adjusted data available at the monthly level, real retail trade turnover rose at an annual rate of 6.3% in the first half of the year, slowing down to 5.7% during the third quarter. It is noteworthy that an exceptionally high real retail trade turnover achieved in August was greatly due to strong growth of demand in the peak tourist season and favourable trends in the labour market. In contrast to this, September saw a relatively strong contraction, in part due to the citizens' temporary refraining from consumption owing to participation in the public offering of T-HT shares.

Taken by branch of trade, like the previous quarter, the July-September period was marked by relatively high nominal rates of retail trade turnover in non-specialised stores with food and motor fuels and lubricants (mostly in August). By contrast, negative developments were recorded in the sale of furniture and other household goods, the sale of books and other paper items, as well as the sale of other food products in specialised stores.

Construction

Relatively strong real GVA growth in construction over the first quarter of 2007 (7.6%) was followed by its slowdown to 2.5% in the second quarter. As a result, the contribution of this activity to total real GVA growth decreased from 0.6 percentage points to 0.2 percentage points. Such developments were mainly the result of the slowdown in the annual growth of gross fixed capital formation in the second quarter of 2007. In addition, the growth rate of gross fixed capital formation fell by a marked 5.4 percentage points in the second quarter relative to the first quarter of 2007.

As suggested by the seasonally adjusted data available at the monthly level, the beginning of the third quarter saw a recovery of construction activity relative to the previous period. Thus, July and August recorded a mild increase in produc-

tion, primarily on account of slightly stronger annual growth in the construction of buildings, paralleled, however, with less pronounced growth in the total volume of construction works on other buildings. Such developments were expected, given the early-2007 trends in the value of net construction project orders for this type of works. The data on the growth in the value of net construction project orders in July and August suggest further strengthening of construction activity in the remainder of the year, supported by a planned increase in public investment in road infrastructure. A stimulus to this is also provided by the recovery of business optimism in the third quarter and the nominal housing loan growth of 26.3% recorded at the annual level.

Hotels and Restaurants

Strong real GVA growth in the hotels and restaurants sector during the first quarter of 2007 was followed by its mild decline in the second quarter, resulting in an average annual growth rate of 8.8% in the first six months of the year. Due to the relatively small share of this activity's GVA in the total GVA in the economy, its contribution to GVA growth was as low as 0.3 percentage points in the first half of 2007. However, it should be noted that the GVA trends in the hotels and restaurants sector do not fully reflect the overall economic significance of tourism, given the notable direct and indirect effects of tourism on other economic branches that are hard to fully detect and quantify.

According to the available original CBS data, tourist nights rose at an annual rate of 5.3% in the third quarter of 2007. Domestic tourist nights went up somewhat faster, but their share in the total number of tourist nights stayed in the third quarter was much below the share of foreign tourist nights. Tourists from Germany, Slovenia and Italy accounted for the largest shares in total tourist nights, but it is noteworthy that the fastest growth rates were recorded in the nights of tourists from transition countries. Tourist arrivals saw similar movements, growing at an annual rate of 5.1%, with domestic and foreign tourist arrivals showing equal growth rates. Compared with

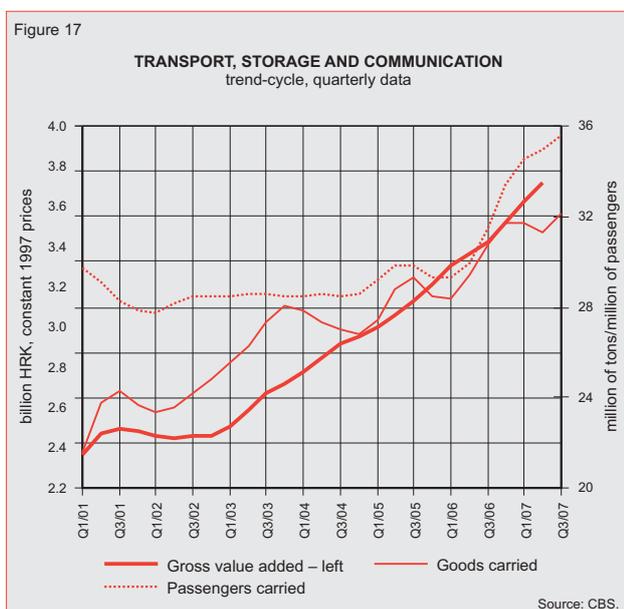


the previous quarter, a slowdown was recorded in both tourist nights and arrivals, mainly due to the base effects of exceptionally successful last year's peak tourist season.

Transport and Communications

The first two quarters of 2007 saw high GVA growth rates in transport, storage and communications. Strong real growth of GVA in the first quarter of 2007 (8.9%) continued into the second quarter at an only slightly slower rate, 8.4%. Thanks to the high growth rates achieved in the first half of the year, the contribution of transport, storage and communications to the total annual growth of real GVA was 0.8 percentage points at the semi-annual level.

Following a mild decline over the second quarter, the number of passengers carried returned in the third quarter to the high early-2007 level. At the same time, however, its annual growth rate slowed down mildly, owing to the base period effect. Similar movements were observed in goods



transport, whose annual growth rate was still considerably below that in the previous quarter, again due to its high level in the same period last year.

Despite the largest number of passengers being carried in road transport in the third quarter of 2007, the annual rate of change in this mode of transport was negative (-2.6%). Concurrently, the number of passengers carried in railway transport went strongly up (4.6%), according to the original data, which resulted in the convergence of the numbers of passengers carried in railway and road transports. By contrast, the annual rate of change in road transport of goods, measured by tons of goods carried, was -0.3%, whereas the railway transport of goods grew at a rate of 4.5%.

Telecommunication services saw a continuation of the early-2007 trend, so that the number of minutes spent in fixed network declined again in the third quarter, with the rate of change being negative at the annual level (-12.3). In the same period, minutes spent in mobile network rose at a high annual rate of 26.3%.

Labour Market

According to the latest available CBS's Labour Force Survey results, positive labour market trends were observed in the second quarter of 2007. Unemployment dropped and employment picked up at the quarterly and semi-annual levels. Similar trends continued into the third quarter, as confirmed by the CES, CBS and CPIA data. According to the administrative sources, the unemployment rate reached its lowest level in the third quarter of 2007, whereas the registered unemployment rate hit its record low since 1997 (13.8% in August and 14.0% in the third quarter). It is noteworthy that employment indicators point to continued growth of total employment also in the third quarter compared with the same period in 2006.

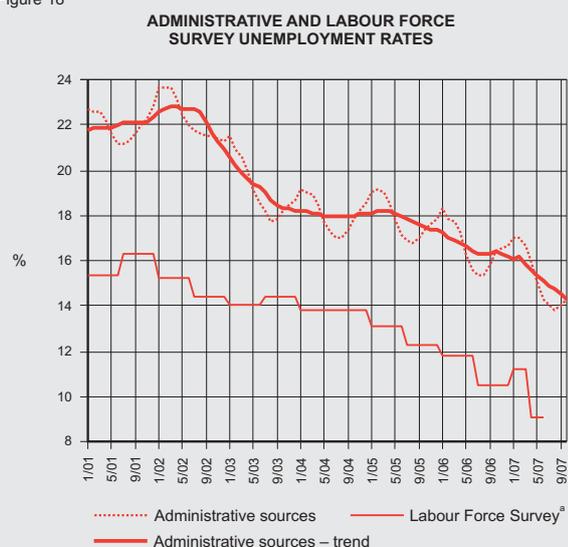
Real gross wages paid in the third quarter of 2007 accelerated mildly, as a result of stronger annual growth of nominal gross wages and of the consumer price index. Real net wages, however, saw the same annual rate of growth as in the previous quarter. Due to the tax progression effect, average real net wages rose slower than average real gross wages.

Unemployment and Employment

As from the beginning of 2007, the Labour Force Survey results are published on a quarterly basis, so that the results for the second quarter of 2007 were published at end-November. According to the Survey data, employment dropped from 197,000 in the first quarter to 162,000 in the second quarter of 2007, the lowest number of employed persons since the survey was launched. In semi-annual terms, the Labour Force Survey unemployment dropped by 26,500 or 12.9% compared with the first half of 2006. The Labour Force Survey unemployment rate declined to 10.2% (11.2% and 9.1% in the first and second quarters respectively), down 1.6 percentage points from the first half of 2006.

After a seven-month decline, registered unemployment rose again in September relative to the month before. Taken

Figure 18



^a The Labour Force Survey is published quarterly since the beginning of 2007. Source: CBS.

annually, however, registered unemployment continued to decline in September and throughout the third quarter of 2007. Consequently, the number of unemployed persons dropped by 28,700 or 10.5% over the third quarter of 2007 compared with the same period in 2006, which represents the sharpest fall in unemployment in the first three quarters of 2007. The average registered unemployment rate stood at 14.0% in the third quarter, 1.5 percentage points below the rate for the same period of the previous year. The unemployment growth continued into October, as the number of unemployed persons registered with the CES reached 250,100 and the registered unemployment rate stood at 14.3%.

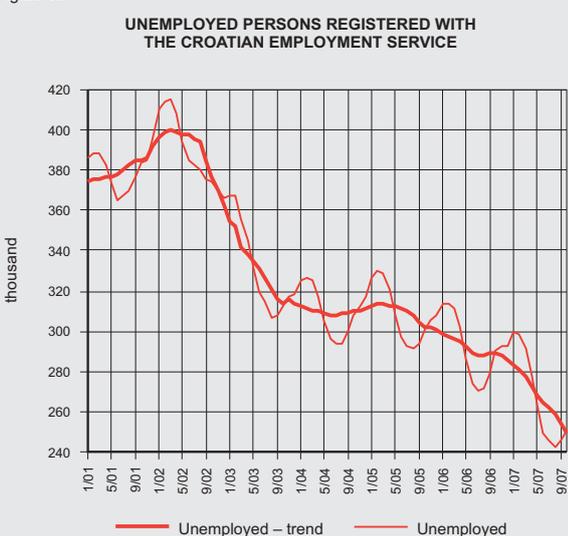
The registered unemployment trend during the third quarter was influenced by stronger inflows into the CES register accompanied by reduced outflows from the records, particularly on account of employment from the register. In the third quarter of 2007, the number of unemployed persons registered with the CES totalled 53,500, with the increase in inflows continuing into October. Stronger inflows at the end of the third quarter and early in the fourth quarter were due to the return to the records of seasonally employed persons and the registration with the CES of persons leaving education. These inflows were less pronounced in 2007, so that the number of the newly registered dropped by 3,300 or 15.7% in the third quarter relative to the same period in 2006.

By contrast, employment from the CES register totalled 31,500 during the third quarter, down 19,500 or 38.3% from the previous quarter, and down 1,100 or 9.4% from the same period in 2006. Clearings from the records for non-employment reasons remained low in the second quarter of 2007.

Employment

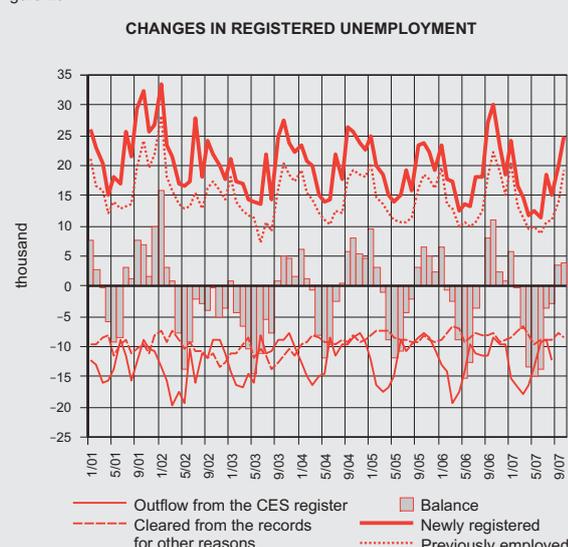
Apart from unemployment, positive trends were also observed in employment, as suggested by the latest available Labour Force Survey results. In the second quarter of 2007, the number of employed persons totalled 1.609 million, 46,000 or 2.9% more than at the beginning of the year. At the semi-annual level, the Labour Force Survey employment went up

Figure 19



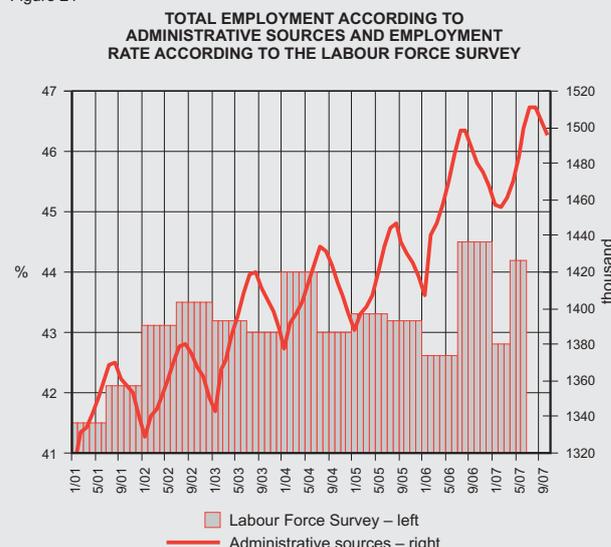
Source: CES.

Figure 20

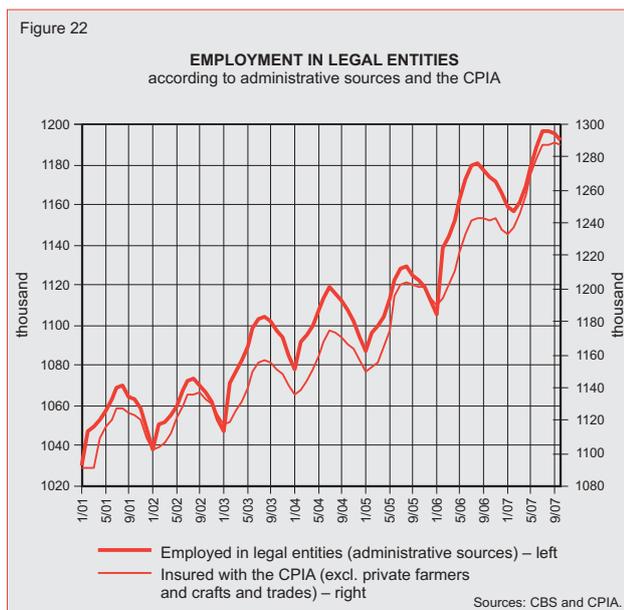


Source: CES.

Figure 21



Source: CBS.



by 38,000 or 2.5% relative to the same period in 2006. The Labour Force Survey employment rate rose from 42.8% in the first quarter to 44.2% in the second quarter of 2007, increasing by 0.9 percentage points in the first half of the year compared with the rate recorded in the first half of 2006.

Administrative data sources point to continued growth of total employment over the third quarter of 2007. The number of persons insured with the CPIA thus rose at an annual rate of 2.7%. According to the preliminary CBS data, average employment stood at 1.508 million in the third quarter, its annual growth rate reaching 0.9% in this period, the same as in the second quarter. However, it should be noted that the stated annual growth rate resulted from revised employment data for the period ending January 2007 and preliminary data for the subsequent period, and it is therefore likely to be higher after the revision of the preliminary employment data for 2007, expected in April 2008.

As suggested by the CBS data, employment in legal entities was the largest contributor to total employment growth

during the third quarter. In the observed period, employment in crafts and trades and free-lances rose by 0.2% annually, whereas the number of individual farmers actively insured with the CPIA continued downwards, thus offsetting the small but positive contribution of employment growth in crafts and trades and free-lances to total employment growth.

Total employment by activity during the third quarter of 2007 showed no significant deviations from that in the quarter before. Consequently, the largest positive contributions to total employment growth came from real estate, rental and other business services (5,400 or 5.4%), wholesale and retail trade (7,200 or 2.8%), construction (3,200 or 2.4%) and financial intermediation (800 or 2.3%). Stronger employment in education and health care alleviated the effect of employment decrease in the narrowly defined public administration, so that in the third quarter, employment in overall public administration rose by 2,500 or 0.9% annually. By contrast, the largest annual decline in employment was observed in electricity, gas and water supply (500 or 1.7%).

Wages and Labour Costs

Following a slowdown in the second quarter, real gross wages paid in the third quarter accelerated annually to 3.6%, up 0.3 percentage points on the previous quarter. Due to the tax progression effect, average real net wages grew slower than average real gross wages over the same period, with the annual growth rate reaching 2.4%, the same as in the previous quarter.

Average nominal gross wages paid in the third quarter grew at an annual rate of 6.6%, 1.1 percentage points faster than in the second quarter. The real gross wage acceleration during this period resulted from an annual increase in average nominal gross wages, but also from an annual acceleration of the consumer price index.

An annual boost in average real gross wages in the third quarter of 2007 resulted from stronger wage growth in almost all NCEA activities. The largest positive contribution to average real gross wage growth came from manufacturing

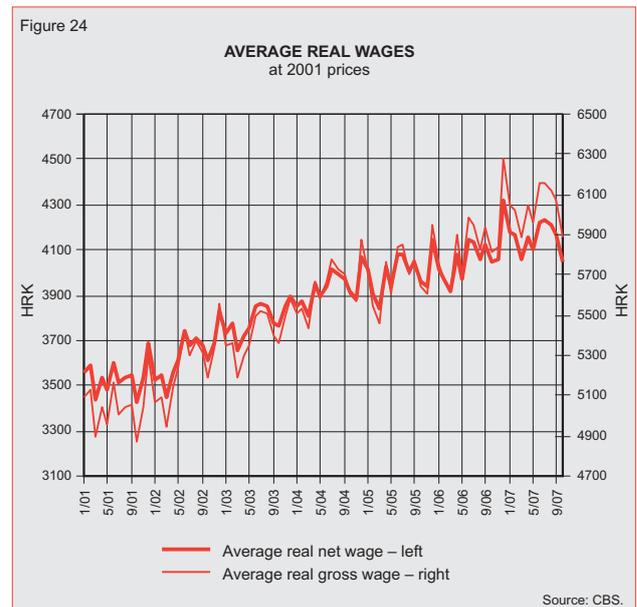
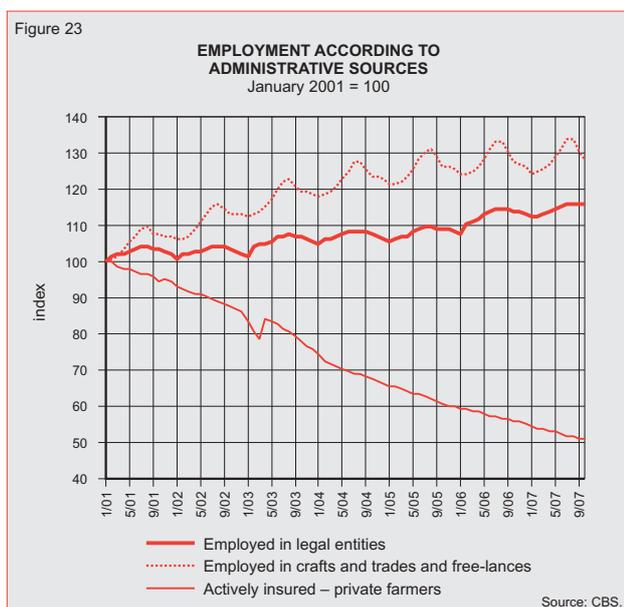
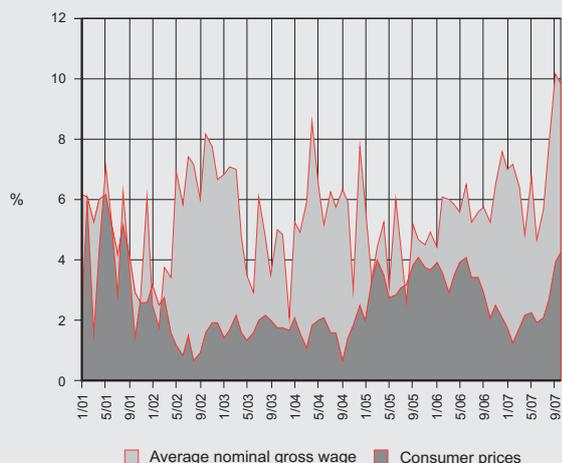


Figure 25

CONSUMER PRICES AND THE AVERAGE NOMINAL GROSS WAGE
year-on-year rate of change



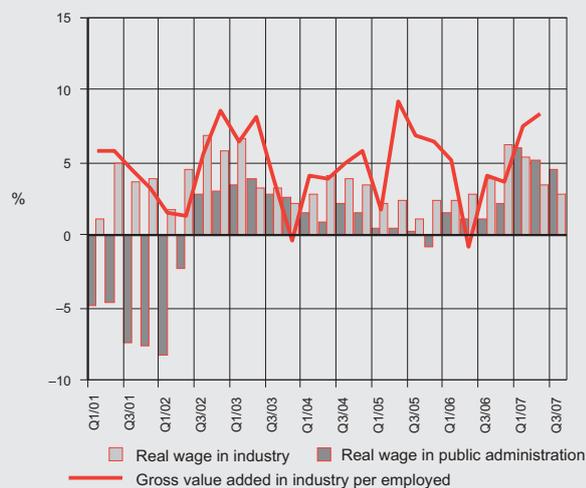
Source: CBS.

Prices

Croatia's consumer price inflation rate accelerated considerably after July 2007, rising from 2.1% year-on-year in that month to 4.3% in October. Inflationary pressures in that period resulted primarily from the price increase in agricultural and industrial food products, which was owing to drought and the rise in world market prices of some food raw materials, especially cereals and oilseeds. Imported inflationary pressures also arose from the increase in world market prices of crude oil which spilled over into domestic refined petroleum products prices. This resulted in the year-on-year rate of change in goods prices rising sharply from 1.9% in July to 4.8% in October. Croatia's other price indicators also reflected these unfavourable trends, including core inflation and industrial producer prices, which accelerated in the observed period. On the other hand, the continuously stable kuna/euro exchange rate offset domestic inflationary trends

Figure 26

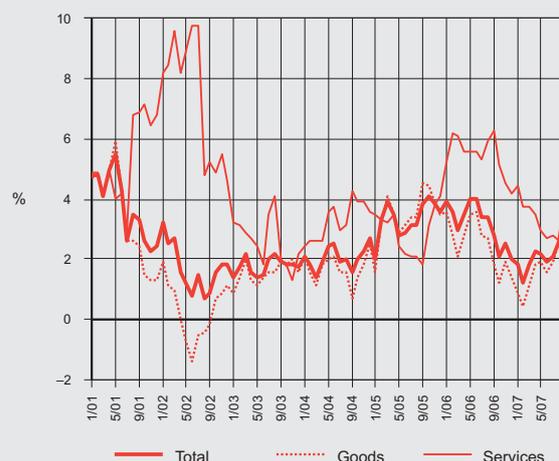
AVERAGE REAL GROSS WAGE IN PUBLIC ADMINISTRATION AND INDUSTRY AND GROSS VALUE ADDED IN INDUSTRY PER EMPLOYED
year-on-year rate of change



Source: CBS.

Figure 27

CONSUMER PRICE INDEX
year-on-year rate of change



Source: CBS.

(0.6%), mostly on account of its large share in overall industry. The largest annual rates of gross wage growth were recorded in construction (7.3%) and hotels and restaurants (5.2%). Real gross wages in public administration (including education, health care and social welfare) paid in the third quarter rose at an annual rate of 4.4%, down 0.7 percentage points from the second quarter.

Real gross wage in industry followed the general real gross wage trend, so that the annual growth of average real gross wage in industry decelerated from 3.5% in the second quarter to 2.9% in the third quarter of 2007. Labour productivity in industry, measured by the GVA dynamics in this activity at constant prices per employee, grew at a rate of 8.3% in the third quarter, much faster than real gross wages. Given the real wage and labour productivity trends, price pressures coming from the labour market were not particularly strong. Such movements are likely to continue into the third quarter of 2007, as suggested by the available monthly indicators for the period.

by stabilising inflationary expectations and the prices of goods imported from the eurozone. In addition, the strengthening of the kuna against the US dollar alleviated upward pressures on domestic inflation arising from the growth of crude oil and other raw materials prices on the world market and favourably affected trends in import prices of finished goods paid in US dollars. Inflationary pressures in the domestic economy were also subdued because of modest wage growth and the fact that 2007 was an election year so that efforts were made to curb some administrative prices. This had a favourable effect on the year-on-year growth rate of service prices, which slowed from 2.8% in July to 2.3% in October.

The year-on-year rate of change in agricultural products prices rose from 1.4% in July to a significant 20.0% in October due to the monthly increase in these prices in August and September and an unfavourable base effect.⁷ Due to the

⁷ Agricultural products prices decreased for the months of September and October 2006.

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

| | Weight 2007 | 12/06 | 3/07 | 6/07 | 9/07 | 10/07 |
|---|-------------|-------|------|------|------|-------|
| Total | 100.0 | 2.0 | 1.8 | 1.9 | 3.9 | 4.3 |
| Food and non-alcoholic beverages | 30.5 | 0.8 | 0.2 | 0.8 | 6.7 | 7.7 |
| Alcoholic drinks and tobacco | 5.5 | 1.9 | 1.3 | 2.7 | 4.1 | 3.9 |
| Clothing and footwear | 8.5 | 3.2 | 5.2 | 5.5 | 4.9 | 4.6 |
| Housing, water, energy, gas and other fuels | 14.5 | 5.4 | 3.0 | 1.6 | 1.7 | 2.1 |
| Furniture, equipment and maintenance | 5.4 | 2.5 | 2.0 | 1.6 | 1.9 | 2.3 |
| Health | 2.9 | 1.9 | 1.9 | 2.6 | 1.3 | 1.3 |
| Transport | 11.5 | 1.1 | 2.1 | 3.0 | 2.8 | 3.0 |
| Communication | 4.4 | -0.1 | -0.3 | -0.2 | -0.3 | -0.2 |
| Recreation and culture | 6.3 | 0.9 | 2.5 | 1.3 | 3.1 | 2.3 |
| Education | 1.0 | 0.2 | 0.0 | 0.0 | 2.3 | 2.3 |
| Catering services | 3.6 | 2.3 | 2.4 | 1.6 | 1.9 | 2.1 |
| Miscellaneous goods and services | 5.9 | 2.9 | 3.4 | 3.6 | 3.4 | 3.8 |
| Goods | 76.4 | 1.4 | 1.1 | 1.6 | 4.3 | 4.8 |
| Services | 23.6 | 4.2 | 3.7 | 2.7 | 2.2 | 2.3 |

Source: CBS.

severe drought period, agricultural products prices went up 3.9% in August from July and at a much higher rate of 8.6% in September, dropping in October compared with September. The price rise in agricultural products in the observed period was primarily due to the increase in vegetable prices, whose year-on-year rate of change went up from 1.0% in July to 29.8% in October. The contribution of the agricultural products price increase to overall consumer price inflation in the observed period increased by 1.1 percentage point, from 0.1 percentage point in July to 1.2 percentage points in October.

The year-on-year rate of change in core inflation increased from 2.4% in July to 3.4% in October and its contribution to overall year-on-year inflation rose by 0.7 percentage points in the said period. The acceleration of core inflation in the observed period was primarily due to the price increase in some food products (especially bread and other bakery products, meat, milk, cheese and eggs and oil and fat) whose share in

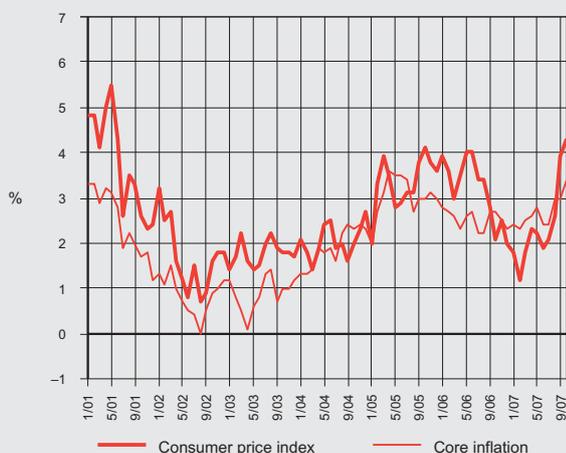
this indicator is even higher than their share in the CPI. The upward pressures on core inflation were to some extent alleviated by the drop in car prices, whose year-on-year rate of change fell from 2.2% in July to -1.8% in October. In addition, the contribution of clothing and footwear prices to core inflation also reduced as their year-on-year rate of change decreased from 5.3% in July to 4.6% in October. This was primarily due to the seasonal growth of clothing and footwear prices being lower in September and October this year than last year. Additionally, due to the slowdown in the year-on-year growth rate of services prices, freely formed on the market, their contribution to core inflation also dropped. Especially marked was the slowdown in catering services prices, whose year-on-year rate of change went down from 2.7% in July to 2.1% in October.

Administrative prices also rose in the observed period, mainly in consequence of the increase in refined petroleum products prices. The year-on-year rate of change in administrative prices increased from 1.4% in July to 3.1% in October, with their contribution to overall consumer price inflation up by 0.4 percentage points in the observed period. The increase in world market crude oil prices spilled over into domestic retail prices of refined petroleum products, pushing them up in September compared with the previous month, which, in addition to an adverse base effect,⁸ resulted in the year-on-year rate of change in these products prices rising from 1.0% in July to 7.2% in October. Additionally, the acceleration of the year-on-year growth rate of administrative prices in the observed period was partly due to the increase in the year-on-year rate of change of electricity prices (from 0.0% in July to 1.4% in October) caused by the growth of these prices for the month of September this year, following the introduction of the incentive fee for renewable energy sources paid within the electricity bill.⁹ On the other hand, the slowdown in the year-on-year growth rate of the prices of water supply and various utility services, from 8.1% in July to 6.1% in October, reduced the contribution of the services prices increase to the overall year-on-year growth rate of administrative prices. The most evident was the slowdown in the prices of water supply, with their year-on-year rate of change down from 8.9% in July to 6.1% in October.¹⁰

Having decreased in August,¹¹ world market crude oil prices rebounded in the following two months. The average daily price of crude oil per barrel rose by a total of 11.4% in the period from July to October 2007; from USD 73.6 in July to USD 82.0 in October, with the daily prices of Brent and WTI crude exceeding USD 90 late in October. This increase was lower in kuna terms (7.8%) because of the nominal appreciation of the kuna exchange rate against the US dollar. Due to

Figure 28

CONSUMER PRICE INDEX AND CORE INFLATION^a
year-on-year rate of change



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

Source: CBS.

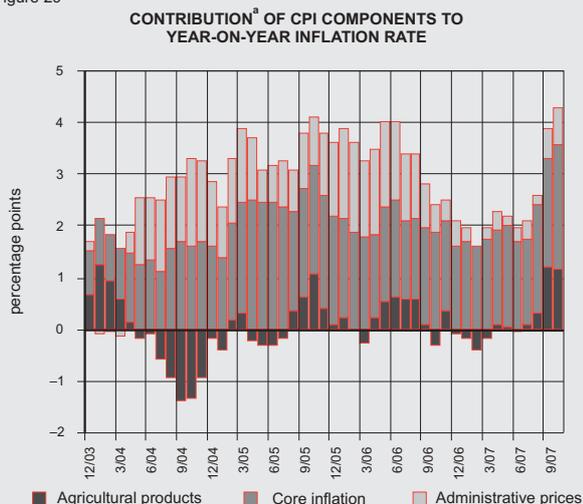
8 Refined petroleum products prices fell in September 2006 compared with August.

9 In accordance with the Regulation on incentive fees for promoting electricity production from renewable energy sources and cogeneration that came into force in July this year (OG 53/2007).

10 This was due solely to the base effect, i.e. the monthly growth of water supply prices in August last year.

11 The decrease in world market prices of crude oil in August was mainly owing to market concerns about possible adverse effects of the US mortgage market crisis on US economic growth and consequent weakening of demand for goods, especially energy products. The average price of crude oil per barrel dropped by 4.7% in August compared with July.

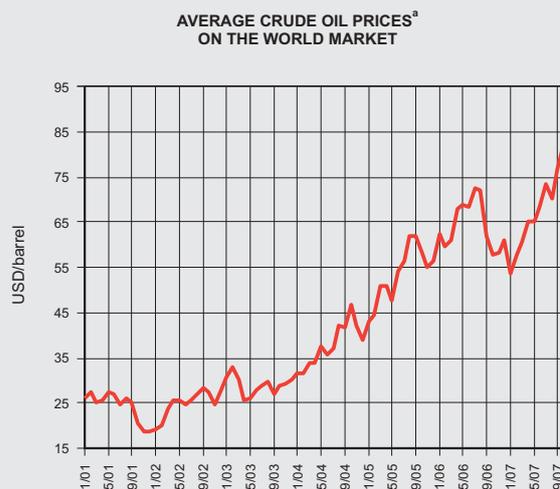
Figure 29



^a The contribution is defined as the relative importance of a certain component of the consumer price index in total inflation. The sum of contributions of all components expressed in percentage points in a relevant month is the amount of the year-on-year consumer price inflation rate.

Sources: CBS and CNB calculations.

Figure 30



^a Calculated as an average of the following oil prices (prompt delivery): Dubai Fateh, UK Brent and West Texas Intermediate.

Source: Bloomberg.

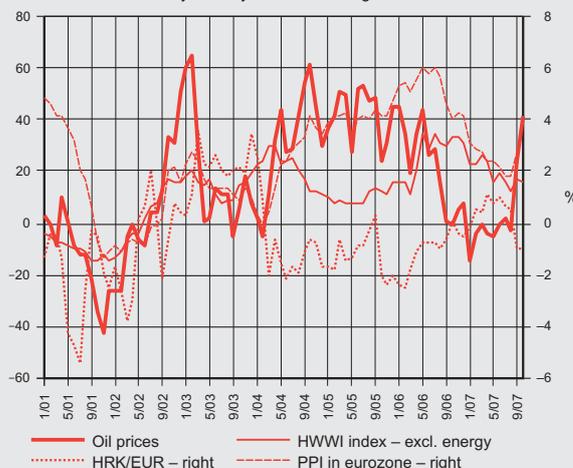
the unfavourable base effect in September and October this year¹² the year-on-year rate of change of crude oil prices rose from -2.3% in August to 23.6% in September and 41.6% in October. In an effort to offset the crude oil price increase, the OPEC countries, at the meeting on 11 September 2007, decided to boost the crude oil output by 500 000 barrels per day as of 1 November 2007. Crude oil prices continued to rise from September into October, boosted principally by a decrease in US crude oil reserves, market concerns over the tensions in the Middle East related to Turkey's intervention in the North of Iraq, adverse weather in the Mexican Gulf and the fall in the value of the dollar against the euro. Due to market concerns that oil reserves may not be sufficient to satisfy winter demand for oil and the continued weakening of the US dollar, world market crude oil prices rose further, with the price of Brent crude hitting a record high of USD 95.8 per barrel on 23 November. In addition, market concerns over a possible slowdown of the US economy and the further weakening of the dollar prompted investors to shift their investments into other areas, for example into raw materials, which are anticipated to rise in price. This is probably one more of the reasons contributing to the price growth of oil and other raw materials (gold) on the world market. In a d.d. responded to these developments by increasing retail prices of refined petroleum products several times from September to end-November. The price increases in late October and November will be statistically recorded in the calculation of the CPI for November 2007.

Data on price trends in raw materials (excluding energy products) on the world market suggest that inflationary pressures stemming from that source, although stabilised in the August-October period, have remained strong. The year-on-year rate of change in the HWWI index of raw material prices (excluding energy products, in US dollar terms) was at 15.6% in October the same as in July. However, price trends varied from one raw material to another. For example, the

year-on-year rate of change of non-ferrous metals prices slowed considerably in the observed period, whereas food raw materials prices increased sharply. Especially marked was the increase in the year-on-year rate of change of the prices of cereals, oilseeds and oil. The significant share of the eurozone member countries in the geographical structure of Croatian imports make eurozone producer prices an important component of imported inflation. According to the latest available data, the year-on-year rate of change in industrial producer prices in the eurozone went up from 1.8% in July to 2.7% in September, which was primarily accounted for by the increase in the year-on-year rate of change of energy prices. In addition, the year-on-year rate of change of the prices of non-durable consumer goods rose considerably in the eurozone in the observed period, from 1.9% in July to 3.0% in

Figure 31

IMPORTED INFLATION: OIL PRICES, THE HWWI INDEX,^a THE AVERAGE KUNA/EURO EXCHANGE RATE AND PRODUCER PRICES IN THE EUROZONE
year-on-year rate of change



^a The Hamburg Institute of International Economics (HWWI) constructed the aggregate index of raw materials prices in the world market, the so-called HWWI index. The HWWI index is the indicator of movements in costs for imported raw materials (it includes a total of 29 raw materials or 27 excluding energy) and it is used in analysing the influence of changes in the prices of raw materials in the world market on the changes in prices in industrial countries. The index is calculated on the basis of raw materials prices expressed in US dollars.

Sources: Bloomberg, HWWI, Eurostat and CNB.

12 World market crude oil prices plummeted by 13.5% and 6.8% in September and October 2006 respectively compared with the previous month.

Box 1: The Effect of Food Price Trends on Trends in the Overall CPI in Croatia

Croatia's inflation accelerated considerably since the middle of the third quarter of 2007. This was primarily because of the rate of change in food prices, which increased from 1.3% year-on-year in July to 8.1% in October, enlarging the direct contribution of the rise in food prices to overall consumer price inflation from 0.4 percentage points in July to 2.2 percentage points in October. These trends were due to the adverse impact of droughts and the price increase of food raw materials on the world market (primarily cereals, oilseeds and milk). Due to a sharp drought-related price increase of agricultural products in August and December, and an adverse base effect, the rate of change in agricultural products prices jumped from 1.4% year-on-year in July to 20.0% in October. As a result, over a half of the said contribution of food prices to overall annual inflation in October came from agricultural products, although their share in the

overall CPI basket is much smaller than that of industrial food products (6.0% compared with 21.7%). The rise in world market prices of food raw materials and this year's drought in Croatia pushed up the retail prices of other food products (bread and cereal products, oil, milk and dairy products and meat) in the period from August to October 2007, but these prices rose at a lower rate than agricultural products prices.

Food consumer prices also increased globally in 2007, boosted by the rise in world market prices of food raw materials. In 2006, food raw material prices (as measured by the HWWI index) grew by 22.0%, with cereals rising at a highest rate of 50.9%. This trend continued in the first ten months of 2007 and the year-on-year growth rate of food raw material prices reached 35.1% in October, with the highest year-on-year increase being recorded in oilseeds and oil prices (62.5%). In addition, world market prices of dairy products increased by a sharp 81.3% in the first nine months of 2007 (as measured by the FAO food price index), which

Figure 32

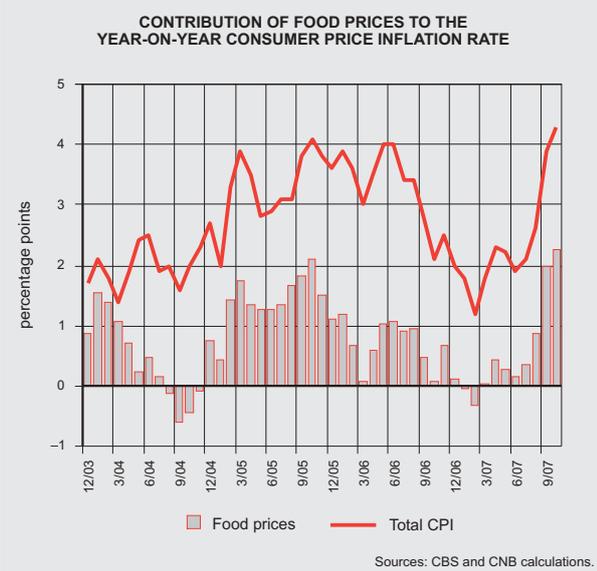


Figure 34

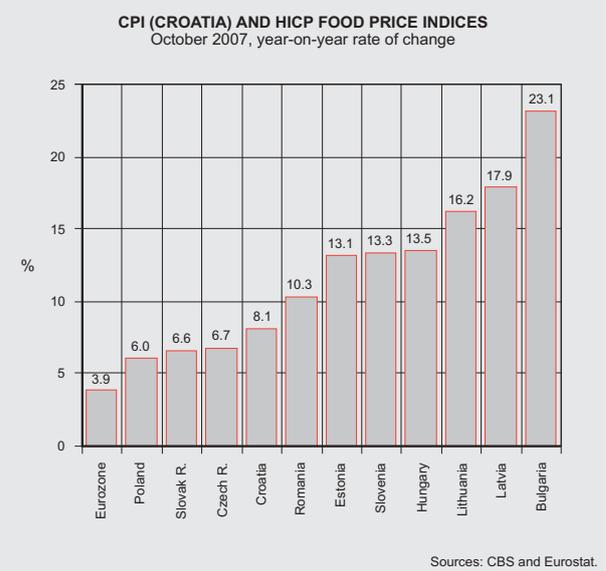


Figure 33

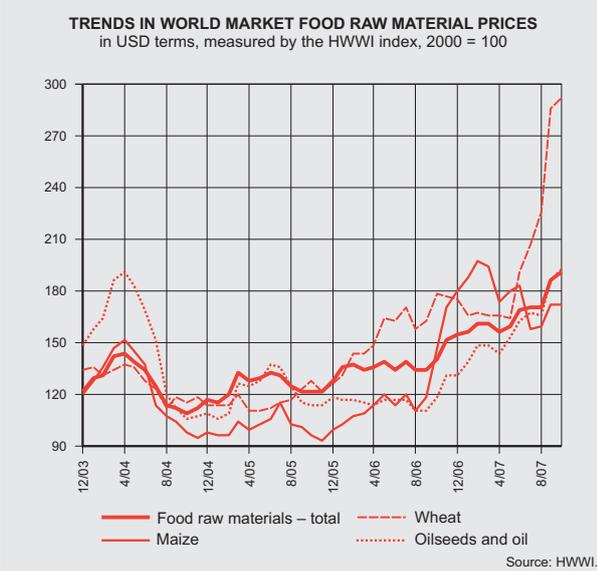
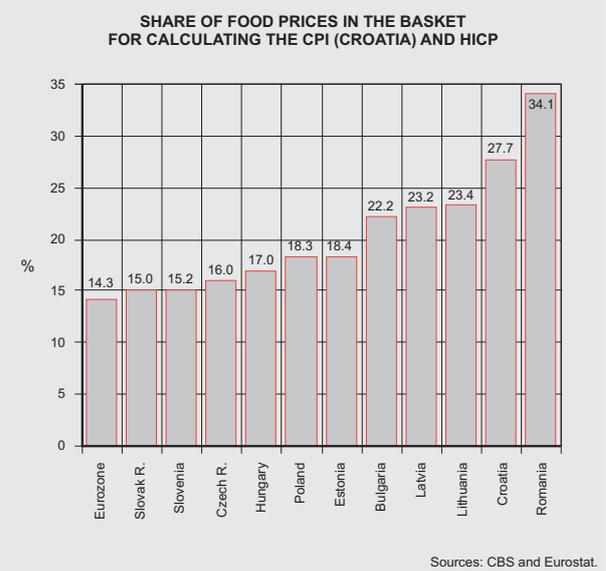


Figure 35



was primarily caused by a sharp growth of animal feed prices. Of the supply side factors, the largest impact on the increase in the prices of food raw materials was made by adverse weather conditions (droughts and floods) and cattle diseases. The drought in the summer of 2006, for example, reduced by 60% the wheat production in Australia, the world's largest exporter of this crop. The increase in food raw material prices was also due to a rising demand for food raw materials for the biofuel production and a growth in demand from developing countries, especially China and India. There were also other factors affecting the increase in the prices of food raw materials, including the rise in crude oil prices, increase in freight tariffs, depreciation of the US dollar exchange rate and speculative investments of investment funds. Conditions in the world market for food products were further aggravated by the low reserves of food raw materials, which thus exhibited high price sensitivity to supply and demand shifts. This was due to the policies to liberalise markets for food raw materials in a large number of countries and the consequent reduction in their state reserves.

The increase in food raw material prices spilled over, with a time gap, into the retail prices of food products both in Croatia and in many other countries. The rate of change in food prices (included in the calculation of the HICP) in the eurozone went up from 2.0% year-on-year in July to 3.9% in October, when the highest year-on-year growth rates of food prices were recorded in Slovenia (13.3%), Austria (6.6%), Spain (5.6%) and Germany (4.9%). The upward trend in the year-on-year rate of change in food prices was in 2007 also observed in most of the countries which joined the EU in the last but one and the last accession wave, where in October the year-on-year rate of change in food prices ranged between 6.0% in Poland to a high 23.1% in Bulgaria.

The weight of food prices in the CPI basket significantly determines the size of the direct impact of the food price increase on the rise in overall consumer price inflation in

Table 2: Comparative Level of Food Prices in 2006, EU-27 = 100

| | |
|-----------|-----|
| Italy | 116 |
| Austria | 111 |
| Germany | 106 |
| Croatia | 87 |
| Slovenia | 87 |
| Estonia | 74 |
| Hungary | 70 |
| Czech R. | 68 |
| Latvia | 68 |
| Romania | 70 |
| Slovak R. | 66 |
| Poland | 65 |
| Lithuania | 63 |
| Bulgaria | 55 |

Source: Eurostat.

a given country. In 2007, food prices carried a weight of 14.3% in the basket of the Harmonised Consumer Price Index in the eurozone and a considerably higher weight of 27.7% in the CPI basket in Croatia. The difference between these weights was mainly due to a low level of economic development in Croatia, coupled by relatively high prices of food products.¹⁴ It is a well known fact that there is a negative correlation between GDP per capita and the share of food prices in household spending, i.e., that households in poorer countries spend relatively more money on food.¹⁵ The level of GDP per capita is therefore a major factor accounting for the differences between the weights of food prices in the countries' CPI baskets.

However, it is evident that the weight of food prices in the CPI is higher in Croatia than in the countries with a similar or lower level of GDP per capita (Slovakia, Poland, Latvia, Lithuania and Bulgaria).¹⁶ Among the main reasons for the higher share of food expenses in total household spending in Croatia is a high level of food prices in Croatia compared with the mentioned countries. In 2006, food prices in Croatia reached 87% of the price level in the EU-27, and food prices in, for example, Poland and Bulgaria accounted only for 65% and 55% respectively of the EU-27 average.

September. ECB analysts have suggested that this is above all due to the increase in the producer prices of food products.

Domestic industrial producer price inflation also considerably accelerated since the middle of the third quarter, with the year-on-year rate of change up from 3.0% in July to 4.9% in October. The growth of producer prices in the observed period was influenced by the price rise in intermediate goods, energy and non-durable consumer goods. Especially evident was the increase in the year-on-year rate of change of intermediate goods prices from 5.1% in July to 8.7% in October, including the marked price increase in the manufacture of other non-metallic mineral products.¹³ Since intermediate goods also include grain mill products (e.g. flour), the growth of intermediate goods prices in the observed period could partly be explained by the increase in both domestic and foreign prices of food raw materials. In contrast, the year-on-year growth rate of metal prices slowed in the ob-

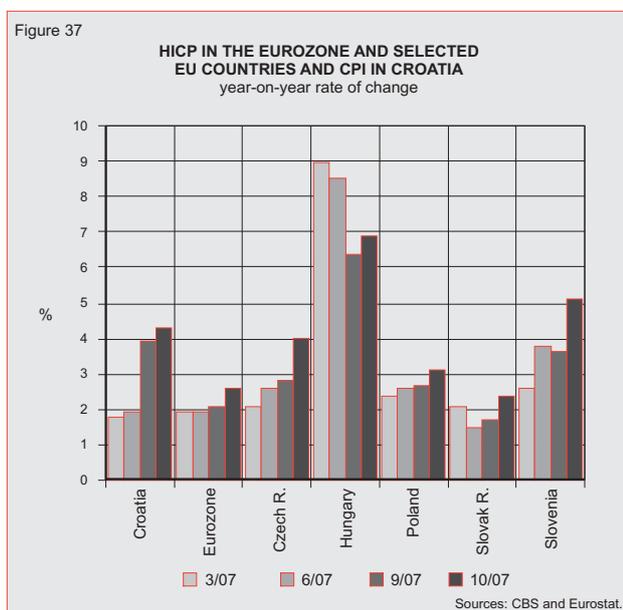
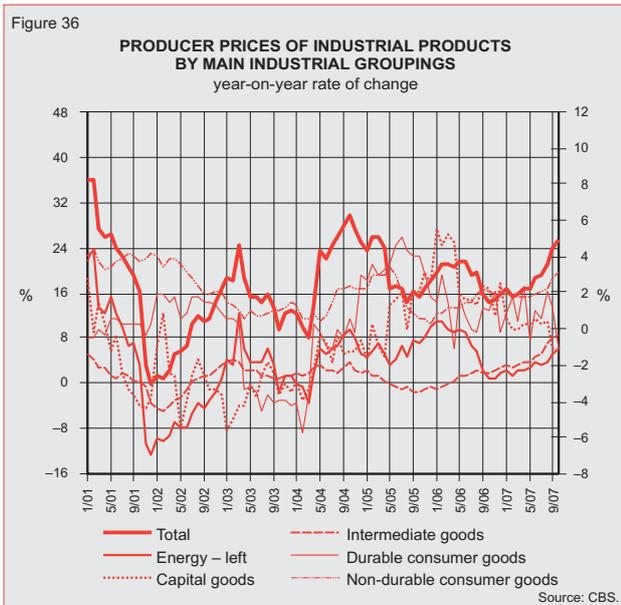
served period, which was in consequence of the slowdown in the year-on-year growth rate of world market prices of metal. The year-on-year rate of change of energy prices grew from 3.4% in July to 5.9% in October, pushed up, in addition to the monthly growth of producer prices of refined petroleum products in September, by the adverse base effect. Furthermore, the rise in industrial food products prices significantly

¹³ This includes building materials (ceramic products, bricks, tiles, cement, lime, plaster, concrete and plaster products, etc.).

¹⁴ The differences in weights among different countries also derive from the differences in the methodologies for the compilation of consumer price indices. The consumer price index is an internationally comparable measure of inflation and the CBS largely followed the Eurostat methodology for producing a harmonised consumer price index. However, the domestic consumer price index differs from the harmonised index in a few minor segments. The method for calculating the CPI in Croatia does not include the Eurostat guideline whereby the index must include spending by foreigners on the domestic territory, if significant. If included in the consumer prices index, the tourist consumption, as a rule, reduces the share of the prices of food, housing and utility services, while increasing the share of catering, transport and recreation and culture.

¹⁵ The famous Engel's law states that demand for food is not income elastic, that is, that the relative share of food expenses in total household income decreases as the household income grows.

¹⁶ According to data for 2006.



contributed to the growth of producer prices of non-durable consumer goods, whose rate of change went up from 2.1% in July to 3.1% in October. In contrast, the year-on-year rate of change of the prices of durable consumer goods fell from 0.5% in July to -1.1% in October and the year-on-year rate of change of capital goods prices declined from 0.2% in July to -1.2% in October.

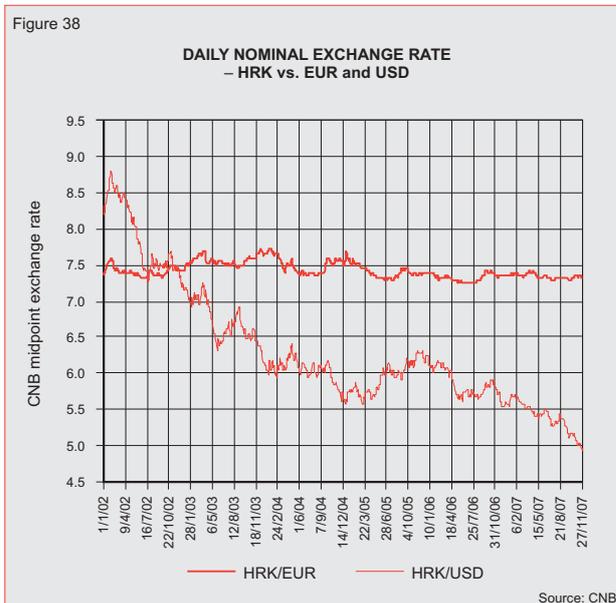
Domestic consumer price inflation rate exceeded the eurozone consumer price inflation rate by 0.3 percentage points in July 2007, but the spread increased over the past three months, reaching 1.7 percentage points in October, when the CPI rate was 4.3% in Croatia compared with 2.6% in the eurozone. This was primarily in consequence of the growing difference between the contribution of food prices to overall annual inflation in Croatia and in the eurozone. In Croatia, for example, the year-on-year growth rate of food prices accelerated strongly in the observed period (from 1.3% in July to 8.1% in October), while the growth of these prices in the eurozone was considerably lower (from 2.0% in July to 3.9%

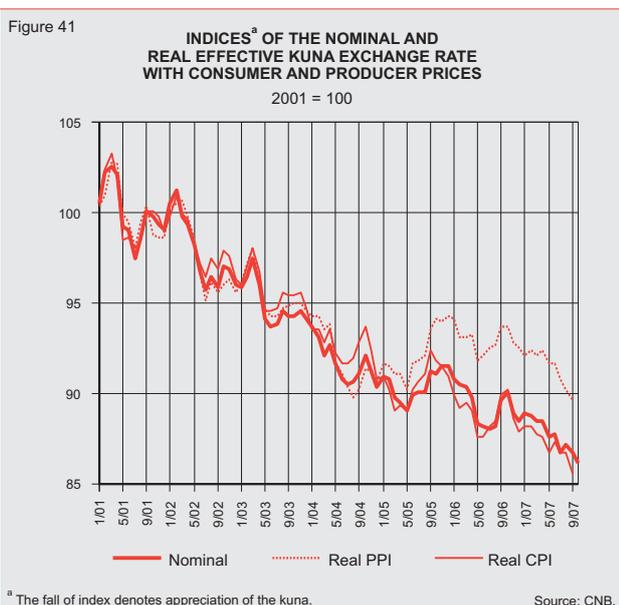
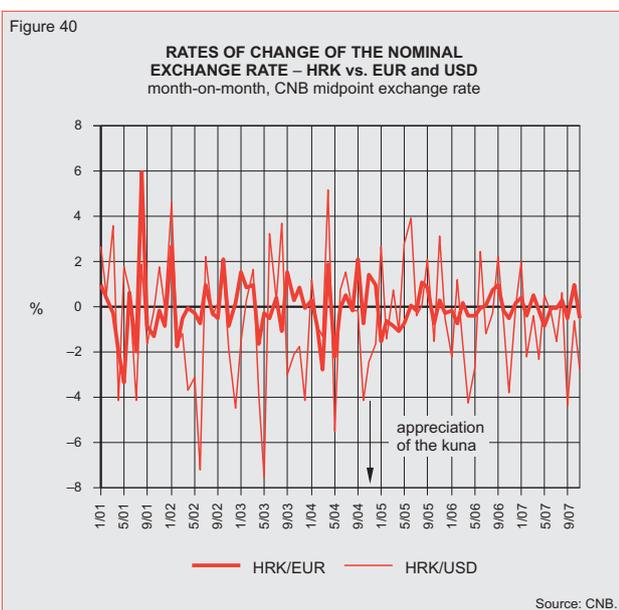
in October). In addition, food prices account for a share of 14.3% in the CPI basket in the eurozone, while this share amounts to a considerably higher 27.7% in Croatia.

Exchange Rate

The nominal kuna/euro exchange rate depreciated by 0.4% in the first two months of the fourth quarter of 2007, with the value of the euro rising from HRK 7.28 on 30 September to HRK 7.31 on 30 November. Trends in the domestic foreign exchange market were dominated by the appreciation of the kuna/euro exchange rate in the second half of September and in early October, which was due to the strong growth of demand for the kuna for T-HT share purchases. These circumstances led to a slight increase in the volatility of the kuna/euro exchange rate. In an effort to ensure required kuna liquidity and alleviate appreciation pressures on the kuna exchange rate, the central bank intervened in the foreign exchange market, purchasing from banks EUR 355.2m at the auction held on 1 October and releasing HRK 2.6bn. The remainder of October saw the kuna/euro exchange rate depreciate slightly, due to an increasing foreign exchange demand on the domestic market. The kuna/euro exchange rate stood at HRK 7.35/EUR at end-October, which is a depreciation of 0.9% compared with end-September. Conducting foreign exchange transactions with the government in October, the CNB sold a net of EUR 10.7m to the MoF for the repayment of a World Bank SAL.

The kuna/euro exchange rate was stable in November. The relationship between supply and demand on the domestic foreign exchange market was balanced in the first twenty days of the month and the exchange rate ranged between HRK 73.3/EUR to HRK 7.35/EUR. In the last ten days of November, the kuna strengthened slightly due to a rising demand for the kuna on the domestic market. The kuna/euro exchange rate stood at HRK 7.31/EUR at end-November, strengthening by 0.5% compared with end-October. The exchange rate stability was further enhanced by a relatively low





variability of the kuna exchange rate versus the euro. Specifically, the average absolute rate of change in the daily kuna/euro exchange rate, an indicator of exchange rate volatility, decreased from 0.09% in October to 0.06% in November. The CNB conducted no major transactions with the MoF in November.

Having depreciated by 5.2% in the third quarter, the US dollar/euro exchange rate continued to weaken in the first two months of the fourth quarter, dropping by 4.0% from USD 1.42/EUR at end-September to USD 1.47/EUR at end-November. The drop in the value of the US dollar in October was due to expectations of further cuts in the Fed's benchmark rate and to adverse economic indicators released in the US (e.g. those relating to the slowdown in housing sales and weakening of consumer confidence). As anticipated, on 31 October the Fed cut the benchmark rate by 0.25 percentage points to 4.50%.¹⁷ In the same period, the ECB left the benchmark rate unchanged at 4.0%.¹⁸ The US dollar/euro exchange rate continued to depreciate in November on the world foreign exchange market. The downward pressure on the exchange rate was caused by market concern about further consequences of the mortgage market crisis for the US economic activity and related expectations of the loosening of US monetary policy. Due to these developments on the world foreign exchange market, the nominal exchange rate of the kuna appreciated versus the US dollar, which was only to a small degree offset by a slight depreciation of the kuna against the euro. In the first two months of the fourth quarter, the kuna/US dollar exchange rate appreciated by 3.4%, rising from HRK 5.14/USD on 30 September to HRK 4.96/USD on 30 November. In the same period, the kuna strengthened by 1.8% against the pound sterling and weakened by 1.1% against the Swiss franc. In consequence of these kuna exchange rate developments, the index of the daily nominal effective exchange rate of the kuna appreciated by 0.6% from 30 September to 30 November.

According to the latest available data, the index of the real effective exchange rate of the kuna appreciated by 3.1% in real terms against the currency basket in the first nine months of this year (from December 2006 to September 2007) deflated by producer prices, and by 2.7% deflated by consumer prices. The average monthly index of the nominal effective exchange rate of the kuna appreciated by 1.9% during this period, primarily due to a strong appreciation of 5.2% of the average monthly exchange rate of the kuna against the US dollar. The differences between the appreciation of the index of the nominal and real kuna exchange rates reflect the faster growth of prices in Croatia compared with prices abroad (Switzerland, the eurozone and Great Britain). At the same time, consumer price growth in Croatia approximately equalled that in the US, whereas producer price growth was somewhat slower in Croatia than in the US.

¹⁷ This was Fed's second benchmark rate cut this year. The first cut was in September 2007, when the benchmark rate was reduced by 0.50 percentage points (from 5.25% to 4.75%).

¹⁸ The ECB's benchmark rate was increased twice this year, by 0.25 percentage points (to 3.75%) in March and by the same percentage in June (to 4.0%).

Monetary Policy and Instruments

Monetary Environment

Developments in the early fourth quarter of 2007 confirmed the efficiency of the monetary policy instruments applied in 2007: lending activity slowed down, banks' external debt fell considerably, and the public sector as a whole saw slower growth of its external debt. The monetary environment faced the new challenges at the end of 2007, primarily the upward pressure on prices. In addition, the growth in foreign interest rates has been present for quite some time.

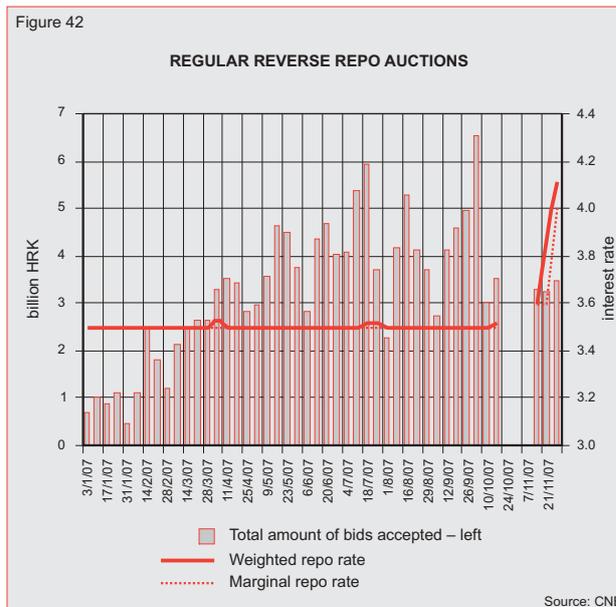
Apart from the Decision on the purchase of compulsory CNB bills, other monetary policy measures underwent no significant changes in the reference period. The Decision on the purchase of compulsory CNB bills was amended in order to include the placements of banking groups as a whole, i.e. the placements of legal persons in which "a bank or a holder of a qualifying holding in a bank ... has control". The control is defined as a majority participation or qualifying holding in the capital or voting rights or in other ways in accordance with the provisions of the Banking Act. The new provisions strengthened the measure pursuant to which the growth of placements above 12% is subject to the purchase of CNB bills and eliminated the possibility of borrowing the additional funds from other financial institutions that would be channelled into the financing of household consumption.

The public offering of T-HT shares caused the imbalances in both the money and foreign exchange markets. Daily liquidity surpluses at the end of September and the beginning of October were three times above the levels usually observed during a year, while the exchange rate, uncommon for the season, strongly appreciated. The CNB promptly reacted by purchasing the foreign exchange from banks, and when the depreciation pressures materialised it withdrew the surplus liquidity by cancelling the last two repo auctions in October and the first two repo auctions in November. The CNB continued to conduct the regular weekly reverse repo operations when the liquidity returned back to its usual levels.

Uses of Instruments of Monetary Policy

Strong demand for the kuna due to the subscription of T-HT shares marked the beginning of the fourth quarter, prompting the CNB to create larger amounts of reserve money. During the T-HT's IPO, that ended at the end of September, about HRK 12bn for the purchase of the shares were paid in the special purpose accounts opened with the agent banks, while the return of the excess funds paid for the shares subscribed was made during the middle of October. As a result, the end of September and the beginning of October faced strong demand for the kuna that was above all seen in high bank offers at the reverse repo auctions, more intensive use of Lombard loans and the appreciation of the kuna exchange rate. Following these developments, the CNB intervened in the foreign exchange market on 1 October. The gradual return of excess funds brought the surplus of

Figure 42

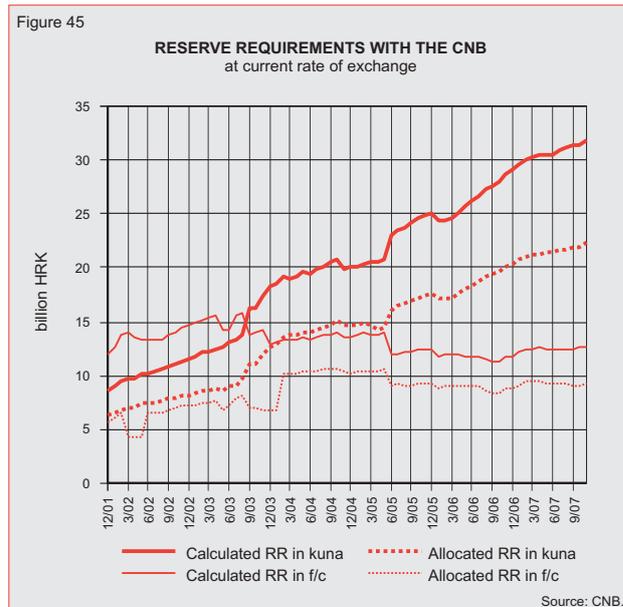
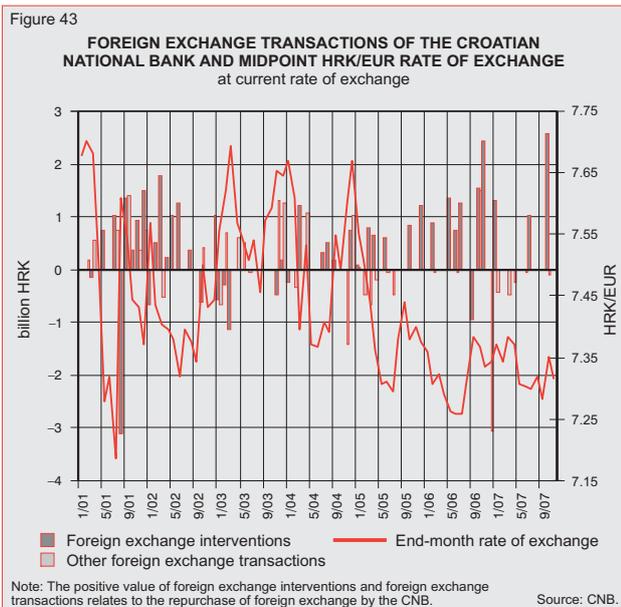


liquidity into the system. The kuna exchange rate started to depreciate, especially in the second half of October. In order to withdraw the surplus liquidity, the central bank did to hold any reverse repo auction until mid-November and the beginning of the new reserve requirement maintenance period.

During the first nine months of 2007, the reverse repo auctions were the main source of liquidity. Their intensity slowed down in the early fourth quarter due to high level of free reserves. The reduction of liquidity in the conditions of poorly developed interbank market was accompanied by the growth in money market interest rates and the intensive use of CNB Lombard loans. As a result, banks changed their behaviour at the auctions held in November and started to offer higher and differentiated interest rates at the auctions in order to ensure that the needed funds would be raised. The CNB answered by increasing the marginal repo rate from 3.5%, applied in the previous part of the year, to 3.6% on 14 and 21 November and to 4.0% at the last auction in that month. By increasing the marginal repo rate and non-accepting the bids that were offered at that rate, the CNB placed 52% of the total required funds that at three auctions held in November averaged HRK 6.4bn.

The average balance of funds placed at the reverse repo auctions held in October and November stood at HRK 2.6bn, down HRK 0.4bn over the balance registered in the first nine months of 2007. At the same time, the amount of funds placed through Lombard loans drifted higher in the reference period, averaging HRK 0.9bn in the first two months of the fourth quarter. Compared to the first nine months, this instrument of monetary policy was more often used by banks – 28 working days in October and November and only 6 working days in the first three quarters.

In addition to the channelling of the surplus liquidity into overnight deposits with the CNB at the end of the reserve requirement maintenance period, when the obligation to maintain the prescribed average balance in the transaction accounts is already met by banks, the additional contribution to the growth of overnight deposits came from a temporary deposit of the agent bank in the public offering of T-HT shares. Hence,



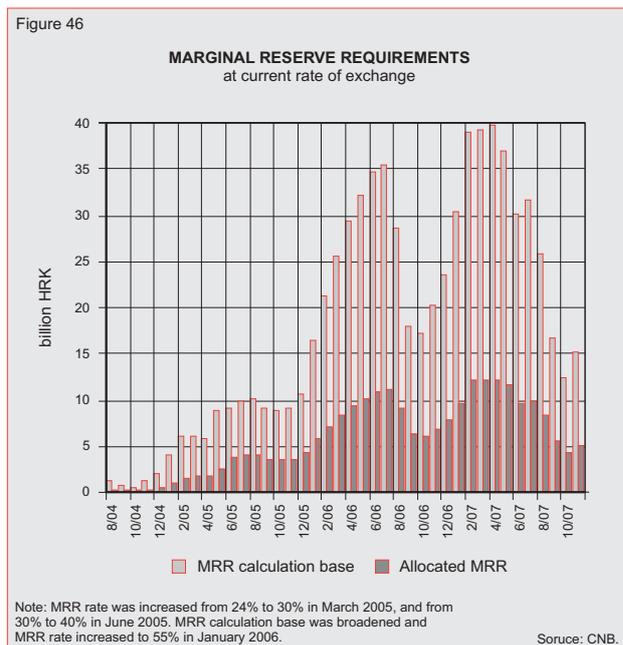
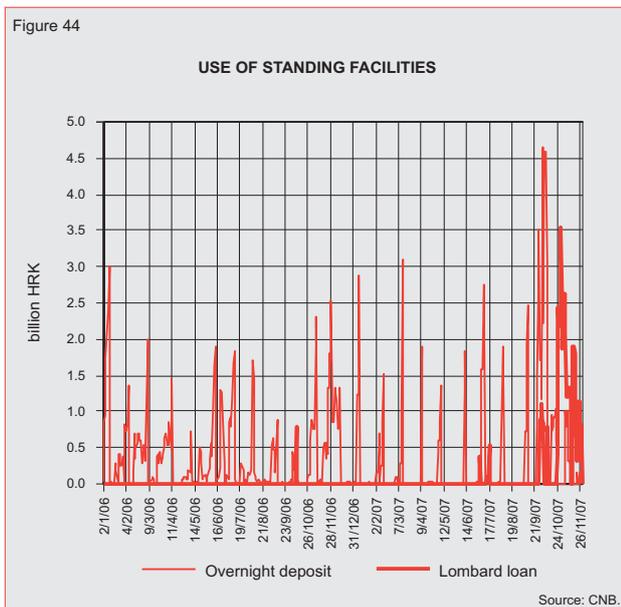
overnight deposits reached HRK 4.7bn in October, while they were the highest in November and amounted to HRK 1.1bn. The average daily balance of overnight deposits stood at HRK 675m in the first two months of the fourth quarter, up HRK 265m over the balance in the first nine months.

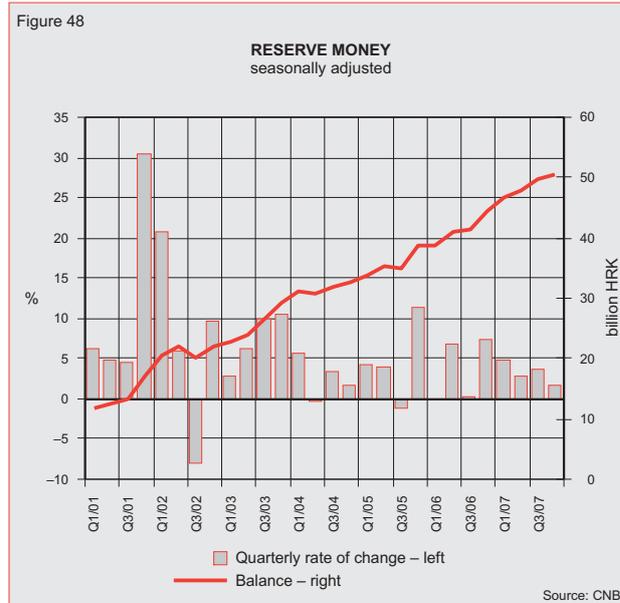
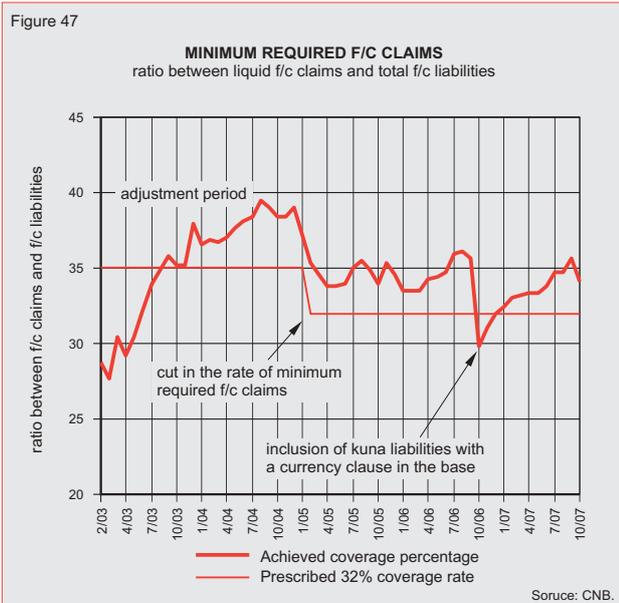
Both the kuna and foreign currency components of reserve requirements continued to grow at the beginning of the fourth quarter, with the increase in the calculation base being recorded despite the outflow of deposits from banks for the purchase of T-HT shares. Since this outflow was of a temporary nature, the average balance of the sources of funds in the whole calculation period, which make up the calculation base, still went up. In the second half of October and at the beginning of November, the growth of domestic sources of funds additionally accelerated and thus contributed to further increase in the calculation base in November.

The calculated kuna reserve requirements stood at HRK 31.9bn in November, up HRK 0.6bn over the end of the third quarter. At the same time, the calculated foreign currency re-

serve requirements went up by a modest HRK 0.1bn, reaching HRK 12.6bn. In addition, the kuna reserve requirements grew by HRK 2.7bn (9.3%) in the first eleven months of 2007, while the foreign currency reserve requirements grew by HRK 0.8bn (6.8%). Faster growth of the kuna reserve requirements in 2007 is attributed to the decrease in banks' foreign liabilities, which substantially reduced the base for calculating the foreign currency reserve requirements.

Like in the previous year, banks used strong seasonal growth of domestic sources of funds in the third quarter of 2007 to decrease their foreign liabilities. As a result, the July-October period saw a major fall in the allocated marginal reserve requirement, from HRK 10.0bn in July to HRK 4.2bn in October. This trend was halted early in the fourth quarter when the growth in foreign liabilities of banks increased the base for calculating the marginal reserve requirement, pushing the allocated marginal reserve requirement to HRK 5.1bn in November.





The coverage of foreign currency liabilities by foreign currency claims stood at 34.13% at the end of October, a decrease of 1.5 percentage points over the end of the third quarter. The major contributors to this were the increase in foreign liabilities of banks and the maturity of the short-term foreign currency loan of EUR 244.5m that was granted to the central government and that in accordance with the decision taken by the CNB was included in the foreign currency claims in the period from July to October. At the end of October, the foreign currency claims of banks stood at HRK 55.0bn and the foreign currency liabilities at HRK 161.3bn. After decreasing strongly in the first nine months, the liabilities with a currency clause that banks are also required to cover by their liquid foreign currency claims stagnated during October to reach HRK 12.8bn at that month-end.

Reserve Money and International Reserves

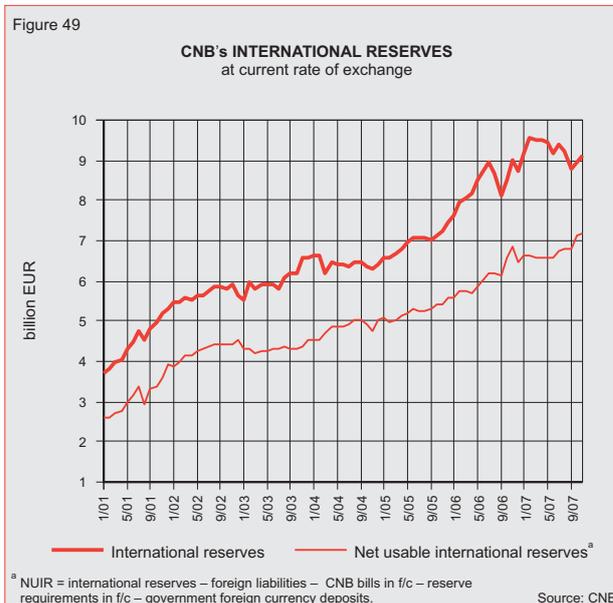
The changes in reserve money (M0) in the first two months of the fourth quarter were mostly the consequence of the movements in banks' free reserve in their settlement accounts and in vaults. Specifically, in line with the developments in the capital market and higher creations and withdrawals of the reserve money, this monetary aggregate decreased by HRK 2.7bn in October due to banks having at their disposal much lower liquidity surpluses at the end of that month than at the end of the third quarter. The growth in kuna reserve requirements strengthened the demand for reserve money in November, while banks were inclined to hold higher amounts of free reserves. In addition, the purchase of compulsory CNB bills and the growth in currency outside banks, due the repayment of a pensioners' debt tranche, increased the reserve money by HRK 1.8bn or to HRK 50.0bn at the end of November, while its annual rate of growth stood at 11.5%.

Of the HRK 3.7bn increase in reserve money in the first eleven months of 2007, HRK 2.4bn was accounted for by bank deposits with the CNB and HRK 1.3bn by its other component – currency outside banks. The largest contribution to the growth in bank deposits with the central bank came from

the allocated kuna reserve requirements (HRK 1.9bn). However, the growth in the purchase of compulsory CNB bills that was especially strong over the fourth quarter also needs to be mentioned. Hence, the compulsory CNB bills rose by HRK 384m and HRK 619m in October and November respectively, with their stock amounting to HRK 1.3bn.

In October and November, like in the first three quarters of 2007, government deposits with the CNB were characterised by lower balances and subdued volatility. The average balance of kuna government deposits amounted to HRK 193m in the first two months of the fourth quarter, which is a mild decrease compared to HRK 240m in the first nine months of 2007. Concurrently, foreign currency government deposits remained stagnant, amounting to only HRK 34m.

After growing at a slower pace in the first nine months of 2007, mostly due to smaller amounts of foreign exchange repurchased from banks and marginal reserve requirements outflows, international reserves grew strongly in the first two months of the fourth quarter as a result of the purchase of



a record-high EUR 355m from banks at the CNB foreign exchange auction held in October. International reserves also grew in November, primarily on account of the allocated reserve requirements (EUR 121m). Absent in October and November, the effects of the sale of foreign exchange to the central government failed to contribute to the decrease in international reserves. Compared to the first nine months of 2007, when EUR 159m net were sold to the MoF, only EUR 10m net were sold to the Ministry in the remaining part of the year and largely included the funds needed for the repayment of a World Bank SAL in October. International reserves stood at EUR 9,122m at the end of November, up EUR 396m over the end of 2006. Net usable international reserves grew by a high EUR 702m, reaching EUR 7,166m at the end of November.

Monetary Developments

Monetary developments in the third quarter and early in the fourth quarter of 2007 were marked by the slowdown of bank lending activities and banks' external debt as well as strong growth of domestic sources of finance. The slower growth of bank lending activities was the result of the June amendments to the Decision on the purchase of compulsory CNB bills (see Box: 2). The peak of the tourist season and the strong inflow of savings and time deposits enabled the banks to channel the domestic sources of financing into placements and into the reduction of their foreign liabilities. Owing to the public offering of T-HT shares and huge interest of citizens for their purchase, almost all monetary aggregated decreased significantly at the end of September. These developments were only of a temporary nature as the funds paid in for the purchase of T-HT shares were deposited as restricted deposits that are not included in the statistical definition of monetary aggregates. The completion of the public offering procedure in October resulted in the recovery of monetary aggregates as the funds needed for the purchase of shares were paid in the account of the seller (government) and the surplus funds repaid to the accounts of payers.

Total Liquid Assets

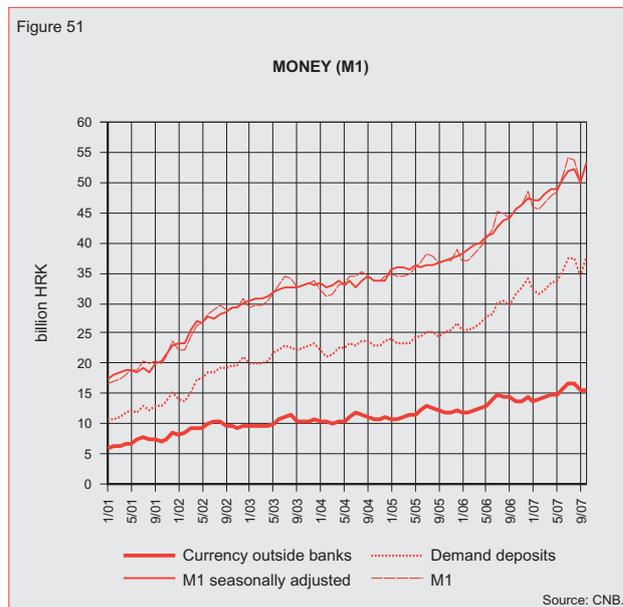
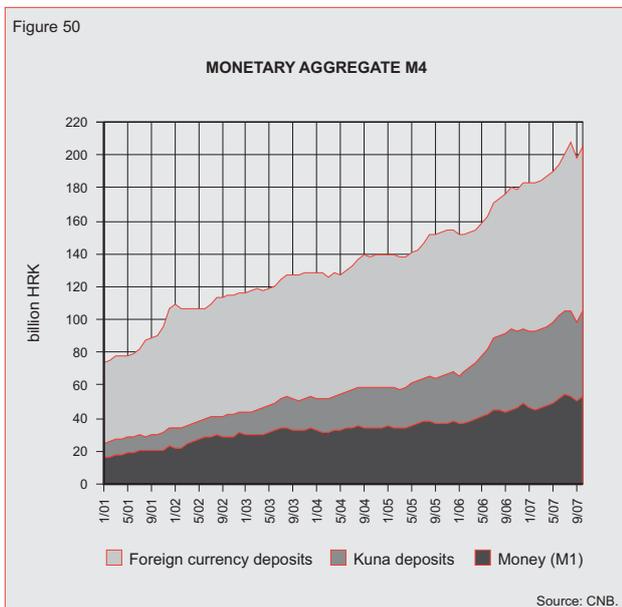
Strong growth of total liquid assets (M4) continued in the third quarter and early in the fourth quarter of 2007. Growing by HRK 12bn in the first half of the year and by about HRK 10bn in the third quarter and the first month of the fourth quarter, total liquid assets stood at HRK 204.4bn at the end of October and their annual growth rate was 13.2%.

Money

Moving in line with the accelerated economic growth, money (M1) continued its strong expansion trend from the first half of the year, halting it at mid-August. After the completion of the main tourist season and the expiry of the term for the purchase of T-HT shares by citizens, M1 fell strongly in the third quarter, decreasing by a total of HRK 1.7bn. However, M1 grew by as much as HRK 3.3bn in October, confirming that the third quarter development was of a temporary nature. As a result, this monetary aggregate reached HRK 53.2bn and its annual growth rate rose from 13.3% at the end of September to 16.9% at the end of October.

The movements in demand deposits largely determined the developments in M1 in the third quarter and early in the fourth quarter of 2007. After increasing by HRK 2.2bn in the reference period, the balances in giro and current accounts with banks amounted to HRK 37.6bn at the end of October and their annual rate of growth stood at 19.0%. As a result, although at a somewhat slower pace than in the first nine months of 2007, the demand for transaction money continued to grow strongly in the fourth quarter of 2007.

Broken down by sectors, household demand deposits, after falling considerably in the third quarter of 2007, grew strongly in October. At HRK 17.5bn and with the annual growth rate of 26.6%, this monetary aggregate was the most dynamic one at the end of October and, in terms of its share, it was the most important component of total demand deposits. However, corporate demand deposits stood at HRK 15.9bn at the end of October and its annual growth rate was 13.0% or two times lower than that at the end of June 2007. The deceleration of corporate demand deposits in the second



half of the year was the result of a reduction in bank lending activities towards this sector.

The other component of money, currency outside banks, diverged only slightly from its usual seasonal dynamics. After growing strongly in the summer months and reaching its maximum at mid-August, the month in which the balance in currency outside banks exceeded HRK 17.0bn on individual days, this monetary aggregate started to decrease, reaching HRK 15.5bn at the end of October. The average daily balance in currency outside banks was thus 11.1% higher in October 2007 than in the same month in 2006.

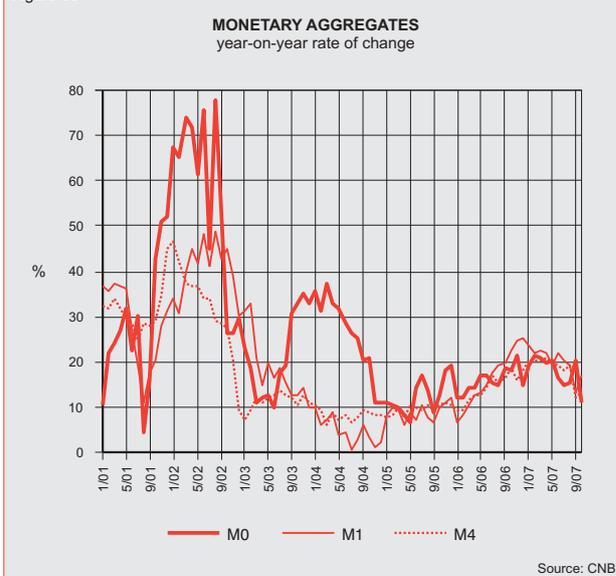
Non-Monetary Deposits

In the first ten months of 2007, kuna and foreign currency deposits went up by more than HRK 17.0bn (12.8%). Although their growth was even more pronounced in the same period last year (HRK 19.0bn or 16.5%), the developments in kuna and foreign currency deposits in 2007 were marked by the continuation of strong growth of domestic savings with banks that is attributed to foreign currency tourism inflows, accelerated economic activity and more favourable savings conditions offered by banks.

Of all monetary aggregates, foreign currency deposits grew the most in the first ten months of 2007, by as much as HRK 11.5bn or 13.1%. More than two-thirds or HRK 7.6bn of their annual growth was registered in the third quarter of 2007 which is a common appearance due to the seasonal inflow of foreign currency revenues from tourism. Total foreign currency deposits stood at HRK 99.8bn at the end of October and their annual growth rate was 14.8%.

All domestic sectors increased their foreign currency deposits at the beginning of the year. Household foreign currency deposits grew the most in the first ten months of 2007 or by a total of HRK 6.0bn. At the end of October, they stood at HRK 80.8bn, up 10.4% over the end of the same month last year. During the same period, corporate foreign currency deposits went up by HRK 3.8bn. At the end of October, they stood at HRK 15.5bn, while their annual growth rate amounted to 30.4%.

Figure 53



The growth of kuna non-monetary deposits, which started in the first half of 2007, continued at a somewhat reduced intensity in July and August. Compared to 2006, when the growth in kuna deposits was above all the result of the growth in deposits with a currency clause, the growth in kuna deposits in 2007 was the result of the increase in “pure” kuna deposits. The September decrease in monetary aggregates was largely the consequence of the decrease in kuna non-monetary deposits, with their October upsurge only partly offsetting the recorded decrease. Total kuna non-monetary deposits amounted to HRK 50.3bn at the end of October, and their annual growth rate stood at 7.5%.

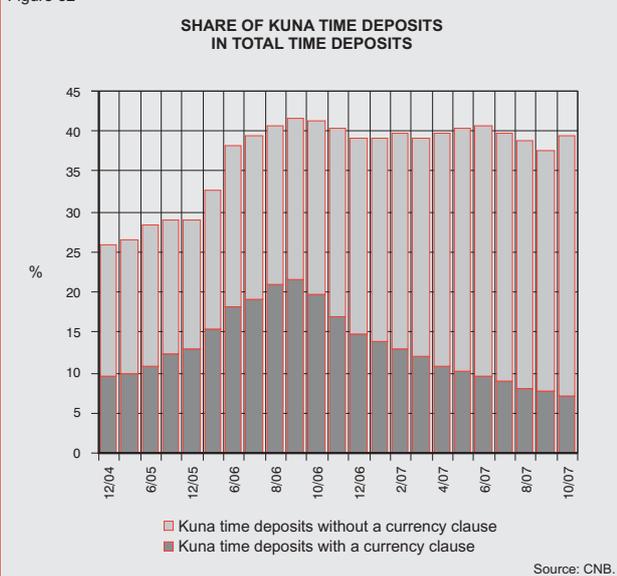
Broken down by sectors, the growth of kuna deposits recorded at the beginning of 2007 was entirely the result of the increase in corporate kuna deposits and deposits of other banking and non-banking financial institutions. Corporate kuna deposits grew by almost HRK 3.0bn in the first ten months of 2007 and reached HRK 17.4bn at the end of October, up 18.6% over the end of the same month last year. During the same period, kuna deposits of other banking and non-banking financial institutions went up by as much as HRK 4.0bn. The growth of these deposits is the indicator of good liquidity of the funds which deposit their surplus funds in the accounts with banks. By contrast, household kuna deposits continued to decrease mildly in the second half of 2007. Household kuna deposits amounted to HRK 21.6bn at the end of October, down 11.5% over the end of October 2006.

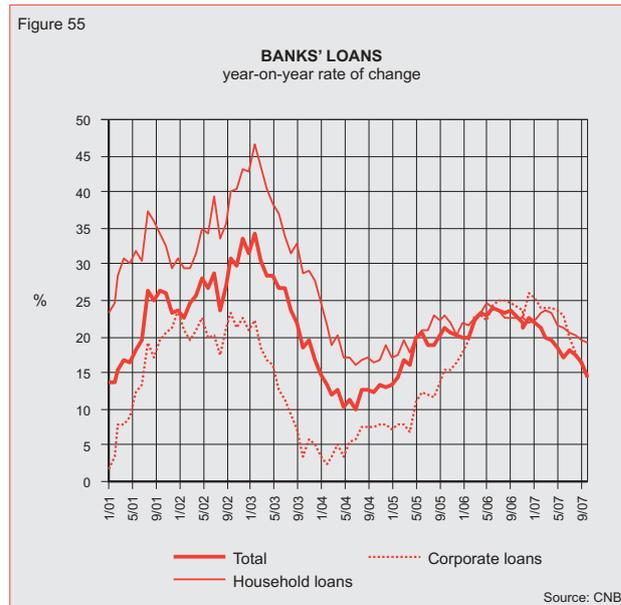
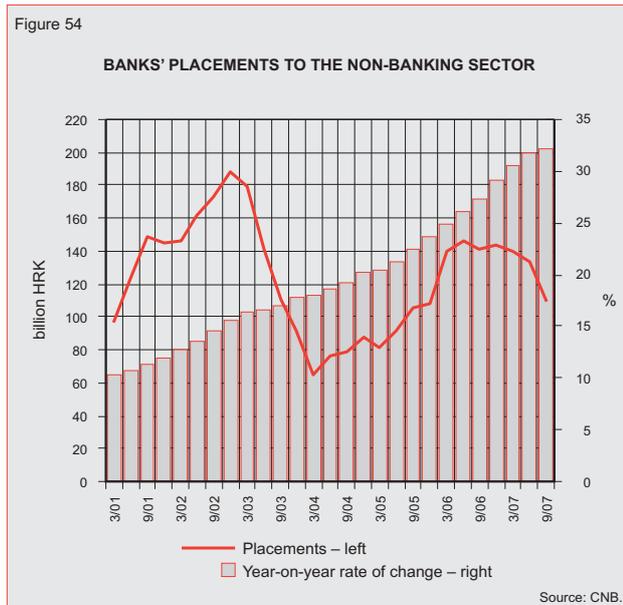
Placements

The growth of bank placements to the non-banking sector slowed down in the first ten months of 2007. As a result, bank placements to the non-banking sector grew by HRK 20.9bn or 11.4%, down HRK 4.5bn or 5.6 percentage points over the same period last year. Total bank placements to the non-banking sector amounted to HRK 204.3bn at the end of October, and their annual growth rate decreased further and stood at 17.0%.

The trend of strong credit expansion was halted largely

Figure 52





due to the implementation of the Decision on the purchase of compulsory CNB bills that was additionally strengthened in June by introducing the monthly sub-limits of 0.5% on the growth of placements that are not subject to the purchase of compulsory CNB bills. After this Decision entered into force, lending activities became moderate in July and August and banks “created the room” for stronger non-taxable growth of placements in September and October. However, as the dynamics and the intensity of the growth of placements of individual banks in the first two months of the third quarter were not in line with the prescribed limits, substantial amounts of compulsory CNB bills were first purchased in that period.

As suggested by the structure of bank placements by sectors, the growth of bank corporate placements slowed down in the period after the adoption of amendments to the Decision on the purchase of compulsory CNB bills in June. By contrast, their corporate and household placements grew at equally strong rates in the first six months of the year. As a result, after increasing by HRK 7.6bn in the first half of the year, bank corporate placements went down by HRK 1.9bn in the third quarter and early in the fourth quarter of 2007. At the end of October, they stood at HRK 89.1bn, while their annual rate of growth fell from 24.4% at the end of 2006 to 14.8% at the end of October. Owing to these developments, some enterprises, supported by domestic banks in foreign ownership, redirected their financing from domestic to foreign banks.

By contrast, the developments in household loans were in the third quarter similar to those observed in the first half of the year. After increasing by 5.1% in the first quarter and by 4.0% in the second quarter, loans to households went up by 4.9% or HRK 5.1bn in the third quarter. In addition, after increasing by HRK 1.5bn at the beginning of the fourth quarter, total loans to households reached HRK 111.2bn at the end of October, and their annual rate of growth went down from 21.8% at the end of 2006 to 19.1% at the end of October. Broken down by types of loans, the structure of total household loans was marked by a modest slowdown of housing loans. Housing loans stood at HRK 43.8bn at the

end of October, while their annual growth rate declined to 23.2%. The major component of household loans – other all-purpose loans, which among others include current account overdrafts and loans for the purchase of shares, grew strongly and continually in the third quarter (by about 20% annually).

Bank Placements to the Central Government

Bank claims on the central government increased by HRK 3.4bn in the third quarter of 2007, mostly on account of the short-term foreign currency syndicated loan of EUR 244.5m that was granted to the government for the repayment of due foreign liabilities. This loan was paid off in October with the funds obtained from the issue of the second EUR 300m tranche of a fifteen-year government bond indexed to foreign currency issuance. As these bonds were mostly purchased by non-banking investors, bank placements to the central government fell by HRK 3.0bn in October. Total bank placements to the central government, which in addition to loans include the claims arising from subscribed or purchased bonds and T-bill, amounted to HRK 29.6bn at the end of October and were HRK 1.6bn higher at the end of that month than at the end of 2006.

By contrast, central government deposits with banks continued their growth from the beginning of the year, reaching a total of HRK 3.9bn. As a result of the above described developments in placements and deposits, net bank claims on the government fell by HRK 2.3bn in the first ten months of 2007. Net bank placements to the central government amounted to HRK 14.6bn at the end of October, down 23.3% over the same month in 2006.

Box 2: The Effects of the Decision on the Purchase of Compulsory CNB Bills

After producing the positive results in 2003 (see the Annual Report for 2003), the measure of compulsory purchase of CNB bills, aimed at restricting the growth of bank placements, was introduced again in 2007. Specifically, in 2003 it successfully slowed down the growth of bank placements to the non-banking sector and the growth of total placements to the non-banking sector. In order to gain better insight into its effects, we have analysed the developments in two major groups of placements (corporate placements and household placements). Moreover, we have also estimated its possible effects on real aggregates: gross domestic product (GDP), personal consumption and investment.

The starting point in the analysis of the effects of the compulsory purchase of CNB bills is a significant difference between the sources of financing accessible to the corporate sector and the household sectors. In contrast to households, enterprises have access to numerous sources of financing outside the domestic banking system, primarily to direct foreign borrowing. In periods of tight monetary policy, some enterprises rely more on direct financing from foreign sources and less on financing from domestic banks. This can be seen in Figures 56 and 57 which show the developments in domestic bank placements to enterprises (corporate borrowing from banks) and in other corporate borrowing (corporate borrowing abroad and from leasing companies¹⁹).

The substitution of corporate borrowing from domestic banks by other sources of financing has also been present in the periods in which the fast-growing banks have not been required to purchase the compulsory CNB bills. This can be seen in Figure 58 which shows the divergence of various forms of corporate borrowing from their deterministic trend.²⁰ The calculated divergences from the trend are highly negatively correlated throughout the whole period, including the years in which the growth of bank placements has not been restricted (the correlation coefficient is -0.67), and point to a high substitution of corporate borrowing from banks by alternative sources of financing, with the amounts borrowed being almost equal. In periods of more restrictive CNB policy, enterprises substituted their somewhat reduced borrowing from domestic banks with alternative sources of financing (i.e. with direct foreign borrowing).

The estimates obtained on the basis of the VAR analysis reveal that the rate of substitution has ranged on average between 50% and 80% and that its further increase may be expected in the long run as Croatia becomes more aligned with the EU and as the capital market becomes more integrated. By contrast, as the household sector has no opportunities for such, almost, complete substitution, the tight measures of the central bank slow down the growth rates of total household borrowing (Figure 59). In this way, the

19 The structure of claims of leasing companies has been estimated on the basis of partial coverage.

20 Deterministic trends have been estimated for each type of placements, assuming that structural changes have occurred in both series in the second quarter of 2005 as a result of the positive effects of Croatian negotiations on the accession to the EU.

Figure 56

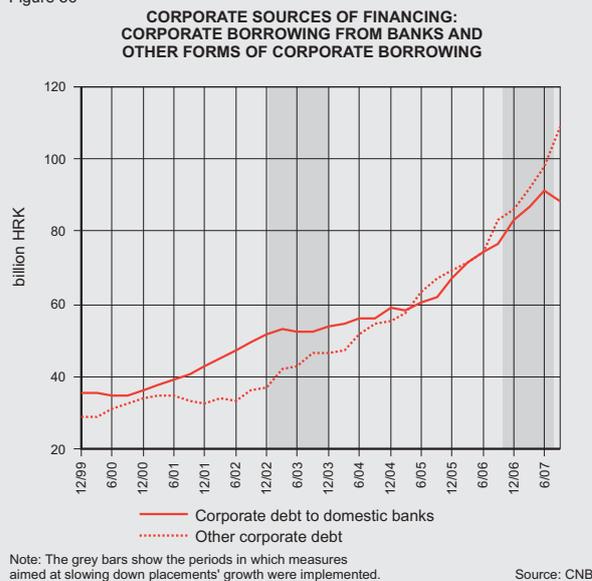


Figure 57

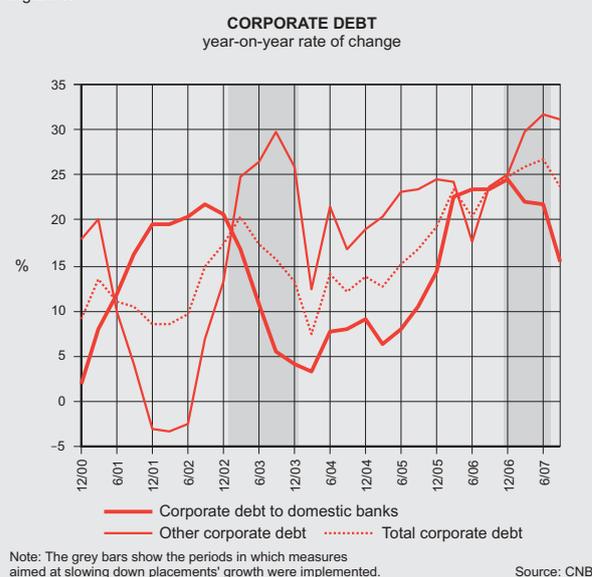


Figure 58

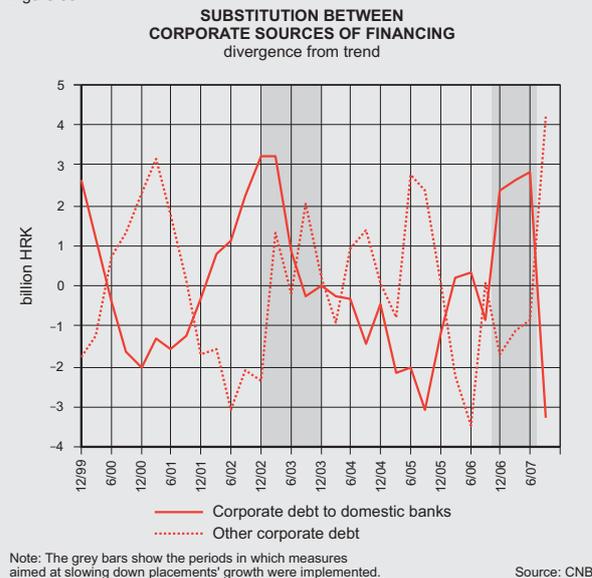
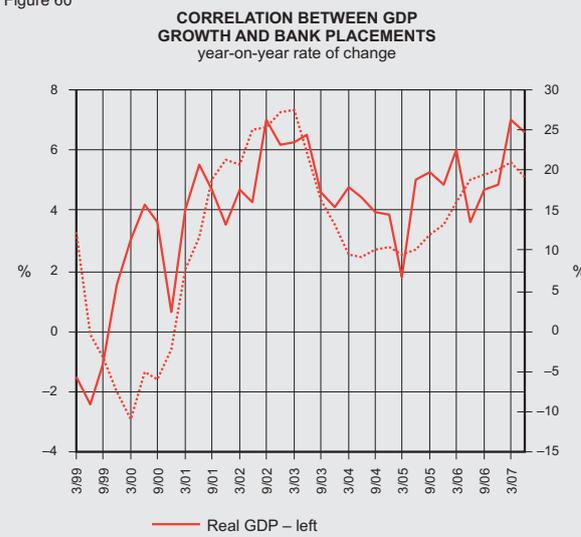


Figure 59



Note: The grey bars show the periods in which measures aimed at slowing down placements' growth were implemented. Source: CNB.

Figure 60



Source: CNB.

Table 3: Correlation between the Year-on-Year Rates of Change in Bank Placements and Aggregate Demand

| | GDP | Personal consumption | Investment | Corporate placements | Household placements | Total placements |
|----------------------|------|----------------------|------------|----------------------|----------------------|------------------|
| GDP | 1.00 | | | | | |
| Personal consumption | 0.83 | 1.00 | | | | |
| Investment | 0.62 | 0.38 | 1.00 | | | |
| Corporate placements | 0.58 | 0.42 | 0.61 | 1.00 | | |
| Household placements | 0.44 | 0.33 | 0.75 | 0.72 | 1.00 | |
| Total placements | 0.61 | 0.45 | 0.74 | 0.96 | 0.87 | 1.00 |

Sources: CBS and CNB.

restrictions aimed at curbing placement growth predominately restrict the growth of household borrowing (i.e. personal consumption), while enterprises may use the alternative sources of financing.

Another issue that arises with respect to the monetary policy effects is their possible impact on real trends. It may be seen in the restrictions used by the central bank to influence the amount or the prices of loans that banks grant to economic subjects and that are partly used to finance the aggregate demand. The data show the strong correlation between the movements in bank placements and GDP in the last ten years in Croatia. Specifically, the correlation between the annual rates of change in bank placements to the non-banking sector and GDP stands at 0.61, while the

correlation between placements and investment is much stronger (0.74) and that between placements and consumption somewhat weaker (0.45). The increase in prices of residential properties, the sale of which is reported under investments, is a key element contributing to strong statistical correlation between household placements and investment (the correlation of 0.75).

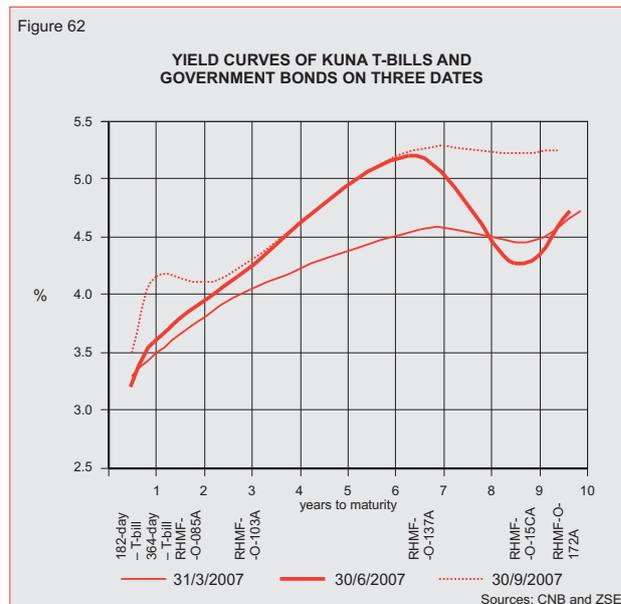
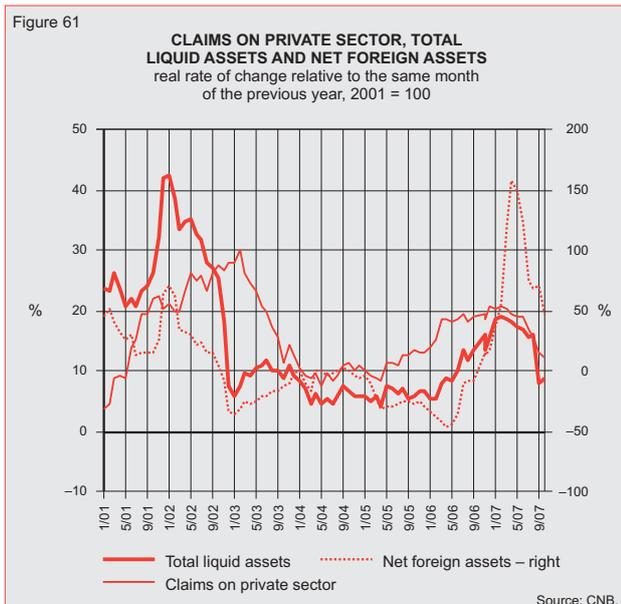
The available data show the concurrent correlation between placements and GDP, with the estimated elasticity between GDP growth and bank placements standing at 0.1. This leads us to the conclusion that the restriction of placement growth to a moderate 12% should not undermine the prospects for strong growth of the Croatian economy.

Foreign Assets and Liabilities

Due to the marginal reserve requirement (MRR) and the growth of the benchmark interest rates in the eurozone (which contributed to the larger efficiency of MRR), banks strived to decrease as much as possible their foreign liabilities. By decreasing their liabilities by HRK 11.0bn in the third quarter, banks created the room for strong growth of domestic sources of funds and the inflow of recapitalisation funds. However, the outflow of deposits due to the purchase of T-HT shares at the end of September and somewhat more intensive lending activities in October increased bank foreign liabilities by HRK 1.9bn at the beginning of the fourth quarter. Total foreign liabilities of banks reached thus HRK 63.4bn at the end of October, a decrease of HRK 12.7bn over the end of 2006.

Owing to the growth in foreign liabilities and the maintenance of the minimum required foreign currency liquidity in the amount set forth by the central bank, banks increased their foreign assets in the second half of 2007. Following the increase of HRK 6.0bn in the June-October period of 2007, total foreign assets of banks stood at HRK 43.4bn at the end of October.

As their foreign liabilities decreased and foreign assets increased, net foreign asset of banks improved significantly in the second half of 2007, reaching HRK -20.0bn at the end of October or HRK 16.5bn more than at the end of 2006.



Money Market

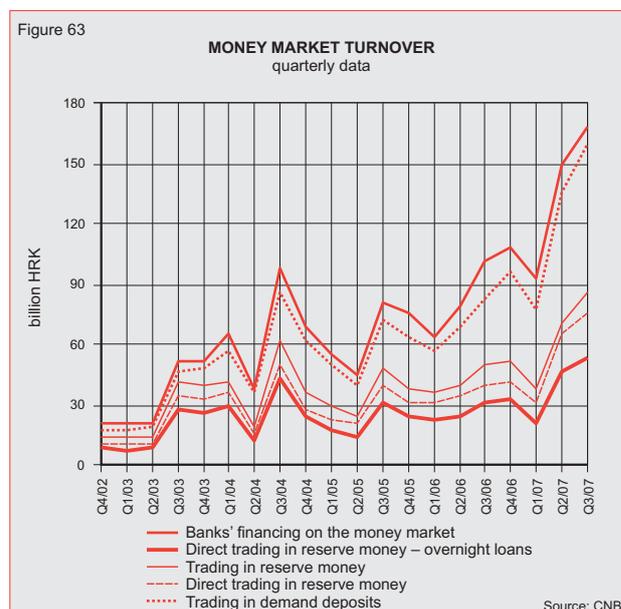
Having decreased briefly in August 2007, money market interest rates rose in September and October, remaining highly volatile over the whole observed period. According to the latest available data, relating to November, money market interest rates dropped slightly compared with the previous month, remaining, however, almost twice as high as in the first part of the year, whereas interest rates in the primary T-bill market continued to grow. The interest rate increase in the money market resulted from strong growth of demand for currency boosted by the public offering of the government's 32.5% stake in T-HT, other companies' public offerings and the issue of the second EUR 300m tranche of a fifteen-year government bond indexed to foreign currency. The CNB created required liquidity through reverse repo auctions, with record-high amounts of bids submitted and accepted (about HRK 4.2bn per auction) in the third quarter rising even higher to HRK 4.4bn at the three auctions held in October. The CNB also intervened in the foreign exchange market in early October and created HRK 2.6bn worth of liquidity and withdrew excess primary liquidity, which occurred after the effect of capital market transactions on currency demand had disappeared, by cancelling three subsequent reverse repo auctions. However, due to the shallowness of the domestic money market, a side effect of reducing liquidity to usual levels was that interest rates remained high. Reverse repo operations were continued at mid-November. The bids accepted amounted to an average of HRK 3.3bn per each of the three auctions held, while the marginal repo rate exceeded 3.50% due to price bidding, performed on auctions for the first time.

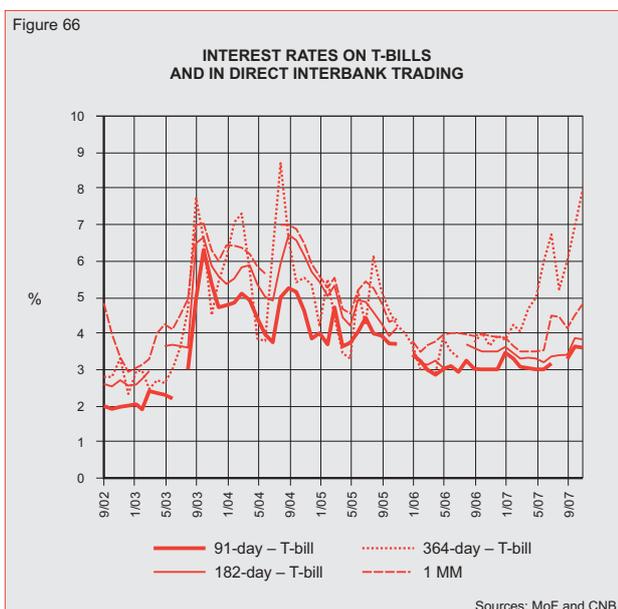
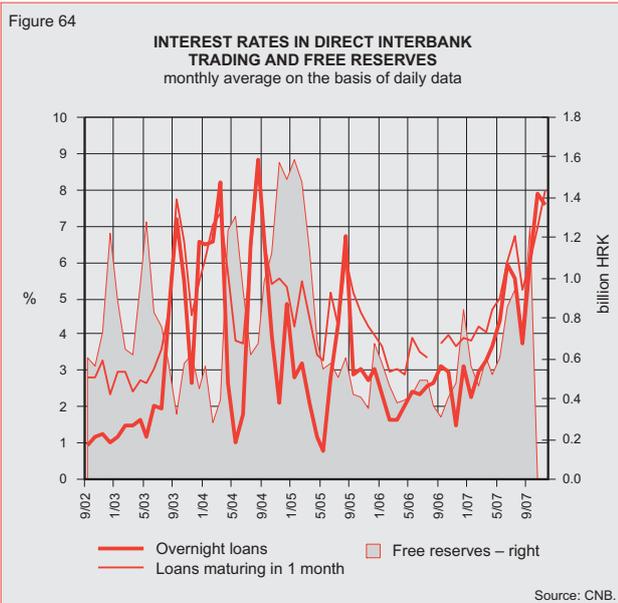
On the increase since end-2006, interest rates on short-term household loans not indexed to foreign currency stopped rising in the third quarter and in October 2007, while interest rates on short-term corporate loans not indexed to foreign currency drifted higher. Bank lending rates on long-term loans indexed to foreign currency also rose, especially those charged on household loans. Bank rates on kuna time de-

posits not indexed to foreign currency also accelerated in the same period, while interest rates on foreign currency time deposits went up slightly. These interest rate trends were both due to interest rate growth in the eurozone and bank adjustments to CNB measures.

Money Market Interest Rates

In the third quarter 2007, banks were financing their primary liquidity using money market secondary liquidity sources in an average daily amount of HRK 2.6bn (a total of HRK 168.3bn for the quarter), which is HRK 143m more than in the second quarter of 2007 and HRK 1.0bn more than in the same period in 2006. Banks' money market financing thus increased by HRK 19.1bn compared with the previous quarter, primarily due to the rise of HRK 15.5bn in interbank trading in reserve money. The lion's share of the total of HRK 168.3bn worth of loans that banks received on the money market was, as usual, made up of demand





deposit loans (HRK 159.1bn), while the purchase of repo agreements and sale of securities accounted for HRK 8.8bn and HRK 429.4m respectively. In demand deposit trading, HRK 85.2bn was accounted for by loans received from banks, HRK 44.1bn were loans received from other financial institutions and HRK 29.9bn were loans received from other legal persons.

Interbank trading in reserve money continued to be dominated by direct interbank trading, which generated a quarterly turnover of HRK 75.3bn, while the turnover in interbank trading intermediated by the ZMM totalled HRK 9.9bn. Accounting for 70.9% of the total turnover, overnight loans continued to be the most liquid instrument in direct interbank trading. The average daily turnover of these loans went up from HRK 780.8m in the second quarter to HRK 834.5m in the third quarter of 2007, rising further to HRK 1.05bn in October and to an all-time high of HRK 1.13bn in November.

This pattern of bank financing on the money market was accompanied by a sharp volatility and strong growth of interest rates in direct interbank trading. Specifically, the weighted interest rate on overnight loans, having fallen from 5.98% in June to 3.71% in August, jumped to 6.05% in September and 7.90% in October 2007, exceeding the weighted monthly interest rate on loans maturing in up to one month for the first time since August 2005. The weighted monthly interest rate on overnight loans dropped to 7.61% in November.

The ZMM also recorded turnover growth in the third quarter 2007. The average daily turnover in overnight loans intermediated by the ZMM rose from HRK 69.1m in the second quarter to HRK 153.1m in the third quarter, and further to HRK 163.7m and HRK 268.8m in October and November respectively. The weighted interest rate on these loans was also highly volatile; after having dropped from 5.08% in June to 2.84% in August it increased to 4.04% in September. This interest rate rose further to 6.49% by October, dipping to 6.41% in November.

The MoF held ten T-bill auctions in the third quarter 2007. The average amount of subscription bids per auction was HRK 74.3m lower than in the previous quarter, standing at HRK 564.2m. With slightly over 60% of the received bids accepted, T-bill subscription amounted to a total of HRK 3.5bn, HRK 400m less than initially planned.

In the third quarter 2007, interest rates on T-bill auctions rose gradually over the whole observed period. Weighted interest rates on 91 and 182-day T-bills, standing at 3.00% and 3.20% respectively in June, grew to 3.29% and 3.40% in September and to 3.60% and 3.84% in November. The weighted interest rate on 364-day bills recorded the sharpest increase, up from 3.54% in June to 4.14% in September and 4.80% in November 2007. Due to these interest rate movements on the primary T-bill market, the negative spread between interest rates on these bills and the weighted monthly interest rate on loans maturing in up to one month (in direct interbank trading in reserve money) remained unchanged.

The total amount of subscribed T-bills reduced from HRK 12.6bn at end-June to HRK 11.9bn at end-September and HRK 11.6bn at end-November 2007. One-year T-bills continued to account for the largest share in total subscribed

bills, which was as high as 96.2% at end-September, up by two percentage points on the end of the second quarter. They were followed by 182-day T-bills, whose share was 2.7%, while the share of T-bills with the shortest maturity amounted to 1.1%. The share of 364-day T-bills reduced to 93.8% in November 2007, while the shares of 91 and 182-day bills increased to 2.6% and 3.6% respectively.

Banks' Interest Rates

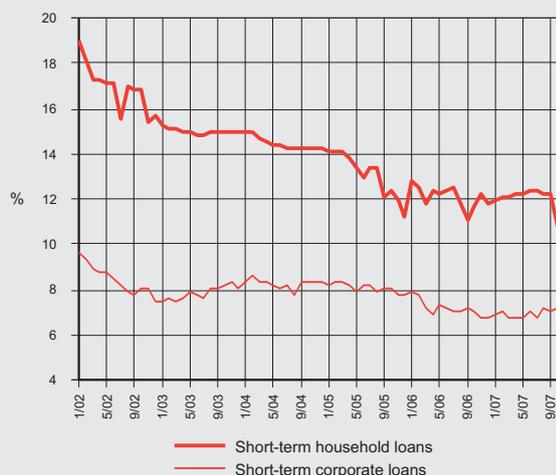
Bank interest rates on short-term corporate and household loans not indexed to foreign currency mostly held steady in the third quarter 2007. More significant changes were observed in October, when the weighted interest rate on short-term corporate loans not indexed to foreign currency rose from 7.04% in September to 7.23%, while the weighted interest rate on short-term household loans not indexed to foreign currency dropped sharply from 12.27% to 10.80%. This was a result of a considerable increase in the share of cheaper

other short-term household loans, which was up from 6.2% in September to 22.4% in October, and the shrinkage in the share of overdrafts, the most expensive loans. The interest rate on other short-term household loans declined from 8.41% in September to 4.94% in October, its all-time low since early 2006.

Interest rates on long-term corporate and household loans also increased considerably in the observed period. The weighted interest rate on long-term kuna household loans indexed to foreign currency increased the most, from 5.97% in June to 7.07% in September and 7.23% in October 2007. This was due to the increase in interest rates on all sub-categories of loans within long-term kuna household loans indexed to foreign currency. In addition, the share of more expensive loans, other long-term loans, in this loan group rose from 28.5% in June to 53.1% in October 2007, while the share of the cheapest loans, housing loans, reduced from 50.8% to 37.3%. The weighted interest rate on long-term corporate loans indexed to foreign currency increased more

Figure 67

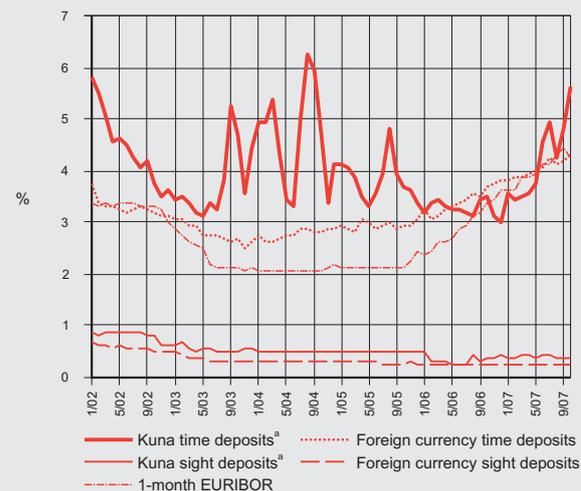
BANKS' AVERAGE INTEREST RATES^a ON SHORT-TERM LOANS WITHOUT A CURRENCY CLAUSE



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

Figure 69

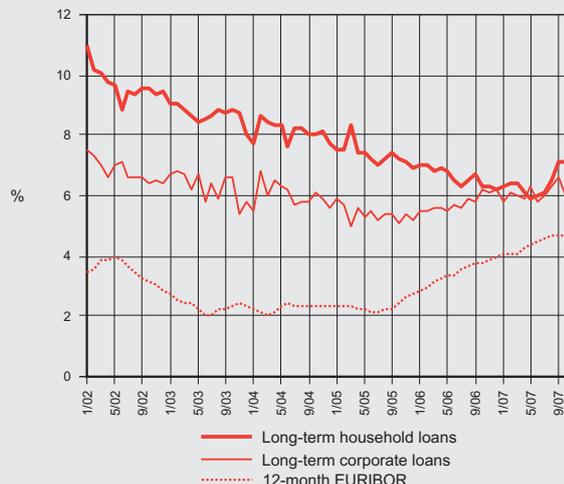
BANKS' AVERAGE DEPOSIT INTEREST RATES^a



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

Figure 68

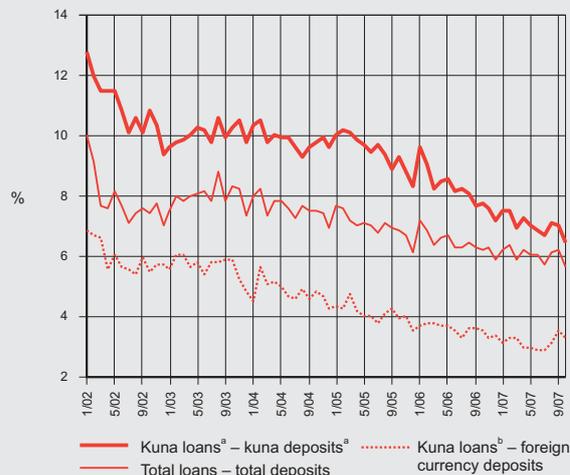
BANKS' AVERAGE INTEREST RATES^a ON LONG-TERM LOANS WITH A CURRENCY CLAUSE



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

Figure 70

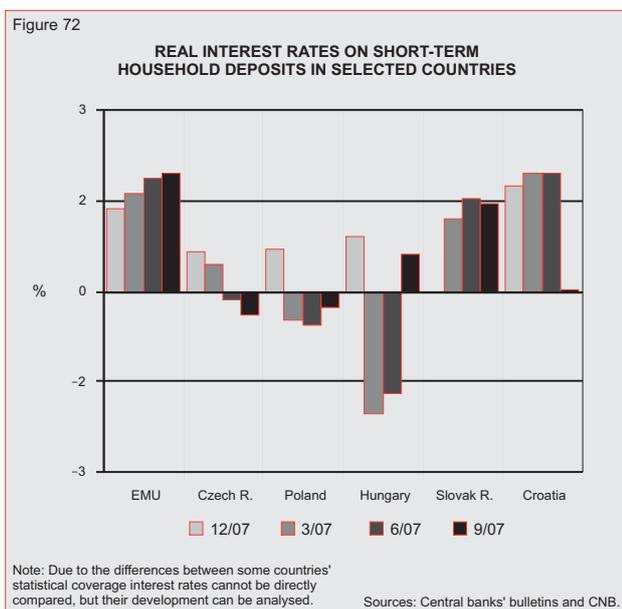
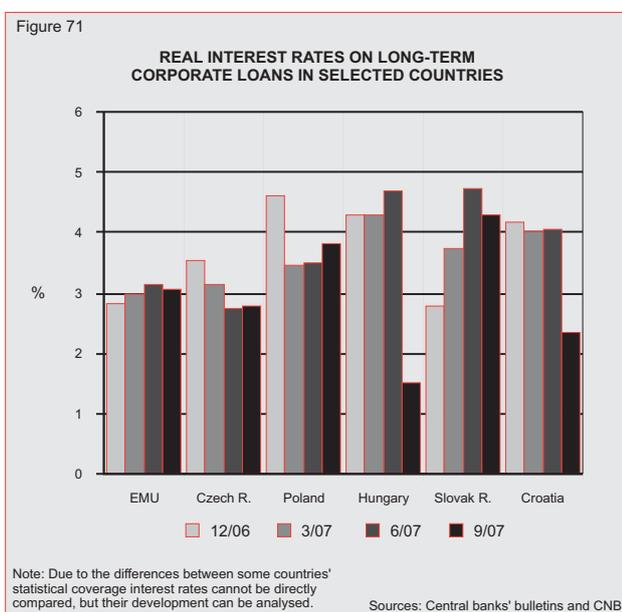
SPREAD BETWEEN BANKS' AVERAGE INTEREST RATES ON LOANS AND DEPOSITS



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

slowly, from 5.81% in June to 6.56% in September. This rate reduced to 6.04% in October 2007.

The weighted interest rate on kuna time deposits not indexed to foreign currency increased further in the third quarter of 2007, from 4.55% in June to 4.82% and 5.65% in September and October respectively. This increase was in consequence of bank adjustments to CNB's measures from late 2006, which made these deposits the cheapest sources of bank funds in terms of regulatory costs. The weighted interest rate on foreign currency time deposits also continued to grow, due to the interest rate increase in the eurozone, up from 4.05% in June to 4.16% September and 4.30% in October. Interest rates on sight deposits dropped from the end of the second quarter. The weighted interest rate on kuna savings deposits not indexed to foreign currency stood at 0.42%, 0.35% and 0.36% in June, September and October respectively. The weighted interest rate on foreign currency sight deposits fell from 0.26% in June to 0.25% in September, remaining stagnant in October.



As compared with the previous period, the spreads between lending and deposit rates widened in the third quarter of 2007 and narrowed in October. The spread between the weighted interest rate on total loans and that on total deposits went up from 6.02 percentage points in June to 6.21 percentage points in September, narrowing sharply to 5.65 percentage points in October, its lowest recorded level since the introduction of the new interest rate reporting methodology in January 2002. The spread between the weighted interest rate on kuna loans not indexed to foreign currency and that on kuna deposits not indexed to foreign currency widened from 6.88 percentage points in June to 7.03 percentage points in September and narrowed to 6.42 percentage points in October. Since the weighted interest rate on foreign currency indexed kuna loans rose faster than the weighted interest rate on foreign currency deposits, their spread widened considerably, from 2.90 percentage points in June to 3.58 percentage points in September. This spread declined moderately in October, to 3.26 percentage points.

The moderate increase in the weighted nominal interest rate on all long-term corporate loans (with or without a currency clause) in Croatia, coupled by a relatively high inflation rate, resulted in a marked decrease in the real interest rate on long-term corporate loans in the third quarter of 2007. This interest rate dropped in Hungary in the same period due to the marked decrease in nominal interest rates on long-term corporate loans. The real interest rate on long-term corporate loans also decreased in the EMU and in Slovakia, while it grew in the Czech Republic and Poland.

Due to the marked increase in the inflation rate and a stable nominal interest rate on quarterly household kuna deposits, the real interest rate on household deposits dropped in the third quarter 2007 in Croatia. This interest rate also declined in the Czech Republic and Slovakia, rising in other observed countries.

Capital Market

The Croatian capital market was in the third quarter 2007 marked by the volatility of the domestic stock exchange index, caused primarily by the continued privatisation of T-HT through an initial public offering, as well as by ongoing turbulences in global financial markets, put into a crisis due to the difficulties in the US subprime mortgage market. Owing to the uncertainty in the capital market, share turnover dropped from the second quarter and the number of transactions decreased.

The CROBEX rebounded in the second half of July, after the surplus of paid in funds was returned to the participants in Magma's IPO at the beginning of the observed period. However, the announced T-HT's IPO, held in September 2007, again prompted a large number of investors to raise the required funds by selling off their existing portfolios, with the result that the prices of many shares, especially liquid ones, fell in August and the first part of September. Over 350,000 citizens participated in T-HT's IPO, many as first-time share buyers, paying in a total of HRK 12.2bn. T-HT's IPO also had a strong impact on other domestic financial

Table 4: Comparison of Capital Market Indicators

| September 2007 | Bratislava | Budapest | Ljubljana | Prague | Warsaw | Zagreb |
|--|------------|----------|-----------|--------|--------|--------|
| Average daily turnover, shares (million EUR) | 0.0 | 135.5 | 7.8 | 135.2 | 372.3 | 10.8 |
| Average daily turnover, bonds (million EUR) | 8.4 | 2.2 | 0.3 | 84.4 | 3.2 | 0.0 |
| Turnover ^a /GDP ^c , annual level (%) | 0.0 | 35.5 | 6.2 | 28.4 | 32.7 | 7.6 |
| Turnover ^b /GDP ^c , annual level (%) | 4.3 | 0.6 | 0.3 | 17.7 | 0.3 | 0.0 |
| Turnover velocity ^d | 0.2 | 83.6 | 10.0 | 52.1 | n.a. | 6.2 |
| Market capitalisation ^a (million EUR), end month | 4,601 | 40,853 | 19,525 | 65,360 | n.a. | 43,463 |
| Market capitalisation ^b (million EUR), end month | 13,078 | 39,522 | 5,906 | n.a. | n.a. | 5,725 |
| Market capitalisation ^a /GDP ^c , end month (%) | 9.4 | 42.5 | 62.0 | 54.5 | n.a. | 120.3 |
| Market capitalisation ^b /GDP ^c , end month (%) | 26.8 | 41.1 | 18.8 | n.a. | n.a. | 15.9 |
| Index movement from the beginning of the year (%) | 3.7 | 14.4 | 89.4 | 14.3 | 19.8 | 56.9 |
| Index movement from the beginning of the month (%) | 0.3 | 3.7 | -1.2 | 1.5 | -0.5 | 5.8 |

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

markets, besides the capital market, and caused a temporary decrease in bank deposits and withdrawal of a part of investment fund assets. The start of T-HT share trading on the Zagreb Stock Exchange and London Stock Exchange early in October led to the recovery of the CROBEX, which hit its all-time high in that month. Encouraged by positive investor sentiment, Veterina d.d. and Atlantic Grupa d.d. also held IPOs. However, despite a record monthly turnover and euphoria that spread across the market following the surge of T-HT share prices, the CROBEX started to drop again in late October and reduced further in November. This was to some extent due to adverse trends in global equity markets and increased investor interest in safer investment instruments, but also to regional instability related to the issue of Kosovo and political situation in Bosnia and Herzegovina, as well as to the uncertainty over the results of Croatia's parliamentary elections held in late November. In addition, this period was marked by a surge in oil prices, rising inflation pressures and increasing warnings of a larger than expected slowdown in the world's economy in 2008, which also contributed to the weakening of investor interest in investing in the countries with lower credit ratings.

In late November 2007, the ZSE introduced the OMX, a new trading system supporting a considerably larger transac-

tion volumes and derivative trading, which will also provide the basis for the trading data distribution system. Furthermore, the ZSE announced that by the end of 2007 contracts would be signed with the first market makers, that is, market participants issuing orders both to buy and sell shares at a price difference.

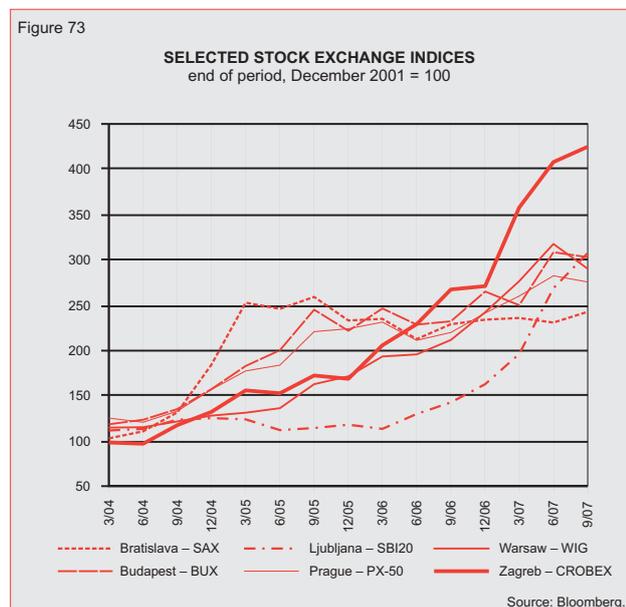
Croatia's debt securities market also recorded a decline in turnover in the third quarter 2007. Bond trading was slightly more intensive in the first part of the quarter, due to the issue of the second tranche of a ten-year government bond in July, but turnover sharply decreased in September as investors were preparing for T-HT's IPO. Bond trading recovered in October on account of the issue of the second tranche of a fifteen-year government bond indexed to foreign currency.

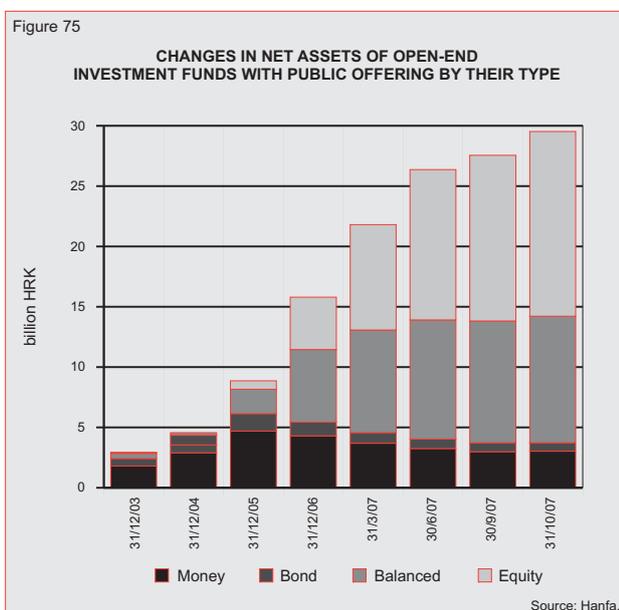
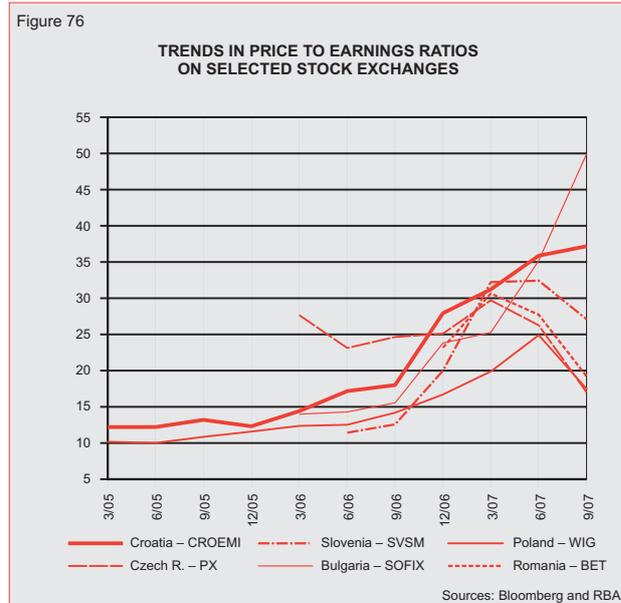
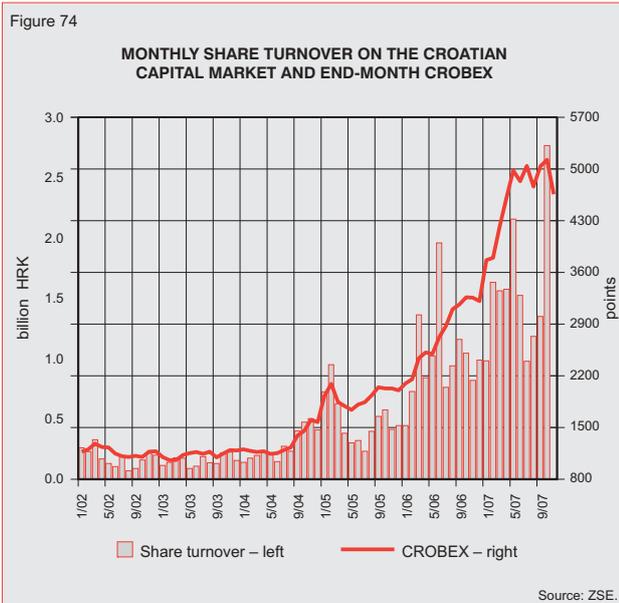
Stock exchange indices on other Central and Eastern European markets were also volatile. The Ljubljana Stock Exchange index continued strong growth from the first part of 2007, rising by 14.5% from end-June to end-September, and was followed by the indices of the Bratislava Stock Exchange and Zagreb Stock Exchange, which were up 5.1% and 4.2% respectively. In contrast, the Warsaw Stock Exchange index fell by 8.6% in that period, while the indices of the Prague Stock Exchange and Budapest Stock Exchange dipped by -2.3% and -1.8% respectively.

Despite the fall of stock exchange indices at some of the mentioned stock exchanges, market capitalisation of shares rose on all observed stock exchanges in Central and Eastern Europe at end-September compared with end-June 2007. In contrast, market capitalisation of bonds increased only at the Bratislava Stock Exchange in that period, reducing at all other stock exchanges concerned. According to the ratio of share market capitalisation to GDP, the ZSE continued to stay ahead of all other observed stock exchanges in the third quarter 2007, while remaining the last according to the ratio of bond market capitalisation to GDP. In September 2007, compared with June, share turnover was lower at all observed stock exchanges, with the exception of the Prague Stock Exchange, while bond turnover dropped at all observed stock exchanges.

Equity Securities Market

The Croatian capital market had a share turnover²¹ of HRK 4.1bn in the third quarter 2007, which is a decrease of





HRK 2.0bn compared with the record high turnover in the second quarter and a rise of HRK 1.8bn compared with the same period in 2006. The most traded share in the observed period, accounting for 7.5% of the total share turnover, was that of Ina d.d., followed by the shares of Ingra d.d. (5.3%) and Adris grupa d.d. (4.8%). In October 2007, trading was dominated by T-HT shares, which made up 27.8% of the total turnover, while the shares of Institut građevinarstva Hrvatske d.d. (6.7%) and Atlantska plovidba d.d. (5.1%) were also traded heavily.

21 The data on the total share turnover from January 2002 to February 2007 are the sum of individual shares' turnovers at the VSE and ZSE. The data of the unified Zagreb Stock Exchange have been used since March 2007 and the merger of the VSE and ZSE.

22 Since 19 March 2007, the CROBEX has been calculated based on the new methodology including only the amount of market capitalisation actually available for trading, as opposed to the previous CROBEX weighting based on full market capitalisation. In addition, new procedures have been set providing for the accelerated listing of new most liquid shares. As a result of these methodological changes and the VSE ceasing its operations, the CROBEX was as at 19 March 2007 composed of thirty

The CROBEX²² stood at 5037 points at end-September 2007, rising by 4.2% over the second quarter end and by a high 56.9% over end-2006. Thanks to continued strong growth of almost all the shares, the CROBEX hit its all-time high of 5393 points at mid-October, but ended the month at 5124 points, up 1.7% over end-September. However, as most share prices, down in the second part of October, continued to slide at an even faster rate in November, the CROBEX fell by 9.1%, standing at 4568 points at the month's end.

The high demand for shares, which persisted throughout 2007, was among other things due to a marked increase in net investment fund assets and the transfer of assets from less risky funds (money and bond funds) into riskier ones (equity and balanced funds).

Market capitalisation²³ of shares on the ZSE drifted only slightly higher from end-June to the end of the third quarter 2007, to HRK 316.5bn. However, due to the continued increase in most share prices, market capitalisation of shares reached its record level of HRK 353.1bn at end-October.

The growth of share prices in the third quarter of 2007 resulted in a further increase in the price to earnings ratio for CROEMI,²⁴ which stood at 37.2 at end-September 2007, up

shares. Seventeen of them were included in the previous index composition, seven were comprised by the VSE index, VIN, five were included after having met the new criteria and one share was included following the accelerated listing requirements.

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

24 The Croatian Equity Market Index, CROEMI, is a Raiffeisenbank Austria d.d. index, has been calculated since 20 May 2003 as the only index monitoring share prices prior to the merger of the VSE into the ZSE irrespective of the stock exchange of their listing, which was because the constituent shares of the CROBEX and VIN were exclusively those listed on the ZSE or VSE respectively. The CROEMI is weighted based on the market capitalisation of shares available for trading, with the maximum weight assigned to a share limited to 15%. As opposed to the CROBEX, for which data on the price to earnings ratio of constituent shares have been compiled since as early as September 2006, such data have been compiled for the CROEMI since June 2004 and they are also comparable, since the CROEMI calculation methodology has not changed, as opposed to the CROBEX calculation methodology.

Table 5: Bond Issues in the Domestic Market, stock as at 31 October 2007

| Series | Issuer | Issue date | Maturity | Currency | Issue nominal value | Nominal interest rate | Last price ^a | Current yield 31/10/2007 |
|-------------|----------------------------------|------------|------------|----------|---------------------|-----------------------|-------------------------|--------------------------|
| RHMF-O-08CA | Republic of Croatia | 14/12/2001 | 14/12/2008 | EUR | 200,000,000 | 6.875% | 102.25 | 6.724% |
| RHMF-O-125A | Republic of Croatia | 23/5/2002 | 23/5/2012 | EUR | 500,000,000 | 6.875% | 107.40 | 6.401% |
| RHMF-O-085A | Republic of Croatia | 28/5/2003 | 28/5/2008 | HRK | 1,000,000,000 | 6.125% | 100.60 | 6.088% |
| RHMF-O-142A | Republic of Croatia | 10/2/2004 | 10/2/2014 | EUR | 650,000,000 | 5.500% | 102.01 | 5.392% |
| RHMF-O-19BA | Republic of Croatia | 29/11/2004 | 29/11/2019 | EUR | 200,000,000 | 5.375% | 110.45 | 4.866% |
| RHMF-O-103A | Republic of Croatia | 8/3/2005 | 8/3/2010 | HRK | 3,000,000,000 | 6.750% | 105.10 | 6.422% |
| RHMF-O-157A | Republic of Croatia | 14/7/2005 | 14/7/2015 | EUR | 350,000,000 | 4.250% | 98.90 | 4.297% |
| RHMF-O-15CA | Republic of Croatia | 15/12/2005 | 15/12/2015 | HRK | 5,500,000,000 | 5.250% | 99.70 | 5.266% |
| RHMF-O-137A | Republic of Croatia | 11/7/2006 | 11/7/2013 | HRK | 4,000,000,000 | 4.500% | 97.10 | 4.634% |
| RHMF-O-172A | Republic of Croatia | 8/2/2007 | 8/2/2017 | HRK | 5,500,000,000 | 4.750% | 96.25 | 4.935% |
| GDKC-O-116A | City of Koprivnica | 29/6/2004 | 29/6/2011 | HRK | 60,000,000 | 6.500% | 101.30 | 6.417% |
| GDZD-O-119A | City of Zadar | 1/9/2004 | 1/9/2011 | EUR | 18,500,000 | 5.500% | 102.55 | 5.363% |
| GDRI-O-167A | City of Rijeka | 18/7/2006 | 18/7/2016 | EUR | 16,383,008 | 4.125% | – | – |
| GDST-O-137A | City of Split | 24/7/2006 | 24/7/2013 | EUR | 8,000,000 | 4.563% | 100.30 | 4.549% |
| GRVI-O-17AA | City of Vinkovci | 23/10/2007 | 23/10/2017 | HRK | 42,000,000 | 5.500% | – | – |
| GROS-O-17AA | City of Osijek | 30/10/2007 | 30/10/2017 | HRK | 25,000,000 | 5.500% | – | – |
| HBOR-O-112A | CBRD | 11/2/2004 | 11/2/2011 | EUR | 300,000,000 | 4.875% | – | – |
| BLSC-O-091A | Belišće d.d. | 14/1/2005 | 14/1/2009 | EUR | 8,000,000 | 5.500% | 101.60 | 5.413% |
| HYBA-O-086A | Hypo Alpe-Adria-Bank d.d. | 6/6/2003 | 6/6/2008 | HRK | 150,000,000 | 6.500% | 102.00 | 6.373% |
| BNAI-O-22CA | Bina Istra d.d. | 15/12/2002 | 15/12/2022 | EUR | 210,000,000 | 8.000% | 100.00 | 8.000% |
| PLVA-O-115A | Pliva d.d. | 12/5/2004 | 12/5/2011 | EUR | 75,000,000 | 5.750% | 99.50 | 5.779% |
| MDKA-O-087A | Medika d.d. | 11/7/2005 | 11/7/2008 | EUR | 16,500,000 | 4.500% | 99.10 | 4.541% |
| RBA-O-112A | Raiffeisen Bank Austria d.d. | 10/2/2006 | 10/2/2011 | HRK | 600,000,000 | 4.125% | 97.50 | 4.231% |
| PODR-O-115A | Podravka d.d. | 17/5/2006 | 17/5/2011 | HRK | 375,000,000 | 5.125% | 96.20 | 5.327% |
| NEXE-O-116A | Nexe grupa d.d. | 14/6/2006 | 14/6/2011 | HRK | 750,000,000 | 5.500% | 97.00 | 5.670% |
| MTEL-O-097A | Metronet telekomunikacije d.d. | 28/7/2006 | 28/7/2009 | HRK | 120,000,000 | 8.500% | 101.90 | 8.342% |
| HOTR-O-941A | Hospitalija trgovina d.o.o. | 5/10/2006 | 5/10/2009 | HRK | 75,000,000 | 8.250% | 101.20 | 8.152% |
| HEP-O-13BA | Hrvatska elektroprivreda d.d. | 29/11/2006 | 29/11/2013 | HRK | 500,000,000 | 5.000% | 94.00 | 5.319% |
| ATGR-O-11CA | Atlantic grupa d.d. | 6/12/2006 | 6/12/2011 | HRK | 115,000,000 | 5.750% | 98.35 | 5.846% |
| INGR-O-11CA | Ingra d.d. | 6/12/2006 | 6/12/2011 | HRK | 200,000,000 | 6.125% | 98.50 | 6.218% |
| OPTE-O-142A | Optima telekom d.o.o. | 1/2/2007 | 1/2/2014 | HRK | 250,000,000 | 9.125% | 102.31 | 8.919% |
| JDGL-O-126A | Jadran Galenski laboratorij d.d. | 11/06/2007 | 11/06/2012 | HRK | 125,000,000 | 5.650% | – | – |
| JDRA-O-129A | Jadranka d.d. | 13/9/2007 | 13/9/2012 | HRK | 75,000,000 | 6.475% | – | – |
| JRLN-O-12AA | Jadrolinija d.d. | 25/10/2007 | 25/10/2012 | HRK | 70,000,000 | 6.500% | – | – |

^a Regularly traded shares.
Source: ZSE.

3.7% on end-June and 106.6% on the end of the same period in 2006. This ratio also rose for the Sofia Stock Exchange index in the third quarter of 2007, narrowing for the indices of other stock exchanges observed.

Debt Securities Market

Only one tranche of a government bond and one new corporate bond were issued in Croatia's debt securities market in the third quarter 2007. In July, the MoF issued the second tranche of a ten-year kuna bond due in 2017. The bond's nominal value was reduced from the initially planned HRK 3.5bn to HRK 3.0bn due to favourable budget revenue trends, so that the issue totalled HRK 5.5bn. The only corporate bond issued in that period was a five-year kuna bond of Jadranka d.d., worth a nominal HRK 75m, with a yield to maturity at issue of 6.52%. In late October 2007, the MoF issued the second tranche of a ten-year kuna government bond indexed to foreign currency, worth nominally EUR 300m and due in 2019, increasing the total value of the issue to EUR 500m. The same month also saw the issue of two new municipal bonds, a ten-year kuna bond of the City of Vinko-

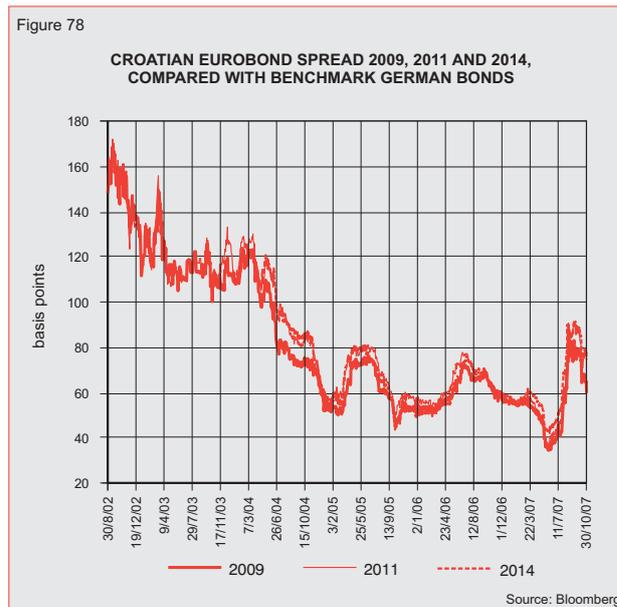
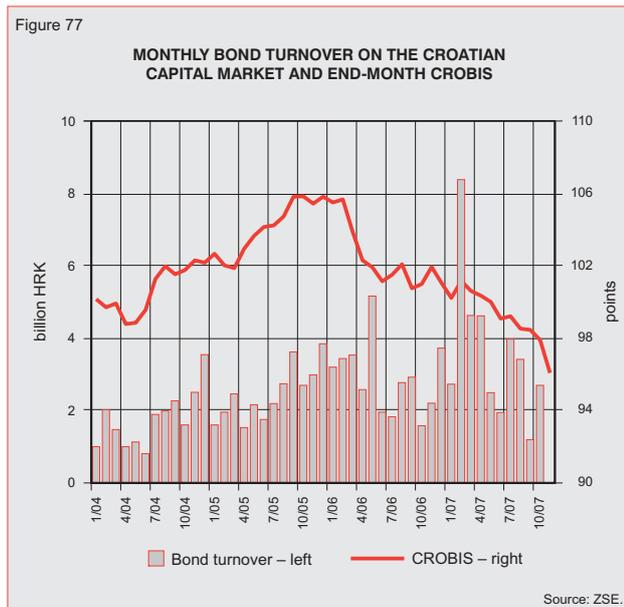
vci in the nominal value of HRK 42m, with a yield to maturity at issue of 5.52%, and a ten-year kuna bond of the City of Osijek, worth nominally HRK 25m, with a yield to maturity at issue of 5.56%, as well as the issue of a five-year kuna corporate bond of Jadrolinija d.d., in the nominal value of HRK 70m and with a yield to maturity of 6.58%. With a three-year euro government bond and a three-year euro bond of Atlantic Grupa d.d. falling due in the third quarter, the last day of October saw 34 bonds listed on the domestic capital market, including ten government bonds, six municipal bonds, one government agency bond (CBRD) and seventeen corporate bonds, in total one government bond less and two municipal and one corporate bond more than at end-June 2007. Market capitalisation of the government bonds, municipal bonds and CBRD bond totalled EUR 5.2bn at end-October 2007, which is about 14.4% of GDP,²⁵ whereas market capitalisation of corporate bonds stood at EUR 777m, about 2.2% of GDP. As at end-September 2007, 26 commercial paper issues by 16 issuers were listed on the ZSE, the same as at the

²⁵ GDP is calculated by summing up the outturns in the last two quarters of 2006 and the first two quarters of 2007.

Table 6: Republic of Croatia International Bond Issues, stock as at 30 September 2007

| Bonds | Issue date | Currency | Amount | Nominal interest rate | Yield on issue date | Spread on issue date | Spread ^a 31/12/2006 | Spread ^a 31/3/2007 | Spread ^a 30/6/2007 | Spread ^a 30/9/2007 |
|---------------------|------------|----------|----------------|----------------------------|---------------------|----------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------------|
| London Club A, 2010 | 31/7/1996 | USD | 857,796,000 | 6-month LIBOR + 81.25 b.p. | | | 86 | 92 | 100 | 134 |
| Eurobonds, 2011 | 14/3/2001 | EUR | 750,000,000 | 6.75% | 6.90% | 215 | 40 | 40 | 25 | 77 |
| Eurobonds, 2009 | 11/2/2002 | EUR | 500,000,000 | 6.25% | 6.45% | 158 | 39 | 38 | 21 | 66 |
| Eurobonds, 2010 | 14/2/2003 | EUR | 500,000,000 | 4.625% | 4.65% | 102 | 39 | 40 | 20 | 65 |
| Eurobonds, 2014 | 15/4/2004 | EUR | 500,000,000 | 5.000% | 5.11% | 101 | 42 | 43 | 31 | 76 |
| Samurai bonds, 2007 | 11/7/2000 | JPY | 40,000,000,000 | 3.00% | 2.15% | 144 | 40 | 40 | 41 | 65 |
| Samurai bonds, 2008 | 26/6/2002 | JPY | 25,000,000,000 | 2.15% | 1.23% | 99 | 46 | 44 | 47 | 63 |
| Samurai bonds, 2009 | 26/6/2003 | JPY | 25,000,000,000 | 1.23% | 1.23% | 99 | 50 | 46 | 44 | 47 |

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



second quarter end, totalling slightly more than HRK 1.0bn in nominal terms.

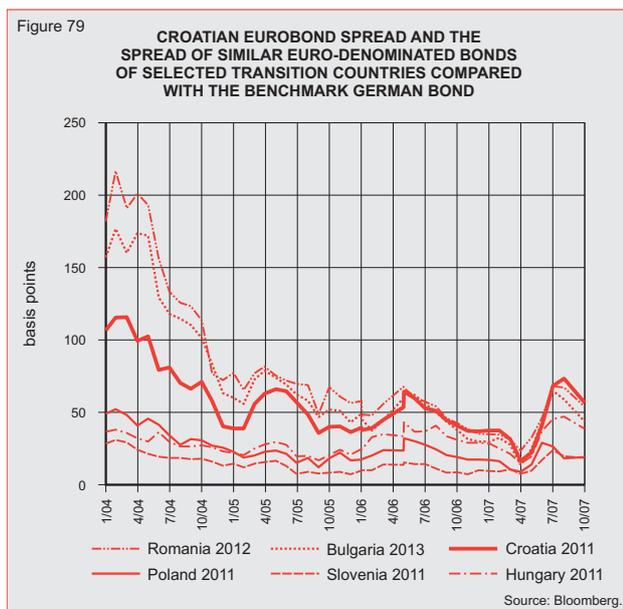
Standing at HRK 8.6bn in the third quarter 2007, total bond turnover²⁶ was down HRK 0.5bn compared with the second quarter. Having increased somewhat in July and August due to the issue of the second tranche of a ten-year government bond, bond turnover plunged to HRK 1.2bn in September, its lowest monthly value since July 2004, which can be linked to investors preparing for T-HT's IPO. The lion's share of total bond turnover in the third quarter was made up by the new Republic of Croatia bond issued in the domestic currency due in 2017 (46%), while the second and third largest shares, 15% and 14% respectively, were accounted for by foreign currency indexed kuna government bonds due in 2012 and 2014. The most traded bond in October was a kuna government bond indexed to foreign currency due in 2019. The share of all the government bonds in total quarterly bond turnover amounted to 96.8%, dropping to 93.0% in October. The ZSE index, CROBIS, despite having drifted higher in July, declined to 98.46 points by end-September

and reduced further in October and November, standing at 96.08 points at the end of the latter month.

As in October and November, the Republic of Croatia issued no bonds in foreign markets in the third quarter 2007. Since a seven-year Samurai bond in the nominal value of JPY 40bn (some HRK 1.8bn) matured in July, seven Croatian bonds were listed on foreign markets at end-November. Of the remaining Croatian international bond issues, four are euro-denominated, two yen-denominated and one is denominated in US dollars. The seven Croatian international bond issues totalled HRK 23.0bn in nominal terms at end-November.

The crisis in global financial markets triggered by the subprime mortgage problems in the US and its impending spill-over into other parts of the world's economy prompted investors to opt for safer investments, with the result that demand for highly developed countries' government bonds surged in the third quarter 2007 and required yields on these low risk bonds reduced considerably. Also contributing to this were expectations that the ECB's benchmark rate would remain unchanged until end-2007. The Fed's benchmark rate, cut by 50 basis points in September and by 25 basis points in October, fell to 4.50%. In contrast, yields on Croatian eurobonds increased slightly from June to September 2007 and the spread between those yields and yields on benchmark German bonds widened sharply as a result. Spreads between re-

²⁶ The data on the total bond turnover from January 2004 to February 2007 are the sum of the respective bond turnovers on the VSE and ZSE, with the data of the unified Zagreb Stock Exchange used since March 2007 and the merger of the VSE into the ZSE. It needs emphasising that bond turnover on the VSE had been negligible, standing below 0.4% of the total turnover on both stock exchanges in all the observed years.



quired yields on Croatian eurobonds due in 2009, 2011 and 2014 and those on benchmark German bonds widened to 77, 66 and 76 basis points respectively, which was considerably more than at end-June 2007, when they stood at 25, 21 and 31 basis points respectively. Required yields on Croatian eurobonds narrowed in October, while yields on benchmark German bonds drifted higher, which reduced their spreads to 60, 44 and 61 basis points respectively.

In contrast with Croatian eurobond yields, yields on benchmark eurobonds of new EU members reduced by the end of the third quarter compared with end-June, but at a lower rate than yields on the benchmark German eurobond, so that the spreads between those yields widened. In addition to the benchmark Croatian eurobond, these spreads increased the most for benchmark Romanian and Bulgarian eurobonds. Spreads between the observed yields reduced for all the observed countries, except Poland, by the end of October 2007.

International Transactions

In the third quarter 2007, the balance in the current account remained unchanged from the same period in the previous year. In addition, compared to the third quarter of 2006, the foreign trade deficit slowed down, net revenues from services accelerated slightly and the negative factor income balance decreased in the third quarter of 2007. Concurrently, a fall in the positive balance marked the account of current transfers.

Notwithstanding strong fall in banks' external debt and a concurrent decrease in government sector foreign liabilities, gross external debt went up slightly in the third quarter compared with the second quarter of 2007. However, strong growth of enterprises' debt compensated for the fall in foreign liabilities of these two sectors. As for individual groupings, the external debt of other enterprises, non-banking financial institutions and public enterprises grew the most in the observed period. Although external debt increased considerably

in October, its annual growth rate was lower than that in the third quarter of 2007 and the one in the same month in the previous year. The IEMP indicated no potential difficulties in the settlement of international payments.

Current Account

According to the preliminary data, the current account had a positive balance of EUR 2.1bn in the third quarter of 2007. Net revenues from services accelerated in this period, largely due to the stronger growth of revenues (especially in tourism). In addition, the foreign trade deficit grew slower in the quarter of 2007 than in the third quarter of 2006 (9.3% vs. 4.2%). This, to a large extent, was the result of modest growth in trade with energy products, which contributed to slower growth in both imports and exports.

In the third quarter of 2007, compared to the same period last year, trade in natural and manufactured gas fell considerably. Moreover, a noticeable slowdown was also observed in the value of international trade in oil and refined petroleum products. The slowdown in the value of exports of oil and refined petroleum products is attributed to the lower growth of export prices in the observed period compared with 2006. By contrast, both prices and a reduction in the quantity of imports contributed to a decrease in the value of imports of oil and refined petroleum products. The decrease in the foreign trade turnover in natural and manufactured gas was in part the result of the end of construction of the pipeline, stretching from gas fields in the North Adriatic offshore to the coast. This pipeline provided for the direct transport of domestically-produced gas which, before its construction, was mostly imported through Italy, as well as increased the statistical value of exports and imports.

Net revenues from services grew 4.7% year-on-year in the third quarter of 2007, with the highest revenue growth rates being recorded in tourism and other services (revenues from telecommunication and various business services grew significantly in this period). By contrast, the transportation services balance was not marked by any significant changes in the observed period.

Tourism revenues totalled EUR 4.3bn in the third quarter of 2007, up 4% over the same period in 2006. To a large extent, this was the consequence of the change in total volume indicators. According to the CBS data, which cover only the commercial accommodation capacities, the number of tourist arrivals and the number of tourist nights grew by 5.1% and 5.0% respectively. Broken down by countries, the number of nights stayed by tourists from new EU Member States (especially the Czech Republic and Slovakia) grew the most in the reference period, while the number of nights stayed by tourists from old EU Member States grew at lower rates.

The factor income balance remained negative in the third quarter of 2006 but decreased slightly over the same period in 2006 due to good revenue performance. Revenues from compensation of employees grew in this period, accompanied by a strong growth in revenues from other investment (mostly comprising the revenues from the central bank's investment of international reserves). By contrast, retained earnings of domestic owners of foreign companies fell considerably in

Table 7: Current Account, in million EUR

| | 1st half of 2006 | Q3/2006 | 1st half of 2007 | Q3/2007 ^a | Indices | |
|----------------------|------------------|---------|------------------|----------------------|--------------------------------|---|
| | | | | | Q3/2007 ^a / Q3/2006 | Jan.–Sep. 2007 ^a /Jan.–Sep. 2006 |
| CURRENT ACCOUNT | -3,252 | 2,100 | -3,400 | 2,097 | 99.9 | 113.1 |
| 1. Goods | -4,201 | -2,137 | -4,689 | -2,336 | 109.3 | 110.8 |
| 1.1. Credit (f.o.b.) | 3,984 | 2,101 | 4,355 | 2,326 | 110.7 | 109.8 |
| 1.2. Debit (f.o.b.) | -8,185 | -4,238 | -9,044 | -4,662 | 110.0 | 110.3 |
| 2. Services | 1,254 | 4,134 | 1,626 | 4,328 | 104.7 | 110.5 |
| 2.1. Credit | 2,682 | 4,816 | 2,981 | 5,047 | 104.8 | 107.1 |
| 2.2. Debit | -1,429 | -682 | -1,355 | -719 | 105.5 | 98.3 |
| 3. Income | -894 | -171 | -852 | -158 | 91.9 | 94.8 |
| 3.1. Credit | 329 | 240 | 582 | 285 | 118.8 | 152.4 |
| 3.2. Debit | -1,222 | -411 | -1,434 | -442 | 107.6 | 114.8 |
| 4. Current transfers | 588 | 274 | 515 | 263 | 96.1 | 90.3 |
| 4.1. Credit | 843 | 407 | 759 | 388 | 95.3 | 91.8 |
| 4.2. Debit | -255 | -133 | -244 | -125 | 93.8 | 95.1 |

^a Preliminary data. Source: CNB.

Table 8: Foreign Tourist Nights and Arrivals in Commercial Accommodation Facilities by Country of Residence, in %

| Grouping of countries | Arrivals | | | Nights | | |
|-----------------------------------|----------|---------|---------|---------|---------|---------|
| | Q3/2005 | Q3/2006 | Q3/2007 | Q3/2005 | Q3/2006 | Q3/2007 |
| Old EU Member States | 59.1 | 57.2 | 55.2 | 58.8 | 56.9 | 54.6 |
| Italy | 16.1 | 15.5 | 14.3 | 13.6 | 12.8 | 11.9 |
| Germany | 17.6 | 16.7 | 16.0 | 22.5 | 21.4 | 20.4 |
| Austria | 7.8 | 8.0 | 7.9 | 7.5 | 7.9 | 7.7 |
| New EU Member States ^a | 31.8 | 31.9 | 32.3 | 33.9 | 34.1 | 34.9 |
| Slovenia | 10.8 | 11.0 | 10.9 | 12.0 | 12.1 | 12.0 |
| Czech R. | 8.3 | 8.0 | 8.3 | 9.4 | 9.1 | 9.6 |
| Bosnia and Herzegovina | 1.9 | 2.1 | 2.3 | 1.8 | 2.0 | 2.3 |
| Russia | 1.0 | 1.3 | 1.7 | 1.5 | 2.1 | 2.7 |
| USA | 0.9 | 1.2 | 1.3 | 0.4 | 0.5 | 0.6 |
| Other | 5.3 | 6.2 | 7.1 | 3.6 | 4.3 | 4.9 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

^a Member States from the penultimate wave of enlargement (excl. Malt and Cyprus). Source: CBS.

the reference period. The expenditure side of the account was also marked by higher expenditures of other domestic sectors, especially enterprise expenditures on the basis of interest on their accumulated foreign debt. This increase was to some extent offset by lower payments of dividends and retained earnings to foreign owners of domestic enterprises.

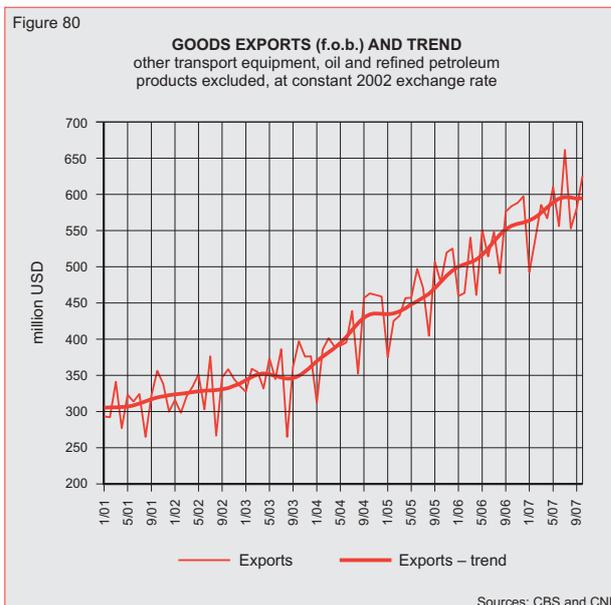
The current transfers balance deteriorated slightly in the third quarter of 2007 over the same period in 2006. The reason for this was a decrease in government sector revenues and revenues of other domestic sectors (mostly on the basis of pensions). Although at a lower rate than revenues, expenditures of other domestic sectors fell in the reference period, while government sector expenditures went upwards.

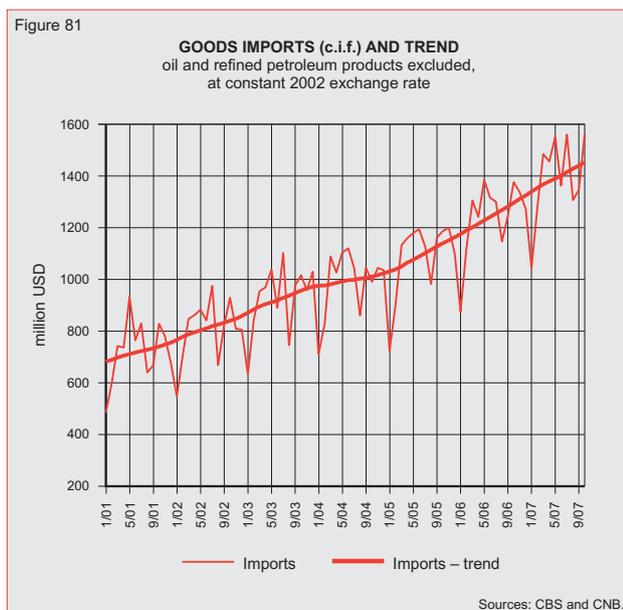
Trade in Goods

Total exports of goods, reported at a constant exchange rate, grew by 12.9% in the first ten months of 2007, down 5.2 percentage points over the same period last year. This slowdown is largely attributable to a decline in exports of energy products, especially natural and manufactured gas, and electric current. Exports of coffee, tea, cacao and spices and exports of fish and preparations also fell in the reference period.

By contrast, exports of other transport equipment (mostly

ships), electrical machinery, apparatus and appliances, and oil and refined petroleum products had the largest positive growth rate in the January-October period. It needs emphasizing that the most of the increase in the value of exports





of oil and refined petroleum products was achieved in the second quarter in which the exported volume of this energy product rose substantially. As for other SITC divisions, the growth of exports of cereals and cereal preparations was especially strong in the third quarter, which, on the one hand may be explained by the accelerated growth of agricultural products prices in the world market, and, on the other hand, by stronger exports on the eve of the introduction of export taxes on individual agricultural products (maize and wheat) in September this year. In addition, exports of power generating machinery and equipment and exports of machinery specialised for particular industries grew strongly in the reference period.

Total imports of goods, reported at a constant exchange rate, grew at a lower rate in the first ten months of 2007 over the same period in 2006 (12.8% vs. 15.9%). This decrease was, to a large degree, the result of the fall in imports of natural and manufactured gas and imports of sugar, sugar preparations and honey. In addition, the value of imports of oil and refined petroleum products, which was almost one-third lower and the result of the negative year-on-year rate of

change in their import prices in the first half of 2007, had a significant impact on the deceleration of import growth.

In contrast to these SITC divisions, faster imports of road vehicles (up 16.1% year-on-year) made the largest contribution to the growth of imports in the first ten months of 2007. In addition, imports of iron and steel continued to make an increasingly large contribution to the growth of total imports, due to, inter alia, the increase in their prices on the world market. A strong contribution was also made by imports of capital goods (machinery and transport equipment, excluding other transport equipment and road vehicles) which grew by 11.8% year-on-year in the reference period.

Although still high, the share of exports to developed countries decreased to 69.9% in the first ten months of 2007 over the same period in 2006. For the most part, this was the result of the slower growth of exports to old EU Member States (especially Italy) that largely included lower exports of natural and manufactured gas. In addition, lower exports of ships contributed to the fall of exports to Sweden and Greece in the reference period. By contrast, the share of exports to new EU Member States rose in the first ten months of 2007, due largely to increased exports to Malta, Slovenia and Hungary (ships, oil and refined petroleum products). The share of exports to developing countries in the structure of Croatia's total exports of goods grew in the first ten months of 2007 on account of larger exports to Bosnia and Herzegovina (oil and refined petroleum products, and cereals and cereal preparations), and Serbia and Montenegro (non-metallic mineral manufactures and electrical machinery, apparatus and appliances).

In addition, according to the geographic structure, the structure Croatia's total imports of goods changed only slightly in the first ten months of 2007 compared to the same period in 2006. Specifically, imports from developed countries predominated with a share of 72.1% and decreased slightly due to lower imports from new EU Member States (especially Slovakia). On the other hand, imports from old EU Member States strengthened further in the reference period, especially imports from Italy and Germany. Imports from Italy were marked by a significant increase in imports of ships (in part, this was the result of the recording of the value-

Table 9: Exports and Imports by Economic Classification of Countries, in %

| | Export | | | | Import | | | |
|------------------------|--------|------|----------------|-----------------------------|--------|------|----------------|-----------------------------|
| | 2005 | 2006 | Jan.–Oct. 2006 | Jan.–Oct. 2007 ^a | 2005 | 2006 | Jan.–Oct. 2006 | Jan.–Oct. 2007 ^a |
| Developed countries | 69.3 | 71.7 | 72.2 | 69.9 | 73.8 | 72.6 | 72.2 | 72.1 |
| EU-25 | 62.0 | 63.2 | 64.6 | 60.0 | 65.6 | 65.0 | 64.7 | 63.7 |
| Slovenia | 8.1 | 8.2 | 8.2 | 8.2 | 6.8 | 6.3 | 6.4 | 6.1 |
| Hungary | 1.6 | 1.7 | 1.6 | 2.1 | 3.1 | 3.0 | 3.0 | 2.7 |
| EU-15 | 48.1 | 48.8 | 49.9 | 44.3 | 50.6 | 50.1 | 49.7 | 49.5 |
| Austria | 7.2 | 6.0 | 6.3 | 6.2 | 5.8 | 5.4 | 5.4 | 5.3 |
| Italy | 21.2 | 23.1 | 23.2 | 19.6 | 16.0 | 16.7 | 16.6 | 16.7 |
| Germany | 10.7 | 10.3 | 10.4 | 10.0 | 14.8 | 14.5 | 14.4 | 14.5 |
| EFTA | 1.1 | 1.5 | 1.5 | 1.3 | 1.7 | 1.7 | 1.7 | 1.9 |
| Developing countries | 30.7 | 28.3 | 27.8 | 30.1 | 26.2 | 27.4 | 27.8 | 27.9 |
| Bosnia and Herzegovina | 14.3 | 12.6 | 12.6 | 14.5 | 2.4 | 2.8 | 2.7 | 2.9 |
| Serbia, Montenegro | 4.5 | 5.4 | 5.3 | 6.4 | 0.9 | 1.1 | 1.1 | 1.3 |
| Russia | 1.3 | 1.2 | 1.2 | 1.2 | 9.2 | 10.1 | 10.5 | 9.8 |
| China | 0.1 | 0.2 | 0.1 | 0.2 | 4.7 | 5.3 | 5.1 | 6.1 |

^a Preliminary data. Source: CBS.

added finishing operations on a gross basis) and imports of oil and refined petroleum products, which compensated for the lower imports of natural and manufactured gas. Imports of road vehicles and imports of iron and steel predominated in the growth of imports from Germany. The share of imports from developing countries also grew slightly in the reference period, mostly due to continued strong growth of imports from China (wearing apparel, telecommunication apparatus, and electrical machinery, apparatus and appliances).

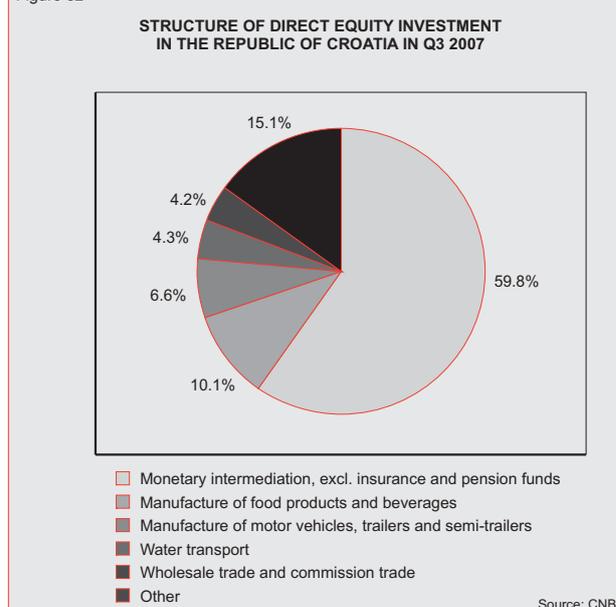
Capital and Financial Transactions

In the third quarter of 2007, the capital and financial account was marked by net inflows from foreign direct investment and portfolio investment and by net outflows from other investment. The net inflows from direct and portfolio investment were somewhat lower in the third quarter of 2007 than in the third quarter of 2006. In addition, the fall of external debt arising from loans, trade credits and currency and deposits, which is registered in the account of other investment, was also less pronounced in the reference period. Gross international reserves declined in the third quarter of 2007, due to lower allocations of marginal reserve requirement by banks.

Foreign direct investment in Croatia stood at EUR 0.4bn in the third quarter of 2007, which is almost one-fifth less than in the same period last year. This was the consequence of the substantial fall in direct debt investment, predominantly those in hybrid and subordinated instruments of banks. The retained earnings of foreign owners of domestic enterprises fell negligibly and direct equity investment more than doubled in the reference period. Foreign direct investment of domestic sectors grew modestly in the third quarter of 2007 over the same period in 2006.

The recapitalisations of foreign-owned banks predominated in the structure of direct equity investment and retained earnings in the third quarter of 2007. In addition, substantial investments were also made in the manufacture of food products and beverages and in the manufacture of motor vehicles, trailers and semi-trailers. Austrian investors accounted for the major part of total investments and were followed by in-

Figure 82



vestors from the Netherlands, Russia and Malta.

The net inflows from portfolio investment were lower in the third quarter of 2007 than in same quarter in 2006. This was the result of the smaller growth in liabilities, mostly those arising from equity investment which, in the third quarter of 2006, were related to the purchase/sale transactions of Pliva shares and the EBRD investment in Agrokor's share capital. This decline in inflows was somewhat offset by the growth in enterprises' liabilities on debt portfolio investment, which may be put in correlation with the issuance of bonds by Zagrebački holding (worth EUR 300m). In addition, these liabilities fell in the government sector due to the absence of new bond issues, the repayment of Samurai bonds worth JPY 40bn (about EUR 250m) and the settlement of the regular instalment towards the London Club. The fall in foreign assets was more pronounced in the third quarter of 2007 than in the same period last year, largely due to the decrease of banks' investment in money market instruments.

The account of other investment (including loans, trade credits, and currency and deposits) was marked by much

Table 10: Capital and Financial Account, in million EUR

| | 1st half of 2006 | Q3/2006 | 1st half of 2007 | Q3/2007 ^a | Indices | |
|--------------------------------------|------------------|---------|------------------|----------------------|--------------------------------|---|
| | | | | | Q3/2007 ^a / Q3/2006 | Jan.–Sep. 2007 ^a /Jan.–Sep. 2006 |
| CAPITAL AND FINANCIAL ACCOUNT | 3,023 | -50 | 2,759 | -35 | 70.5 | 91.6 |
| 1. Capital account | -160 | 7 | 15 | 13 | 184.5 | - |
| 2. Financial account, excl. reserves | 4,552 | -654 | 3,216 | -359 | 54.9 | 73.3 |
| 2.1. Direct investment | 1,298 | 392 | 2,205 | 306 | 78.1 | 148.6 |
| 2.1.1. Abroad | -63 | -60 | -137 | -68 | 113.3 | 165.9 |
| 2.1.2. In Croatia | 1,362 | 452 | 2,342 | 374 | 82.8 | 149.8 |
| 2.2. Portfolio investment | -521 | 324 | -344 | 196 | 60.5 | 75.4 |
| 2.2.1. Assets | -88 | 19 | -636 | 81 | 426.5 | 806.9 |
| 2.2.2. Liabilities | -433 | 306 | 292 | 115 | 37.7 | - |
| 2.3. Financial derivatives | 0 | 0 | 0 | 0 | - | - |
| 2.4. Other investment | 3,775 | -1,370 | 1,356 | -861 | 62.9 | 20.5 |
| 2.4.1. Assets | 1,147 | -812 | 84 | -909 | 111.9 | - |
| 2.4.2. Liabilities | 2,628 | -558 | 1,271 | 47 | -8.5 | - |
| 3. Reserve assets (CNB) | -1,370 | 596 | -472 | 311 | 52.1 | 20.9 |

^a Preliminary data. Source: CNB.

Table 11: Composition of CNB Reserve Assets, end of period, in million EUR and %

| | 2004 | 2005 | 2006 | Sep. 2007 |
|--|-------|-------|-------|-----------|
| Balance | 6,436 | 7,438 | 8,725 | 8,795 |
| Share | | | | |
| 1. Foreign currency reserves | 96.9 | 98.6 | 93.6 | 90.9 |
| 1.1. Securities | 50.7 | 48.4 | 48.1 | 49.9 |
| 1.2. Total currency and deposits with: | 46.2 | 50.2 | 45.4 | 41.0 |
| 1.2.1. Other national central banks, BIS and IMF | 3.6 | 5.5 | 2.3 | 2.2 |
| 1.2.2. Banks headquartered outside Croatia | 42.6 | 44.7 | 43.2 | 38.8 |
| 2. IMF reserve position | 0.0 | 0.0 | 0.0 | 0.0 |
| 3. SDRs | 0.0 | 0.0 | 0.0 | 0.0 |
| 4. Gold | 0.0 | 0.0 | 0.0 | 0.0 |
| 5. Reverse repo | 3.1 | 1.3 | 6.4 | 9.1 |

Note: Expressed at the approximate market value.
Source: CNB.

smaller net outflows in the third quarter of 2007 than in the same quarter of 2006. These developments are attributed to larger corporate borrowings on the basis of these instruments that offset the seasonal fall in banks' liabilities. Foreign assets grew substantially in the third quarter of 2007, with a major portion of this increase being accounted for by the growth in banks' deposits abroad.

According to the BoP data (cross-currency changes excluded), international reserves decreased by EUR 311m in the third quarter of 2007. This was largely due to the decrease in banks' foreign liabilities in the summer months which resulted in lower allocations of marginal reserve requirements. The registered decrease was to some extent moderated by two CNB foreign exchange interventions in mid-July at which EUR 139m were purchased from banks. According to the monetary statistics data (cross-currency changes included), international reserves stood at EUR 8.8bn at end-September 2007, increasing by 4.1% over end-June 2007 and 8.1% over end-September 2006. International reserves grew again in October (by EUR 0.2bn), thanks largely to the CNB intervention of EUR 355.2m, while the contribution related to banks' allocations of marginal reserve requirement remained negative.

External Debt

The external debt went up by EUR 2.1bn in the first ten months of 2007, amounting to EUR 31.4bn at end-October. This increase was smaller than one registered in the same period last year. Specifically, its lower absolute growth and annual deceleration (from 14.3% in October 2006 to 12.3% in October 2007) were marked by significant changes in the contributions of individual sectors. These developments were largely the result of the central bank measures for stabilising the external debt to GDP ratio, aimed above all at reducing the high level of banks' external debt. As a result, banks decreased their foreign liabilities by as much as EUR 1.7bn in the first ten months of 2007 compared with the same period last year when their external debt grew by EUR 0.3bn. By contrast, the contribution of enterprises to the external debt growth (including the debt of other domestic sectors and a portion of the debt arising from direct investment) went up from EUR 2.3bn in the first ten months of 2006 to EUR 4.0bn in the same period in 2007. The contribution of the government sector to the external debt growth was negative in the reference period.

The external debt of banks (hybrid and subordinated instruments included) totalled EUR 8.7bn at end-October 2007, which is a decrease of 16.6% from end-2006. This rather significant change in the level of banks' external debt may above all be attributed to the effects of the CNB measures (most of all, the allocation of marginal reserve requirements and the purchase of compulsory CNB bills), aimed at curbing credit expansion fuelled by foreign borrowing. Broken down by individual quarters, the external debt of banks slowed down substantially already in the first quarter of 2007. Moreover, it decreased in the second quarter and continued to fall progressively in the third quarter in which banks use high foreign exchange receipts and substantial recapitalisation funds for the settlement of their external liabilities. Following its significant decline, the share of banks' external debt in total external debt fell from 35.6% at the end of 2006 to 27.6% at the end of October 2007.

Table 12: Gross External Debt by Domestic Sectors, end of period, in million EUR and %

| | 2004 | 2005 | 2006 | Oct. 2007 | Structure | | Indices | |
|--|--------|--------|--------|-----------|-----------|-----------|-----------|----------------|
| | | | | | 2006 | Oct. 2007 | 2006/2005 | Oct. 2007/2006 |
| 1. Government | 7,257 | 7,047 | 6,664 | 6,548 | 22.8 | 20.9 | 94.6 | 98.3 |
| 2. Croatian National Bank (CNB) | 2 | 3 | 3 | 2 | 0.0 | 0.0 | 97.2 | 75.4 |
| 3. Banks | 7,732 | 8,979 | 10,223 | 8,639 | 35.0 | 27.6 | 113.9 | 84.5 |
| 4. Other sectors | 5,896 | 7,264 | 9,462 | 12,401 | 32.4 | 39.6 | 130.3 | 131.1 |
| 5. Direct investment | 2,046 | 2,455 | 2,869 | 3,763 | 9.8 | 12.0 | 116.9 | 131.2 |
| o/w: Hybrid and subordinated instruments | 314 | 214 | 167 | 23 | 0.6 | 0.1 | 78.1 | 13.7 |
| Total (1 + 2 + 3 + 4 + 5) | 22,933 | 25,748 | 29,221 | 31,353 | 100.0 | 100.0 | 113.5 | 107.3 |

Source: CNB.

Table 13: Current and Contingent External Debt of the Public Sector and the Private Sector Debt, end of period, in million EUR and %

| | 2004 | 2005 | 2006 | Oct. 2007 | Structure | | Indices | |
|--|--------|--------|--------|-----------|-----------|-----------|-----------|----------------|
| | | | | | 2006 | Oct. 2007 | 2006/2005 | Oct. 2007/2006 |
| 1. Public sector debt | 8,580 | 8,500 | 8,242 | 8,817 | 28.2 | 28.1 | 97.0 | 107.0 |
| 2. Publicly guaranteed private sector debt | 334 | 291 | 204 | 147 | 0.7 | 0.5 | 70.2 | 72.0 |
| 3. Non-publicly guaranteed private sector debt | 14,019 | 16,956 | 20,774 | 22,389 | 71.1 | 71.4 | 122.5 | 107.8 |
| Total (1 + 2 + 3) | 22,933 | 25,748 | 29,221 | 31,353 | 100.0 | 100.0 | 113.5 | 107.3 |

Source: CNB.

The external debt of enterprises (debt investment in enterprises included) grew by about one-third (EUR 4.0bn) in the first ten months of 2007 compared to the end of 2006 and stood at EUR 16.1bn at the end of October. The intensive growth of enterprises' external debt (from 28% year-on-year at the end of 2006 to 37% year-on-year at the end of October 2007) may in part be put in correlation with the business policies of domestic banks which, in order to avoid the regulatory costs of the most recent CNB measures, progressively stimulate their clients to borrow directly abroad and thus switch from domestic to foreign market financing. As for individual groupings, the external debt of other enterprises grew the most in the reference period, in part due to Ina's utilisation of a significant portion of loan worth USD 1bn. The external debt of non-banking financial institutions, predominately leasing companies that mostly borrow in order to be able to finance the increased imports of road vehicles, went up in the observed period. The external debt of public enterprises also trended up, largely due to the bond issue by Zagrebački holding. The share of enterprises' external debt in total external debt rose to 51.5%.

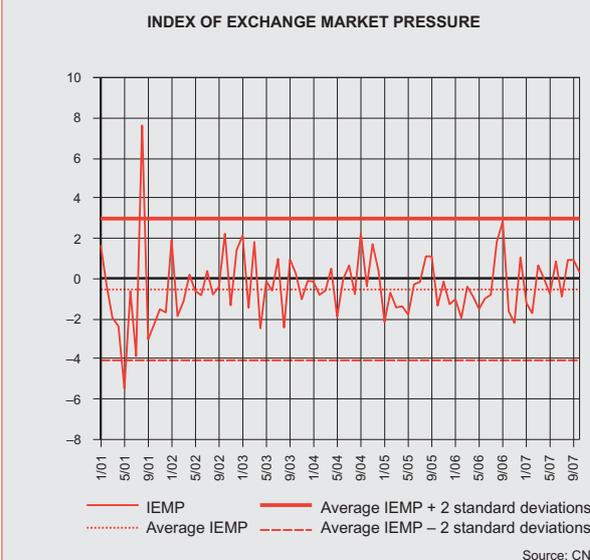
The external debt of the government sector (central government, central government funds, CBRD and local government) decreased by EUR 0.1bn in the first ten months of 2007 and stood at EUR 6.5bn at the end of October. The decrease in the external debt of the government sector was above all the result of the repayment of central government bonds, while the CBRD again accounted for the major portion of new borrowings (it issued a bond worth EUR 250m). As mentioned above, a significant portion of borrowings was also accounted for by public enterprises (above all Zagrebački holding). As a result, the external debt of the public sector (including the government sector, public enterprises and mixed enterprises) grew by a total of EUR 0.6bn in the first ten months of 2007. The contingent debt of the public sector (i.e. the publicly guaranteed private sector debt) continued on its downward trend from the previous years.

International Liquidity

After fluctuating slightly in the third quarter of 2007, the index of exchange market pressure (IEMP)²⁷ stayed close to its long-term average value. The decrease in banks' foreign liabilities and lower allocations of marginal reserve requirements contributed to the fall in international reserves and affected the growth of the IEMP, while the slight appreciation of the kuna exchange rate in the midst of tourist season had an opposite effect. Despite strong growth in demand for kuna, boosted by the public offering of T-HT shares, the exchange rate weakened in October compared with end-September and, together with the CNB intervention and the renewed growth in international reserves, sustained the positive developments in the IEMP.

²⁷ IEMP is calculated as a weighted average of the monthly growth rate of the kuna/euro exchange rate (at end-period) and the monthly growth rate of gross international reserves (in euro terms), using standard deviations as weights. The value of the index above the critical level (plus two standard deviations) indicates potential difficulties in the settlement of international payments.

Figure 83



Government Finance

Fiscal Policy Features in the First Nine Months of 2007

Fiscal trends were mostly positive in the first nine months of 2007. Owing to strong growth in economic activity, revenues grew at a high annual rate or much faster than expenditures. At the same time, strong government investment activity continued, reflecting, among others, new investments in road infrastructure. Such trends led to a substantial cut in the general government deficit, so that borrowing requirements reduced. The government met most of its financing requirements on the domestic financial market in an effort to reduce its external exposure and thus contribute to the stabilisation of the external debt to GDP ratio. However, positive trends in the area of government finance are expected to continue in the remaining part of 2007, with a slightly faster increase in expenditures and capital investments, so that the deficit for the whole year is expected to reach 2.6% of GDP.

The beginning of 2007 was marked by the entering into force of amendments to the Act on the Financing of Local and Regional Self-Government Units.²⁸ The application of the provisions of the previous Act produced a negative effect concerning profit tax revenues, as they remained concentrated in local units in which the tax-paying companies had their seats. In some local units, this resulted in a discrepancy between the revenue outturn and discharge of legal functions. The amendments to the Act provide for the complete allocation of profit tax to the government budget and a considerable increase in the portion of income tax allocable to the city, municipality and county budgets. However, they did not contribute to higher fiscal decentralisation as additional functions were not transferred to lower levels of government and

²⁸ OG 132/2006.

funds were only in a different manner distributed between the budgetary central government and local government units.

In line with the Act on the Enforcement of the Decision of the Constitutional Court of the Republic of Croatia of 12 May 1998²⁹ and the Pensioners' Fund Act,³⁰ the first half of 2007 has seen the continued repayment of the debt to pensioners. Although the related financial transactions are not included in the budget, they have important macroeconomic as well as fiscal implications as the government had to ensure additional HRK 3.4bn for this purpose in 2007. Within this amount, the major portion related to the payment of the last two instalments to the pensioners who opted for the so-called accelerated debt recovery at a 50% discount, while the remaining portion related to the payment of the first instalment to those pensioners who opted for the entire debt amount to be paid in the 6-year period and the payment of the first two instalments to beneficiaries of survivors' and highest pensions, whose rights to debt repayment have also been recognised.³¹ The funds for the first 2007 instalment, which was paid in June, were mostly raised by a loan that Hrvatska poštanska banka d.d. granted to the government. The funds for the second instalment and for the repayment of the stated bank loan were raised through the public offering of T-HT shares.

Consolidated General Government Revenues

According to the preliminary MoF data, consolidated general government revenues reached HRK 93.4bn in the first nine months of 2007 or somewhat less than three-fourths of the total amount planned for the year. Compared to the same period in 2006, total revenues rose by a high 13.9% due to the strong upturn in the economy, favourable labour market trends and modest growth of consumer goods prices.

Accounting for almost 60% of total consolidated general government revenues, tax revenues amounted to HRK 54.9bn in the January-September period of 2007, up 11.7% over the same period in 2006. Favourable developments in indirect tax revenues were to a large extent the result of the strong growth of real retail trade turnover as well as of high import growth. VAT revenues reached thus HRK 28.2bn in the first nine months of 2007 and were 9.9% higher than in the same period last year. They grew at a somewhat lower rate in September, inter alia, due to the weaker growth of real retail trade turnover and some legislative changes. Specifically, the Act on Amendments to the Act on Value Added Tax³² came into force in August, providing for the application of the lower VAT rate of 10% to tourist services and to newspapers and magazines. The Ministry of Finance expects that, due to this change, VAT revenues will be about HRK 290m lower on annual level and that, since VAT is paid in the current month for the previous one, the first financial effects will be materialised in September. Excise revenues totalled HRK 9.2bn in the January-September period of 2007, with their annual growth of 6.1% being to a large extent accounted for by high-

er revenues from excises on tobacco products and cars. By contrast, the most abundant in terms of their amount, excise revenues from refined petroleum products which, in order to ensure the comparability of data with the previous periods, include the revenues from a levy on the construction and maintenance of public roads, grew by a relatively small 3.5% year-on-year in the observed period. With reference to this, it should be noted that pursuant to the Government's regulation, in force since May 2007, the excises on all types of non-leaded petrol were reduced by 25 lipa per litre.³³ The loss of revenues effected by these changes was only somewhat offset in the summer months through increased consumption of refined petroleum products by domestic and foreign tourists.

Profit tax revenues stood at HRK 7.2bn in the first nine months of 2007 and were by about one-third higher than in the same period last year. As tax payers pay advance profit tax based on the tax return for the previous tax period (i.e. the previous year), this huge growth in profit tax revenues is attributed to favourable performance of Croatian enterprises in 2006. Income tax revenues amounted to HRK 7.1bn in the first nine months of 2007, increasing 13.1% year-on-year in the observed period. This was the consequence of the favourable developments in the labour market or, more precisely, the annual growth in the average monthly gross wage and the rise in the number of employed as suggested by both CBS and CPIA data. For the same reason, revenues from social contributions went up by 10.8% year-on-year and by reaching a total of HRK 27.7bn at the end of September became the second most important revenue source of the general government.

Other revenues grew also substantially in the observed period, making up somewhat more than one-tenth of total consolidated general government revenues. These revenues amounted to HRK 10.7bn in the January-September period of 2007 or 35.5% more than in the same period in 2006. The largest contributors to their growth were administrative tax revenues and dividends. According to the MoF data, administrative tax revenues grew most rapidly in the Croatian Waters and the Fund for Environmental Protection and Energy Efficiency. The public offering and the sale of T-HT shares in September were preceded by the extraordinary payment of T-HT dividends in the amount of HRK 2.41bn. Of this, 42% was paid to the government.

Consolidated General Government Expenditures

Consolidated general government expenditures stood at HRK 85bn in the first nine months of 2007, accounting for somewhat more than 70% of the total amount planned for the year. Compared to the same period in 2006, total expenditures rose by 9.5%, with equal growth rates being recorded at the consolidated central government level and the local government level. According to the economic classification of expenditures, expenditures on social benefits and expenditures on employee compensation increased markedly in the observed period, accompanied by a substantial rise in expen-

29 OG 105/2004.

30 OG 93/2005.

31 OG 19/2007.

32 OG 76/2007.

33 Regulation on the change of excises on refined petroleum products (OG 44/2007).

ditures on the use of goods and services.

Expenditures on social benefits went up by HRK 36.1bn in the January-September period of 2007, with somewhat more than two-thirds of these being accounted for by expenditures on social security benefits. These expenditures, which comprise most pensions and health care expenditures, grew by 9.8% year-on-year in the observed period, in part due to the increase in the number of pension beneficiaries and the growth in the average pension and in part due to the increase in expenditures on hospital health care, primary health care and medicaments on prescription. At the same time, expenditures on social assistance benefits, including child allowances, disability pensions, Croatian war veterans' permanent rights and pension supplements grew at a somewhat lower rate during the observed period (5.9%) and stood at HRK 10.5bn.

Expenditures on employee compensation stood at HRK 23.1bn in the first nine months of 2007, 80% of which related to wages and salaries of civil servants and employees, and the rest related to social contributions paid by individual consolidated general government units. Compared to the same period in 2006, expenditures on employee compensation rose by 10.5%, reflecting a slight increase in the average number of public sector employees (0.9%) and the annual growth in the average monthly gross wage of civil servants and employees (7.6%). Employment fell in public administration and defence, while their wages grew the most in the observed period. By contrast, the average employment in education and health care grew by somewhat more than 3,500, while their wages grew at a somewhat moderate pace.

Expenditures on the use of goods and services (inclusive of expenditures on telecommunication, postal, transport, intellectual and personal services and expenses on materials and energy) were at HRK 10.1bn in the first nine months of 2007 14.6% higher than in the same period in 2006, while their highest growth rate was recorded in the third quarter. Expenditures on subsidies stood at HRK 5.2bn in the first nine months, up 9.9% over the same period in 2006. Specifically, subsidies to private enterprises grew two times faster than other subsidies. Accounting for about 5% of total consolidated general government expenditures, interest expenses

continued to grow at a moderate rate in the observed period. In line with the trends in general government debt, the share of domestic interest paid continued to grow, while the share of foreign interest paid dropped.

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

Owing to high annual growth of revenues and modest growth of expenditures, the net operating balance of the consolidated general government stood at HRK 8.4bn in the first nine months of 2007 and was two times higher than that in the same period last year. This surplus enabled the government to finance the increase in its non-financial assets, to repay a portion of its due liabilities and to increase its financial assets.

Public investments, i.e. the acquisition of non-financial assets, amounted to a high HRK 8bn in the observed period or almost 20% more than in the same period in 2006. The acquisition of buildings and structures increased markedly in this period, by as much as HRK 6.3bn, largely reflecting the continuation of investment in road infrastructure. At the same time, the disposal of non-financial assets grew considerably, due mostly to the increased disposal of strategic stocks, whereas the disposal of fixed assets levelled off compared with 2006.

Financial assets of the consolidated general government grew by a substantial HRK 2.5bn in the first nine months of 2007. This was almost entirely the result of the rise in domestic financial assets, predominately the assets in the government accounts with banks and the CNB and the assets paid out on the basis of granted loans. The assets in the accounts, accumulated through good revenue performance and borrowings, will be used to finance the deficit in the last quarter of the year which according the revised budget data is expected to be several times higher than that in the first nine months of 2007.

In the January-September period of 2007, consolidated general government liabilities went up by HRK 1.1bn due to a concurrent increase in domestic liabilities and decrease in foreign liabilities. In addition, foreign liabilities of extrabudg-

Table 14: Operating Balance and Transactions in Non-Financial Assets and Financial Assets and Liabilities, GFS 2001, in million HRK

| | Consolidated general government | | |
|---|---------------------------------|----------------|-------------------------------|
| | Jan.–Sep. 2006 | Jan.–Sep. 2007 | Jan.–Sep. 2007/Jan.–Sep. 2006 |
| 1. Change in net worth (net operating balance) | 4,356.6 | 8,432.0 | 194 |
| 1.1. Revenue | 82,012.0 | 93,449.5 | 114 |
| 1.2. Expense | 77,655.4 | 85,017.5 | 109 |
| 2. Change in net non-financial assets | 5,992.8 | 7,103.3 | 119 |
| 2.1. Acquisition of non-financial assets | 6,681.4 | 7,986.7 | 120 |
| 2.2. Disposal of non-financial assets | 688.6 | 883.3 | 128 |
| 3. Net lending (+) / borrowing (-) (1 – 2) | -1,636.2 | 1,328.7 | – |
| 3. Financing (5 – 4) Transactions in financial assets and liabilities | 1,636.2 | -1,328.7 | – |
| 4. Change in financial assets | 172.7 | 2,461.7 | 1,425 |
| 4.1. Domestic | 170.0 | 2,453.7 | 1,443 |
| 4.2. Foreign | 2.7 | 8.0 | 300 |
| 5. Change in liabilities | 1,809.0 | 1,133.1 | 63 |
| 5.1. Domestic | 5,362.7 | 3,258.7 | 61 |
| 5.2. Foreign | -3,553.7 | -2,125.6 | 60 |

Note: On a cash basis. Source: MoF.

etary users grew in this period and were accompanied by a several-fold increase in foreign repayments at the budgetary central government level. Domestic liabilities grew to a large extent in the first nine months at the budgetary central government level and comprised the issuance of two bonds and the utilisation of loans granted by domestic banks.

Consolidated General Government Balance on a Cash Basis and Modified Accrual Basis

The consolidated general government deficit on a cash basis (GFS 1986) stood at a negligible HRK 0.2bn in the first nine months of 2007. It was entirely generated by the extrabudgetary users (above all the CM and CR), while the budgetary central government and local government units run a surplus in the observed period. Compared to the first nine months in 2006, the deficit went down by as much as HRK 2.9bn, due mostly to the consolidation transactions at the budgetary central government level. Specifically, with revenues increasing at much higher rate than expenditures, the budgetary central government run a surplus of HRK 1.5bn in the first nine months of 2007, whereas in the same period last year it run a deficit of HRK 1.4bn. By contrast, the deficit of extrabudgetary users stood at HRK 1.8bn and was HRK

0.1bn higher than that in the same period in 2006. In addition, the CM and the CPF had the largest deficit increase in the observed period, while the Croatian Waters and the DAB run a surplus.

A clearer picture on public finances is obtained if the consolidated general government deficit is shown on a modified accrual basis, i.e. if cash data are adjusted for data on expenditures on an accrual basis, that is, contracted CM and CR liabilities and changes in central and local government arrears. According to the preliminary MoF data, the consolidated general government deficit on a modified accrual basis stood at HRK 0.7bn in the first nine months of 2007 and was several times lower than that in the same period last year. In addition, arrears fell by a slight HRK 0.2bn because as much as HRK 1.2bn in the revised budget, adopted by the Croatian Parliament in July 2007, was ear marked for the reduction of health arrears.

Government Debt

According to the CNB data, general government debt (CBRD debt excluded) stood at HRK 104.8bn at the end of September 2007. Specifically, the share of domestic general government debt continued to trend upward, while the share

Table 15: Consolidated General Government Balance, GFS 1986, in million HRK

| | Jan.–Sep. 2006 | Jan.–Sep. 2007 |
|---|----------------|----------------|
| 1. Net lending (+) / borrowing (–) GFS 2001 | –1,636 | 1,329 |
| 2. Disposal of non-financial assets | 689 | 883 |
| 3. Net acquisition of financial assets – loans | 634 | 511 |
| 4. Acquisition of shares and other equity | 190 | 156 |
| 5. Acquisition of securities other than shares | 0 | 0 |
| 6. Acquisition of other accounts receivable | 2 | 5 |
| 7. Balance without capital revenues, on a cash basis (1 – 2 – 3 – 4 – 5 – 6) | –3,151 | –227 |
| 8. Balance without capital revenues, on a cash basis (CM and CR reported on an accrual basis) | –3,511 | –889 |
| 9. Change in non-paid and non-recorded liabilities | 301 | 226 |
| 10. Balance without capital revenues, on a modified accrual basis (8 + 9) | –3,812 | –663 |

Source: MoF.

Table 16: Public Debt of the Republic of Croatia, end of period, in million HRK

| | Stock | | | | Change | |
|---|-----------|-----------|-----------|-----------|----------------|----------------|
| | Dec. 2005 | Sep. 2006 | Dec. 2006 | Sep. 2007 | Jan.–Sep. 2006 | Jan.–Sep. 2007 |
| A. General government debt (1 + 2) | 101,426.8 | 103,866.3 | 102,696.5 | 104,723.7 | 2,439.6 | 2,027.2 |
| 1. Domestic general government debt | 56,046.5 | 61,910.8 | 61,077.4 | 65,980.0 | 5,864.4 | 4,902.7 |
| 1.1. Domestic debt of the Republic of Croatia | 50,559.5 | 56,083.8 | 54,216.7 | 58,104.6 | 5,524.3 | 3,887.8 |
| 1.2. Domestic debt of central government funds | 3,935.0 | 4,336.9 | 5,168.2 | 6,029.5 | 401.9 | 861.3 |
| 1.3. Domestic debt of local government | 1,551.9 | 1,490.1 | 1,692.4 | 1,846.0 | –61.8 | 153.6 |
| 2. External general government debt | 45,380.3 | 41,955.5 | 41,619.1 | 38,743.6 | –3,424.8 | –2,875.5 |
| 2.1. External debt of the Republic of Croatia | 36,414.5 | 32,850.1 | 32,553.4 | 29,042.5 | –3,564.4 | –3,510.9 |
| 2.2. External debt of central government funds | 8,749.8 | 8,975.2 | 8,913.3 | 9,539.7 | 225.4 | 626.5 |
| 2.3. External debt of local government | 216.0 | 130.1 | 152.5 | 161.4 | –85.8 | 8.9 |
| B. Total guarantees issued by the Republic of Croatia | 12,455.1 | 13,730.0 | 14,098.3 | 15,078.0 | 1,274.8 | 979.7 |
| 1. Domestic | 5,268.5 | 6,736.4 | 7,252.3 | 8,011.4 | 1,467.9 | 759.1 |
| 2. Foreign | 7,186.7 | 6,993.6 | 6,846.0 | 7,066.6 | –193.1 | 220.6 |
| C. Public debt (A + B) | 113,881.9 | 117,596.3 | 116,794.8 | 119,801.7 | 3,714.4 | 3,006.9 |
| Supplement: | | | | | | |
| D. CBRD debt (1 + 2) | 7,139.4 | 7,459.9 | 7,686.4 | 9,047.5 | 320.5 | 1,361.1 |
| 1. CBRD domestic debt | 534.2 | 208.7 | 347.5 | 258.6 | –325.5 | –88.9 |
| 2. CBRD external debt | 6,605.1 | 7,251.2 | 7,338.8 | 8,788.8 | 646.1 | 1,450.0 |

Source: CNB.

of external general government debt decreased in the observed period. Compared to the end of 2006, general government debt rose by HRK 2.1bn, outpacing the growth of the consolidated general government deficit in the same period and the growth of general government liabilities recorded in MoF statistics. The strengthening of the kuna exchange rate against almost all major world currencies contributed to the slower growth of debt. In the first nine months of 2007, the kuna exchange rate appreciated against the euro, US dollar and Japanese yen. As the major portion of the general government debt is denominated in these currencies, its stock decreased (statistically) in kuna terms in the observed period. By contrast, the repayment of the debt to pensioners contributed to the faster growth of debt relative to the growth of the general government deficit. As the repayment of the debt to pensioners is not treated as the budgetary expenditure by the MoF, the short-term loan of Hrvatska poštanska banka used for the payment of this year's first debt instalment was not included in the budget. On the other hand, Hrvatska poštanska banka has reported this loan as a claim on the government, so that the CNB statistics included the loan in general government debt.

Domestic general government debt totalled HRK 66.1bn at the end of September 2007, which is an increase of HRK 5bn over its balance reported at the end of 2006. The overall debt increase reflects the rise in debt arising from loans received and bonds issued, while the debt arising from T-bills decreased. The domestic capital market saw the issuance of a ten-year kuna bond worth nominally HRK 2.5bn in February, with its second tranche worth HRK 3bn being issued in July. Moreover, the government concluded the agreement

with a domestic bank syndicate on short-term foreign currency loans of EUR 244.5m in July which it used to finance the repayment of due Samurai bonds. The refinancing of foreign liabilities by domestic market funds was supported by the central bank which amended the Decision on the minimum required amount of foreign currency claims and thus enabled each bank to include the amount with which it participated in the loan in its minimum required foreign currency claims.

External general government debt stood at HRK 38.7bn at the end of September 2007, which is a decrease of HRK 2.9bn over its balance reported at the end of 2006. At the Republic of Croatia level, external debt went down by HRK 3.6bn as a result of the repayment of JPY 40bn worth of Samurai bonds in July, the payment of about EUR 60m to the London Club for series A bonds and interest payments on other international government bond issues. Also decreased were liabilities arising from foreign loans, inter alia, due to the repayment of regular liabilities to the Paris Club. External debt of central government funds rose by HRK 0.6bn in the first nine months compared with the end of 2006, primarily because of new borrowings by the CM.

Contingent government debt based on government guarantees issued expanded by HRK 1bn in the first nine months of 2007 or slightly less than in the same period in 2006. About three-fourths of this year's increase were accounted for by domestic guarantees, mostly issued in favour of domestic shipyards. If domestic and foreign guarantees were added to general government debt, the public debt stood at HRK 119.8bn at the end of September 2007.

The overall CBRD debt, which is not covered by the MoF statistics on consolidated general government operations,

Table 17: Domestic General Government Debt, end of period, in million HRK

| | Stock | | | | Change | |
|--|-----------|-----------|-----------|-----------|----------------|----------------|
| | Dec. 2005 | Sep. 2006 | Dec. 2006 | Sep. 2007 | Jan.–Sep. 2006 | Jan.–Sep. 2007 |
| 1. Domestic general government debt | 56,046.5 | 61,910.8 | 61,077.4 | 66,050.4 | 5,864.4 | 4,973.0 |
| 1.1. Domestic debt of the Republic of Croatia | 50,559.5 | 56,083.8 | 54,216.7 | 58,174.9 | 5,524.3 | 3,958.2 |
| Treasury bills | 12,533.4 | 12,254.5 | 12,662.2 | 12,170.6 | -278.9 | -491.5 |
| Bonds | 30,716.0 | 33,643.9 | 34,827.9 | 36,750.7 | 2,927.9 | 1,922.7 |
| Money market instruments | 0.9 | – | – | – | -0.9 | – |
| Credits from banks | 7,309.2 | 10,185.3 | 6,726.6 | 9,253.6 | 2,876.1 | 2,527.0 |
| 1.2. Domestic debt of central government funds | 3,935.0 | 4,336.9 | 5,168.2 | 6,029.5 | 401.9 | 861.3 |
| Bonds | – | – | – | – | – | – |
| Credits from banks | 3,935.0 | 4,336.9 | 5,168.2 | 6,029.5 | 401.9 | 861.3 |
| 1.3. Domestic debt of local government | 1,551.9 | 1,490.1 | 1,692.4 | 1,846.0 | -61.8 | 153.6 |
| Supplement: Issued guarantees | 5,268.5 | 6,736.4 | 7,252.3 | 8,011.4 | 1,467.9 | 759.1 |

Source: CNB.

Table 18: External General Government Debt, end of period, in million HRK

| | Stock | | | | Change | |
|--|-----------|-----------|-----------|-----------|----------------|----------------|
| | Dec. 2005 | Sep. 2006 | Dec. 2006 | Sep. 2007 | Jan.–Sep. 2006 | Jan.–Sep. 2007 |
| 1. External general government debt | 45,380.3 | 41,955.5 | 41,622.3 | 38,711.5 | -3,424.8 | -2,910.8 |
| 1.1. External debt of the Republic of Croatia | 36,414.5 | 32,850.1 | 32,556.6 | 29,001.7 | -3,564.4 | -3,554.8 |
| Bonds | 27,020.1 | 22,904.2 | 22,836.9 | 20,023.3 | -4,115.8 | -2,813.6 |
| Credits | 9,394.5 | 9,945.9 | 9,716.4 | 8,978.4 | 551.4 | -738.0 |
| 1.2. External debt of central government funds | 8,749.8 | 8,975.2 | 8,913.3 | 9,548.3 | 225.4 | 635.1 |
| Credits | 8,749.8 | 8,975.2 | 8,913.3 | 9,539.7 | 225.4 | 626.5 |
| 1.3. External debt of local government | 216.0 | 130.1 | 152.5 | 161.4 | -85.8 | 8.9 |
| Credits | 216.0 | 130.1 | 152.5 | 161.4 | -85.8 | 8.9 |
| Supplement: Issued guarantees | 7,186.7 | 6,993.6 | 6,846.0 | 7,069.3 | -193.1 | 223.3 |

Source: CNB.

amounted to HRK 9.1bn at the end of September, which is an increase of HRK 1.4bn over its balance at the end of 2006. The major contributor to this was the increase in external

debt, as domestic debt fell slightly in the observed period. Specifically, the increase in CBRD external debt was the result of the new issuance of foreign bonds worth EUR 250m.

Statistical Survey

Classification and Presentation of Data on Claims and Liabilities

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

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

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

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

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

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

Foreign sector includes foreign legal and natural persons.

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

Table A1: Monetary and Credit Aggregates

end of period, million kuna and %

| Year | Month | Reserve money | Money M1 | Money M1a | Broadest money M4 | Net domestic assets | Domestic credit | Monthly rates of growth | | | | | |
|------|-----------------------|---------------|----------|-----------|-------------------|---------------------|-----------------|-------------------------|----------|-----------|-------------------|---------------------|-----------------|
| | | | | | | | | Reserve money | Money M1 | Money M1a | Broadest money M4 | Net domestic assets | Domestic credit |
| 1994 | December | 4,714.2 | 6,642.6 | 6,996.7 | 17,679.9 | 16,540.1 | 27,661.5 | 11.73 | 2.20 | 3.83 | 2.26 | 11.84 | 3.45 |
| 1995 | December | 6,744.1 | 8,234.9 | 8,503.2 | 24,623.0 | 21,576.3 | 32,819.5 | 2.97 | 0.89 | 1.54 | 3.41 | 1.00 | 1.88 |
| 1996 | December | 8,770.4 | 11,368.9 | 11,494.9 | 36,701.1 | 24,960.4 | 33,831.2 | 11.35 | 7.83 | 7.67 | 4.88 | -5.41 | -11.61 |
| 1997 | December | 10,346.1 | 13,731.4 | 13,848.8 | 50,742.0 | 33,829.0 | 48,863.4 | 7.86 | 3.93 | 3.85 | 2.16 | 4.98 | 4.96 |
| 1998 | December | 9,954.2 | 13,531.4 | 13,615.2 | 57,340.3 | 44,626.8 | 59,792.0 | 7.24 | 6.92 | 6.59 | 2.51 | 3.73 | 0.25 |
| 1999 | December ^a | 10,310.0 | 13,858.9 | 13,965.7 | 56,659.3 | 40,003.8 | 55,875.8 | 4.53 | 5.46 | 5.48 | 2.28 | 0.35 | -4.58 |
| 2000 | December | 11,717.3 | 18,030.3 | 18,256.4 | 73,061.1 | 44,043.9 | 60,883.8 | 7.32 | 10.04 | 9.89 | 3.66 | 10.46 | 2.66 |
| 2001 | December | 17,803.2 | 23,703.5 | 23,936.5 | 106,071.4 | 57,410.0 | 74,964.5 | 8.01 | 13.00 | 11.96 | 11.65 | 3.40 | 1.16 |
| 2002 | December | 23,027.9 | 30,869.8 | 31,876.7 | 116,141.8 | 83,324.4 | 97,463.7 | 10.72 | 6.11 | 6.79 | 1.65 | 7.92 | 2.15 |
| 2003 | December | 30,586.2 | 33,888.7 | 34,630.9 | 128,893.1 | 96,121.7 | 111,661.4 | 8.90 | 1.78 | 1.93 | 0.14 | 3.11 | 0.66 |
| 2004 | December | 33,924.4 | 34,562.1 | 35,186.5 | 139,947.7 | 108,205.1 | 127,308.6 | 8.69 | 2.86 | 2.68 | 0.23 | 2.15 | 1.99 |
| 2005 | December | 40,390.8 | 38,817.1 | 39,855.4 | 154,647.0 | 131,343.2 | 149,168.3 | 9.38 | 4.34 | 3.87 | -0.02 | 1.84 | 1.94 |
| 2006 | November | 44,907.1 | 46,322.2 | 47,219.7 | 179,636.1 | 149,780.9 | 178,048.7 | 3.44 | 1.80 | 1.86 | -0.53 | -0.51 | 1.98 |
| | December | 46,331.2 | 48,521.0 | 49,141.7 | 182,458.6 | 154,844.1 | 183,379.5 | 3.17 | 4.75 | 4.07 | 1.57 | 3.38 | 2.99 |
| 2007 | January | 43,729.2 | 45,965.6 | 46,605.6 | 183,027.9 | 154,799.8 | 184,322.9 | -5.62 | -5.27 | -5.16 | 0.31 | -0.03 | 0.51 |
| | February | 44,284.7 | 45,410.8 | 46,089.0 | 182,698.5 | 154,776.8 | 186,515.0 | 1.27 | -1.21 | -1.11 | -0.18 | -0.01 | 1.19 |
| | March | 45,565.2 | 46,753.3 | 47,411.2 | 185,021.5 | 155,897.7 | 191,582.3 | 2.89 | 2.96 | 2.87 | 1.27 | 0.72 | 2.72 |
| | April | 45,589.9 | 47,852.4 | 48,495.5 | 187,054.2 | 156,417.0 | 194,132.5 | 0.05 | 2.35 | 2.29 | 1.10 | 0.33 | 1.33 |
| | May | 46,564.7 | 48,677.0 | 49,327.4 | 189,643.1 | 159,479.1 | 196,560.0 | 2.14 | 1.72 | 1.72 | 1.38 | 1.96 | 1.25 |
| | June | 48,416.1 | 51,560.7 | 52,188.8 | 194,446.1 | 162,586.3 | 199,620.1 | 3.98 | 5.92 | 5.80 | 2.53 | 1.95 | 1.56 |
| | July | 48,931.4 | 54,142.1 | 54,918.2 | 201,254.3 | 163,498.0 | 199,132.8 | 1.06 | 5.01 | 5.23 | 3.50 | 0.56 | -0.24 |
| | August | 48,791.2 | 53,735.4 | 54,528.0 | 207,386.8 | 163,275.5 | 200,401.2 | -0.29 | -0.75 | -0.71 | 3.05 | -0.14 | 0.64 |
| | September | 50,941.0 | 49,909.0 | 50,584.4 | 197,707.5 | 152,725.9 | 202,290.3 | 4.41 | -7.12 | -7.23 | -4.67 | -6.46 | 0.94 |
| | October | 48,280.0 | 53,183.8 | 53,952.0 | 204,409.6 | 158,467.2 | 204,273.4 | -5.22 | 6.56 | 6.66 | 3.39 | 3.76 | 0.98 |

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

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

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

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

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

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

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

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

Table B1: Monetary Survey

end of period, million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|---|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Dec. ^a | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Oct. |
| ASSETS | | | | | | | | | | |
| 1. Foreign assets (net) | 48,661.3 | 32,817.4 | 32,771.4 | 31,742.6 | 23,303.8 | 27,614.5 | 29,123.8 | 31,859.8 | 44,981.5 | 45,942.5 |
| 2. Domestic credit | 87,637.6 | 112,518.9 | 126,372.0 | 141,278.1 | 168,427.7 | 200,328.9 | 209,243.1 | 215,740.2 | 221,613.8 | 218,920.7 |
| 2.1. Claims on central government and funds (net) | 12,673.1 | 15,055.2 | 14,710.6 | 13,969.6 | 19,259.4 | 16,949.4 | 17,660.8 | 16,120.0 | 19,323.5 | 14,647.2 |
| 2.2. Claims on other domestic sectors | 74,513.0 | 96,329.0 | 110,467.8 | 125,790.7 | 147,414.3 | 181,031.9 | 189,738.0 | 197,749.9 | 200,517.6 | 202,503.7 |
| 2.3. Claims on other banking institutions | 170.2 | 219.5 | 431.8 | 624.0 | 592.2 | 1,029.5 | 675.0 | 476.8 | 449.8 | 477.5 |
| 2.4. Claims on non-banking financial institutions | 281.4 | 915.3 | 761.8 | 893.9 | 1,161.8 | 1,318.1 | 1,169.3 | 1,393.5 | 1,322.9 | 1,292.2 |
| Total (1+2) | 136,298.9 | 145,336.3 | 159,143.4 | 173,020.7 | 191,731.5 | 227,943.3 | 238,366.9 | 247,599.9 | 266,595.3 | 264,863.2 |
| LIABILITIES | | | | | | | | | | |
| 1. Money | 23,703.5 | 30,869.8 | 33,888.7 | 34,562.1 | 38,817.1 | 48,521.0 | 46,753.3 | 51,560.7 | 49,909.0 | 53,183.8 |
| 2. Savings and time deposits | 10,213.1 | 13,001.1 | 18,370.7 | 22,479.2 | 27,992.1 | 44,836.8 | 46,765.9 | 49,832.0 | 47,519.0 | 50,330.3 |
| 3. Foreign currency deposits | 71,836.9 | 72,054.6 | 76,035.3 | 81,742.9 | 86,760.8 | 88,256.7 | 90,699.6 | 92,041.8 | 99,688.1 | 99,793.4 |
| 4. Bonds and money market instruments | 317.8 | 216.3 | 598.4 | 1,163.5 | 1,077.0 | 844.1 | 802.7 | 1,011.6 | 591.3 | 1,102.2 |
| 5. Restricted and blocked deposits | 1,926.2 | 1,729.5 | 1,721.6 | 2,067.0 | 2,092.3 | 2,504.5 | 2,753.5 | 2,757.9 | 15,113.4 | 4,525.0 |
| 6. Other items (net) | 28,301.4 | 27,465.1 | 28,528.7 | 31,006.1 | 34,992.2 | 42,980.2 | 50,592.0 | 50,396.0 | 53,774.5 | 55,928.5 |
| Total (1+2+3+4+5+6) | 136,298.9 | 145,336.3 | 159,143.4 | 173,020.7 | 191,731.5 | 227,943.3 | 238,366.9 | 247,599.9 | 266,595.3 | 264,863.2 |

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

Table B1: Monetary Survey

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

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

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

Money is the sum of currency outside banks, deposits by other

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

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

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

| Year | Month | Total number of reporting banks | Reporting banks classified according to their total assets | | | | | | Total number of reporting savings banks | Savings banks classified according to their total assets | | |
|------|-----------|---------------------------------|--|--|--|--|---|--------------------------|---|--|---|---------------------------|
| | | | Less than 100 million kuna | 100 million kuna to less than 500 million kuna | 500 million kuna to less than 1 billion kuna | 1 billion kuna to less than 2 billion kuna | 2 billion kuna to less than 10 billion kuna | 10 billion kuna and over | | Less than 10 million kuna | 10 million kuna to less than 100 million kuna | 100 million kuna and over |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 1994 | December | 50 | 13 | 21 | 6 | 6 | 2 | 2 | 33 | 22 | 9 | 2 |
| 1995 | December | 53 | 15 | 20 | 7 | 7 | 2 | 2 | 21 | 7 | 13 | 1 |
| 1996 | December | 57 | 10 | 26 | 6 | 9 | 4 | 2 | 22 | 10 | 11 | 1 |
| 1997 | December | 60 | 4 | 28 | 9 | 8 | 9 | 2 | 33 | 12 | 18 | 3 |
| 1998 | December | 60 | 3 | 26 | 8 | 11 | 10 | 2 | 33 | 4 | 25 | 4 |
| 1999 | December | 53 | 4 | 23 | 7 | 7 | 10 | 2 | 30 | 5 | 21 | 4 |
| 2000 | December | 45 | 3 | 15 | 9 | 6 | 10 | 2 | 29 | 5 | 19 | 5 |
| 2001 | December | 44 | 3 | 13 | 7 | 7 | 10 | 4 | 21 | 4 | 12 | 5 |
| 2002 | December | 46 | 4 | 13 | 7 | 9 | 8 | 5 | 10 | 3 | 5 | 2 |
| 2003 | December | 42 | 2 | 13 | 8 | 5 | 8 | 6 | 7 | 3 | 2 | 2 |
| 2004 | December | 39 | 1 | 12 | 9 | 6 | 5 | 6 | 6 | 3 | 3 | – |
| 2005 | December | 36 | 1 | 10 | 6 | 8 | 5 | 6 | 3 | 2 | 1 | – |
| 2006 | November | 35 | 2 | 7 | 5 | 9 | 4 | 8 | 3 | 2 | 1 | – |
| | December | 35 | 2 | 6 | 5 | 10 | 4 | 8 | 3 | 2 | 1 | – |
| 2007 | January | 35 | 2 | 7 | 4 | 10 | 4 | 8 | 3 | 2 | 1 | – |
| | February | 35 | 2 | 7 | 4 | 10 | 4 | 8 | 3 | 2 | 1 | – |
| | March | 35 | 2 | 6 | 5 | 10 | 4 | 8 | 3 | 2 | 1 | – |
| | April | 35 | 2 | 6 | 5 | 10 | 4 | 8 | 3 | 2 | 1 | – |
| | May | 35 | 2 | 5 | 5 | 11 | 4 | 8 | 3 | 2 | 1 | – |
| | June | 35 | 2 | 5 | 5 | 11 | 3 | 9 | 2 | 1 | 1 | – |
| | July | 35 | 2 | 5 | 5 | 10 | 4 | 9 | 2 | 1 | 1 | – |
| | August | 35 | 2 | 5 | 5 | 9 | 5 | 9 | 2 | 1 | 1 | – |
| | September | 35 | 2 | 5 | 5 | 9 | 5 | 9 | 2 | 1 | 1 | – |
| | October | 35 | 2 | 6 | 3 | 10 | 5 | 9 | 2 | 1 | 1 | – |

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

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

which have not initiated winding-up proceedings.

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

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

Table C1: Monetary Authorities Accounts

end of period, million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Oct. |
| ASSETS | | | | | | | | | | |
| 1. Foreign assets | 39,308.9 | 42,058.8 | 50,118.6 | 49,373.4 | 54,862.5 | 64,088.2 | 70,279.2 | 66,973.2 | 64,042.8 | 65,957.8 |
| 1.1. Gold | – | – | – | – | – | – | – | – | – | – |
| 1.2. Holdings of SDRs | 905.8 | 17.4 | 5.0 | 4.8 | 6.3 | 5.3 | 5.7 | 5.9 | 5.2 | 9.2 |
| 1.3. Reserve position in the IMF | 1.8 | 1.6 | 1.5 | 1.4 | 1.4 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| 1.4. Currency and demand deposits with foreign banks | 6.1 | 6.4 | 5.8 | 5.7 | 7.7 | 7.2 | 26.3 | 26.4 | 5.4 | 5.7 |
| 1.5. Time deposits with foreign banks | 25,565.9 | 28,183.2 | 25,580.7 | 24,337.7 | 28,274.1 | 33,243.0 | 38,638.0 | 35,769.7 | 32,067.2 | 32,048.9 |
| 1.6. Securities in f/c | 12,829.3 | 13,850.0 | 24,525.5 | 25,023.7 | 26,573.0 | 30,831.2 | 31,607.9 | 31,169.8 | 31,963.8 | 33,892.7 |
| 1.7. Non-convertible foreign exchange | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. Claims on central government and funds | – | 0.5 | 1.4 | 3.3 | 1.4 | 0.9 | – | – | – | 0.8 |
| 2.1. Claims in kuna | – | 0.5 | 1.4 | 3.3 | 1.4 | 0.9 | – | – | – | 0.8 |
| 2.2. Claims in f/c | – | – | – | – | – | – | – | – | – | – |
| 3. Claims on other domestic sectors | 229.2 | 110.6 | 93.6 | 82.9 | 73.4 | 64.0 | 64.0 | 64.0 | 68.0 | 68.0 |
| 4. Claims on banks | 18.5 | 17.9 | 972.0 | 408.9 | 4,215.6 | 3,911.5 | 2,639.5 | 5,670.4 | 7,090.8 | 1,897.4 |
| 4.1. Credits to banks | 16.6 | 17.6 | 968.9 | 408.9 | 4,215.6 | 3,911.5 | 2,639.5 | 5,670.4 | 7,090.8 | 1,897.4 |
| Lombard credits | – | – | 954.4 | – | – | – | – | 372.6 | 876.2 | 1,882.7 |
| Short-term liquidity credits | – | – | – | – | – | – | – | – | – | – |
| Other credits | 16.6 | 17.6 | 14.5 | 15.0 | 14.5 | 14.5 | 14.7 | 14.7 | 14.4 | 14.7 |
| Reverse repo transactions | – | – | – | 394.0 | 4,201.1 | 3,897.0 | 2,624.8 | 5,283.1 | 6,200.3 | – |
| 4.2. Overdue claims | 1.9 | 0.3 | 3.1 | – | – | – | – | – | – | – |
| 5. Claims on other banking institutions | – | – | – | – | – | – | – | – | – | – |
| Total (1+2+3+4+5) | 39,556.6 | 42,187.7 | 51,185.6 | 49,868.5 | 59,153.0 | 68,064.6 | 72,982.8 | 72,707.6 | 71,201.7 | 67,924.0 |
| LIABILITIES | | | | | | | | | | |
| 1. Reserve money | 17,803.2 | 23,027.9 | 30,586.2 | 33,924.4 | 40,390.8 | 46,331.2 | 45,565.2 | 48,416.1 | 50,941.0 | 48,280.0 |
| 1.1. Currency outside banks | 8,507.4 | 9,680.9 | 10,573.1 | 10,955.6 | 12,163.8 | 14,609.3 | 14,381.9 | 16,079.8 | 15,611.9 | 15,544.6 |
| 1.2. Banks' cash in vaults | 538.8 | 1,214.8 | 1,683.2 | 1,871.0 | 2,210.7 | 2,698.0 | 2,318.8 | 2,996.6 | 3,243.4 | 2,878.8 |
| 1.3. Banks' deposits | 8,741.5 | 12,109.4 | 18,329.3 | 21,082.6 | 26,016.3 | 29,023.9 | 28,864.5 | 29,339.7 | 32,085.7 | 29,856.6 |
| Settlement accounts | 2,450.1 | 3,923.4 | 5,616.0 | 6,408.2 | 8,411.1 | 8,535.7 | 7,652.1 | 7,722.5 | 8,129.6 | 7,130.4 |
| Statutory reserves | 6,291.4 | 8,186.0 | 12,603.9 | 14,674.4 | 17,605.2 | 20,478.2 | 21,212.4 | 21,433.7 | 21,986.4 | 22,073.1 |
| CNB bills on obligatory basis | – | – | 109.4 | – | – | – | – | 167.4 | 269.6 | 653.1 |
| Overnight deposits | – | – | – | – | – | 10.0 | – | 16.0 | 1,700.0 | – |
| 1.4. Deposits of other banking institutions | 15.5 | 19.1 | – | – | – | – | – | – | – | – |
| 1.5. Deposits of other domestic sectors ^b | 0.1 | 3.5 | 0.6 | 15.1 | – | – | – | – | – | – |
| 2. Restricted and blocked deposits | 6,030.5 | 7,091.2 | 6,699.2 | 10,777.1 | 13,551.8 | 16,633.5 | 21,683.8 | 18,771.0 | 14,590.4 | 13,425.9 |
| 2.1. Statutory reserve in f/c | 5,705.1 | 7,042.3 | 6,686.6 | 10,764.7 | 13,495.9 | 16,576.7 | 21,616.1 | 18,711.0 | 14,546.9 | 13,399.8 |
| 2.2. Restricted deposits | 325.4 | 49.0 | 12.6 | 12.4 | 55.9 | 56.9 | 67.7 | 60.0 | 43.6 | 26.1 |
| 2.3. Escrow deposits | – | – | – | – | – | – | – | – | – | – |
| 3. Foreign liabilities | 1,597.5 | 195.7 | 2,798.0 | 18.1 | 18.9 | 18.9 | 15.7 | 17.0 | 14.3 | 14.3 |
| 3.1. Use of IMF credit | 1,025.5 | 2.8 | 0.0 | – | – | – | – | – | – | – |
| 3.2. Liabilities to international organisations | 12.2 | 12.6 | 19.6 | 18.1 | 18.9 | 18.9 | 15.7 | 17.0 | 14.3 | 14.3 |
| 3.3. Liabilities to foreign banks ^a | 559.8 | 180.2 | 2,778.5 | – | – | – | – | – | 0.0 | – |
| 4. Central government and funds' deposits | 1,752.1 | 768.1 | 1,551.1 | 263.2 | 332.2 | 188.0 | 175.0 | 288.0 | 249.0 | 261.3 |
| 4.1. Demand deposits | 1,752.1 | 608.3 | 600.2 | 228.0 | 319.0 | 174.5 | 143.3 | 262.1 | 213.9 | 227.2 |
| Central government demand deposits | 1,564.8 | 569.5 | 548.5 | 123.0 | 246.3 | 138.6 | 134.1 | 160.6 | 202.9 | 134.8 |
| Central government funds' demand deposits | 187.3 | 38.7 | 51.7 | 105.0 | 72.7 | 35.9 | 9.1 | 101.6 | 10.9 | 92.4 |
| 4.2. Central government f/c deposits | – | – | 950.9 | 35.2 | 13.2 | 13.5 | 31.8 | 25.8 | 35.1 | 34.1 |
| 4.3. CNB bills | – | 159.9 | – | – | – | – | – | – | – | – |
| 5. CNB bills | 6,372.3 | 6,212.4 | 4,920.2 | – | – | – | – | – | – | – |
| 5.1. CNB bills in kuna | 3,458.9 | 4,986.2 | – | – | – | – | – | – | – | – |
| 5.2. CNB bills in f/c | 2,913.4 | 1,226.3 | 4,920.2 | – | – | – | – | – | – | – |
| 6. Capital accounts | 6,425.2 | 5,353.5 | 5,039.0 | 5,096.5 | 5,357.4 | 5,408.8 | 6,066.1 | 5,760.5 | 6,067.9 | 6,605.3 |
| 7. Other items (net) | –424.2 | –461.1 | –408.1 | –210.8 | –498.2 | –515.8 | –523.0 | –545.0 | –661.0 | –662.7 |
| Total (1+2+3+4+5+6+7) | 39,556.6 | 42,187.7 | 51,185.6 | 49,868.5 | 59,153.0 | 68,064.6 | 72,982.8 | 72,707.6 | 71,201.7 | 67,924.0 |

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

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

Table C1: Monetary Authorities Accounts

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table D1: Banks' Accounts

end of period, million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Oct. |
| ASSETS | | | | | | | | | | |
| 1. Reserves with the CNB | 15,002.7 | 20,373.5 | 26,783.7 | 33,718.2 | 41,775.2 | 48,384.7 | 52,798.5 | 51,043.8 | 49,970.8 | 46,129.2 |
| 1.1. In kuna | 9,306.2 | 13,340.0 | 20,103.4 | 22,962.9 | 28,283.1 | 31,814.1 | 31,188.9 | 32,339.4 | 35,431.0 | 32,738.1 |
| 1.2. In f/c | 5,696.5 | 7,033.5 | 6,680.2 | 10,755.3 | 13,492.1 | 16,570.6 | 21,609.6 | 18,704.4 | 14,539.8 | 13,391.1 |
| 2. Foreign assets | 32,807.6 | 25,977.8 | 35,382.9 | 43,551.0 | 35,572.5 | 39,621.2 | 35,925.8 | 37,419.8 | 42,425.8 | 43,373.7 |
| 3. Claims on central government and funds | 20,059.9 | 21,917.7 | 21,543.6 | 21,051.3 | 28,877.2 | 27,936.8 | 28,349.3 | 29,216.2 | 32,624.0 | 29,575.8 |
| 4. Claims on other domestic sectors | 74,283.8 | 96,218.4 | 110,374.3 | 125,707.9 | 147,340.9 | 180,967.8 | 189,674.0 | 197,685.9 | 200,449.6 | 202,435.7 |
| 4.1. Claims on local government | 1,280.0 | 1,422.4 | 1,563.1 | 1,787.9 | 1,767.2 | 1,892.0 | 1,902.7 | 2,074.7 | 2,024.5 | 2,122.0 |
| 4.2. Claims on enterprises | 42,882.0 | 51,723.4 | 53,809.8 | 58,643.3 | 67,017.9 | 83,386.5 | 87,190.4 | 90,980.4 | 88,677.5 | 89,115.9 |
| 4.3. Claims on households | 30,121.9 | 43,072.6 | 55,001.4 | 65,276.7 | 78,555.7 | 95,689.3 | 100,580.9 | 104,630.7 | 109,747.6 | 111,197.8 |
| 5. Claims on other banking institutions | 170.2 | 219.5 | 431.8 | 624.0 | 592.2 | 1,029.5 | 675.0 | 476.8 | 449.8 | 477.5 |
| 6. Claims on non-banking financial institutions | 281.4 | 915.3 | 761.8 | 893.9 | 1,161.8 | 1,318.1 | 1,169.3 | 1,393.5 | 1,322.9 | 1,292.2 |
| Total (1+2+3+4+5+6) | 142,605.6 | 165,622.2 | 195,278.0 | 225,546.2 | 255,319.8 | 299,258.1 | 308,591.8 | 317,235.9 | 327,242.9 | 323,284.1 |
| LIABILITIES | | | | | | | | | | |
| 1. Demand deposits | 15,180.6 | 21,166.2 | 23,315.0 | 23,591.3 | 26,653.3 | 33,911.7 | 32,371.4 | 35,480.8 | 34,297.1 | 37,639.2 |
| 2. Savings and time deposits | 10,213.1 | 13,001.1 | 18,370.7 | 22,479.2 | 27,992.1 | 44,836.8 | 46,765.9 | 49,832.0 | 47,519.0 | 50,330.3 |
| 3. Foreign currency deposits | 71,836.9 | 72,054.6 | 76,035.3 | 81,742.9 | 86,760.8 | 88,256.7 | 90,699.6 | 92,041.8 | 99,688.1 | 99,793.4 |
| 4. Bonds and money market instruments | 317.8 | 216.3 | 598.4 | 1,163.5 | 1,077.0 | 844.1 | 802.7 | 1,011.6 | 591.3 | 1,102.2 |
| 5. Foreign liabilities | 21,857.8 | 35,023.5 | 49,932.0 | 61,163.7 | 67,112.3 | 76,076.0 | 77,065.5 | 72,516.2 | 61,472.8 | 63,374.8 |
| 6. Central government and funds' deposits | 5,634.7 | 6,094.9 | 5,283.3 | 6,821.8 | 9,287.0 | 10,800.4 | 10,513.4 | 12,808.2 | 13,051.5 | 14,668.0 |
| 7. Credit from central bank | 16.6 | 17.6 | 968.9 | 408.9 | 4,215.6 | 3,911.4 | 2,639.5 | 5,670.4 | 7,090.9 | 1,897.4 |
| 8. Restricted and blocked deposits | 1,600.8 | 1,680.5 | 1,709.0 | 2,054.6 | 2,036.4 | 2,447.6 | 2,685.7 | 2,697.9 | 15,069.8 | 4,498.9 |
| 9. Capital accounts | 25,455.1 | 26,323.2 | 27,389.5 | 28,666.4 | 32,665.7 | 40,805.1 | 45,886.2 | 46,901.3 | 50,732.8 | 51,269.8 |
| 10. Other items (net) | -9,507.8 | -9,955.6 | -8,324.2 | -2,546.3 | -2,480.4 | -2,631.7 | -838.2 | -1,724.3 | -2,270.3 | -1,289.9 |
| Total (1+2+3+4+5+6+7+8+9+10) | 142,605.6 | 165,622.2 | 195,278.0 | 225,546.2 | 255,319.8 | 299,258.1 | 308,591.8 | 317,235.9 | 327,242.9 | 323,284.1 |

Table D1: Banks' Accounts

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

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

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

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

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

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

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

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

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

Foreign currency deposits are foreign currency sight deposits as

well as foreign currency time and notice deposits.

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

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

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

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

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

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

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

Tables: D2 – D12

This group of tables (with the exception of Table D5) provides a detailed analysis of the relevant asset and liability items from Table D1 (Banks' Accounts).

Table D2: Banks' Foreign Assets

end of period, million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Oct. |
| 1. Foreign assets in f/c | 32,763.6 | 25,924.4 | 35,261.9 | 43,428.1 | 35,457.9 | 39,454.5 | 35,731.3 | 36,988.8 | 41,848.1 | 42,902.9 |
| 1.1. Claims on foreign financial institutions | 31,660.3 | 21,333.5 | 31,877.6 | 35,911.0 | 27,228.5 | 30,404.1 | 26,688.4 | 28,160.2 | 33,791.8 | 34,925.1 |
| Foreign currencies | 7,324.7 | 1,019.8 | 1,268.6 | 1,190.0 | 1,136.1 | 1,232.1 | 1,022.9 | 1,509.6 | 2,185.2 | 1,238.8 |
| Demand deposits | 1,231.9 | 757.7 | 1,057.0 | 906.2 | 860.2 | 870.1 | 930.6 | 1,157.0 | 1,156.9 | 952.9 |
| Time and notice deposits | 21,765.2 | 17,569.8 | 27,969.4 | 30,943.7 | 20,874.6 | 23,509.4 | 20,355.5 | 21,235.1 | 26,703.2 | 28,934.4 |
| Securities | 1,008.5 | 1,690.2 | 1,364.2 | 2,674.1 | 4,197.0 | 4,441.5 | 4,099.5 | 4,019.1 | 3,420.2 | 3,473.8 |
| Loans and advances | 290.3 | 278.7 | 203.1 | 189.0 | 152.9 | 339.2 | 268.0 | 227.7 | 214.2 | 212.0 |
| Shares and participations | 39.7 | 17.2 | 15.4 | 8.1 | 7.8 | 11.8 | 11.8 | 11.7 | 112.2 | 113.2 |
| 1.2. Claims on foreign non-banks | 1,103.3 | 4,590.8 | 3,384.4 | 7,517.1 | 8,229.4 | 9,050.4 | 9,042.9 | 8,828.6 | 8,056.3 | 7,977.8 |
| Claims on foreign governments | 596.2 | 3,855.5 | 2,905.0 | 7,066.6 | 7,735.7 | 8,217.0 | 8,067.5 | 7,892.6 | 6,845.9 | 6,804.1 |
| Claims on other non-residents | 505.5 | 733.7 | 478.9 | 450.2 | 493.1 | 798.1 | 933.5 | 913.8 | 1,190.3 | 1,151.8 |
| Securities | 72.1 | 191.3 | 32.1 | 77.4 | 68.0 | 141.5 | 180.7 | 159.4 | 182.7 | 168.7 |
| Loans and advances | 433.4 | 542.4 | 446.8 | 372.8 | 425.2 | 656.6 | 752.8 | 754.4 | 1,007.6 | 983.1 |
| Shares and participations | 1.6 | 1.6 | 0.4 | 0.3 | 0.5 | 35.3 | 41.9 | 22.2 | 20.1 | 21.9 |
| 2. Foreign assets in kuna | 44.1 | 53.4 | 120.9 | 122.9 | 114.6 | 166.7 | 194.5 | 430.9 | 577.7 | 470.7 |
| 2.1. Claims on foreign financial institutions | 29.2 | 19.6 | 99.1 | 77.8 | 71.3 | 96.9 | 120.8 | 348.7 | 450.8 | 344.3 |
| 2.2. Claims on foreign non-banks | 14.8 | 33.8 | 21.9 | 45.1 | 43.4 | 69.8 | 73.6 | 82.3 | 126.9 | 126.4 |
| o/w: Loans and advances | 13.9 | 33.0 | 21.0 | 44.3 | 42.6 | 69.2 | 73.0 | 81.7 | 126.3 | 125.8 |
| Total (1+2) | 32,807.6 | 25,977.8 | 35,382.9 | 43,551.0 | 35,572.5 | 39,621.2 | 35,925.8 | 37,419.8 | 42,425.8 | 43,373.7 |

Table D2: Banks' Foreign Assets

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

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

eign currency.

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

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

end of period, million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Oct. |
| 1. In kuna | 17,778.7 | 18,444.4 | 18,007.1 | 16,270.2 | 20,532.7 | 22,703.0 | 23,159.6 | 24,225.0 | 25,964.2 | 24,683.4 |
| 1.1. Claims on central government | 16,230.2 | 16,443.4 | 16,032.6 | 14,465.6 | 17,352.6 | 18,361.2 | 18,665.8 | 19,668.2 | 21,242.4 | 19,867.5 |
| Securities | 15,403.2 | 13,989.1 | 11,770.0 | 11,779.1 | 16,037.7 | 14,546.7 | 15,839.5 | 15,598.9 | 16,585.2 | 16,951.5 |
| o/w: Bonds (c'part to f/c savings deposits) | 3,420.1 | 2,473.5 | 1,531.9 | 532.0 | 20.6 | 8.3 | 6.6 | 6.9 | 5.7 | 5.3 |
| Loans and advances | 826.9 | 2,454.3 | 4,262.6 | 2,686.5 | 1,314.9 | 3,814.5 | 2,826.4 | 4,069.3 | 4,657.2 | 2,916.1 |
| 1.2. Claims on central government funds | 1,548.5 | 2,001.0 | 1,974.5 | 1,804.6 | 3,180.1 | 4,341.9 | 4,493.8 | 4,556.8 | 4,721.8 | 4,815.8 |
| Securities | 560.1 | 560.7 | 723.6 | 621.1 | – | – | 1.7 | – | 9.0 | – |
| Loans and advances | 988.4 | 1,440.3 | 1,250.9 | 1,183.5 | 3,180.1 | 4,341.9 | 4,492.0 | 4,556.8 | 4,712.9 | 4,815.8 |
| 2. In f/c | 2,281.2 | 3,473.3 | 3,536.4 | 4,781.1 | 8,344.5 | 5,233.8 | 5,189.7 | 4,991.2 | 6,659.7 | 4,892.4 |
| 2.1. Claims on central government | 1,390.9 | 2,359.1 | 3,196.9 | 3,548.4 | 7,241.0 | 4,624.4 | 4,604.3 | 4,417.7 | 6,155.9 | 4,388.4 |
| Securities | 1,065.5 | 1,733.4 | 1,805.4 | 1,117.0 | 1,248.1 | 429.0 | 393.5 | 267.5 | 249.9 | 251.9 |
| Loans and advances | 325.5 | 625.7 | 1,391.5 | 2,431.3 | 5,992.8 | 4,195.4 | 4,210.8 | 4,150.2 | 5,906.0 | 4,136.5 |
| 2.2. Claims on central government funds | 890.3 | 1,114.2 | 339.5 | 1,232.8 | 1,103.5 | 609.4 | 585.4 | 573.5 | 503.9 | 504.0 |
| Securities | 75.4 | 195.0 | 96.4 | 163.1 | 144.2 | 109.2 | 109.5 | 115.9 | 73.8 | 74.7 |
| Loans and advances | 814.8 | 919.2 | 243.1 | 1,069.7 | 959.3 | 500.2 | 475.9 | 457.6 | 430.0 | 429.3 |
| Total (1+2) | 20,059.9 | 21,917.7 | 21,543.6 | 21,051.3 | 28,877.2 | 27,936.8 | 28,349.3 | 29,216.2 | 32,624.0 | 29,575.8 |

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

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

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

Table D4: Banks' Claims on Other Domestic Sectors

end of period, million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|--------------------------------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Oct. |
| 1. Claims in kuna | 66,626.8 | 85,418.7 | 100,365.0 | 114,635.7 | 133,603.5 | 166,755.1 | 175,605.5 | 183,820.8 | 187,068.2 | 189,506.7 |
| 1.1. Money market instruments | 544.7 | 1,394.7 | 1,314.1 | 2,510.0 | 2,329.9 | 1,980.7 | 1,902.5 | 1,959.6 | 1,847.4 | 1,913.9 |
| 1.2. Bonds | 7.7 | 72.4 | 56.2 | 559.8 | 361.6 | 1,088.8 | 1,102.8 | 895.0 | 704.7 | 802.4 |
| 1.3. Loans and advances | 62,180.6 | 80,887.6 | 96,081.7 | 109,523.9 | 128,882.3 | 161,694.2 | 170,520.1 | 178,827.5 | 182,330.7 | 184,382.5 |
| 1.4. Shares and participations | 3,893.8 | 3,064.0 | 2,912.9 | 2,042.0 | 2,029.6 | 1,991.4 | 2,080.0 | 2,138.7 | 2,185.4 | 2,408.0 |
| 2. Claims in f/c | 7,657.0 | 10,799.8 | 10,009.3 | 11,072.2 | 13,737.4 | 14,212.8 | 14,068.5 | 13,865.0 | 13,381.4 | 12,929.0 |
| 2.1. Securities | 126.6 | 243.2 | 130.6 | 213.5 | 307.6 | 221.1 | 214.8 | 194.6 | 171.3 | 203.0 |
| 2.2. Loans and advances | 7,530.5 | 10,556.6 | 9,878.7 | 10,858.6 | 13,429.8 | 13,991.6 | 13,853.7 | 13,670.4 | 13,210.1 | 12,726.0 |
| Total (1+2) | 74,283.8 | 96,218.4 | 110,374.3 | 125,707.9 | 147,340.9 | 180,967.8 | 189,674.0 | 197,685.9 | 200,449.6 | 202,435.7 |

Table D4: Banks' Claims on Other Domestic Sectors

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

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

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

end of period, million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|--|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Oct. |
| LOANS IN KUNA | | | | | | | | | | |
| 1. Loans to central government and funds | 1,815.4 | 3,894.6 | 5,513.5 | 3,870.0 | 4,495.0 | 8,156.4 | 7,318.4 | 8,626.1 | 9,370.0 | 7,731.9 |
| 1.1. Loans to central government | 826.9 | 2,454.3 | 4,262.6 | 2,686.5 | 1,314.9 | 3,814.5 | 2,826.4 | 4,069.3 | 4,657.2 | 2,916.1 |
| 1.2. Loans to central government funds | 988.4 | 1,440.3 | 1,250.9 | 1,183.5 | 3,180.1 | 4,341.9 | 4,492.0 | 4,556.8 | 4,712.9 | 4,815.8 |
| 2. Loans to local government | 1,069.1 | 1,202.9 | 1,485.1 | 1,701.9 | 1,613.9 | 1,720.3 | 1,728.4 | 1,859.2 | 1,817.2 | 1,853.0 |
| 3. Loans to enterprises | 31,049.4 | 36,708.1 | 39,777.4 | 42,844.7 | 49,105.9 | 64,666.3 | 68,619.5 | 72,708.9 | 71,103.0 | 71,662.9 |
| 4. Loans to households | 30,062.1 | 42,976.6 | 54,819.3 | 64,977.2 | 78,162.4 | 95,307.6 | 100,172.2 | 104,259.4 | 109,410.5 | 110,866.6 |
| o/w: Housing loans | 9,450.0 | 12,363.4 | 16,896.2 | 21,397.9 | 27,571.1 | 36,927.3 | 39,266.0 | 41,083.2 | 43,066.3 | 43,828.4 |
| 5. Loans to other banking institution | 34.7 | 17.6 | 82.3 | 154.5 | 46.5 | 304.4 | 100.5 | 63.3 | 58.8 | 35.4 |
| 6. Loans to non-banking financial institutions | 240.9 | 521.3 | 427.9 | 558.0 | 591.8 | 854.4 | 675.0 | 773.9 | 714.4 | 672.9 |
| A. Total (1+2+3+4+5+6) | 64,271.6 | 85,321.1 | 102,105.4 | 114,106.4 | 134,015.6 | 171,009.4 | 178,614.0 | 188,290.8 | 192,473.9 | 192,822.7 |
| LOANS IN F/C | | | | | | | | | | |
| 1. Loans to central government and funds | 1,140.3 | 1,544.9 | 1,634.7 | 3,501.0 | 6,952.1 | 4,695.6 | 4,686.7 | 4,607.8 | 6,336.0 | 4,565.8 |
| 1.1. Loans to central government | 325.5 | 625.7 | 1,391.5 | 2,431.3 | 5,992.8 | 4,195.4 | 4,210.8 | 4,150.2 | 5,906.0 | 4,136.5 |
| 1.2. Loans to central government funds | 814.8 | 919.2 | 243.1 | 1,069.7 | 959.3 | 500.2 | 475.9 | 457.6 | 430.0 | 429.3 |
| 2. Loans to local government | 179.1 | 152.3 | 47.1 | 31.9 | 63.0 | 11.3 | 10.1 | 10.0 | 8.7 | 8.8 |
| 3. Loans to enterprises | 7,291.7 | 10,308.3 | 9,649.4 | 10,527.3 | 12,973.5 | 13,598.5 | 13,435.0 | 13,289.1 | 12,864.3 | 12,386.0 |
| 4. Loans to households | 59.7 | 96.0 | 182.1 | 299.5 | 393.3 | 381.8 | 408.7 | 371.3 | 337.1 | 331.2 |
| 5. Loans to other banking institutions | – | 1.2 | 174.3 | 52.9 | 19.9 | 68.1 | 220.5 | 27.9 | 21.5 | 40.4 |
| 6. Loans to non-banking financial institutions | – | 28.3 | 58.8 | 255.3 | 512.3 | 360.5 | 378.0 | 469.0 | 450.8 | 460.5 |
| B. Total (1+2+3+4+5+6) | 8,670.7 | 12,131.0 | 11,746.4 | 14,667.8 | 20,914.1 | 19,115.9 | 19,139.0 | 18,775.1 | 20,018.4 | 17,792.7 |
| TOTAL (A+B) | 72,942.3 | 97,452.1 | 113,851.8 | 128,774.2 | 154,929.7 | 190,125.3 | 197,753.0 | 207,065.9 | 212,492.4 | 210,615.4 |

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

The table shows data on kuna and foreign currency loans granted

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

Table D6: Demand Deposits with Banks

end of period, million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Oct. |
| 1. Local government | 907.0 | 1,910.4 | 2,006.2 | 2,020.7 | 1,688.7 | 1,803.8 | 1,528.8 | 1,689.2 | 1,901.9 | 2,150.8 |
| 2. Enterprises | 8,981.6 | 12,344.5 | 12,872.9 | 12,036.9 | 13,344.2 | 16,668.6 | 14,586.5 | 15,628.9 | 15,678.8 | 15,936.5 |
| 3. Households | 4,872.0 | 6,307.4 | 7,873.1 | 8,773.0 | 10,728.3 | 14,257.8 | 14,813.8 | 16,780.2 | 15,362.7 | 17,493.2 |
| 4. Other banking institutions | 17.0 | 42.1 | 98.9 | 245.4 | 322.1 | 485.1 | 446.3 | 344.4 | 351.2 | 520.5 |
| 5. Non-banking financial institutions | 407.1 | 568.1 | 468.1 | 517.5 | 571.3 | 697.6 | 996.8 | 1,039.6 | 1,003.8 | 1,539.7 |
| 6. Less: Checks of other banks and checks in collection | -4.2 | -6.4 | -4.2 | -2.2 | -1.3 | -1.2 | -0.8 | -1.5 | -1.3 | -1.5 |
| Total (1+2+3+4+5+6) | 15,180.6 | 21,166.2 | 23,315.0 | 23,591.3 | 26,653.3 | 33,911.7 | 32,371.4 | 35,480.8 | 34,297.1 | 37,639.2 |

Table D6: Demand Deposits with Banks

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

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

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

Table D7: Time and Savings Deposits with Banks

end of period, million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Oct. |
| 1. Savings deposits | 2,006.8 | 2,236.2 | 2,527.9 | 2,233.9 | 2,493.6 | 2,905.6 | 2,919.9 | 3,145.7 | 2,868.6 | 2,984.6 |
| 1.1. Local government | 118.3 | 14.8 | 14.4 | 4.6 | 2.7 | 2.8 | 2.9 | 2.1 | 2.9 | 3.6 |
| 1.2. Enterprises | 88.0 | 213.3 | 190.5 | 38.8 | 101.6 | 110.3 | 131.9 | 148.8 | 132.4 | 133.2 |
| 1.3. Households | 1,712.2 | 1,996.3 | 2,288.8 | 2,190.5 | 2,388.3 | 2,792.4 | 2,785.0 | 2,989.7 | 2,725.3 | 2,839.8 |
| 1.4. Other banking institutions | 20.8 | 0.0 | – | – | – | – | – | 5.0 | 5.0 | 5.0 |
| 1.5. Non-banking financial institutions | 67.5 | 11.8 | 34.2 | 0.0 | 1.0 | 0.0 | 0.1 | 0.1 | 3.0 | 3.0 |
| 2. Time and notice deposits | 8,206.3 | 10,764.9 | 15,842.9 | 20,245.4 | 25,498.4 | 41,931.3 | 43,846.0 | 46,686.3 | 44,650.4 | 47,345.7 |
| 2.1. Local government | 340.7 | 482.8 | 551.6 | 550.8 | 508.7 | 491.8 | 865.8 | 1,012.7 | 1,272.0 | 1,311.8 |
| 2.2. Enterprises | 3,618.3 | 4,633.6 | 7,165.3 | 8,698.5 | 8,222.5 | 14,715.4 | 15,837.4 | 16,805.2 | 16,481.6 | 17,371.2 |
| 2.3. Households | 2,554.1 | 3,793.8 | 6,194.5 | 9,321.4 | 13,254.9 | 20,755.0 | 20,052.5 | 19,616.9 | 18,288.4 | 18,728.8 |
| 2.4. Other banking institutions | 24.7 | 58.4 | 129.3 | 215.9 | 931.9 | 2,697.9 | 4,092.5 | 5,487.8 | 4,586.0 | 5,373.6 |
| 2.5. Non-banking financial institutions | 1,668.5 | 1,796.3 | 1,802.2 | 1,458.8 | 2,580.4 | 3,271.3 | 2,997.7 | 3,763.6 | 4,022.4 | 4,560.2 |
| Total (1+2) | 10,213.1 | 13,001.1 | 18,370.7 | 22,479.2 | 27,992.1 | 44,836.8 | 46,765.9 | 49,832.0 | 47,519.0 | 50,330.3 |

Table D7: Time and Savings Deposits with Banks

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

Table D8: Foreign Currency Deposits with Banks

end of period, million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Oct. |
| 1. Savings deposits | 23,748.8 | 21,074.4 | 21,547.0 | 22,144.6 | 22,641.0 | 22,698.6 | 22,177.8 | 22,030.7 | 23,232.2 | 22,444.3 |
| 1.1. Local government | 13.2 | 12.2 | 14.7 | 15.6 | 11.9 | 30.8 | 13.5 | 26.9 | 13.8 | 14.0 |
| 1.2. Enterprises | 2,884.2 | 3,346.7 | 3,620.2 | 4,273.2 | 4,408.3 | 4,589.7 | 4,625.3 | 4,414.8 | 5,370.8 | 5,184.9 |
| 1.3. Households | 20,688.3 | 17,537.3 | 17,690.2 | 17,708.9 | 17,933.6 | 17,609.9 | 16,970.0 | 17,054.7 | 16,935.8 | 16,827.8 |
| 1.4. Other banking institutions | 23.9 | 34.7 | 9.0 | 15.4 | 116.0 | 276.7 | 170.1 | 184.3 | 185.5 | 211.6 |
| 1.5. Non-banking financial institutions | 139.2 | 143.5 | 212.9 | 131.6 | 171.3 | 191.4 | 399.0 | 350.0 | 726.4 | 206.0 |
| 2. Time deposits | 48,088.1 | 50,980.3 | 54,488.4 | 59,598.3 | 64,119.7 | 65,558.1 | 68,521.8 | 70,011.0 | 76,455.9 | 77,349.1 |
| 2.1. Local government | 1.7 | 9.5 | 3.8 | 0.3 | 3.2 | 1.9 | 2.2 | 2.2 | 2.1 | 2.1 |
| 2.2. Enterprises | 4,619.1 | 6,009.6 | 7,154.0 | 8,518.6 | 8,154.2 | 7,086.2 | 7,210.4 | 7,620.3 | 10,510.4 | 10,319.9 |
| 2.3. Households | 42,705.4 | 44,159.2 | 46,805.1 | 50,636.0 | 55,036.1 | 57,210.8 | 59,952.2 | 60,459.0 | 62,749.2 | 63,965.9 |
| 2.4. Other banking institutions | 11.5 | 41.5 | 21.7 | 20.7 | 242.0 | 366.2 | 449.3 | 565.1 | 1,209.1 | 1,116.9 |
| 2.5. Non-banking financial institutions | 750.3 | 760.5 | 503.7 | 422.7 | 684.2 | 892.9 | 907.7 | 1,364.4 | 1,985.2 | 1,944.3 |
| Total (1+2) | 71,836.9 | 72,054.6 | 76,035.3 | 81,742.9 | 86,760.8 | 88,256.7 | 90,699.6 | 92,041.8 | 99,688.1 | 99,793.4 |

Table D8: Foreign Currency Deposits with Banks

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

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

Table D9: Bonds and Money Market Instruments

end of period, million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|---|-------|-------|-------|---------|---------|-------|-------|---------|-------|---------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Dec. |
| 1. Money market instruments (net) | – | 5.1 | – | – | – | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| 2. Bonds (net) | 104.4 | 92.8 | 151.9 | 170.5 | 164.9 | 340.9 | 395.2 | 582.8 | 504.0 | 509.1 |
| 3. Other domestic borrowing | 213.4 | 118.4 | 446.5 | 993.0 | 912.1 | 502.5 | 406.7 | 428.0 | 86.6 | 592.3 |
| 3.1. Local government | – | – | 0.9 | – | – | – | – | – | – | – |
| 3.2. Enterprises | 158.1 | 46.3 | 92.7 | 40.3 | 40.8 | 0.0 | 44.2 | 25.6 | 0.0 | 0.0 |
| 3.3. Other banking institutions | 4.6 | 10.0 | 222.1 | 842.8 | 828.1 | 492.8 | 321.2 | 360.8 | 69.2 | 87.5 |
| 3.4. Non-banking financial institutions | 50.7 | 62.0 | 130.9 | 109.9 | 43.2 | 9.6 | 41.3 | 41.6 | 17.4 | 504.8 |
| Total (1+2+3) | 317.8 | 216.3 | 598.4 | 1,163.5 | 1,077.0 | 844.1 | 802.7 | 1,011.6 | 591.3 | 1,102.2 |

Table D9: Bonds and Money Market Instruments

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

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

curities issued.

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

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

Table D10: Banks' Foreign Liabilities

end of period, million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Oct. |
| 1. Foreign liabilities in f/c | 21,692.7 | 34,198.5 | 44,574.3 | 54,536.7 | 52,073.3 | 55,114.3 | 55,275.1 | 51,520.3 | 45,355.9 | 46,842.2 |
| 1.1. Liabilities to foreign financial institutions | 16,407.4 | 28,662.3 | 38,623.1 | 48,967.5 | 45,747.7 | 48,561.3 | 48,641.3 | 44,355.7 | 38,658.5 | 40,098.2 |
| Demand deposits | 147.1 | 130.9 | 266.6 | 127.6 | 156.3 | 195.0 | 149.5 | 137.9 | 219.7 | 217.1 |
| Time and notice deposits | 1,208.3 | 9,002.9 | 12,885.2 | 16,056.8 | 12,523.1 | 12,174.1 | 13,011.8 | 13,204.3 | 11,311.4 | 11,906.2 |
| Loans and advances | 15,052.1 | 19,528.5 | 25,471.4 | 29,369.5 | 29,775.6 | 32,903.9 | 32,169.3 | 27,736.8 | 23,859.5 | 24,676.1 |
| o/w: Subordinated and hybrid instruments | 2,558.3 | 2,801.4 | 2,949.2 | 2,399.4 | 1,167.4 | 820.7 | 824.9 | 816.0 | 163.2 | 164.8 |
| Bonds | – | – | – | 3,413.6 | 3,292.6 | 3,288.3 | 3,310.7 | 3,276.8 | 3,267.9 | 3,298.9 |
| 1.2. Liabilities to foreign non-banks | 5,285.2 | 5,536.2 | 5,951.2 | 5,569.2 | 6,325.6 | 6,553.0 | 6,633.8 | 7,164.5 | 6,697.4 | 6,744.0 |
| Savings and time deposits | 3,777.8 | 4,160.2 | 4,753.2 | 5,002.2 | 5,846.3 | 6,192.4 | 6,322.7 | 6,857.3 | 6,446.0 | 6,491.4 |
| Sight deposits | 873.7 | 875.6 | 898.6 | 1,052.5 | 1,172.9 | 1,635.8 | 1,393.4 | 1,806.9 | 1,596.8 | 1,601.9 |
| Time and notice deposits | 2,904.1 | 3,284.6 | 3,854.6 | 3,949.6 | 4,673.4 | 4,556.7 | 4,929.3 | 5,050.3 | 4,849.2 | 4,889.4 |
| Loans and advances | 1,507.4 | 1,376.0 | 1,198.0 | 567.1 | 479.3 | 360.5 | 311.1 | 307.3 | 251.4 | 252.6 |
| o/w: Subordinated and hybrid instruments | 39.3 | 39.7 | 39.1 | 0.2 | – | – | – | – | – | – |
| 2. Foreign liabilities in kuna | 165.1 | 825.0 | 5,357.7 | 6,627.0 | 15,039.1 | 20,961.8 | 21,790.4 | 20,995.9 | 16,116.9 | 16,532.5 |
| 2.1. Liabilities to foreign financial institutions | 46.9 | 690.9 | 5,087.8 | 6,103.9 | 14,099.6 | 20,087.0 | 20,961.5 | 20,310.0 | 15,254.3 | 15,812.6 |
| Demand deposits | 38.2 | 53.6 | 86.4 | 145.1 | 179.6 | 1,438.1 | 1,443.0 | 1,083.6 | 807.9 | 581.6 |
| Time and notice deposits | 4.2 | 635.8 | 2,664.1 | 2,846.9 | 6,979.5 | 11,198.8 | 14,949.2 | 14,674.0 | 10,295.6 | 11,080.2 |
| Loans and advances | 4.5 | 1.5 | 2,337.3 | 3,111.9 | 6,940.5 | 7,450.2 | 4,569.3 | 4,552.5 | 4,150.8 | 4,150.8 |
| o/w: Subordinated and hybrid instruments | – | – | – | – | 405.7 | 404.0 | 406.0 | 401.7 | 0.0 | 0.0 |
| 2.2. Liabilities to foreign non-banks | 118.2 | 134.1 | 269.9 | 523.1 | 939.5 | 874.8 | 828.9 | 685.8 | 862.6 | 720.0 |
| Demand deposits | 60.1 | 56.2 | 76.8 | 95.9 | 180.3 | 170.1 | 274.9 | 229.0 | 224.5 | 260.9 |
| Time and notice deposits | 58.1 | 77.9 | 191.4 | 419.2 | 755.2 | 703.3 | 551.1 | 455.3 | 635.2 | 456.1 |
| Loans and advances | – | – | 1.7 | 8.0 | 4.0 | 1.4 | 2.9 | 1.5 | 3.0 | 3.0 |
| o/w: Subordinated and hybrid instruments | – | – | – | – | – | – | – | – | – | – |
| Total (1+2) | 21,857.8 | 35,023.5 | 49,932.0 | 61,163.7 | 67,112.3 | 76,076.0 | 77,065.5 | 72,516.2 | 61,472.8 | 63,374.8 |

Table D10: Banks' Foreign Liabilities

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

Banks' foreign liabilities comprise foreign currency liabilities and

foreign kuna liabilities.

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

Table D11: Central Government and Funds' Deposits with Banks

end of period, million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|---|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Oct. |
| 1. In kuna | 3,335.1 | 4,036.8 | 4,104.4 | 5,627.2 | 7,596.1 | 9,030.0 | 9,097.7 | 10,322.0 | 11,152.4 | 12,821.6 |
| 1.1. Central government deposits | 295.9 | 634.3 | 506.4 | 445.1 | 605.0 | 497.5 | 620.1 | 1,257.7 | 1,539.1 | 2,843.0 |
| Demand deposits | 33.9 | 476.4 | 448.0 | 373.3 | 458.1 | 366.2 | 430.6 | 438.6 | 427.3 | 488.4 |
| Savings deposits | 41.6 | 3.3 | 3.0 | 4.2 | 1.8 | 2.1 | 1.9 | 1.7 | 1.4 | 1.4 |
| Time and notice deposits | 217.6 | 153.6 | 54.2 | 66.5 | 144.0 | 128.1 | 186.5 | 816.4 | 1,109.4 | 2,352.2 |
| Loans and advances | 2.8 | 1.1 | 1.1 | 1.1 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| 1.2. Central government funds' deposits | 3,039.2 | 3,402.5 | 3,598.0 | 5,182.2 | 6,991.1 | 8,532.6 | 8,477.5 | 9,064.3 | 9,613.3 | 9,978.6 |
| Demand deposits | 214.6 | 553.2 | 294.8 | 266.3 | 580.2 | 254.6 | 227.2 | 189.5 | 248.1 | 279.9 |
| Savings deposits | 10.8 | 0.0 | 0.3 | 3.5 | 1.9 | 14.6 | 4.4 | 4.3 | 2.3 | 2.3 |
| Time and notice deposits | 195.2 | 144.3 | 156.2 | 262.3 | 251.7 | 496.7 | 229.9 | 331.3 | 284.7 | 366.9 |
| Loans and advances | 2,618.6 | 2,705.0 | 3,146.7 | 4,650.0 | 6,157.3 | 7,766.7 | 8,016.0 | 8,539.2 | 9,078.2 | 9,329.5 |
| 2. In f/c | 2,299.6 | 2,058.1 | 1,178.9 | 1,194.6 | 1,690.9 | 1,770.4 | 1,415.8 | 2,486.2 | 1,899.1 | 1,846.4 |
| 2.1. Central government deposits | 2,275.0 | 1,938.9 | 1,158.2 | 891.0 | 906.2 | 811.7 | 760.3 | 696.6 | 633.6 | 579.1 |
| Savings deposits | 329.8 | 263.0 | 198.5 | 189.7 | 340.6 | 264.8 | 318.7 | 317.4 | 338.5 | 270.6 |
| Time and notice deposits | 55.8 | 293.1 | – | 23.2 | 38.7 | 275.0 | 205.1 | 148.0 | 107.2 | 121.8 |
| Refinanced loans and advances | 1,889.5 | 1,382.8 | 959.6 | 678.1 | 527.0 | 271.9 | 236.4 | 231.3 | 187.8 | 186.7 |
| 2.2. Central government funds' deposits | 24.5 | 119.2 | 20.8 | 303.6 | 784.7 | 958.6 | 655.5 | 1,789.6 | 1,265.5 | 1,267.4 |
| Savings deposits | 22.9 | 114.1 | 20.8 | 156.5 | 139.4 | 93.4 | 104.7 | 151.5 | 170.0 | 134.0 |
| Time and notice deposits | 1.6 | 5.0 | – | 147.1 | 25.8 | 356.2 | 163.9 | 474.7 | 140.5 | 415.3 |
| Loans and advances | – | – | – | – | 619.6 | 509.0 | 386.8 | 1,163.4 | 955.0 | 718.1 |
| Total (1+2) | 5,634.7 | 6,094.9 | 5,283.3 | 6,821.8 | 9,287.0 | 10,800.4 | 10,513.4 | 12,808.2 | 13,051.5 | 14,668.0 |

Table D11: Central Government and Funds' Deposits with Banks

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

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

Table D12: Restricted and Blocked Deposits with Banks

end of period, million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|----------|---------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Oct. |
| 1. Restricted deposits | 830.6 | 1,361.2 | 1,541.2 | 2,014.6 | 2,036.4 | 2,447.6 | 2,685.7 | 2,697.9 | 15,069.8 | 4,498.9 |
| 1.1. In kuna | 100.3 | 789.6 | 730.1 | 1,267.4 | 1,277.1 | 1,427.0 | 1,551.1 | 1,440.6 | 13,872.4 | 3,265.5 |
| 1.2. In f/c | 730.3 | 571.6 | 811.1 | 747.2 | 759.3 | 1,020.5 | 1,134.6 | 1,257.3 | 1,197.5 | 1,233.4 |
| 2. Blocked f/c deposits of households | 770.2 | 319.3 | 167.8 | 40.0 | – | – | – | – | – | – |
| Total (1+2) | 1,600.8 | 1,680.5 | 1,709.0 | 2,054.6 | 2,036.4 | 2,447.6 | 2,685.7 | 2,697.9 | 15,069.8 | 4,498.9 |

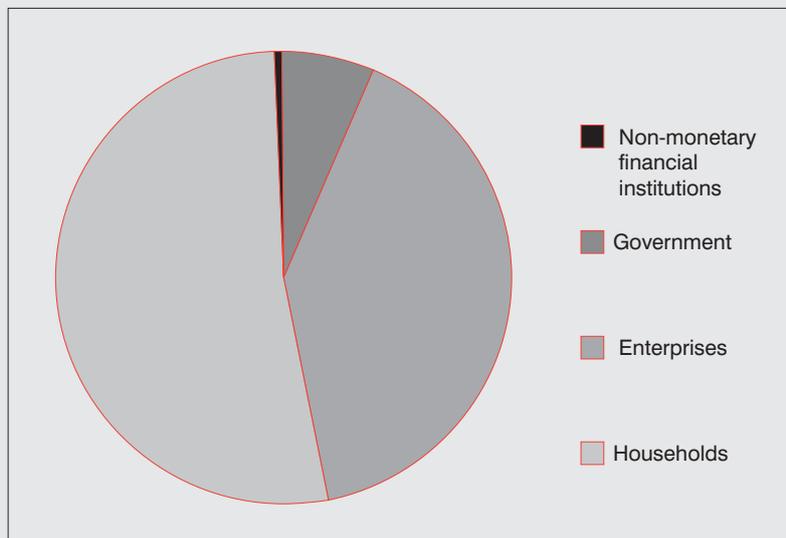
Table D12: Restricted and Blocked Deposits with Banks

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

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

Figure D1

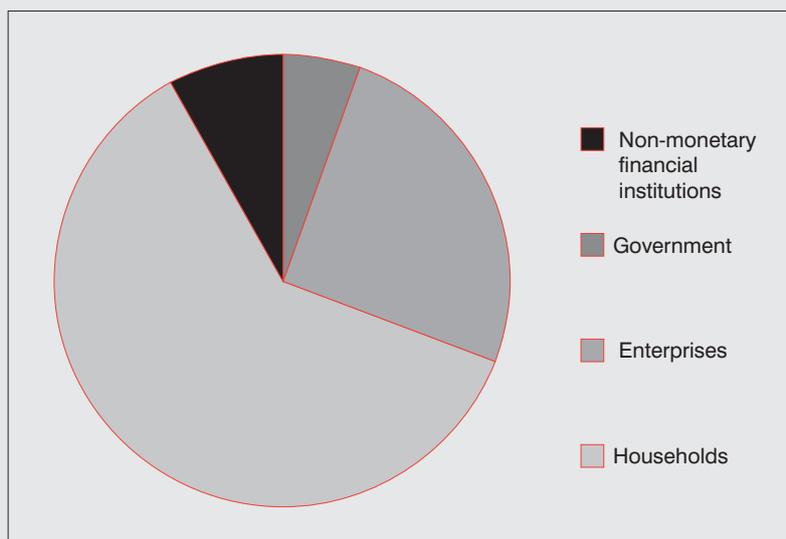
DISTRIBUTION OF BANKS' LOANS BY DOMESTIC INSTITUTIONAL SECTORS



October 2007

Figure D2

DISTRIBUTION OF BANKS' DEPOSITS BY DOMESTIC INSTITUTIONAL SECTORS



October 2007

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

Table E1: Housing Savings Banks' Accounts

end of period, million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|----------|---------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Oct. |
| ASSETS | | | | | | | | | | |
| 1. Reserves with the CNB | 15.5 | 19.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. Claims on central government and funds | 1,208.8 | 1,983.9 | 3,033.5 | 3,779.1 | 4,274.3 | 4,674.8 | 4,350.3 | 4,111.1 | 3,991.7 | 3,885.2 |
| 3. Claims on other domestic sectors | 11.6 | 93.3 | 187.9 | 373.2 | 575.5 | 1,296.0 | 1,492.0 | 1,712.4 | 1,942.8 | 2,051.0 |
| o/w: Claims on households | 11.6 | 91.3 | 187.9 | 373.2 | 575.5 | 1,296.0 | 1,492.0 | 1,712.4 | 1,942.8 | 2,051.0 |
| 4. Claims on banks | 18.1 | 37.2 | 247.2 | 824.2 | 994.4 | 181.4 | 52.2 | 88.8 | 55.2 | 76.5 |
| 5. Claims on other banking institutions | – | – | – | – | – | – | – | – | – | – |
| Total (1+2+3+4+5) | 1,254.0 | 2,133.6 | 3,468.6 | 4,976.6 | 5,844.2 | 6,152.3 | 5,894.6 | 5,912.2 | 5,989.7 | 6,012.7 |
| LIABILITIES | | | | | | | | | | |
| 1. Time deposits | 1,137.5 | 2,012.9 | 3,265.2 | 4,728.2 | 5,514.7 | 5,803.6 | 5,588.1 | 5,555.4 | 5,610.9 | 5,656.4 |
| 2. Bonds and money market instruments | 10.0 | – | 11.1 | 10.7 | 10.3 | 61.7 | 66.1 | 76.3 | 76.1 | 76.8 |
| 3. Capital accounts | 124.0 | 141.1 | 159.7 | 206.7 | 258.0 | 244.7 | 223.0 | 242.5 | 244.8 | 238.0 |
| 4. Other items (net) | –17.5 | –20.4 | 32.6 | 30.8 | 61.1 | 42.2 | 17.5 | 37.9 | 57.9 | 41.5 |
| Total (1+2+3+4) | 1,254.0 | 2,133.6 | 3,468.6 | 4,976.6 | 5,844.2 | 6,152.3 | 5,894.6 | 5,912.2 | 5,989.74 | 6,012.7 |

Table E1: Housing Savings Banks' Accounts

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

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

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

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

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

tions with banks.

Claims on other banking institutions include investments in investment funds.

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

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

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

Table F1: Credit Rates of the Croatian National Bank

in percentage, on annual basis

| Year | Month | CNB discount rate | CNB repo rate ^b | Credit rates | | | | | |
|------|-----------|-------------------|----------------------------|---------------------------------|-------------------------|--|---------------------------------|--|------------|
| | | | | On Lombard credits ^b | On intervention credits | On intra-day refinancing facility ^b | On short-term liquidity credits | On inaccurately calculated statutory reserves ^b | On arrears |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1994 | December | 8.50 | – | 18.00 | 19.00 | 17.00 | 14.00 | 19.00 | 22.00 |
| 1995 | December | 8.50 | – | 25.49 | 19.00 | 17.00 | – | 19.00 | 22.00 |
| 1996 | December | 6.50 | – | 11.00 | 19.00 | 17.00 | – | 19.00 | 18.00 |
| 1997 | December | 5.90 | – | 9.50 | 19.00 | 17.00 | – | 19.00 | 18.00 |
| 1998 | December | 5.90 | – | 12.00 | 19.00 | 7.00 | 14.00 | 19.00 | 18.00 |
| 1999 | December | 7.90 | – | 13.00 | 19.00 | – | 14.00 | 19.00 | 18.00 |
| 2000 | December | 5.90 | – | 12.00 | 18.00 | – | 13.00 | 18.00 | 18.00 |
| 2001 | December | 5.90 | – | 10.00 | – | – | 11.00 | 15.00 | 18.00 |
| 2002 | December | 4.50 | – | 9.50 | – | – | 10.50 | 15.00 | 15.00 |
| 2003 | December | 4.50 | – | 9.50 | – | – | 10.50 | 15.00 | 15.00 |
| 2004 | December | 4.50 | – | 9.50 | – | – | 10.50 | 15.00 | 15.00 |
| 2005 | December | 4.50 | 3.50 | 7.50 ^c | – | – | 8.50 ^c | 15.00 | 15.00 |
| 2006 | November | 4.50 | 3.50 | 7.50 | – | – | 8.50 | 15.00 | 15.00 |
| | December | 4.50 | 3.50 | 7.50 | – | – | 8.50 | 15.00 | 15.00 |
| 2007 | January | 4.50 | 3.50 | 7.50 | – | – | 8.50 | 15.00 | 15.00 |
| | February | 4.50 | 3.50 | 7.50 | – | – | 8.50 | 15.00 | 15.00 |
| | March | 4.50 | 3.50 | 7.50 | – | – | 8.50 | 15.00 | 15.00 |
| | April | 4.50 | 3.50 | 7.50 | – | – | 8.50 | 15.00 | 15.00 |
| | May | 4.50 | 3.50 | 7.50 | – | – | 8.50 | 15.00 | 15.00 |
| | June | 4.50 | 3.50 | 7.50 | – | – | 8.50 | 15.00 | 15.00 |
| | July | 4.50 | 3.50 | 7.50 | – | – | 8.50 | 15.00 | 15.00 |
| | August | 4.50 | 3.50 | 7.50 | – | – | 8.50 | 15.00 | 15.00 |
| | September | 4.50 | 3.50 | 7.50 | – | – | 8.50 | 15.00 | 15.00 |
| | October | 4.50 | 3.51 | 7.50 | – | – | 8.50 | 15.00 | 15.00 |

^a Weighted averages of weighted repo rates achieved at regular reverse repo auctions of the CNB in the reporting month.

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

^c Since 14 December 2005.

Table F1: Credit Rates of the Croatian National Bank

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

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

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

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

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

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

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

Table F2: Deposit Rates of the Croatian National Bank

in percentage, on annual basis

| Year | Month | Interest rates on statutory reserves dep. with the CNB | Interest rates on CNB bills on an obligatory basis | Interest rates on CNB bills on a voluntary basis ^a | | | | Interest rates on f/c CNB bills on a voluntary basis | | | | | Interest rates on overnight deposits |
|------|-----------|--|--|---|----------------|----------------|-----------------|--|----------------|----------------|-----------------|-----------------|--------------------------------------|
| | | | | Due in 7 days | Due in 35 days | Due in 70 days | Due in 105 days | Due in 35 days | Due in 63 days | Due in 91 days | Due in 182 days | Due in 364 days | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 1994 | December | 5.15 | – | 9.00 | 12.00 | 14.00 | – | – | – | – | – | – | – |
| 1995 | December | 5.50 | 16.50 | 12.00 | 25.54 | 27.00 | – | – | – | – | – | – | – |
| 1996 | December | 5.50 | – | – | 8.00 | 9.50 | – | – | – | – | – | – | – |
| 1997 | December | 4.50 | – | – | 8.00 | 9.00 | 10.00 | – | – | – | – | – | – |
| 1998 | December | 5.90 | – | – | 9.50 | 10.50 | 11.00 | – | 4.60 | 3.12 | 3.08 | – | – |
| 1999 | December | 5.90 | – | – | 10.50 | 11.55 | 12.50 | – | 4.83 | 3.56 | – | – | – |
| 2000 | December | 4.50 | – | – | 6.65 | 7.00 | 7.70 | – | 5.51 | 4.83 | – | – | – |
| 2001 | December | 2.00 | – | – | 3.36 | 4.26 | 4.85 | – | 2.62 | 3.06 | – | – | – |
| 2002 | December | 1.75 | – | – | 2.08 | – | – | 2.30 | 2.68 | – | – | – | – |
| 2003 | December | 1.25 | 0.50 | – | – | – | – | 1.75 | 1.48 | – | – | – | – |
| 2004 | December | 1.25 | – | – | – | – | – | – | – | – | – | – | – |
| 2005 | December | 0.75 | – | – | – | – | – | – | – | – | – | – | 0.50 |
| 2006 | November | 0.75 | – | – | – | – | – | – | – | – | – | – | 0.50 |
| | December | 0.75 | – | – | – | – | – | – | – | – | – | – | 0.50 |
| 2007 | January | 0.75 | – | – | – | – | – | – | – | – | – | – | 0.50 |
| | February | 0.75 | – | – | – | – | – | – | – | – | – | – | 0.50 |
| | March | 0.75 | – | – | – | – | – | – | – | – | – | – | 0.50 |
| | April | 0.75 | – | – | – | – | – | – | – | – | – | – | 0.50 |
| | May | 0.75 | – | – | – | – | – | – | – | – | – | – | 0.50 |
| | June | 0.75 | – | – | – | – | – | – | – | – | – | – | 0.50 |
| | July | 0.75 | – | – | – | – | – | – | – | – | – | – | 0.50 |
| | August | 0.75 | – | – | – | – | – | – | – | – | – | – | 0.50 |
| | September | 0.75 | – | – | – | – | – | – | – | – | – | – | 0.50 |
| | October | 0.75 | – | – | – | – | – | – | – | – | – | – | 0.50 |

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

Table F2: Deposit Rates of the Croatian National Bank

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

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

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

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

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

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

Table F3: Banks' Reserve Requirements

daily averages and percentages, million kuna and %

| Year | Month | Weighted average res. requirement in % on res. base | Reserve requirement (RR) | | | Other obligatory deposits with the CNB | Statutory reserves deposited with the CNB | | Weighted avg. remuneration rate on immobilised funds in kuna | Weighted avg. remuneration rate on allocated funds in f/c |
|------|-----------|---|--------------------------|----------|----------|--|---|----------|--|---|
| | | | Total | In kuna | In f/c | | In kuna | In f/c | | |
| 1 | 2 | 3 | 4=5+6 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1994 | December | 26.20 | 1,826.0 | 1,826.0 | – | 188.3 | 1,779.2 | – | 5.63 | – |
| 1995 | December | 30.90 | 2,431.8 | 2,431.8 | – | 826.5 | 2,215.9 | – | 7.93 | – |
| 1996 | December | 35.91 | 3,652.9 | 3,652.9 | – | – | 3,312.0 | – | 4.99 | – |
| 1997 | December | 32.02 | 4,348.8 | 4,348.8 | – | – | 3,914.2 | – | 4.05 | – |
| 1998 | December | 29.57 | 13,112.7 | 3,967.2 | 9,145.4 | 57.4 | 3,469.8 | 1,467.6 | 5.28 | .... |
| 1999 | December | 30.50 | 13,579.0 | 4,210.1 | 9,368.9 | 37.3 | 3,695.1 | 4,606.5 | 5.62 | .... |
| 2000 | December | 23.22 | 16,245.8 | 4,646.8 | 11,599.0 | 5.0 | 4,191.6 | 5,544.6 | 4.05 | .... |
| 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 | November | 17.00 | 40,131.9 | 28,519.5 | 11,612.4 | 6,584.1 | 19,963.5 | 8,654.2 | 0.52 | 0.85 |
| | 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 | January | 17.00 | 41,476.3 | 29,458.6 | 12,017.7 | 8,882.2 | 20,612.0 | 8,995.3 | 0.52 | 0.80 |
| | February | 17.00 | 42,175.6 | 29,856.1 | 12,319.6 | 10,594.0 | 20,899.2 | 9,262.3 | 0.52 | 0.96 |
| | March | 17.00 | 42,639.1 | 30,136.3 | 12,502.8 | 12,195.6 | 21,095.3 | 9,415.0 | 0.52 | 0.79 |
| | April | 17.00 | 42,852.8 | 30,325.7 | 12,527.1 | 12,307.9 | 21,227.9 | 9,422.4 | 0.52 | 0.82 |
| | May | 17.00 | 43,037.4 | 30,522.2 | 12,515.3 | 11,873.1 | 21,365.5 | 9,386.5 | 0.52 | 0.76 |
| | June | 17.00 | 42,911.2 | 30,522.2 | 12,389.0 | 10,858.6 | 21,365.6 | 9,250.8 | 0.52 | 1.03 |
| | July | 17.00 | 43,245.7 | 30,834.9 | 12,410.8 | 9,914.5 | 21,584.4 | 9,245.3 | 0.52 | 0.97 |
| | August | 17.00 | 43,516.6 | 31,062.2 | 12,454.4 | 9,068.2 | 21,743.6 | 9,212.6 | 0.52 | 0.93 |
| | September | 17.00 | 43,710.7 | 31,214.4 | 12,496.3 | 7,230.6 | 21,850.1 | 9,149.0 | 0.52 | 1.30 |
| | October | 17.00 | 44,001.4 | 31,402.4 | 12,599.0 | 5,244.5 | 21,981.7 | 9,133.8 | 0.53 | 1.19 |

Table F3: Banks' Reserve Requirements

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

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

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

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

Column 6 shows the amount of foreign currency reserve requirements, i.e. the prescribed amount of funds banks are required to deposit in the CNB's foreign currency accounts, or to maintain (in average) in accounts of liquid claims. Until November 2000, the cal-

ulation 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, statutory reserves on f/c deposits, f/c credits from foreign banks and guarantees for such credits and marginal reserve requirement (from August 2004).

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

Column 9 shows the portion of the foreign currency reserve requirement which banks deposit in the CNB's foreign 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

Table F4: Banks' Liquidity Indicators

daily averages and percentages, million kuna and %

| Year | Month | Free reserves | | Primary liquidity ratio | Secondary liquidity sources | Kuna CNB bills | F/c CNB bills | Kuna MoF treasury bills |
|------|-----------|---------------|----------|-------------------------|-----------------------------|----------------|---------------|-------------------------|
| | | In kuna | In f/c | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1994 | December | 119.5 | .... | 1.72 | 393.7 | 210.2 | – | – |
| 1995 | December | 49.4 | .... | 0.63 | 199.4 | 218.7 | – | – |
| 1996 | December | 267.9 | .... | 2.63 | 98.5 | 780.9 | – | 183.8 |
| 1997 | December | 396.3 | .... | 2.92 | 32.7 | 728.9 | – | 260.7 |
| 1998 | December | 221.9 | .... | 1.65 | 445.5 | 850.4 | 1,377.4 | 141.3 |
| 1999 | December | 179.6 | .... | 1.30 | 1,183.6 | 1,311.1 | 1,507.6 | 373.9 |
| 2000 | December | 638.8 | 10,721.4 | 3.32 | 80.1 | 2,485.3 | 1,692.7 | 2,006.5 |
| 2001 | December | 794.4 | 17,247.4 | 3.23 | 2.6 | 2,656.2 | 2,630.8 | 3,360.9 |
| 2002 | December | 1,225.0 | 10,398.0 | 3.53 | 0.6 | 4,965.5 | 1,273.9 | 4,279.5 |
| 2003 | December | 451.6 | 20,561.4 | 0.98 | 501.6 | 0.0 | 4,316.0 | 3,073.2 |
| 2004 | December | 1,495.5 | 26,126.1 | 2.64 | 0.0 | 0.0 | 0.0 | 4,581.7 |
| 2005 | December | 672.5 | 20,493.4 | 0.96 | 0.2 | 0.0 | 0.0 | 4,163.3 |
| 2006 | November | 483.8 | 20,020.1 | 0.49 | 0.0 | 0.0 | 0.0 | 6,912.6 |
| | December | 840.8 | 20,239.1 | 0.83 | 0.0 | 0.0 | 0.0 | 5,993.7 |
| 2007 | January | 560.9 | 19,754.3 | 0.55 | 0.1 | 0.0 | 0.0 | 6,830.1 |
| | February | 465.9 | 17,987.7 | 0.45 | 5.8 | 0.0 | 0.0 | 5,731.7 |
| | March | 599.2 | 17,066.6 | 0.58 | 5.7 | 0.0 | 0.0 | 4,954.9 |
| | April | 523.5 | 17,941.3 | 0.50 | 5.8 | 0.0 | 0.0 | 3,990.1 |
| | May | 604.4 | 18,619.1 | 0.57 | 5.7 | 0.0 | 0.0 | 2,954.1 |
| | June | 862.0 | 20,836.6 | 0.81 | 30.6 | 0.0 | 0.0 | 3,629.0 |
| | July | 948.2 | 22,189.3 | 0.87 | 61.0 | 0.0 | 0.0 | 2,502.7 |
| | August | 756.4 | 24,793.4 | 0.69 | 5.7 | 0.0 | 0.0 | 3,766.6 |
| | September | 1,253.9 | 26,547.4 | 1.14 | 93.3 | 0.0 | 0.0 | 3,999.5 |
| | October | 847.6 | 28,521.0 | 0.77 | 708.6 | 0.0 | 0.0 | 5,542.9 |

the foreign currency component of reserve requirements amounts to 60%.

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

Column 11 shows the weighted average remuneration rate on allocated funds in foreign currency, including the marginal reserve requirement funds (from August 2004 on). From June 2005 on, the CNB pays remuneration equalling 50% of the US Federal Funds Target Rate for the funds allocated in US dollars and 50% of the ECB Minimum Bid Refinance Rate for the funds allocated in euros. In both cases the rate in effect on the day of allocation is applied.

Table F4: Banks' Liquidity Indicators

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

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

Column 4 shows free reserves in foreign currency, defined as

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

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

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

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

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

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

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

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

| Year | Month | Money market interest rates | | | Interest rates on kuna credits not indexed to foreign currency | | | | | | | | |
|------------------------------------|-----------|-----------------------------|------------------|---------------|--|-------------|------------|-------|-------|---------------|----------------------|------------|--|
| | | On overnight credits | On other credits | Total average | On short-term credits | | | | | | On long-term credits | | |
| | | | | | Total average | Enterprises | Households | | | Total average | Enterprises | Households | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | |
| 1994 | December | 8.50 | 17.76 | 15.39 | 15.43 | .... | .... | .... | .... | 13.82 | .... | .... |  |
| 1995 | December | 27.26 | 27.15 | 22.32 | 22.56 | 22.23 | 23.81 | 23.75 | 25.58 | 13.48 | 13.39 | 14.38 | |
| 1996 | December | 9.66 | 10.72 | 18.46 | 19.35 | 19.18 | 20.18 | 19.90 | 23.12 | 11.51 | 11.29 | 14.28 | |
| 1997 | December | 8.46 | 9.49 | 14.06 | 14.12 | 13.17 | 19.26 | 19.34 | 18.11 | 13.24 | 12.98 | 13.75 | |
| 1998 | December | 10.00 | 15.91 | 16.06 | 16.22 | 14.89 | 20.77 | 20.80 | 19.92 | 11.73 | 11.48 | 13.16 | |
| 1999 | December | 9.92 | 12.78 | 13.54 | 13.52 | 10.55 | 20.83 | 20.84 | 20.39 | 15.14 | 15.31 | 14.16 | |
| 2000 | December | 2.39 | 4.45 | 10.45 | 10.45 | 6.81 | 20.30 | 20.33 | 19.05 | 9.90 | 9.64 | 12.97 | |
| 2001 | December | 2.49 | 2.18 | 9.51 | 9.49 | 5.43 | 18.81 | 18.85 | 14.88 | 11.42 | 10.06 | 13.14 | |
| 2002 | December | 1.58 | 1.89 | 10.91 | 11.24 | 7.44 | 15.16 | 15.28 | 9.84 | 7.32 | 6.48 | 7.88 | |
| 2003 | December | 5.47 | 7.02 | 11.45 | 11.80 | 8.02 | 14.89 | 15.01 | 12.38 | 8.51 | 6.14 | 10.69 | |
| 2004 | December | 3.55 | 6.02 | 11.44 | 11.71 | 8.33 | 14.19 | 14.27 | 12.29 | 9.31 | 6.90 | 11.16 | |
| 2005 | December | 2.29 | 3.61 | 9.91 | 9.99 | 7.71 | 11.26 | 13.18 | 5.35 | 8.75 | 6.48 | 10.35 | |
| 2006 | November | 1.23 | 3.32 | 9.50 | 9.78 | 6.69 | 12.28 | 13.51 | 4.63 | 8.05 | 6.32 | 9.43 | |
| | December | 2.02 | 3.52 | 9.07 | 9.37 | 6.75 | 11.84 | 13.21 | 4.67 | 7.53 | 5.86 | 9.44 | |
| 2007 | January | 1.79 | 3.57 | 9.56 | 9.72 | 6.92 | 11.96 | 13.10 | 4.54 | 8.54 | 6.35 | 9.45 | |
| | February | 2.19 | 3.79 | 9.59 | 9.83 | 7.03 | 12.10 | 13.18 | 4.71 | 8.40 | 6.79 | 9.39 | |
| | March | 2.68 | 3.60 | 8.99 | 9.45 | 6.68 | 12.14 | 13.17 | 4.82 | 7.44 | 5.79 | 9.17 | |
| | April | 3.24 | 3.76 | 9.36 | 9.64 | 6.80 | 12.22 | 13.16 | 5.08 | 8.11 | 6.38 | 9.07 | |
| | May | 3.84 | 4.27 | 9.21 | 9.52 | 6.74 | 12.23 | 13.16 | 5.55 | 7.96 | 6.54 | 8.79 | |
| | June | 5.11 | 5.54 | 9.28 | 9.69 | 7.03 | 12.29 | 13.18 | 5.12 | 7.84 | 6.52 | 8.77 | |
| | July | 4.87 | 6.50 | 9.13 | 9.51 | 6.77 | 12.30 | 13.17 | 5.34 | 7.75 | 6.64 | 8.45 | |
| | August | 2.85 | 4.25 | 9.46 | 10.02 | 7.12 | 12.16 | 13.23 | 4.95 | 7.42 | 6.53 | 7.95 | |
| | September | 4.05 | 5.27 | 9.53 | 10.06 | 7.04 | 12.27 | 13.22 | 5.72 | 7.80 | 6.53 | 8.17 | |
| | October | 6.25 | 7.75 | 9.02 | 9.33 | 7.23 | 10.80 | 13.22 | 4.55 | 7.60 | 6.84 | 7.87 | |
| Relative significance ^a | | – | – | 82.16 | 67.22 | 27.54 | 39.68 | 28.58 | 11.09 | 14.94 | 3.95 | 10.99 | |

^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 on, interest rates on the money market are 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.

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

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

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

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

| Year | Month | Interest rates on kuna credits indexed to foreign currency | | | | | | | | | Interest rates on credits in euros | | | |
|------------------------------------|-----------|--|---------------|-------------|------------|---------------|----------------------|---------------|-----------------|-------|------------------------------------|-----------------------|----------------------|------|
| | | On short-term credits | | | | | On long-term credits | | | | Total average | On short-term credits | On long-term credits | |
| | | Total average | Total average | Enterprises | Households | Total average | Enterprises | Total average | Housing credits | Other | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | |
| 1994 | December | 11.99 | 12.38 | | | 11.65 | | | | | | | | |
| 1995 | December | 19.56 | 21.62 | 21.09 | 18.10 | 14.33 | 15.79 | 10.48 | .... | .... | 17.18 | 19.06 | 12.27 | |
| 1996 | December | 18.97 | 22.56 | 22.40 | 27.00 | 12.12 | 13.15 | 11.30 | .... | .... | 19.50 | 21.46 | 10.77 | |
| 1997 | December | 14.40 | 16.92 | 17.00 | 14.02 | 12.25 | 13.00 | 11.02 | .... | .... | 13.61 | 14.95 | 9.71 | |
| 1998 | December | 13.04 | 14.28 | 14.25 | 13.64 | 11.15 | 10.55 | 12.12 | .... | .... | 6.95 | 8.37 | 5.71 | |
| 1999 | December | 12.53 | 13.66 | 13.54 | 17.21 | 10.81 | 10.46 | 11.65 | .... | .... | 6.75 | 7.43 | 6.07 | |
| 2000 | December | 10.74 | 11.17 | 11.10 | 13.59 | 10.52 | 9.41 | 11.64 | .... | .... | 7.70 | 7.49 | 8.05 | |
| 2001 | December | 9.29 | 9.45 | 9.45 | 11.30 | 9.20 | 7.52 | 10.79 | .... | .... | 5.94 | 5.70 | 7.27 | |
| 2002 | December | 8.25 | 9.34 | 8.72 | 11.37 | 7.98 | 6.37 | 9.50 | 7.42 | 10.11 | 5.91 | 6.66 | 5.44 | |
| 2003 | December | 7.07 | 7.21 | 7.00 | 8.66 | 7.03 | 5.76 | 8.04 | 6.02 | 9.70 | 5.62 | 6.22 | 5.18 | |
| 2004 | December | 6.89 | 7.25 | 7.09 | 8.47 | 6.77 | 5.55 | 7.73 | 5.71 | 8.79 | 5.34 | 5.92 | 4.83 | |
| 2005 | 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 | November | 6.20 | 5.99 | 5.74 | 7.33 | 6.26 | 6.14 | 6.33 | 4.74 | 7.74 | 6.08 | 5.95 | 6.33 | |
| | 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 | January | 6.15 | 6.39 | 6.11 | 7.75 | 6.10 | 5.84 | 6.28 | 4.75 | 7.73 | 6.00 | 6.31 | 5.64 | |
| | February | 6.31 | 6.33 | 6.06 | 7.60 | 6.31 | 6.11 | 6.40 | 4.80 | 7.80 | 6.01 | 6.05 | 5.93 | |
| | March | 6.33 | 6.53 | 6.44 | 6.80 | 6.30 | 6.03 | 6.44 | 4.87 | 7.69 | 6.12 | 6.15 | 6.09 | |
| | April | 6.11 | 6.69 | 6.51 | 7.15 | 6.01 | 5.93 | 6.06 | 4.85 | 7.39 | 6.15 | 6.17 | 6.12 | |
| | May | 6.12 | 6.56 | 6.59 | 6.49 | 6.05 | 6.32 | 5.91 | 4.90 | 7.11 | 6.28 | 6.41 | 6.03 | |
| | June | 5.98 | 6.54 | 6.53 | 6.59 | 5.89 | 5.81 | 5.97 | 4.86 | 7.11 | 6.32 | 6.32 | 6.32 | |
| | July | 6.11 | 6.33 | 6.20 | 7.17 | 6.05 | 5.96 | 6.15 | 4.92 | 7.26 | 6.52 | 6.58 | 6.44 | |
| | August | 6.46 | 6.86 | 6.96 | 6.19 | 6.37 | 6.28 | 6.46 | 4.92 | 7.71 | 6.71 | 6.82 | 6.40 | |
| | September | 6.86 | 6.74 | 6.80 | 6.55 | 6.89 | 6.56 | 7.07 | 4.96 | 8.16 | 6.73 | 6.74 | 6.69 | |
| | October | 6.64 | 6.80 | 6.82 | 6.69 | 6.60 | 6.04 | 7.15 | 5.13 | 8.36 | 6.81 | 6.66 | 7.10 | |
| Relative significance ^a | | 14.98 | 3.37 | 2.93 | 0.44 | 11.61 | 5.78 | 5.83 | 2.18 | 3.65 | 2.86 | 1.90 | 0.96 | |

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

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

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

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

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

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

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

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

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

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

| Year | Month | Interest rates on kuna deposits not indexed to foreign currency | | | | | | | | |
|------------------------------------|-----------|---|------------------------------|------------------|------------------------|------------|-------------|-----------------------|------------|-------------|
| | | Total average | In giro and current accounts | On time deposits | | | | | | |
| | | | | Total average | On short-term deposits | | | On long-term deposits | | |
| | | | | | Total average | Households | Enterprises | Total average | Households | Enterprises |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1994 | December | 5.03 | 3.55 | 9.65 | .... | .... | .... | .... | .... | .... |
| 1995 | December | 6.10 | 3.88 | 13.65 | 13.80 | 10.56 | 14.28 | 9.88 | 10.67 | 9.62 |
| 1996 | December | 4.15 | 2.19 | 10.19 | 10.11 | 9.84 | 10.26 | 12.36 | 15.49 | 9.88 |
| 1997 | December | 4.35 | 2.19 | 9.10 | 9.08 | 9.30 | 8.96 | 9.48 | 11.24 | 8.06 |
| 1998 | December | 4.11 | 2.31 | 7.73 | 7.63 | 9.47 | 7.15 | 10.19 | 10.72 | 9.56 |
| 1999 | December | 4.27 | 2.24 | 8.87 | 8.79 | 9.62 | 8.38 | 10.96 | 11.56 | 10.18 |
| 2000 | December | 3.40 | 1.64 | 7.20 | 7.13 | 7.44 | 7.03 | 8.89 | 9.19 | 8.63 |
| 2001 | December | 2.76 | 1.40 | 5.68 | 5.60 | 6.35 | 5.38 | 7.35 | 7.93 | 6.70 |
| 2002 | December | 1.55 | 0.94 | 3.64 | 3.53 | 4.39 | 2.86 | 6.05 | 7.24 | 3.23 |
| 2003 | December | 1.66 | 0.75 | 4.46 | 4.46 | 3.62 | 4.69 | 4.58 | 4.90 | 2.82 |
| 2004 | December | 1.83 | 0.74 | 4.11 | 4.11 | 3.93 | 4.13 | 4.10 | 4.65 | 3.30 |
| 2005 | December | 1.58 | 0.61 | 3.36 | 3.34 | 3.89 | 3.23 | 4.12 | 5.04 | 3.49 |
| 2006 | November | 1.88 | 0.55 | 3.10 | 2.92 | 3.99 | 2.55 | 3.92 | 4.79 | 3.82 |
| | December | 1.91 | 0.56 | 2.98 | 2.94 | 4.10 | 2.69 | 4.32 | 4.98 | 3.11 |
| 2007 | January | 2.06 | 0.54 | 3.56 | 3.43 | 4.15 | 3.12 | 4.07 | 4.72 | 3.97 |
| | February | 2.07 | 0.53 | 3.46 | 3.41 | 4.13 | 3.12 | 4.46 | 4.85 | 3.65 |
| | March | 2.05 | 0.54 | 3.48 | 3.34 | 4.04 | 3.10 | 4.13 | 4.82 | 4.02 |
| | April | 2.06 | 0.54 | 3.58 | 3.44 | 4.03 | 3.24 | 4.28 | 5.20 | 4.14 |
| | May | 2.16 | 0.55 | 3.75 | 3.65 | 4.12 | 3.50 | 4.32 | 5.20 | 4.16 |
| | June | 2.40 | 0.55 | 4.55 | 4.52 | 4.12 | 4.63 | 4.75 | 5.15 | 4.68 |
| | July | 2.45 | 0.49 | 4.95 | 4.86 | 4.20 | 5.02 | 5.88 | 5.30 | 6.03 |
| | August | 2.37 | 0.48 | 4.25 | 4.14 | 4.31 | 4.10 | 5.20 | 5.51 | 5.13 |
| | September | 2.50 | 0.49 | 4.82 | 4.69 | 4.29 | 4.77 | 6.04 | 5.44 | 6.23 |
| | October | 2.60 | 0.47 | 5.65 | 5.57 | 4.43 | 5.77 | 6.36 | 5.66 | 6.54 |
| Relative significance ^a | | 58.66 | 32.79 | 22.83 | 20.70 | 3.03 | 17.67 | 2.13 | 0.42 | 1.71 |

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

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

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

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

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

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

Column 3 reports the weighted averages of monthly interest rates

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

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

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

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

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

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

| Year | Month | Interest rates on savings and time deposits indexed to f/c | | | Interest rates on foreign currency deposits | | | | | |
|------------------------------------|-----------|--|------------------------|-----------------------|---|------------------|-------|-------------|------|------|
| | | Total average | On short-term deposits | On long-term deposits | Total average | Savings deposits | | | | |
| | | | | | | Households | | Enterprises | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | EUR | USD | EUR | USD |
| 1994 | December | 6.95 | .... | .... | .... | .... | .... | .... | .... | .... |
| 1995 | December | 12.69 | 11.46 | 19.36 | 4.57 | 2.82 | 3.53 | 4.20 | 1.10 | 1.53 |
| 1996 | December | 9.46 | 9.56 | 8.80 | 5.09 | 1.44 | 1.32 | 1.95 | 1.47 | 1.39 |
| 1997 | December | 7.63 | 7.24 | 11.77 | 4.77 | 1.75 | 1.89 | 2.43 | 0.83 | 1.40 |
| 1998 | December | 7.47 | 7.67 | 5.58 | 3.98 | 2.09 | 2.38 | 2.40 | 0.72 | 0.74 |
| 1999 | December | 6.62 | 6.91 | 1.10 | 4.23 | 1.80 | 1.95 | 2.04 | 0.78 | 1.30 |
| 2000 | December | 5.54 | 5.94 | 2.16 | 3.47 | 1.03 | 0.99 | 1.23 | 0.65 | 1.29 |
| 2001 | December | 4.58 | 4.92 | 2.56 | 2.60 | 0.71 | 0.71 | 0.81 | 0.82 | 0.40 |
| 2002 | December | 2.92 | 3.45 | 1.48 | 2.55 | 0.50 | 0.52 | 0.41 | 0.52 | 0.38 |
| 2003 | December | 3.48 | 3.74 | 5.55 | 2.22 | 0.31 | 0.35 | 0.23 | 0.23 | 0.15 |
| 2004 | December | 4.17 | 3.61 | 5.19 | 2.65 | 0.31 | 0.34 | 0.22 | 0.22 | 0.21 |
| 2005 | December | 3.99 | 3.63 | 4.77 | 2.61 | 0.27 | 0.27 | 0.17 | 0.27 | 0.76 |
| 2006 | November | 3.66 | 3.52 | 3.36 | 2.91 | 0.25 | 0.23 | 0.17 | 0.34 | 0.59 |
| | December | 3.67 | 3.30 | 4.07 | 2.94 | 0.25 | 0.23 | 0.17 | 0.32 | 0.44 |
| 2007 | January | 3.85 | 3.98 | 4.22 | 2.99 | 0.25 | 0.23 | 0.16 | 0.37 | 0.40 |
| | February | 3.96 | 3.56 | 4.31 | 3.01 | 0.25 | 0.23 | 0.17 | 0.34 | 0.46 |
| | March | 4.15 | 3.52 | 4.46 | 3.04 | 0.25 | 0.23 | 0.16 | 0.33 | 0.45 |
| | April | 3.85 | 3.54 | 4.37 | 3.13 | 0.25 | 0.23 | 0.16 | 0.35 | 0.43 |
| | May | 3.71 | 3.58 | 4.51 | 3.11 | 0.25 | 0.24 | 0.17 | 0.36 | 0.40 |
| | June | 3.89 | 3.74 | 4.58 | 3.08 | 0.26 | 0.24 | 0.17 | 0.35 | 0.59 |
| | July | 3.68 | 3.89 | 4.76 | 3.22 | 0.25 | 0.23 | 0.17 | 0.34 | 0.48 |
| | August | 3.96 | 3.79 | 4.74 | 3.33 | 0.26 | 0.23 | 0.17 | 0.33 | 0.60 |
| | September | 4.12 | 3.74 | 4.64 | 3.28 | 0.25 | 0.23 | 0.16 | 0.32 | 0.58 |
| | October | 4.13 ^b | 3.80 | 4.56 | 3.38 | 0.25 | 0.23 | 0.16 | 0.32 | 0.63 |
| Relative significance ^a | | 0.99 | 0.84 | 0.15 | 40.35 | 21.04 | 14.52 | 1.73 | 4.27 | 0.51 |

^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, 25.30 percent refers to enterprises.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

| Year | Month | Interest rates on foreign currency deposits | | | | | | | | | | |
|------------------------------------|-----------|---|------------------------|------------|------|-------------|-----------------------|---------------|------------|------|-------------|------|
| | | On time deposits | | | | | | | | | | |
| | | Total average | On short-term deposits | | | | On long-term deposits | | | | | |
| | | | Total average | Households | | Enterprises | | Total average | Households | | Enterprises | |
| EUR | USD | EUR | | USD | EUR | USD | EUR | | USD | | | |
| 1 | 2 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 1994 | December | .... | .... | .... | .... | .... | .... | .... | .... | .... | .... | .... |
| 1995 | December | 6.83 | 6.66 | 7.10 | 6.97 | 5.86 | 6.68 | 8.73 | 8.78 | 8.81 | 3.27 | 4.50 |
| 1996 | December | 7.77 | 6.95 | 5.65 | 6.21 | 9.86 | 5.47 | 12.24 | 7.71 | 7.97 | 19.92 | 1.50 |
| 1997 | December | 6.36 | 6.07 | 6.03 | 6.42 | 5.09 | 7.10 | 7.32 | 7.87 | 8.71 | 5.09 | 6.76 |
| 1998 | December | 4.89 | 4.49 | 5.42 | 6.16 | 2.84 | 5.37 | 7.29 | 7.68 | 8.59 | 4.93 | 6.92 |
| 1999 | December | 5.43 | 5.17 | 4.93 | 6.39 | 3.97 | 6.00 | 6.59 | 6.64 | 8.09 | 3.66 | 6.77 |
| 2000 | December | 4.57 | 4.36 | 3.65 | 5.15 | 4.59 | 6.62 | 5.56 | 5.17 | 6.61 | 5.97 | 8.53 |
| 2001 | December | 3.54 | 3.35 | 3.42 | 3.23 | 3.60 | 2.44 | 4.59 | 4.72 | 4.42 | 4.58 | 0.23 |
| 2002 | December | 3.13 | 2.96 | 3.27 | 2.21 | 2.89 | 1.43 | 4.59 | 4.69 | 3.84 | 3.46 | 2.30 |
| 2003 | December | 2.64 | 2.46 | 2.83 | 1.65 | 2.29 | 1.08 | 3.69 | 4.71 | 3.13 | 2.85 | 1.64 |
| 2004 | December | 2.85 | 2.65 | 3.01 | 1.69 | 2.46 | 2.28 | 4.20 | 4.85 | 3.13 | 3.61 | 2.65 |
| 2005 | December | 3.07 | 2.94 | 2.99 | 1.76 | 2.63 | 4.34 | 3.69 | 4.25 | 0.48 | 4.39 | – |
| 2006 | November | 3.77 | 3.69 | 3.20 | 2.03 | 4.09 | 5.68 | 4.31 | 4.62 | 1.79 | 4.34 | 4.89 |
| | December | 3.82 | 3.76 | 3.16 | 2.05 | 4.24 | 5.84 | 4.25 | 4.47 | 2.26 | 4.79 | 4.61 |
| 2007 | January | 3.80 | 3.71 | 3.19 | 2.14 | 4.39 | 5.78 | 4.44 | 4.51 | 3.32 | 3.79 | 6.29 |
| | February | 3.86 | 3.77 | 3.21 | 2.15 | 4.50 | 5.88 | 4.45 | 4.54 | 3.97 | 2.65 | 2.00 |
| | March | 3.87 | 3.77 | 3.16 | 2.08 | 4.59 | 5.89 | 4.47 | 4.56 | 3.71 | 3.95 | 1.81 |
| | April | 3.92 | 3.84 | 3.16 | 2.10 | 4.74 | 5.96 | 4.53 | 4.59 | 3.89 | 4.24 | – |
| | May | 4.00 | 3.93 | 3.21 | 2.09 | 4.51 | 5.57 | 4.52 | 4.58 | 3.64 | 4.17 | 5.17 |
| | June | 4.05 | 4.02 | 3.20 | 2.16 | 4.80 | 5.72 | 4.30 | 4.31 | 3.71 | 4.94 | – |
| | July | 4.23 | 4.17 | 3.28 | 2.11 | 4.87 | 6.02 | 4.69 | 4.71 | 3.84 | 5.25 | 2.96 |
| | August | 4.16 | 4.05 | 3.43 | 2.24 | 4.67 | 5.89 | 4.79 | 4.80 | 3.90 | 5.49 | – |
| | September | 4.16 | 4.09 | 3.37 | 2.16 | 4.76 | 5.92 | 4.67 | 4.72 | 3.48 | 4.85 | 4.85 |
| | October | 4.30 | 4.25 | 3.39 | 2.52 | 4.95 | 5.95 | 4.72 | 4.77 | 3.80 | 4.92 | 0.00 |
| Relative significance ^a | | 19.31 | 17.13 | 7.64 | 0.52 | 7.85 | 1.13 | 2.18 | 2.04 | 0.11 | 0.02 | 0.00 |

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

Table G5: Banks' Trade with Foreign Exchange

million euros, current exchange rate

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | | |
|--|----------|----------|----------|----------|----------|----------|---------|---------|-------------------|-------------------|-------------------|
| | | | | | | | Mar. | Jun. | Sep. ^a | Oct. ^a | Nov. ^a |
| A. Purchase of foreign exchange | | | | | | | | | | | |
| 1. Legal persons | 5,012.4 | 4,727.8 | 6,433.1 | 7,465.3 | 8,443.5 | 14,442.7 | 1,362.0 | 1,511.1 | 1,790.3 | 4,063.7 | 3,721.8 |
| 2. Natural persons | 3,339.9 | 3,342.6 | 3,571.6 | 3,934.4 | 4,931.8 | 6,262.7 | 418.0 | 452.6 | 843.3 | 652.2 | 310.9 |
| 2.1. Residents | 2,684.5 | 2,842.0 | 3,103.3 | 3,586.1 | 4,662.6 | 5,909.4 | 393.0 | 385.0 | – | – | – |
| 2.2. Non-residents | 655.4 | 500.7 | 468.2 | 348.3 | 269.2 | 353.2 | 25.0 | 67.6 | – | – | – |
| 3. Domestic banks | 3,985.8 | 4,104.5 | 6,324.4 | 10,799.3 | 9,069.9 | 14,380.1 | 1,518.0 | 1,536.5 | 1,443.3 | 2,939.8 | 1,844.4 |
| 4. Foreign banks | – | 697.9 | 1,430.6 | 1,426.2 | 2,602.3 | 5,056.8 | 614.0 | 282.1 | 212.6 | 641.8 | 269.1 |
| 5. Croatian National Bank | 481.7 | 294.3 | 438.3 | 33.0 | 0.0 | 125.5 | – | – | – | – | – |
| Total (1+2+3+4) | 12,819.8 | 13,167.1 | 18,197.9 | 24,110.1 | 25,106.0 | 40,439.5 | 3,912.0 | 3,782.3 | 4,289.4 | 8,297.5 | 6,146.3 |
| B. Sale of foreign exchange | | | | | | | | | | | |
| 1. Legal persons | 8,534.2 | 9,029.3 | 10,852.4 | 11,280.3 | 13,022.3 | 17,515.0 | 1,795.5 | 1,989.3 | 2,376.4 | 4,072.6 | 3,532.8 |
| 2. Natural persons | 1,253.5 | 1,333.6 | 1,403.1 | 1,671.1 | 2,722.5 | 4,109.1 | 276.6 | 199.0 | 214.8 | 472.3 | 309.5 |
| 2.1. Residents | 1,252.3 | 1,329.7 | 1,393.1 | 1,654.5 | 2,693.9 | 4,056.4 | 271.6 | 191.9 | – | – | – |
| 2.2. Non-residents | 1.2 | 3.9 | 10.0 | 16.6 | 28.6 | 52.6 | 5.0 | 7.0 | – | – | – |
| 3. Domestic banks | 3,985.8 | 4,104.5 | 6,324.4 | 10,799.3 | 9,069.9 | 14,380.1 | 1,518.0 | 1,536.5 | 1,443.3 | 2,939.8 | 1,844.4 |
| 4. Foreign banks | – | 334.3 | 765.3 | 1,001.1 | 1,407.1 | 3,526.1 | 168.4 | 371.7 | 359.3 | 418.9 | 284.9 |
| 5. Croatian National Bank | 915.7 | 745.3 | 84.5 | 543.2 | 670.8 | 1,329.5 | – | 0.0 | – | 355.2 | – |
| Total (1+2+3+4) | 14,689.2 | 15,547.0 | 19,429.7 | 25,295.0 | 26,892.7 | 40,859.7 | 3,758.5 | 4,096.5 | 4,393.7 | 8,258.8 | 5,971.7 |
| C. Net purchase (A-B) | | | | | | | | | | | |
| 1. Legal persons | –3,521.8 | –4,301.5 | –4,419.4 | –3,815.1 | –4,578.8 | –3,072.3 | –433.4 | –478.2 | –586.2 | –8.9 | 189.0 |
| 2. Natural persons | 2,086.4 | 2,009.0 | 2,168.4 | 2,263.3 | 2,209.3 | 2,153.6 | 141.4 | 253.7 | 628.5 | 179.9 | 1.4 |
| 2.1. Residents | 1,432.2 | 1,512.3 | 1,710.2 | 1,931.6 | 1,968.7 | 1,853.0 | 121.4 | 193.1 | – | – | – |
| 2.2. Non-residents | 654.2 | 496.7 | 458.2 | 331.7 | 240.6 | 300.6 | 20.0 | 60.6 | – | – | – |
| 3. Foreign banks | – | 363.6 | 665.3 | 425.1 | 1,195.2 | 1,530.7 | 445.6 | –89.6 | –146.7 | 222.8 | –15.8 |
| 4. Croatian National Bank | –434.0 | –451.0 | 353.8 | –510.2 | –670.8 | –1,204.0 | – | – | – | –355.2 | – |
| Total (1+2+3) | –1,869.4 | –2,379.9 | –1,231.8 | –1,636.9 | –1,845.2 | –592.1 | 153.5 | –314.2 | –104.3 | 38.7 | 174.6 |
| Memo items: Other Croatian National Bank transactions | | | | | | | | | | | |
| Purchase of foreign exchange | 536.8 | 197.5 | 570.9 | 145.1 | – | 3.1 | 0.2 | 0.6 | 0.3 | 0.2 | 0.8 |
| Sale of foreign exchange | 2.6 | 3.4 | 94.9 | 239.3 | 167.6 | 441.3 | 64.9 | 5.0 | 3.3 | 10.9 | – |

^a Preliminary data.

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

Table G5: Banks' Trade with Foreign Exchange

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

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

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

Table H1: Balance of Payments – Summary

million euros

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 ^a | 2007 | | |
|---|-----------|-----------|-----------|-----------|-----------|-------------------|-----------------|-----------------|-----------------|
| | | | | | | | Q1 ^a | Q2 ^a | Q3 ^b |
| A. CURRENT ACCOUNT (1+6) | -820.8 | -2,098.7 | -1,888.8 | -1,453.6 | -1,988.0 | -2,643.9 | -2,041.9 | -1,358.4 | 2,097.1 |
| 1. Goods, services, and income (2+5) | -1,920.3 | -3,250.8 | -3,133.3 | -2,645.4 | -3,171.8 | -3,750.0 | -2,287.3 | -1,628.3 | 1,833.9 |
| 1.1. Credit | 11,293.4 | 11,590.1 | 13,590.1 | 14,853.6 | 15,884.1 | 17,817.2 | 3,089.8 | 4,827.4 | 7,657.7 |
| 1.2. Debit | -13,213.7 | -14,841.0 | -16,723.5 | -17,499.1 | -19,055.9 | -21,567.2 | -5,377.2 | -6,455.6 | -5,823.7 |
| 2. Goods and services (3+4) | -1,292.3 | -2,673.1 | -2,038.1 | -1,955.3 | -2,200.2 | -2,633.8 | -2,060.0 | -1,003.9 | 1,991.6 |
| 2.1. Credit | 10,808.8 | 11,127.9 | 13,140.6 | 14,243.5 | 15,272.9 | 16,997.7 | 2,817.8 | 4,517.5 | 7,373.1 |
| 2.2. Debit | -12,101.1 | -13,801.0 | -15,178.7 | -16,198.8 | -17,473.2 | -19,631.5 | -4,877.9 | -5,521.4 | -5,381.5 |
| 3. Goods | -4,595.2 | -5,957.9 | -6,971.2 | -6,724.2 | -7,518.0 | -8,344.2 | -2,159.1 | -2,530.4 | -2,336.0 |
| 3.1. Credit | 5,327.5 | 5,295.6 | 5,574.7 | 6,606.8 | 7,220.3 | 8,463.6 | 2,046.3 | 2,308.4 | 2,326.2 |
| 3.2. Debit | -9,922.6 | -11,253.5 | -12,545.9 | -13,330.9 | -14,738.3 | -16,807.8 | -4,205.4 | -4,838.8 | -4,662.3 |
| 4. Services | 3,302.8 | 3,284.8 | 4,933.0 | 4,768.9 | 5,317.7 | 5,710.4 | 99.0 | 1,526.5 | 4,327.7 |
| 4.1. Credit | 5,481.3 | 5,832.3 | 7,565.9 | 7,636.7 | 8,052.6 | 8,534.1 | 771.5 | 2,209.1 | 5,046.9 |
| 4.2. Debit | -2,178.5 | -2,547.5 | -2,632.8 | -2,867.8 | -2,734.9 | -2,823.7 | -672.5 | -682.6 | -719.2 |
| 5. Income | -627.9 | -577.7 | -1,095.2 | -690.1 | -971.5 | -1,116.2 | -227.3 | -624.4 | -157.7 |
| 5.1. Credit | 484.7 | 462.3 | 449.5 | 610.2 | 611.2 | 819.5 | 272.0 | 309.9 | 284.6 |
| 5.2. Debit | -1,112.6 | -1,040.0 | -1,544.7 | -1,300.3 | -1,582.7 | -1,935.7 | -499.3 | -934.3 | -442.3 |
| 6. Current transfers | 1,099.5 | 1,152.2 | 1,244.5 | 1,191.8 | 1,183.8 | 1,106.2 | 245.5 | 269.8 | 263.2 |
| 6.1. Credit | 1,333.3 | 1,453.2 | 1,538.7 | 1,584.6 | 1,628.4 | 1,638.3 | 356.1 | 403.2 | 387.9 |
| 6.2. Debit | -233.8 | -301.1 | -294.2 | -392.8 | -444.6 | -532.1 | -110.6 | -133.4 | -124.7 |
| B. CAPITAL AND FINANCIAL ACCOUNT | 1,005.1 | 2,538.0 | 2,716.9 | 2,597.3 | 3,002.3 | 3,731.1 | 1,270.8 | 1,488.3 | -35.4 |
| B1. Capital account | 158.3 | 521.6 | 101.9 | 31.4 | 53.8 | -133.8 | 6.0 | 9.0 | 12.7 |
| B2. Financial account, excl. reserves | 2,395.8 | 2,758.3 | 3,850.5 | 2,608.9 | 3,770.3 | 5,277.1 | 2,073.0 | 1,143.4 | -359.1 |
| 1. Direct investment | 1,257.7 | 530.8 | 1,656.9 | 670.8 | 1,275.8 | 2,583.2 | 1,248.9 | 956.2 | 306.1 |
| 1.1. Abroad | -209.8 | -607.1 | -105.5 | -278.8 | -192.1 | -163.4 | -91.1 | -45.6 | -68.2 |
| 1.2. In Croatia | 1,467.5 | 1,137.9 | 1,762.4 | 949.6 | 1,467.9 | 2,746.6 | 1,340.1 | 1,001.8 | 374.3 |
| 2. Portfolio investment | 687.1 | -437.7 | 867.6 | 266.5 | -1,187.9 | -534.7 | -374.3 | 30.1 | 196.2 |
| 2.1. Assets | -143.2 | -650.5 | 121.6 | -756.7 | -581.3 | -459.7 | -301.3 | -335.2 | 80.9 |
| 2.2. Liabilities | 830.3 | 212.9 | 746.0 | 1,023.2 | -606.7 | -74.9 | -73.0 | 365.3 | 115.3 |
| 3. Financial derivatives | 0.0 | 0.0 | 0.0 | 0.0 | -88.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4. Other investment | 451.0 | 2,665.1 | 1,326.0 | 1,671.6 | 3,770.8 | 3,228.5 | 1,198.3 | 157.2 | -861.4 |
| 4.1. Assets | 396.1 | 460.0 | -2,216.9 | -452.0 | 976.6 | -674.3 | 327.6 | -243.3 | -908.6 |
| 4.2. Liabilities | 54.8 | 2,205.0 | 3,542.9 | 2,123.6 | 2,794.2 | 3,902.8 | 870.8 | 400.5 | 47.2 |
| B3. Reserve assets | -1,549.0 | -741.9 | -1,235.5 | -43.0 | -821.8 | -1,412.2 | -808.2 | 335.9 | 311.0 |
| C. NET ERRORS AND OMISSIONS | -184.4 | -439.3 | -828.1 | -1,143.7 | -1,014.3 | -1,087.2 | 771.1 | -129.8 | -2,061.7 |

^a Revised data. ^b Preliminary data.

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

Table: H1-H6: Balance of Payments

The balance of payments of the Republic of Croatia represents a systematic overview of the value of economic transactions performed by the Croatian residents with foreign countries within a particular period. It is compiled in accordance with the recommendations of the International Monetary Fund (Balance of Payments Manual, Fifth Edition, 1995). Data sources include: 1. reports of the government institutions (Central Bureau of Statistics and Croatian Institute for Health Insurance), 2. special reports of the Croatian National Bank (International Transaction Reporting System (ITRS), external debt relations, monetary statistics and reserve assets) and 3. estimates and statistical research carried out by the Croatian National Bank.

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

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

The Report of the Central Bureau of Statistics on foreign trade in goods of the Republic of Croatia represents the basic data source for the balance of payments items related to exports and imports. These data are adjusted, in accordance with the recommended compilation method, for coverage and classification. Accordingly, goods exports and imports in the balance of payments are reported at f.o.b. parity. The value of exports at this parity is already contained in the 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

Table H2: Balance of Payments – Goods and Services

million euros

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 ^a | 2007 | | |
|---|-----------|-----------|-----------|-----------|-----------|-------------------|-----------------|-----------------|-----------------|
| | | | | | | | Q1 ^a | Q2 ^a | Q3 ^b |
| Goods | -4,595.2 | -5,957.9 | -6,971.2 | -6,724.2 | -7,518.0 | -8,344.2 | -2,159.1 | -2,530.4 | -2,336.0 |
| 1. Credit | 5,327.5 | 5,295.6 | 5,574.7 | 6,606.8 | 7,220.3 | 8,463.6 | 2,046.3 | 2,308.4 | 2,326.2 |
| 1.1. Exports (f.o.b.) in trade statistics | 5,214.1 | 5,188.2 | 5,464.4 | 6,453.8 | 7,069.4 | 8,251.6 | 2,009.8 | 2,265.0 | 2,266.9 |
| 1.2. Adjustments for coverage | 113.3 | 107.4 | 110.4 | 153.0 | 150.9 | 212.0 | 36.5 | 43.4 | 59.3 |
| 2. Debit | -9,922.6 | -11,253.5 | -12,545.9 | -13,330.9 | -14,738.3 | -16,807.8 | -4,205.4 | -4,838.8 | -4,662.3 |
| 2.1. Imports (c.i.f.) in trade statistics | -10,244.8 | -11,327.0 | -12,538.0 | -13,354.4 | -14,949.5 | -17,104.7 | -4,270.1 | -4,890.1 | -4,694.8 |
| 2.2. Adjustments for coverage | -405.3 | -348.9 | -475.6 | -474.7 | -346.4 | -341.1 | -64.6 | -96.9 | -109.7 |
| 2.3. Adjustments for classification | 727.4 | 422.5 | 467.7 | 498.1 | 557.6 | 638.0 | 129.4 | 148.2 | 142.3 |
| Services | 3,302.8 | 3,284.8 | 4,933.0 | 4,768.9 | 5,317.7 | 5,710.4 | 99.0 | 1,526.5 | 4,327.7 |
| 1. Transportation | 186.1 | 172.0 | 252.2 | 299.3 | 376.1 | 424.7 | 89.6 | 115.7 | 155.8 |
| 1.1. Credit | 658.6 | 622.8 | 696.3 | 791.3 | 880.3 | 987.9 | 226.6 | 275.8 | 326.4 |
| 1.2. Debit | -472.5 | -450.8 | -444.1 | -492.0 | -504.2 | -563.2 | -137.0 | -160.0 | -170.6 |
| 2. Travel | 3,072.9 | 3,138.6 | 4,976.6 | 4,822.3 | 5,394.9 | 5,708.7 | 101.1 | 1,457.9 | 4,133.3 |
| 2.1. Credit | 3,749.3 | 3,960.8 | 5,572.7 | 5,505.6 | 5,998.9 | 6,293.3 | 262.4 | 1,629.6 | 4,316.5 |
| 2.1.1. Business | 305.8 | 341.2 | 260.9 | 328.2 | 504.0 | 388.4 | 56.5 | 125.7 | 120.2 |
| 2.1.2. Personal | 3,443.6 | 3,619.7 | 5,311.8 | 5,177.4 | 5,494.9 | 5,904.9 | 205.9 | 1,503.9 | 4,196.3 |
| 2.2. Debit | -676.5 | -822.2 | -596.1 | -683.3 | -604.1 | -584.6 | -161.3 | -171.7 | -183.2 |
| 2.2.1. Business | -322.7 | -482.6 | -292.3 | -297.3 | -267.4 | -229.5 | -44.5 | -60.2 | -71.9 |
| 2.2.2. Personal | -353.8 | -339.6 | -303.8 | -386.0 | -336.7 | -355.1 | -116.8 | -111.4 | -111.2 |
| 3. Other services | 43.9 | -25.9 | -295.8 | -352.7 | -453.3 | -422.9 | -91.7 | -47.1 | 38.5 |
| 3.1. Credit | 1,073.4 | 1,248.6 | 1,296.9 | 1,339.8 | 1,173.4 | 1,252.9 | 282.5 | 303.7 | 403.9 |
| 3.2. Debit | -1,029.5 | -1,274.5 | -1,592.7 | -1,692.5 | -1,626.6 | -1,675.8 | -374.2 | -350.9 | -365.4 |

^a Revised data. ^b Preliminary data.

which the original value of imports c.i.f., stated in the CBS Report, is reduced. In the 1993-2001 period, this share stood at 7.10% (estimated only on the basis of the largest and large importers), while from 2002 on it has amounted to 3.73%. The same research study, conducted by the CNB at the end of 2006 (comprising the imports in the previous year), showed that the share of transportation and insurance costs, after continuing to decrease, has reached 3.03%. This share was first applied in the calculations for the first quarter of 2007. In the period from 1993 to 1996, the value of imports was modified by estimates of imports in duty free zones, which have been included in the merchandise trade statistics since 1997. From 1996 on, goods exports and imports are modified by the data on repairs on goods and goods procured in ports by carriers. In addition, since 1999, based on the Survey on Consumption of Foreign Travellers in Croatia and Domestic Travellers Abroad, the item of goods exports has been modified by the estimated value of goods sold to foreign travellers and tourists and taken out of the Republic of Croatia. The item of goods imports is adjusted for the estimated value of goods imported personally by the Croatian citizens from the neighbouring countries (shopping expenditures).

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

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

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

Transactions in the income account are classified into four main groups. Compensation of employees item is compiled on the basis of the ITRS. Income from direct investment, portfolio investment and other investment are reported separately. Data on reinvested earnings are reported separately, under direct investment income, calculated on the basis of the CNB Research on direct and other equity investment. In contrast to data on dividends, these data are not available for the 1993-1996 period, since at that time they were not reported separately. On the basis of statistical data on external debt relations, starting from 1997, income from direct investment includes data on interest arising from credit relations between residents and non-residents directly related through ownership. Income from equity portfolio investment is compiled on the basis of the same research, whereas data on debt portfolio investment income have been compiled since 1999, based on statistics on foreign credit relations, which also encompass income related to debt securities owned by

Table H3: Balance of Payments – Income and Current Transfers

million euros

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 ^a | 2007 | | |
|--------------------------------|---------|---------|----------|---------|---------|-------------------|-----------------|-----------------|-----------------|
| | | | | | | | Q1 ^a | Q2 ^a | Q3 ^b |
| Income | -627.9 | -577.7 | -1,095.2 | -690.1 | -971.5 | -1,116.2 | -227.3 | -624.4 | -157.7 |
| 1. Compensation of employees | 143.1 | 167.6 | 183.9 | 233.9 | 259.7 | 373.2 | 118.1 | 122.7 | 125.5 |
| 1.1. Credit | 157.4 | 187.2 | 217.3 | 268.3 | 289.2 | 404.3 | 125.4 | 130.5 | 133.4 |
| 1.2. Debit | -14.3 | -19.5 | -33.4 | -34.4 | -29.5 | -31.1 | -7.3 | -7.8 | -7.9 |
| 2. Direct investment income | -340.0 | -353.3 | -854.7 | -441.6 | -739.0 | -972.0 | -203.2 | -608.2 | -129.2 |
| 2.1. Credit | 34.2 | 25.1 | 35.2 | 175.6 | 112.7 | 90.1 | 44.9 | 53.4 | 29.7 |
| o/w: Reinvested earnings | 19.8 | 8.3 | 31.7 | 165.8 | 63.8 | 72.6 | 38.3 | 45.4 | 22.9 |
| 2.2. Debit | -374.1 | -378.5 | -889.9 | -617.3 | -851.8 | -1,062.1 | -248.1 | -661.5 | -159.0 |
| o/w: Reinvested earnings | -187.9 | -160.9 | -587.9 | -291.7 | -570.5 | -697.0 | -78.0 | -327.2 | -102.7 |
| 3. Portfolio investment income | -262.9 | -219.1 | -238.7 | -272.4 | -258.8 | -239.6 | -60.6 | -57.7 | -65.5 |
| 3.1. Credit | 0.0 | 0.0 | 0.0 | 10.3 | 5.0 | -6.4 | -5.7 | 3.8 | -5.6 |
| 3.2. Debit | -263.0 | -219.1 | -238.7 | -282.7 | -263.8 | -233.3 | -54.8 | -61.5 | -59.9 |
| 4. Other investment income | -168.1 | -173.0 | -185.7 | -210.0 | -233.4 | -277.8 | -81.6 | -81.3 | -88.5 |
| 4.1. Credit | 293.0 | 249.9 | 197.0 | 155.9 | 204.2 | 331.5 | 107.4 | 122.2 | 127.1 |
| 4.2. Debit | -461.2 | -422.9 | -382.7 | -365.9 | -437.7 | -609.2 | -189.0 | -203.5 | -215.5 |
| Current transfers | 1,099.5 | 1,152.2 | 1,244.5 | 1,191.8 | 1,183.8 | 1,106.2 | 245.5 | 269.8 | 263.2 |
| 1. General government | 65.3 | 32.2 | 70.5 | 2.6 | 9.7 | -8.6 | -6.0 | -4.2 | -13.8 |
| 1.1. Credit | 142.7 | 143.4 | 213.1 | 180.1 | 219.6 | 255.7 | 54.6 | 65.6 | 53.7 |
| 1.2. Debit | -77.4 | -111.2 | -142.6 | -177.5 | -209.9 | -264.4 | -60.7 | -69.7 | -67.5 |
| 2. Other sectors | 1,034.2 | 1,120.0 | 1,174.0 | 1,189.2 | 1,174.1 | 1,114.8 | 251.5 | 274.0 | 277.0 |
| 2.1. Credit | 1,190.6 | 1,309.8 | 1,325.6 | 1,404.5 | 1,408.8 | 1,382.5 | 301.4 | 337.7 | 334.2 |
| 2.2. Debit | -156.4 | -189.8 | -151.6 | -215.3 | -234.6 | -267.7 | -49.9 | -63.7 | -57.1 |

^a Revised data. ^b Preliminary data.

non-residents. Income from other investments includes the calculation of interest in accordance with the foreign credit relations statistics. The methodology for compiling the statistics on debt investment income has been changed in 2007 to include the reporting of income on an accrual basis. This basically means that income from debt investment and interest are reported at the point in time when they accrue and not at the point in time when they mature or when they are paid. As a result, the historical data for the 1999-2006 period have been revised.

Current transfers are reported separately for the general government sector and other sectors. The ITRS is used as the main data source on current transfers for both sectors. In addition to taxes and excise duties, pensions, monetary support and donations, which are included in current transfers of both sectors, the government sector also encompasses data on multilateral cooperation, whereas other sectors include data on workers' remittances. Current transfers of the general government sector also include data on exports and imports of goods without a payment obligation, provided by the CBS. In the 1993-1998 period, current transfers of other sectors also encompassed an estimate of unregistered foreign currency remittances, which accounted for 15% of the positive difference between unclassified inflows and outflows of the household sector. From 1993 to the second quarter of 1996, the CNB also assessed a portion of the outflow based on current transfers. From 2002 on, inflows and outflows based on current transfers of other sectors are supplemented by the data of the CNB special statistical research on international transactions related to insurance services.

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

Foreign direct investments include equity capital, reinvested earnings and debt relations between ownership-related residents and non-residents. Direct investments are investments whereby a foreign owner acquires a minimum of 10% interest in equity capital of a

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

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

Other investment encompasses all other debt investments that have not been mentioned, apart from investment constituting reserve assets. Other investments are classified by instruments, maturity and sectors. Trade credits, in the 1996-2002 period, included the CNB estimates of advance payment and deferred payments, made on the basis of the sample of the largest and large importers and exporters. Data on advance payments have been estimated since 1996,

Table H4: Balance of Payments – Direct and Portfolio Investments

million euros

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 ^a | 2007 | | |
|---|---------|---------|---------|---------|----------|-------------------|-----------------|-----------------|-----------------|
| | | | | | | | Q1 ^b | Q2 ^b | Q3 ^b |
| Direct investment | 1,257.7 | 530.8 | 1,656.9 | 670.8 | 1,275.8 | 2,583.2 | 1,248.9 | 956.2 | 306.1 |
| 1. Abroad | -209.8 | -607.1 | -105.5 | -278.8 | -192.1 | -163.4 | -91.1 | -45.6 | -68.2 |
| 1.1. Equity capital and reinvested earnings | -143.6 | -601.0 | -101.9 | -259.6 | -121.0 | -226.9 | -78.9 | -64.7 | -96.0 |
| 1.1.1. Claims | -143.6 | -603.1 | -101.9 | -260.0 | -122.2 | -226.9 | -78.9 | -64.7 | -96.0 |
| 1.1.2. Liabilities | 0.0 | 2.1 | 0.0 | 0.4 | 1.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.2. Other capital | -66.1 | -6.1 | -3.6 | -19.2 | -71.2 | 63.5 | -12.2 | 19.1 | 27.8 |
| 1.1.1. Claims | 9.9 | -7.7 | -15.3 | -23.6 | -59.8 | 45.9 | -16.0 | 15.3 | 27.1 |
| 1.2.2. Liabilities | -76.1 | 1.6 | 11.7 | 4.4 | -11.4 | 17.5 | 3.8 | 3.8 | 0.7 |
| 2. In Croatia | 1,467.5 | 1,137.9 | 1,762.4 | 949.6 | 1,467.9 | 2,746.6 | 1,340.1 | 1,001.8 | 374.3 |
| 2.1. Equity capital and reinvested earnings | 1,098.7 | 879.3 | 1,349.8 | 611.4 | 1,363.5 | 2,466.6 | 1,110.1 | 456.0 | 493.3 |
| 2.1.1. Claims | -8.0 | 0.0 | -1.2 | -22.4 | 0.0 | -0.1 | 0.0 | 0.0 | 0.0 |
| 2.1.2. Liabilities | 1,106.6 | 879.3 | 1,351.1 | 633.8 | 1,363.5 | 2,466.7 | 1,110.1 | 456.0 | 493.3 |
| 2.2. Other capital | 368.8 | 258.6 | 412.5 | 338.2 | 104.4 | 280.0 | 230.0 | 545.8 | -119.0 |
| 2.2.1. Claims | 0.2 | -0.3 | -1.5 | -17.8 | 0.0 | 16.6 | -1.4 | 1.6 | -0.7 |
| 2.2.2. Liabilities | 368.7 | 259.0 | 414.0 | 356.0 | 104.4 | 263.4 | 231.4 | 544.1 | -118.3 |
| Portfolio investment | 687.1 | -437.7 | 867.6 | 266.5 | -1,187.9 | -534.7 | -374.3 | 30.1 | 196.2 |
| 1. Assets | -143.2 | -650.5 | 121.6 | -756.7 | -581.3 | -459.7 | -301.3 | -335.2 | 80.9 |
| 1.1. Equity securities | 0.3 | -78.4 | -57.8 | -39.1 | -193.0 | -320.5 | -429.6 | -278.1 | -241.6 |
| 1.1.1. General government | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.1.1.1. Banks | 0.0 | -2.7 | 0.3 | 0.0 | 0.0 | 2.6 | -0.6 | 0.0 | 0.1 |
| 1.1.2. Other sectors | 0.3 | -75.6 | -58.1 | -39.1 | -193.0 | -323.1 | -429.0 | -278.1 | -241.7 |
| 1.2. Debt securities | -143.5 | -572.2 | 179.4 | -717.5 | -388.2 | -139.3 | 128.3 | -57.1 | 322.5 |
| 1.2.1. Bonds | -128.8 | -586.9 | 165.9 | -582.1 | -407.8 | 118.2 | 146.2 | -41.8 | 157.0 |
| 1.2.1.1. General government | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.2.1.2. Banks | -128.8 | -566.6 | 180.1 | -590.0 | -371.4 | 161.9 | 99.2 | 29.2 | 62.6 |
| 1.2.1.3. Other sectors | 0.0 | -20.3 | -14.1 | 7.9 | -36.3 | -43.7 | 46.9 | -71.0 | 94.4 |
| 1.2.2. Money market instruments | -14.8 | 14.7 | 13.5 | -135.5 | 19.5 | -257.4 | -17.8 | -15.3 | 165.5 |
| 1.2.2.1. General government | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.2.2.2. Banks | -14.8 | 20.9 | 7.3 | -135.5 | 19.5 | -257.4 | -17.8 | -15.3 | 165.5 |
| 1.2.2.3. Other sectors | 0.0 | -6.2 | 6.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. Liabilities | 830.3 | 212.9 | 746.0 | 1,023.2 | -606.7 | -74.9 | -73.0 | 365.3 | 115.3 |
| 2.1. Equity securities | 15.1 | 42.4 | 13.0 | 141.6 | 89.2 | 320.6 | 25.6 | 57.0 | 88.1 |
| 2.1.1. Banks | -6.0 | 2.5 | -2.6 | 0.8 | -12.8 | 37.3 | 8.6 | 12.2 | -3.7 |
| 2.1.2. Other sectors | 21.1 | 39.8 | 15.6 | 140.7 | 102.0 | 283.3 | 17.0 | 44.8 | 91.8 |
| 2.2. Debt securities | 815.2 | 170.5 | 733.1 | 881.6 | -695.9 | -395.6 | -98.6 | 308.2 | 27.2 |
| 2.2.1. Bonds | 794.1 | 202.7 | 698.8 | 915.6 | -695.9 | -395.6 | -98.6 | 308.2 | 27.2 |
| 2.2.1.1. General government | 794.1 | 62.1 | 525.9 | 429.6 | -690.5 | -321.9 | -111.6 | 297.4 | -248.2 |
| 2.2.1.2. Banks | 0.0 | 0.0 | 0.0 | 453.2 | 3.2 | 1.2 | 5.3 | 5.3 | -14.3 |
| 2.2.1.3. Other sectors | 0.0 | 140.7 | 173.0 | 32.8 | -8.6 | -74.9 | 7.6 | 5.6 | 289.7 |
| 2.2.2. Money market instruments | 21.1 | -32.2 | 34.2 | -34.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.2.1. General government | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.2.2. Banks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.2.3. Other sectors | 21.1 | -32.2 | 34.2 | -34.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

^a Revised data. ^b Preliminary data.

while data on short-term deferred payments (first up to 90 days, then up to 150 days, and today from 8 days to 1 year) have been collected since 1999. In 2003, this research was replaced by a new one, where the selected companies, regardless of their size (stratified sample), are obliged to submit data. Data on deferred payments with the original maturity of more than one year are adopted from the CNB foreign credit relations statistics. Credits granted by residents to non-residents, i.e. foreign loans utilised by residents and granted by non-residents, which cannot be classified into direct investments or trade credits, are classified by the institutional sector and maturity under the corresponding positions of other investment. The CNB foreign credit relations statistics represent the data source for these positions. Currency and deposit position shows residents' claims on

foreign countries for foreign cash and deposits with foreign banks, as well as obligations of the Croatian banks for deposits owned by non-residents. Monetary statistics represent a data source for the general government sector and banks sector. Data on balance and currency structure of foreign assets and liabilities, contained in monetary statistics, are used to assess transactions from which the exchange rate effect was eliminated. In the 1993-1998 period, data on other sectors' claims under this position were compiled on the basis of the CNB estimate of a portion of net foreign currency inflows of the household sector which is not classified under current transfers. Since 1999, this position has included only the data based on the Bank for International Settlement quarterly data, while data in the fourth quarter of 2001 and in the first two quarters of 2002 relate to

Table H5: Balance of Payments – Other Investment

million euros

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 ^a | 2007 | | |
|-------------------------------|----------|----------|----------|----------|----------|-------------------|-----------------|-----------------|-----------------|
| | | | | | | | Q1 ^a | Q2 ^a | Q3 ^b |
| Other investment (net) | 486.8 | 2,795.0 | 1,326.3 | 1,671.6 | 3,770.8 | 3,228.5 | 1,198.3 | 157.2 | -861.4 |
| 1. Assets | 396.9 | 460.0 | -2,216.9 | -452.0 | 976.6 | -674.3 | 327.6 | -243.3 | -908.6 |
| 1.1. Trade credits | 58.0 | -79.4 | -169.7 | -188.1 | -134.8 | -33.4 | -69.6 | -38.8 | 0.6 |
| 1.1.1. General government | 0.0 | 0.0 | 0.0 | 0.0 | -0.3 | 0.2 | 0.0 | 0.0 | 0.0 |
| 1.1.1.1. Long-term | 0.0 | 0.0 | 0.0 | 0.0 | -0.3 | 0.2 | 0.0 | 0.0 | 0.0 |
| 1.1.1.2. Short-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.1.2. Other sectors | 58.0 | -79.4 | -169.7 | -188.1 | -134.6 | -33.5 | -69.6 | -38.8 | 0.6 |
| 1.1.2.1. Long-term | -0.4 | -6.6 | -25.6 | 18.1 | 10.7 | -5.1 | -4.5 | -10.4 | -10.4 |
| 1.1.2.2. Short-term | 58.4 | -72.7 | -144.1 | -206.1 | -145.3 | -28.4 | -65.2 | -28.4 | 11.0 |
| 1.2. Loans | 41.6 | -55.5 | -85.1 | 43.8 | -116.8 | -153.1 | -24.1 | 15.3 | -70.0 |
| 1.2.1. General government | -3.4 | 0.6 | -1.0 | -1.8 | -1.5 | -1.3 | 0.5 | -4.3 | -0.7 |
| 1.2.1.1. Long-term | -3.4 | 0.6 | -1.0 | -1.8 | -1.5 | -1.3 | 0.5 | -4.3 | -0.7 |
| 1.2.1.2. Short-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.2.2. Banks | -6.9 | -22.6 | 4.3 | 3.7 | -28.5 | -80.4 | -6.8 | 1.3 | -32.2 |
| 1.2.2.1. Long-term | -10.5 | -20.9 | 5.1 | -0.1 | -20.5 | -58.9 | -18.6 | -10.4 | -3.0 |
| 1.2.2.2. Short-term | 3.6 | -1.6 | -0.8 | 3.9 | -8.0 | -21.5 | 11.8 | 11.7 | -29.1 |
| 1.2.3. Other sectors | 51.9 | -33.5 | -88.5 | 41.8 | -86.8 | -71.4 | -17.8 | 18.3 | -37.2 |
| 1.2.3.1. Long-term | 51.9 | -33.4 | -88.5 | 43.2 | -87.8 | -71.7 | -17.1 | 18.7 | -36.9 |
| 1.2.3.2. Short-term | 0.0 | -0.1 | 0.1 | -1.3 | 1.0 | 0.3 | -0.7 | -0.5 | -0.3 |
| 1.3. Currency and deposits | 297.3 | 594.9 | -1,962.1 | -307.7 | 1,228.2 | -487.8 | 421.3 | -219.8 | -839.2 |
| 1.3.1. General government | -18.1 | -24.2 | 30.3 | 72.7 | -44.4 | 26.5 | 25.0 | 0.0 | 0.0 |
| 1.3.2. Banks | -1,790.9 | 1,516.5 | -1,964.5 | -400.3 | 1,308.3 | -444.1 | 425.3 | -199.8 | -839.2 |
| 1.3.3. Other sectors | 2,106.3 | -897.4 | -27.9 | 19.8 | -35.6 | -70.2 | -29.0 | -20.0 | 0.0 |
| 1.4. Other assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. Liabilities | 89.9 | 2,335.0 | 3,543.3 | 2,123.6 | 2,794.2 | 3,902.8 | 870.8 | 400.5 | 47.2 |
| 2.1. Trade credits | 95.6 | 501.1 | -225.6 | -54.5 | 15.1 | 11.4 | 55.6 | 242.8 | 148.5 |
| 2.1.1. General government | 1.2 | -0.1 | 1.5 | -0.3 | 0.4 | -0.7 | -0.2 | -0.1 | 0.0 |
| 2.1.1.1. Long-term | 1.2 | -0.1 | 1.5 | -0.3 | 0.4 | -0.7 | -0.2 | -0.1 | 0.0 |
| 2.1.1.2. Short-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.1.2. Other sectors | 94.4 | 501.2 | -227.1 | -54.2 | 14.7 | 12.1 | 55.8 | 242.9 | 148.5 |
| 2.1.2.1. Long-term | -22.8 | -1.4 | -46.2 | -16.7 | 27.4 | -3.7 | 6.3 | 78.6 | 19.2 |
| 2.1.2.2. Short-term | 117.2 | 502.6 | -181.0 | -37.5 | -12.7 | 15.8 | 49.4 | 164.3 | 129.3 |
| 2.2. Loans | -250.7 | 625.3 | 2,890.0 | 1,676.4 | 2,405.8 | 3,059.2 | 171.6 | 99.5 | 792.9 |
| 2.2.1. Croatian National Bank | -2.8 | -173.8 | 358.2 | -367.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.1.1. o/w: IMF | -34.3 | -129.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.1.1.1. Drawings | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.1.1.2. Repayments | -34.3 | -129.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.1.2. Short-term | 31.6 | -44.3 | 358.2 | -367.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.2. General government | -216.6 | 409.3 | 500.4 | 425.8 | 248.1 | 133.5 | -23.7 | -3.3 | 43.0 |
| 2.2.2.1. Long-term | 183.0 | 409.3 | 500.4 | 425.8 | 248.1 | 133.5 | -23.7 | -3.3 | 43.0 |
| 2.2.2.1.1. Drawings | 439.9 | 645.9 | 764.8 | 795.5 | 590.1 | 560.4 | 66.0 | 153.9 | 125.8 |
| 2.2.2.1.2. Repayments | -256.9 | -236.7 | -264.5 | -369.7 | -342.0 | -426.9 | -89.7 | -157.1 | -82.8 |
| 2.2.2.2. Short-term | -399.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.3. Banks | 85.8 | 73.5 | 1,007.7 | 650.4 | 826.0 | 541.2 | -512.6 | -554.1 | -431.0 |
| 2.2.3.1. Long-term | 91.7 | 75.8 | 929.1 | 741.7 | 281.1 | 419.5 | -378.1 | -388.1 | -22.8 |
| 2.2.3.1.1. Drawings | 929.3 | 739.1 | 1,722.8 | 1,260.0 | 1,236.1 | 2,833.6 | 536.9 | 46.5 | 267.1 |
| 2.2.3.1.2. Repayments | -837.6 | -663.3 | -793.7 | -518.3 | -955.0 | -2,414.1 | -915.0 | -434.5 | -289.9 |
| 2.2.3.2. Short-term | -5.8 | -2.3 | 78.6 | -91.2 | 544.9 | 121.7 | -134.4 | -166.1 | -408.2 |
| 2.2.4. Other sectors | -117.2 | 316.3 | 1,023.9 | 967.9 | 1,331.7 | 2,384.5 | 707.9 | 656.9 | 1,180.8 |
| 2.2.4.1. Long-term | -118.0 | 336.0 | 977.0 | 932.4 | 1,277.2 | 2,295.6 | 497.2 | 592.0 | 930.7 |
| 2.2.4.1.1. Drawings | 1,027.5 | 1,494.5 | 2,140.3 | 2,232.5 | 2,686.4 | 4,183.9 | 931.3 | 1,259.7 | 1,551.3 |
| 2.2.4.1.2. Repayments | -1,145.5 | -1,158.5 | -1,163.3 | -1,300.1 | -1,409.2 | -1,888.3 | -434.1 | -667.7 | -620.5 |
| 2.2.4.2. Short-term | 0.8 | -19.7 | 46.9 | 35.5 | 54.5 | 88.9 | 210.7 | 64.9 | 250.1 |
| 2.3. Currency and deposits | 245.1 | 1,209.5 | 879.6 | 498.7 | 370.6 | 829.5 | 643.1 | 57.5 | -894.9 |
| 2.3.1. General government | 0.2 | 0.1 | 0.1 | 0.0 | 0.0 | 0.1 | 9.2 | 0.2 | -0.3 |
| 2.3.2. Banks | 244.9 | 1,209.3 | 879.5 | 498.7 | 370.6 | 829.4 | 633.9 | 57.3 | -894.5 |
| 2.4. Other liabilities | -0.1 | -0.9 | -0.7 | 3.0 | 2.8 | 2.7 | 0.5 | 0.7 | 0.6 |

^a Revised data. ^b Preliminary data.

Table H6: Balance of Payments – Summary

million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 ^a | 2007 | | |
|---|-----------|------------|------------|------------|------------|-------------------|-----------------|-----------------|-----------------|
| | | | | | | | Q1 ^a | Q2 ^a | Q3 ^b |
| A. CURRENT ACCOUNT (1+6) | -6,108.9 | -15,744.2 | -14,637.6 | -11,315.3 | -14,921.4 | -19,528.6 | -15,033.6 | -10,025.4 | 14,401.2 |
| 1. Goods, services, and income (2+5) | -14,301.8 | -24,275.5 | -24,051.3 | -20,242.1 | -23,679.5 | -27,628.6 | -16,840.9 | -12,008.8 | 12,478.2 |
| 1.1. Credit | 84,238.8 | 85,611.4 | 102,483.3 | 110,782.5 | 117,208.4 | 130,273.4 | 22,748.1 | 35,470.1 | 55,023.2 |
| 1.2. Debit | -98,540.6 | -109,886.9 | -126,534.6 | -131,024.5 | -140,888.0 | -157,902.0 | -39,589.0 | -47,478.9 | -42,545.0 |
| 2. Goods and services (3+4) | -9,885.7 | -19,986.2 | -15,671.7 | -15,083.2 | -16,508.1 | -19,478.8 | -15,168.0 | -7,398.6 | 13,629.7 |
| 2.1. Credit | 80,385.2 | 82,206.3 | 99,192.2 | 106,225.6 | 112,693.7 | 124,269.8 | 20,745.7 | 33,193.8 | 52,944.4 |
| 2.2. Debit | -90,270.9 | -102,192.6 | -114,863.9 | -121,308.8 | -129,201.8 | -143,748.6 | -35,913.7 | -40,592.5 | -39,314.7 |
| 3. Goods | -34,258.8 | -44,117.7 | -52,759.8 | -50,327.5 | -55,568.1 | -61,083.9 | -15,897.1 | -18,606.5 | -17,070.1 |
| 3.1. Credit | 39,760.0 | 39,216.5 | 42,190.2 | 49,507.8 | 53,397.7 | 61,988.6 | 15,065.3 | 16,968.6 | 16,990.9 |
| 3.2. Debit | -74,018.9 | -83,334.1 | -94,949.9 | -99,835.3 | -108,965.8 | -123,072.5 | -30,962.4 | -35,575.1 | -34,060.9 |
| 4. Services | 24,373.1 | 24,131.4 | 37,088.0 | 35,244.3 | 39,060.0 | 41,605.1 | 729.1 | 11,207.8 | 30,699.8 |
| 4.1. Credit | 40,625.2 | 42,989.9 | 57,002.0 | 56,717.8 | 59,296.0 | 62,281.2 | 5,680.4 | 16,225.2 | 35,953.5 |
| 4.2. Debit | -16,252.1 | -18,858.5 | -19,914.0 | -21,473.5 | -20,236.0 | -20,676.1 | -4,951.3 | -5,017.4 | -5,253.7 |
| 5. Income | -4,416.1 | -4,289.2 | -8,379.5 | -5,158.9 | -7,171.4 | -8,149.8 | -1,672.9 | -4,610.1 | -1,151.5 |
| 5.1. Credit | 3,853.5 | 3,405.1 | 3,291.2 | 4,556.8 | 4,514.7 | 6,003.6 | 2,002.4 | 2,276.3 | 2,078.8 |
| 5.2. Debit | -8,269.7 | -7,694.3 | -11,670.7 | -9,715.7 | -11,686.1 | -14,153.4 | -3,675.4 | -6,886.4 | -3,230.3 |
| 6. Current transfers | 8,192.9 | 8,531.3 | 9,413.6 | 8,926.8 | 8,758.1 | 8,100.0 | 1,807.3 | 1,983.3 | 1,923.0 |
| 6.1. Credit | 9,934.0 | 10,761.2 | 11,639.9 | 11,872.9 | 12,047.2 | 11,996.6 | 2,621.5 | 2,964.2 | 2,833.8 |
| 6.2. Debit | -1,741.1 | -2,229.9 | -2,226.3 | -2,946.1 | -3,289.1 | -3,896.5 | -814.2 | -980.9 | -910.8 |
| B. CAPITAL AND FINANCIAL ACCOUNT | 9,432.1 | 18,920.4 | 20,752.3 | 19,004.6 | 21,975.4 | 27,350.0 | 9,352.7 | 10,944.3 | -261.1 |
| B1. Capital account | 1,176.6 | 3,847.2 | 771.3 | 235.5 | 396.8 | -980.5 | 44.1 | 66.1 | 92.9 |
| B2. Financial account, excl. reserves | 19,752.5 | 20,561.8 | 29,333.4 | 19,105.6 | 27,654.1 | 38,643.9 | 15,260.9 | 8,416.4 | -2,633.6 |
| 1. Direct investment | 11,670.0 | 4,183.5 | 12,706.4 | 4,452.8 | 9,093.0 | 18,922.9 | 9,191.7 | 7,048.7 | 2,236.7 |
| 1.1. Abroad | -1,520.5 | -4,486.9 | -801.9 | -2,077.2 | -1,415.4 | -1,197.1 | -671.0 | -334.5 | -499.1 |
| 1.2. In Croatia | 13,190.5 | 8,670.4 | 13,508.3 | 6,530.0 | 10,508.5 | 20,120.0 | 9,862.7 | 7,383.2 | 2,735.9 |
| 2. Portfolio investment | 5,217.7 | -3,260.4 | 6,593.2 | 1,942.8 | -8,797.1 | -3,962.9 | -2,755.1 | 218.7 | 1,432.4 |
| 2.1. Assets | -1,081.8 | -4,839.6 | 938.6 | -5,718.8 | -4,267.9 | -3,391.3 | -2,217.4 | -2,462.9 | 590.4 |
| 2.2. Liabilities | 6,299.5 | 1,579.2 | 5,654.5 | 7,661.6 | -4,529.2 | -571.6 | -537.7 | 2,681.6 | 842.1 |
| 3. Financial derivatives | 0.0 | 0.0 | 0.0 | 0.0 | -659.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4. Other investment | 2,864.9 | 19,638.7 | 10,033.7 | 12,710.0 | 28,017.5 | 23,683.9 | 8,824.3 | 1,148.9 | -6,302.7 |
| 4.1. Assets | 2,584.6 | 3,322.5 | -16,854.7 | -3,331.7 | 7,370.2 | -4,995.9 | 2,412.5 | -1,775.5 | -6,643.9 |
| 4.2. Liabilities | 280.2 | 16,316.1 | 26,888.4 | 16,041.7 | 20,647.4 | 28,679.8 | 6,411.9 | 2,924.4 | 341.2 |
| B3. Reserve assets (CNB) | -11,497.0 | -5,488.5 | -9,352.4 | -336.5 | -6,075.4 | -10,313.4 | -5,952.3 | 2,461.8 | 2,279.6 |
| C. NET ERRORS AND OMISSIONS | -3,323.2 | -3,176.2 | -6,114.7 | -7,689.3 | -7,054.0 | -7,821.5 | 5,680.9 | -918.9 | -14,140.1 |

^a Revised data. ^b 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.

the effect of the EMU countries' currencies changeover to the euro.

In the period from 1993 to 1998, the estimate of reserve assets transactions was made by converting the changes in the original currencies into the US dollars by applying the average monthly ex-

change rate of the currencies contained in the reserves. Since 1999, the changes in reserve assets balance have been calculated on the basis of the CNB accounting data.

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

end of period, million euros

| Year | Month | International reserves of the Croatian National Bank | | | | | | | Banks' foreign currency reserves |
|------|-----------------------|--|------------------------|------------------------------|------|------------------|-----------------------|-----------------|----------------------------------|
| | | Total | Special drawing rights | Reserve position in the Fund | Gold | Foreign currency | | | |
| | | | | | | Total | Currency and deposits | Bonds and notes | |
| 1994 | December | 1,145.7 | 3.7 | – | – | 1,142.0 | 1,142.0 | – | 716.6 |
| 1995 | December | 1,479.0 | 109.1 | – | – | 1,369.9 | 1,288.4 | 81.4 | 1,038.1 |
| 1996 | December | 1,867.7 | 101.3 | 0.0 | – | 1,766.3 | 1,627.6 | 138.7 | 1,549.2 |
| 1997 | December | 2,303.7 | 133.4 | 0.1 | – | 2,170.2 | 1,825.2 | 345.0 | 2,078.9 |
| 1998 | December | 2,400.2 | 197.1 | 0.1 | – | 2,203.0 | 1,642.6 | 560.4 | 1,607.0 |
| 1999 | December | 3,012.7 | 188.7 | 0.2 | – | 2,823.7 | 2,449.8 | 373.9 | 1,344.7 |
| 2000 | December | 3,783.2 | 158.5 | 0.2 | – | 3,624.5 | 2,763.0 | 861.5 | 2,310.7 |
| 2001 | December | 5,333.6 | 122.9 | 0.2 | – | 5,210.5 | 3,469.7 | 1,740.7 | 4,056.0 |
| 2002 | December | 5,651.3 | 2.3 | 0.2 | – | 5,648.8 | 3,787.8 | 1,861.0 | 2,581.6 |
| 2003 | December | 6,554.1 | 0.7 | 0.2 | – | 6,553.2 | 3,346.0 | 3,207.2 | 3,927.1 |
| 2004 | December | 6,436.2 | 0.6 | 0.2 | – | 6,435.4 | 3,173.3 | 3,262.0 | 4,220.1 |
| 2005 | 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 | January | 9,172.6 | 1.3 | 0.2 | – | 9,171.1 | 4,909.3 | 4,261.8 | 3,237.7 |
| | February | 9,565.4 | 0.8 | 0.2 | – | 9,564.5 | 5,271.0 | 4,293.4 | 2,936.8 |
| | March | 9,519.7 | 0.8 | 0.2 | – | 9,518.8 | 5,237.3 | 4,281.5 | 2,882.6 |
| | April | 9,488.4 | 1.3 | 0.2 | – | 9,486.9 | 5,229.6 | 4,257.4 | 2,743.7 |
| | May | 9,451.5 | 0.8 | 0.2 | – | 9,450.5 | 5,171.7 | 4,278.9 | 2,705.4 |
| | June | 9,170.4 | 0.8 | 0.2 | – | 9,169.4 | 4,901.4 | 4,268.0 | 3,084.8 |
| | July | 9,412.1 | 1.3 | 0.2 | – | 9,410.7 | 5,055.3 | 4,355.4 | 3,025.1 |
| | August | 9,223.0 | 0.7 | 0.2 | – | 9,222.1 | 4,823.7 | 4,398.4 | 3,418.5 |
| | September | 8,795.1 | 0.7 | 0.2 | – | 8,794.2 | 4,404.6 | 4,389.6 | 3,839.8 |
| | October | 8,973.8 | 1.3 | 0.2 | – | 8,972.3 | 4,361.1 | 4,611.2 | 3,946.8 |
| | November ^b | 9,112.3 | 0.8 | 0.2 | – | 9,111.3 | 4,462.5 | 4,648.8 | 4,180.6 |

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

^b Preliminary data.

Table H7: International Reserves and Banks' Foreign Currency Reserves

Data on the international reserves of the Croatian National Bank are compiled in accordance with the methodology set out in the Balance of Payments Manual (International Monetary Fund, 1995), and include those foreign claims of the Croatian National Bank that can be used to bridge imbalances in international payments. International

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

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

Table H8: International Reserves and Foreign Currency Liquidity

end of period, million euros

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|--|-------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Dec. ^b | Dec. | Dec. | Dec. | Dec. | Dec. | Mar. | Jun. | Sep. | Oct. |
| I. Official reserve assets and other f/c assets (approximate market value) | | | | | | | | | | |
| A. Official reserve assets | 5,333.6 | 5,651.3 | 6,554.1 | 6,436.2 | 7,438.4 | 8,725.3 | 9,519.7 | 9,170.4 | 8,795.1 | 8,973.8 |
| (1) Foreign currency reserves (in convertible f/c) | 3,877.9 | 4,246.9 | 5,740.1 | 6,235.4 | 7,337.3 | 8,162.8 | 8,513.9 | 8,249.2 | 7,994.2 | 8,272.3 |
| (a) Securities | 1,740.7 | 1,861.0 | 3,207.2 | 3,262.0 | 3,602.8 | 4,197.5 | 4,281.5 | 4,268.0 | 4,389.6 | 4,611.2 |
| o/w: Issuer headquartered in reporting country but located abroad | – | – | – | – | – | – | – | – | – | – |
| (b) Total currency and deposits with: | 2,137.2 | 2,385.9 | 2,532.9 | 2,973.3 | 3,734.5 | 3,965.3 | 4,232.4 | 3,981.2 | 3,604.6 | 3,661.1 |
| (i) Other national central banks, BIS and IMF | 461.3 | 325.1 | 271.1 | 233.1 | 407.3 | 198.7 | 197.8 | 196.9 | 195.9 | 194.8 |
| (ii) Banks headquartered in the reporting country | – | – | – | – | – | – | – | – | – | – |
| o/w: Located abroad | – | – | – | – | – | – | – | – | – | – |
| (iii) Banks headquartered outside the reporting country | 1,675.9 | 2,060.8 | 2,261.8 | 2,740.3 | 3,327.2 | 3,766.6 | 4,034.6 | 3,784.3 | 3,408.6 | 3,466.3 |
| o/w: Located in the reporting country | – | – | – | – | – | – | – | – | – | – |
| (2) IMF reserve position | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| (3) SDRs | 122.9 | 2.3 | 0.7 | 0.6 | 0.9 | 0.7 | 0.8 | 0.8 | 0.7 | 1.3 |
| (4) Gold | – | – | – | – | – | – | – | – | – | – |
| (5) Other reserve assets | 1,332.6 | 1,401.9 | 813.1 | 200.0 | 100.0 | 561.6 | 1,004.9 | 920.2 | 800.0 | 700.0 |
| – Reverse repo | 1,332.6 | 1,401.9 | 813.1 | 200.0 | 100.0 | 561.6 | 1,004.9 | 920.2 | 800.0 | 700.0 |
| B. Other foreign currency assets (specify) | – | – | – | – | – | – | – | – | – | – |
| – Time deposits | – | – | – | – | – | – | – | – | – | – |
| C. Total (A+B) | 5,333.6 | 5,651.3 | 6,554.1 | 6,436.2 | 7,438.4 | 8,725.3 | 9,519.7 | 9,170.4 | 8,795.1 | 8,973.8 |
| II. Predetermined short-term net drains on f/c assets (nominal value) | | | | | | | | | | |
| 1. F/c loans, securities, and deposits (total net drains up to one year) | –1,350.7 | –740.9 | –1,538.0 | –988.6 | –899.7 | –650.5 | –644.9 | –779.4 | –529.6 | –505.7 |
| (a) Croatian National Bank | –443.4 | –167.4 | –646.9 | –1.8 | –1.1 | –1.6 | –1.9 | –2.0 | –1.9 | –2.4 |
| Up to 1 month | Principal | –196.1 | –136.9 | –355.9 | – | – | – | – | – | – |
| Interest | –3.2 | –2.2 | –1.9 | –1.8 | –1.1 | –1.6 | –1.9 | –2.0 | –1.9 | –2.4 |
| More than 1 and up to 3 months | Principal | –203.7 | –26.5 | –288.3 | – | – | – | – | – | – |
| Interest | –2.1 | –0.1 | –0.7 | – | – | – | – | – | – | – |
| More than 3 months and up to 1 year | Principal | –34.5 | –1.6 | – | – | – | – | – | – | – |
| Interest | –3.8 | –0.1 | – | – | – | – | – | – | – | – |
| (b) Central government (excl. central government funds) | –907.4 | –573.5 | –891.1 | –986.8 | –898.6 | –648.9 | –643.0 | –777.5 | –527.7 | –503.3 |
| Up to 1 month | Principal | –101.7 | –98.1 | –85.9 | –76.5 | –77.9 | –48.3 | –11.3 | –292.7 | –11.0 |
| Interest | –55.6 | –42.8 | –34.4 | –13.8 | – | – | – | – | – | – |
| More than 1 and up to 3 months | Principal | –351.6 | –8.6 | –9.3 | –510.1 | –603.0 | –138.4 | –78.7 | –69.8 | –119.8 |
| Interest | –125.7 | –148.1 | –168.3 | –169.0 | – | – | – | – | – | – |
| More than 3 months and up to 1 year | Principal | –170.8 | –176.2 | –495.2 | –143.7 | –160.2 | –399.8 | –415.1 | –291.2 | –308.4 |
| Interest | –102.0 | –99.7 | –98.0 | –73.8 | –57.5 | –62.3 | –137.9 | –123.9 | –88.5 | –64.6 |
| 2. Aggregate short and long positions in forwards and futures in f/c vis-a-vis the domestic currency (including the forward leg of currency swaps) | – | – | – | – | – | – | – | – | – | – |
| (a) Short positions (–) | – | – | – | – | – | – | – | – | – | – |
| Up to 1 month | – | – | – | – | – | – | – | – | – | – |
| More than 1 and up to 3 months | – | – | – | – | – | – | – | – | – | – |
| More than 3 months and up to 1 year | – | – | – | – | – | – | – | – | – | – |
| (b) Long positions (+) | – | – | – | – | – | – | – | – | – | – |
| Up to 1 month | – | – | – | – | – | – | – | – | – | – |
| More than 1 and up to 3 months | – | – | – | – | – | – | – | – | – | – |
| More than 3 months and up to 1 year | – | – | – | – | – | – | – | – | – | – |
| 3. Other | –75.2 | –21.5 | –363.5 | – | – | – | – | – | – | – |
| – Outflows related to repos (–) | –75.2 | –21.5 | –363.5 | – | – | – | – | – | – | – |
| Up to 1 month | Principal | –75.1 | –21.5 | –363.1 | – | – | – | – | – | – |
| Interest | –0.1 | 0.0 | –0.4 | – | – | – | – | – | – | – |
| More than 1 and up to 3 months | Principal | – | – | – | – | – | – | – | – | – |
| Interest | – | – | – | – | – | – | – | – | – | – |
| More than 3 months and up to 1 year | Principal | – | – | – | – | – | – | – | – | – |
| Interest | – | – | – | – | – | – | – | – | – | – |
| 4. Total predetermined short-term net drains on f/c assets (1+2+3) | –1,426.0 | –762.4 | –1,901.5 | –988.6 | –899.7 | –650.5 | –644.9 | –779.4 | –529.6 | –505.7 |
| III. Contingent short-term net drains on f/c assets (nominal value) | | | | | | | | | | |
| 1. Contingent liabilities in foreign currency | –1,088.8 | –1,631.0 | –1,300.4 | –1,772.9 | –2,273.1 | –2,734.9 | –3,364.5 | –3,110.8 | –2,604.9 | –2,442.0 |
| (a) Collateral guarantees on debt falling due within 1 year | –315.9 | –685.9 | –426.8 | –370.9 | –443.8 | –478.9 | –437.4 | –549.7 | –608.1 | –620.1 |

| | | | | | | | | | | |
|---|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| – Croatian National Bank | – | – | – | – | – | – | – | – | – | – |
| – Central government (excl. central government funds) | –315.9 | –685.9 | –426.8 | –370.9 | –443.8 | –478.9 | –437.4 | –549.7 | –608.1 | –620.1 |
| Up to 1 month | –49.4 | –52.3 | –55.8 | –62.7 | –59.6 | –71.9 | –20.5 | –51.6 | –31.7 | –3.5 |
| More than 1 and up to 3 months | –24.7 | –35.2 | –94.9 | –33.9 | –53.0 | –84.8 | –76.5 | –38.3 | –101.0 | –86.2 |
| More than 3 months and up to 1 year | –241.7 | –598.3 | –276.1 | –274.4 | –331.2 | –322.2 | –340.4 | –459.8 | –475.4 | –530.4 |
| (b) Other contingent liabilities | –772.9 | –945.1 | –873.6 | –1,402.0 | –1,829.3 | –2,256.0 | –2,927.2 | –2,561.1 | –1,996.8 | –1,821.9 |
| – Croatian National Bank | –772.9 | –945.1 | –873.6 | –1,402.0 | –1,829.3 | –2,256.0 | –2,927.2 | –2,561.1 | –1,996.8 | –1,821.9 |
| Up to 1 month | – | – | – | – | – | – | – | – | – | – |
| More than 1 and up to 3 months | –772.9 | –945.1 | –873.6 | –1,402.0 | –1,829.3 | –2,256.0 | –2,927.2 | –2,561.1 | –1,996.8 | –1,821.9 |
| 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: | 170.8 | – | – | – | – | – | – | – | – | – |
| – BIS (+) | – | – | – | – | – | – | – | – | – | – |
| – IMF (+) | 170.8 | – | – | – | – | – | – | – | – | – |
| 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) | –918.0 | –1,631.0 | –1,300.4 | –1,772.9 | –2,273.1 | –2,734.9 | –3,364.5 | –3,110.8 | –2,604.9 | –2,442.0 |
| 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 | –70.0 | –20.0 | –351.0 | – | – | – | – | – | – | –1.3 |
| – 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 | 1,235.1 | 1,330.3 | 785.1 | 180.7 | 88.5 | 559.5 | 972.4 | 900.7 | 791.4 | 676.9 |
| (e) Financial derivative assets (net, marked to market) | – | – | – | – | – | – | – | – | – | – |
| (f) Currency composition of official reserves assets ^a | – | – | – | – | – | – | – | – | – | – |
| – Currencies in SDR basket | 5,333.6 | 5,651.3 | 6,554.1 | 6,436.2 | 7,438.1 | 8,725.0 | 9,519.5 | 9,170.1 | 8,794.8 | 8,973.5 |
| – Currencies not in SDR basket | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| – By individual currencies | | | | | | | | | | |
| USD | 1,738.4 | 1,600.8 | 1,937.6 | 1,609.1 | 1,104.5 | 1,266.0 | 1,239.2 | 1,254.2 | 1,272.5 | 1,339.8 |
| EUR | 3,471.6 | 4,047.9 | 4,615.6 | 4,826.3 | 6,332.5 | 7,458.0 | 8,276.7 | 7,912.2 | 7,518.8 | 7,629.7 |
| Other | 123.6 | 2.6 | 0.9 | 0.8 | 1.3 | 1.3 | 3.9 | 4.0 | 3.8 | 4.3 |

^a Until January 2001: Currency structure of official reserve assets and other foreign currency assets.

^b In accordance with the recommendation made by the IMF, time deposits with a maturity over 3 months were also included in Official reserve assets (I.A.). These deposits were previously included in Other foreign currency assets (I.B.).

Table H8: International Reserves and Foreign Currency Liquidity

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

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

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

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

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

The fourth part of the Template lists memo items. Short-term,

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

| Year | Month | HRK/EUR | HRK/ATS | HRK/FRF | HRK/100 ITL | HRK/CHF | HRK/GBP | HRK/USD | HRK/DEM |
|------|-----------|----------|----------|----------|-------------|----------|-----------|----------|----------|
| 1994 | | 7.087680 | 0.524825 | 1.079616 | 0.371511 | 4.381907 | 9.166621 | 5.994736 | 3.692176 |
| 1995 | | 6.757247 | 0.518724 | 1.047746 | 0.321349 | 4.425013 | 8.250868 | 5.229850 | 3.649215 |
| 1996 | | 6.805527 | 0.513812 | 1.062870 | 0.352204 | 4.407070 | 8.476847 | 5.433979 | 3.614716 |
| 1997 | | 6.960719 | 0.505335 | 1.056368 | 0.362049 | 4.248502 | 10.089408 | 6.161849 | 3.556098 |
| 1998 | | 7.139159 | 0.514631 | 1.080018 | 0.366853 | 4.396452 | 10.537622 | 6.362284 | 3.620795 |
| 1999 | | 7.581823 | 0.550993 | 1.155840 | 0.391568 | 4.739965 | 11.514804 | 7.122027 | 3.876528 |
| 2000 | | 7.633852 | 0.554774 | 1.163773 | 0.394256 | 4.903244 | 12.530514 | 8.287369 | 3.903127 |
| 2001 | | 7.471006 | 0.542939 | 1.138947 | 0.385845 | 4.946810 | 12.010936 | 8.339153 | 3.819865 |
| 2002 | | 7.406976 | | | | 5.049125 | 11.793108 | 7.872490 | |
| 2003 | | 7.564248 | | | | 4.978864 | 10.943126 | 6.704449 | |
| 2004 | | 7.495680 | | | | 4.854986 | 11.048755 | 6.031216 | |
| 2005 | | 7.400047 | | | | 4.780586 | 10.821781 | 5.949959 | |
| 2006 | | 7.322849 | | | | 4.656710 | 10.740292 | 5.839170 | |
| 2006 | December | 7.355022 | | | | 4.608204 | 10.930893 | 5.565730 | |
| 2007 | January | 7.367082 | | | | 4.562119 | 11.096595 | 5.662532 | |
| | February | 7.362568 | | | | 4.540010 | 11.033457 | 5.639683 | |
| | March | 7.356923 | | | | 4.563893 | 10.825095 | 5.559130 | |
| | April | 7.396197 | | | | 4.520671 | 10.892890 | 5.482475 | |
| | May | 7.329989 | | | | 4.442055 | 10.756935 | 5.422621 | |
| | June | 7.328786 | | | | 4.430674 | 10.840476 | 5.467952 | |
| | July | 7.291804 | | | | 4.400808 | 10.816511 | 5.321551 | |
| | August | 7.311674 | | | | 4.464012 | 10.788705 | 5.366679 | |
| | September | 7.313069 | | | | 4.440287 | 10.637593 | 5.275187 | |
| | October | 7.320799 | | | | 4.384000 | 10.512950 | 5.149405 | |
| | November | 7.339884 | | | | 4.453499 | 10.365513 | 5.004536 | |

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

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

The annual averages of CNB midpoint exchange rates are calcu-

lated based on the midpoint exchange rates effective on the working days in a year, using CNB exchange rate lists whose application dates pertain to the calculation period.

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

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

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

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

| Year | Month | HRK/EUR | HRK/ATS | HRK/FRF | HRK/100 ITL | HRK/CHF | HRK/GBP | HRK/USD | HRK/DEM |
|------|-----------|----------|----------|----------|-------------|----------|-----------|----------|----------|
| 1994 | | 6.902400 | 0.516285 | 1.052510 | 0.346500 | 4.288893 | 8.784200 | 5.628700 | 3.632100 |
| 1995 | | 6.812200 | 0.526742 | 1.085365 | 0.335800 | 4.618693 | 8.234500 | 5.316100 | 3.705900 |
| 1996 | | 6.863600 | 0.506253 | 1.055662 | 0.362600 | 4.098835 | 9.359000 | 5.539600 | 3.562200 |
| 1997 | | 6.947200 | 0.499445 | 1.050510 | 0.357700 | 4.332003 | 10.475600 | 6.303100 | 3.514000 |
| 1998 | | 7.329100 | 0.531546 | 1.114954 | 0.377700 | 4.567584 | 10.451000 | 6.247500 | 3.739700 |
| 1999 | | 7.679009 | 0.558055 | 1.170657 | 0.396588 | 4.784268 | 12.340257 | 7.647654 | 3.926215 |
| 2000 | | 7.598334 | 0.552192 | 1.158359 | 0.392421 | 4.989712 | 12.176817 | 8.155344 | 3.884966 |
| 2001 | | 7.370030 | 0.535601 | 1.123554 | 0.380630 | 4.977396 | 12.101856 | 8.356043 | 3.768237 |
| 2002 | | 7.442292 | | | | 5.120256 | 11.451442 | 7.145744 | |
| 2003 | | 7.646909 | | | | 4.901551 | 10.860544 | 6.118506 | |
| 2004 | | 7.671234 | | | | 4.971314 | 10.824374 | 5.636883 | |
| 2005 | | 7.375626 | | | | 4.744388 | 10.753209 | 6.233626 | |
| 2006 | | 7.345081 | | | | 4.571248 | 10.943208 | 5.578401 | |
| 2006 | December | 7.345081 | | | | 4.571248 | 10.943208 | 5.578401 | |
| 2007 | January | 7.373400 | | | | 4.541390 | 11.185376 | 5.691108 | |
| | February | 7.345292 | | | | 4.540016 | 10.923992 | 5.562929 | |
| | March | 7.382466 | | | | 4.543615 | 10.853375 | 5.542808 | |
| | April | 7.372840 | | | | 4.486060 | 10.797950 | 5.414438 | |
| | May | 7.308634 | | | | 4.439430 | 10.752735 | 5.439591 | |
| | June | 7.303218 | | | | 4.407494 | 10.859804 | 5.422645 | |
| | July | 7.297330 | | | | 4.435528 | 10.817269 | 5.337427 | |
| | August | 7.319403 | | | | 4.458972 | 10.787624 | 5.372433 | |
| | September | 7.281634 | | | | 4.388906 | 10.418707 | 5.136955 | |
| | October | 7.350060 | | | | 4.380250 | 10.543767 | 5.106691 | |
| | November | 7.313666 | | | | 4.435482 | 10.227473 | 4.962455 | |

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 2001=100

| Year | Month | Nominal effective exchange rate of the kuna | Real effective exchange rate of the kuna; deflator | |
|------|-----------|---|--|----------------------|
| | | | Producer price index | Consumer price index |
| 1996 | December | 83.88 | 90.19 | 96.70 |
| 1997 | December | 87.77 | 93.06 | 98.84 |
| 1998 | December | 91.09 | 95.99 | 95.39 |
| 1999 | December | 99.25 | 102.78 | 102.09 |
| 2000 | December | 101.63 | 100.07 | 101.91 |
| 2001 | December | 99.07 | 98.63 | 98.89 |
| 2002 | December | 95.99 | 95.65 | 96.26 |
| 2003 | December | 94.18 | 94.55 | 94.71 |
| 2004 | December | 90.42 | 90.61 | 90.85 |
| 2005 | December | 91.52 | 94.33 | 90.99 |
| 2006 | November | 88.95 | 92.91 | 88.59 |
| | December | 88.42 | 92.51 | 87.96 |
| 2007 | January | 88.97 | 92.14 | 88.21 |
| | February | 88.82 | 92.45 | 88.17 |
| | March | 88.41 | 92.13 | 87.82 |
| | April | 88.41 | 92.39 | 87.65 |
| | May | 87.56 | 91.67 | 86.76 |
| | June | 87.75 | 91.62 | 87.35 |
| | July | 86.79 | 90.81 | 86.78 |
| | August | 87.17 | 90.16 | 86.71 |
| | September | 86.75 | 89.62 ^a | 85.58 ^a |
| | October | 86.23 | 89.23 ^a | 85.16 ^a |
| | November | 85.72 | | |

^a Preliminary data.

Note: From 1 January 2001, the eurozone related price series includes Greece as well. Slovenia became an EMU member on 1 January 2007. Accordingly, the weight assigned to the Slovenian tolar (0.2%) has been added to the euro weight (70.6%), which now amounts to 70.8%. The weights assigned to the US dollar, pound sterling and Swiss franc have been kept at 27.2%, 1.0% and 1.0% respectively.

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

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

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

Table H12: Gross External Debt by Domestic Sectors

million euros

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|----------------------------------|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec.* | Mar.* | Jun.* | Sep.* | Oct. |
| 1. Government | 5,981.8 | 5,884.9 | 6,570.7 | 7,257.3 | 7,047.3 | 6,664.4 | 6,517.9 | 6,771.0 | 6,519.9 | 6,548.2 |
| Short-term | 0.6 | 1.3 | 1.3 | 2.7 | 2.0 | 1.3 | 1.1 | 2.9 | 2.0 | 2.0 |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Trade credits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other debt liabilities | 0.6 | 1.3 | 1.3 | 2.7 | 2.0 | 1.3 | 1.1 | 2.9 | 2.0 | 2.0 |
| Principal arrears | 0.3 | 0.9 | 0.9 | 2.4 | 1.8 | 0.0 | 0.5 | 1.1 | 1.0 | 1.1 |
| Interest arrears | 0.3 | 0.4 | 0.4 | 0.3 | 0.2 | 1.2 | 0.6 | 1.9 | 1.0 | 1.0 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 5,981.2 | 5,883.6 | 6,569.4 | 7,254.6 | 7,045.3 | 6,663.1 | 6,516.8 | 6,768.1 | 6,517.9 | 6,546.2 |
| Bonds | 4,303.1 | 3,950.4 | 4,306.6 | 4,662.4 | 4,052.1 | 3,640.5 | 3,528.6 | 3,793.8 | 3,540.6 | 3,550.3 |
| Credits | 1,676.7 | 1,932.1 | 2,260.5 | 2,590.2 | 2,990.6 | 3,020.7 | 2,986.5 | 2,972.8 | 2,975.9 | 2,994.6 |
| Trade credits | 1.3 | 1.1 | 2.3 | 2.1 | 2.6 | 1.9 | 1.7 | 1.5 | 1.4 | 1.3 |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. Croatian National Bank | 215.9 | 23.2 | 365.9 | 2.4 | 2.6 | 2.6 | 2.1 | 2.3 | 2.0 | 1.9 |
| Short-term | 76.9 | 23.2 | 365.9 | 2.4 | 2.6 | 2.6 | 2.1 | 2.3 | 2.0 | 1.9 |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 75.3 | 21.5 | 363.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Currency and deposits | 1.7 | 1.7 | 2.6 | 2.4 | 2.6 | 2.6 | 2.1 | 2.3 | 2.0 | 1.9 |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Principal arrears | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest arrears | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 139.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 139.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Currency and deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3. Banks | 2,565.5 | 3,798.7 | 6,140.1 | 7,731.7 | 8,978.7 | 10,222.6 | 10,313.9 | 9,805.4 | 8,455.5 | 8,639.1 |
| Short-term | 4.3 | 1.2 | 605.5 | 1,969.2 | 2,505.2 | 3,362.7 | 3,447.7 | 2,961.9 | 1,889.9 | 2,019.2 |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 2.6 | 0.3 | 604.6 | 519.9 | 1,064.8 | 1,150.4 | 1,013.7 | 844.6 | 437.2 | 529.0 |
| Currency and deposits | 0.0 | 0.0 | 0.0 | 1,448.4 | 1,438.6 | 2,211.1 | 2,432.8 | 2,116.2 | 1,451.9 | 1,489.3 |
| Other debt liabilities | 1.7 | 0.8 | 0.9 | 0.9 | 1.7 | 1.2 | 1.3 | 1.1 | 0.9 | 0.9 |
| Principal arrears | 0.9 | 0.5 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest arrears | 0.7 | 0.4 | 0.7 | 0.9 | 1.7 | 1.2 | 1.3 | 1.1 | 0.8 | 0.9 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 2,561.2 | 3,797.5 | 5,534.7 | 5,762.5 | 6,473.6 | 6,859.9 | 6,866.2 | 6,843.5 | 6,565.6 | 6,620.0 |
| Bonds | 0.0 | 0.0 | 0.0 | 453.2 | 456.6 | 457.9 | 463.2 | 468.5 | 454.2 | 455.8 |
| Credits | 1,843.0 | 1,900.6 | 2,798.5 | 3,517.4 | 3,822.7 | 4,217.3 | 3,830.0 | 3,440.5 | 3,415.0 | 3,398.4 |
| Currency and deposits | 718.3 | 1,896.9 | 2,736.2 | 1,791.9 | 2,194.3 | 2,184.7 | 2,572.9 | 2,934.4 | 2,696.3 | 2,765.8 |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4. Other sectors | 3,754.3 | 4,030.9 | 4,945.7 | 5,895.6 | 7,264.0 | 9,462.3 | 10,155.3 | 10,904.0 | 12,331.0 | 12,400.9 |
| Short-term | 454.6 | 472.6 | 512.9 | 535.2 | 707.7 | 725.2 | 939.8 | 1,046.9 | 1,339.7 | 1,315.8 |
| Money market instruments | 32.4 | 0.0 | 33.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 54.0 | 25.4 | 68.1 | 98.5 | 140.2 | 160.6 | 362.4 | 404.5 | 629.1 | 586.3 |
| Currency and deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Trade credits | 40.9 | 47.5 | 22.2 | 23.2 | 27.8 | 35.9 | 33.9 | 37.9 | 28.9 | 28.6 |
| Other debt liabilities | 327.4 | 399.7 | 389.0 | 413.5 | 539.8 | 528.7 | 543.6 | 604.6 | 681.7 | 700.9 |
| Principal arrears | 298.2 | 366.5 | 356.3 | 377.1 | 496.3 | 474.2 | 483.1 | 532.8 | 612.7 | 629.6 |
| Interest arrears | 29.1 | 33.2 | 32.7 | 36.3 | 43.5 | 54.5 | 60.5 | 71.8 | 69.1 | 71.3 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 3,299.8 | 3,558.2 | 4,432.8 | 5,360.4 | 6,556.2 | 8,737.1 | 9,215.5 | 9,857.1 | 10,991.2 | 11,085.1 |
| Bonds | 31.2 | 171.9 | 344.8 | 377.9 | 375.3 | 306.4 | 314.1 | 319.6 | 609.4 | 613.1 |
| Credits | 3,040.6 | 3,174.9 | 3,933.0 | 4,852.7 | 6,017.1 | 8,287.1 | 8,752.9 | 9,309.2 | 10,142.3 | 10,225.9 |
| Currency and deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Trade credits | 227.9 | 211.5 | 155.0 | 129.8 | 163.8 | 143.6 | 148.5 | 228.3 | 239.5 | 246.1 |

| | | | | | | | | | | |
|--------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5. Direct investment | 1,091.7 | 1,405.4 | 1,861.4 | 2,046.1 | 2,455.0 | 2,869.0 | 3,065.0 | 3,470.9 | 3,700.4 | 3,763.3 |
| Short-term | 56.7 | 79.8 | 122.3 | 124.1 | 184.6 | 254.6 | 310.0 | 382.4 | 424.0 | 443.8 |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 4.5 | 29.9 | 38.7 | 33.0 | 36.5 | 50.0 | 88.3 | 134.4 | 145.2 | 158.1 |
| Trade credits | 1.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other debt liabilities | 50.6 | 49.9 | 83.6 | 91.2 | 148.1 | 204.6 | 221.8 | 248.0 | 278.8 | 285.7 |
| Principal arrears | 42.7 | 42.0 | 73.4 | 78.1 | 128.7 | 178.5 | 196.8 | 217.5 | 252.9 | 259.7 |
| Interest arrears | 7.9 | 7.9 | 10.2 | 13.1 | 19.4 | 26.1 | 25.0 | 30.5 | 25.9 | 26.0 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 1,035.0 | 1,325.7 | 1,739.1 | 1,921.9 | 2,270.4 | 2,614.3 | 2,755.0 | 3,088.5 | 3,276.4 | 3,319.5 |
| Bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 1,013.4 | 1,291.6 | 1,707.6 | 1,892.2 | 2,236.8 | 2,588.5 | 2,730.7 | 3,065.0 | 3,254.4 | 3,297.7 |
| Trade credits | 21.6 | 34.1 | 31.5 | 29.8 | 33.6 | 25.8 | 24.2 | 23.4 | 22.0 | 21.8 |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total (1+2+3+4+5) | 13,609.3 | 15,143.1 | 19,883.8 | 22,933.0 | 25,747.7 | 29,220.9 | 30,054.2 | 30,953.6 | 31,008.7 | 31,353.5 |

Table H12: Gross External Debt by Domestic Sectors

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

External debt by domestic sectors is shown in the same manner as in the Capital and Financial Account of the BOP. Item Government shows the external debt of the general government, comprising the Republic of Croatia, central government funds (including the Croatian Bank for Reconstruction and Development, the State Agency for Deposit Insurance and Bank Rehabilitation, the Croatian Roads and the Croatian Motorways), and local government. Item Croatian National Bank shows the debt of the central bank. Item Banks shows the debt of banks. Item Other sectors shows the debt of other banking institutions, non-banking financial institutions, enterprises, non-profit institutions and households, including craftsmen. Item Direct investment shows borrower – lender transactions of other sectors that are interrelated by ownership (borrower or lender owns more than 10% of the other).

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

Outstanding gross external debt includes principal and interest

arrears, as well as accrual interest and future principal payments.

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

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

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

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

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

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

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

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

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

million euros

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec.* | Mar.* | Jun.* | Sep.* | Oct. |
| 1. Public sector | 7,542.4 | 7,211.5 | 8,327.6 | 8,580.3 | 8,500.4 | 8,242.5 | 8,169.3 | 8,551.7 | 8,721.2 | 8,817.4 |
| Short-term | 178.4 | 60.8 | 415.8 | 29.5 | 23.1 | 42.5 | 35.7 | 35.3 | 36.6 | 65.5 |
| Money market instruments | 26.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 98.5 | 21.9 | 391.2 | 0.7 | 2.3 | 15.2 | 12.4 | 12.2 | 13.8 | 43.2 |
| Currency and deposits | 1.7 | 1.7 | 2.6 | 2.4 | 2.6 | 2.6 | 2.1 | 2.3 | 2.0 | 1.9 |
| Trade credits | 26.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other debt liabilities | 25.1 | 37.2 | 22.1 | 26.4 | 18.2 | 24.8 | 21.2 | 20.7 | 20.9 | 20.4 |
| Principal arrears | 23.0 | 35.0 | 20.5 | 25.4 | 17.1 | 21.5 | 19.2 | 16.9 | 16.6 | 16.8 |
| Interest arrears | 2.1 | 2.1 | 1.6 | 1.0 | 1.1 | 3.3 | 2.0 | 3.8 | 4.2 | 3.6 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 7,363.4 | 7,150.2 | 7,911.5 | 8,549.6 | 8,476.3 | 8,198.5 | 8,132.1 | 8,514.9 | 8,682.8 | 8,750.1 |
| Bonds | 4,303.1 | 3,950.4 | 4,306.6 | 4,662.4 | 4,052.1 | 3,640.5 | 3,528.6 | 3,793.8 | 3,835.4 | 3,847.4 |
| Credits | 2,967.5 | 3,118.5 | 3,554.4 | 3,833.2 | 4,314.5 | 4,471.3 | 4,503.3 | 4,566.5 | 4,688.6 | 4,718.7 |
| Currency and deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 9.6 | 7.4 | 4.2 | 19.5 |
| Trade credits | 92.8 | 81.4 | 50.6 | 54.1 | 109.7 | 86.6 | 90.6 | 147.2 | 154.5 | 164.5 |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Direct investment | 0.6 | 0.5 | 0.3 | 1.2 | 1.0 | 1.5 | 1.5 | 1.5 | 1.8 | 1.8 |
| 2. Publicly guaranteed private sector | 622.1 | 559.5 | 433.7 | 334.1 | 290.8 | 204.0 | 177.5 | 174.5 | 147.5 | 146.8 |
| Short-term | 11.4 | 21.8 | 21.1 | 23.5 | 22.1 | 17.2 | 16.4 | 15.8 | 16.0 | 15.3 |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Currency and deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Trade credits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other debt liabilities | 11.4 | 21.8 | 21.1 | 23.5 | 22.1 | 17.2 | 16.4 | 15.8 | 16.0 | 15.3 |
| Principal arrears | 7.0 | 13.9 | 14.3 | 15.6 | 14.5 | 14.4 | 13.9 | 13.3 | 14.1 | 13.5 |
| Interest arrears | 4.4 | 7.9 | 6.8 | 7.9 | 7.6 | 2.8 | 2.4 | 2.5 | 1.9 | 1.9 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 610.7 | 537.8 | 412.6 | 310.6 | 268.8 | 186.9 | 161.1 | 158.7 | 131.5 | 131.5 |
| Bonds | 31.2 | 31.2 | 31.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 573.6 | 502.5 | 378.9 | 309.1 | 267.0 | 186.9 | 161.1 | 158.7 | 131.5 | 131.5 |
| Currency and deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Trade credits | 5.9 | 4.0 | 2.5 | 1.5 | 1.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Direct investment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3. Non-publicly guaranteed private sector | 5,444.7 | 7,372.1 | 11,122.4 | 14,018.6 | 16,956.4 | 20,774.4 | 21,707.4 | 22,227.4 | 22,140.0 | 22,389.3 |
| Short-term | 346.6 | 415.8 | 1,048.6 | 2,456.4 | 3,172.3 | 4,032.1 | 4,338.7 | 3,962.9 | 3,181.1 | 3,258.1 |
| Money market instruments | 5.6 | 0.0 | 33.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 33.4 | 25.4 | 644.8 | 617.7 | 1,202.7 | 1,295.8 | 1,363.6 | 1,236.8 | 1,052.5 | 1,072.1 |
| Currency and deposits | 0.0 | 0.0 | 0.0 | 1,448.4 | 1,438.6 | 2,211.1 | 2,432.8 | 2,116.2 | 1,451.9 | 1,489.3 |
| Trade credits | 14.6 | 47.5 | 22.2 | 23.2 | 27.8 | 35.9 | 33.9 | 37.9 | 28.9 | 28.6 |
| Other debt liabilities | 293.1 | 342.9 | 347.9 | 367.1 | 503.2 | 489.3 | 508.4 | 572.0 | 647.8 | 668.1 |
| Principal arrears | 269.5 | 318.9 | 322.6 | 338.5 | 466.4 | 438.4 | 450.5 | 503.7 | 582.9 | 600.4 |
| Interest arrears | 23.6 | 24.0 | 25.3 | 28.6 | 36.8 | 50.9 | 57.9 | 68.4 | 64.8 | 67.7 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 4,007.0 | 5,551.4 | 8,212.8 | 9,517.3 | 11,330.1 | 13,874.8 | 14,305.2 | 14,795.1 | 15,260.4 | 15,369.7 |
| Bonds | 0.0 | 140.7 | 313.7 | 831.1 | 831.8 | 764.3 | 777.3 | 788.1 | 768.8 | 771.7 |
| Credits | 3,158.2 | 3,386.6 | 5,058.6 | 6,817.9 | 8,249.0 | 10,866.8 | 10,895.4 | 10,989.9 | 11,708.9 | 11,749.3 |
| Currency and deposits | 718.3 | 1,896.9 | 2,736.2 | 1,791.9 | 2,194.3 | 2,184.7 | 2,572.9 | 2,934.4 | 2,696.3 | 2,765.8 |
| Trade credits | 130.5 | 127.1 | 104.3 | 76.3 | 55.0 | 58.9 | 59.6 | 82.7 | 86.3 | 82.9 |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Direct investment | 1,091.1 | 1,404.9 | 1,861.1 | 2,044.9 | 2,454.0 | 2,867.5 | 3,063.5 | 3,469.4 | 3,698.6 | 3,761.5 |
| Total (1+2+3) | 13,609.3 | 15,143.1 | 19,883.8 | 22,933.0 | 25,747.7 | 29,220.9 | 30,054.2 | 30,953.6 | 31,008.7 | 31,353.5 |

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

million euros

| | Outstanding debt 31/10/2007 | Immediate | Projected future principal payments | | | | | | | | | | | | | |
|---------------------------|--------------------------------|-----------|-------------------------------------|-------|-------|-------|---------|---------|---------|---------|---------|---------|-------|-------|---------|--|
| | | | Q4/07 | Q1/08 | Q2/08 | Q3/08 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Other | |
| 1. Government | 6,548.2 | 2.0 | 198.1 | 87.0 | 397.1 | 77.5 | 198.1 | 693.3 | 1,037.6 | 837.9 | 1,475.3 | 278.7 | 229.3 | 687.8 | 1,108.3 | |
| Short-term | 2.0 | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Credits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Trade credits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Other debt liabilities | 2.0 | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Principal arrears | 1.1 | 1.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Interest arrears | 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 | 0.0 | |
| 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 | 6,546.2 | 0.0 | 198.1 | 87.0 | 397.1 | 77.5 | 198.1 | 693.3 | 1,037.6 | 837.9 | 1,475.3 | 278.7 | 229.3 | 687.8 | 1,108.3 | |
| Bonds | 3,550.3 | 0.0 | 106.9 | 25.9 | 149.3 | 25.9 | 106.9 | 218.4 | 715.9 | 564.1 | 1,057.1 | 45.7 | 28.4 | 512.8 | 300.9 | |
| Credits | 2,994.6 | 0.0 | 91.0 | 61.0 | 247.6 | 51.5 | 91.0 | 474.4 | 321.6 | 273.7 | 418.1 | 232.9 | 200.8 | 175.0 | 807.2 | |
| Trade credits | 1.3 | 0.0 | 0.1 | 0.2 | 0.2 | 0.1 | 0.1 | 0.5 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| 2. Croatian National Bank | 1.9 | 0.0 | 1.9 | 0.0 | 0.0 | 0.0 | 1.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Short-term | 1.9 | 0.0 | 1.9 | 0.0 | 0.0 | 0.0 | 1.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Credits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Currency and deposits | 1.9 | 0.0 | 1.9 | 0.0 | 0.0 | 0.0 | 1.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Principal arrears | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Interest arrears | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Long-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Credits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Currency and deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| 3. Banks | 8,639.1 | 0.9 | 1,740.1 | 249.8 | 463.4 | 465.8 | 1,740.1 | 1,550.3 | 1,655.2 | 394.2 | 738.0 | 372.3 | 91.7 | 73.9 | 2,022.6 | |
| Short-term | 2,019.2 | 0.9 | 1,554.2 | 130.3 | 174.8 | 89.8 | 1,554.2 | 464.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Credits | 529.0 | 0.0 | 444.0 | 0.0 | 85.0 | 0.0 | 444.0 | 85.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Currency and deposits | 1,489.3 | 0.0 | 1,110.2 | 130.3 | 89.8 | 89.8 | 1,110.2 | 379.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Other debt liabilities | 0.9 | 0.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Principal arrears | 0.0 | 0.0 | 0.0 | 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 | 0.9 | 0.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| 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 | 6,620.0 | 0.0 | 185.9 | 119.5 | 288.6 | 375.9 | 185.9 | 1,086.2 | 1,655.2 | 394.2 | 738.0 | 372.3 | 91.7 | 73.9 | 2,022.6 | |
| Bonds | 455.8 | 0.0 | 5.8 | 0.0 | 0.0 | 0.0 | 5.8 | 0.0 | 450.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Credits | 3,398.4 | 0.0 | 84.4 | 53.7 | 219.1 | 306.4 | 84.4 | 800.8 | 874.2 | 164.0 | 738.0 | 372.3 | 91.7 | 73.9 | 199.3 | |
| Currency and deposits | 2,765.8 | 0.0 | 95.7 | 65.8 | 69.6 | 69.6 | 95.7 | 285.5 | 331.0 | 230.2 | 0.0 | 0.0 | 0.0 | 0.0 | 1,823.3 | |
| 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 | 0.0 | 0.0 | 0.0 | 0.0 | |
| 4. Other sectors | 12,400.9 | 700.9 | 911.1 | 563.5 | 560.5 | 642.6 | 911.1 | 2,135.6 | 1,624.6 | 1,523.5 | 1,440.1 | 1,076.4 | 332.8 | 322.3 | 2,333.5 | |
| Short-term | 1,315.8 | 700.9 | 182.3 | 207.4 | 128.2 | 92.0 | 182.3 | 432.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Credits | 586.3 | 0.0 | 182.3 | 207.4 | 99.6 | 92.0 | 182.3 | 404.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Currency and deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Trade credits | 28.6 | 0.0 | 0.0 | 0.0 | 28.6 | 0.0 | 0.0 | 28.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Other debt liabilities | 700.9 | 700.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Principal arrears | 629.6 | 629.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Interest arrears | 71.3 | 71.3 | 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 | 11,085.1 | 0.0 | 728.9 | 356.1 | 432.3 | 550.6 | 728.9 | 1,703.0 | 1,624.6 | 1,523.5 | 1,440.1 | 1,076.4 | 332.8 | 322.3 | 2,333.5 | |
| Bonds | 613.1 | 0.0 | 26.0 | 0.0 | 0.0 | 0.0 | 26.0 | 6.5 | 6.5 | 7.5 | 115.7 | 9.3 | 9.3 | 11.2 | 421.0 | |
| Credits | 10,225.9 | 0.0 | 687.8 | 335.8 | 411.2 | 528.9 | 687.8 | 1,593.4 | 1,536.0 | 1,478.6 | 1,319.5 | 1,066.1 | 322.1 | 310.8 | 1,911.7 | |
| 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 | 246.1 | 0.0 | 15.1 | 20.3 | 21.1 | 21.7 | 15.1 | 103.0 | 82.2 | 37.4 | 5.0 | 0.9 | 1.5 | 0.3 | 0.9 | |

| | | | | | | | | | | | | | | | | |
|---|----------|-------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|---------|---------|-----|
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5. Direct investment | 3,763.3 | 285.7 | 343.1 | 199.0 | 128.6 | 101.5 | 343.1 | 619.1 | 436.9 | 347.2 | 395.6 | 321.0 | 57.0 | 100.2 | 857.6 | |
| Short-term | 443.8 | 285.7 | 69.0 | 21.4 | 40.3 | 24.3 | 69.0 | 89.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Credits | 158.1 | 0.0 | 69.0 | 21.4 | 40.3 | 24.3 | 69.0 | 89.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Trade credits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Other debt liabilities | 285.7 | 285.7 | 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 | 259.7 | 259.7 | 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 | 26.0 | 26.0 | 0.0 | 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 | 3,319.5 | 0.0 | 274.1 | 177.6 | 88.4 | 77.2 | 274.1 | 530.0 | 436.9 | 347.2 | 395.6 | 321.0 | 57.0 | 100.2 | 857.6 | |
| Bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Credits | 3,297.7 | 0.0 | 271.2 | 176.3 | 87.5 | 76.6 | 271.2 | 525.6 | 431.4 | 340.6 | 394.4 | 320.4 | 56.8 | 99.8 | 857.4 | |
| Trade credits | 21.8 | 0.0 | 2.9 | 1.3 | 0.8 | 0.6 | 2.9 | 4.4 | 5.5 | 6.6 | 1.1 | 0.6 | 0.2 | 0.5 | 0.1 | |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Total (1+2+3+4+5) | 31,353.5 | 989.5 | 3,194.3 | 1,099.2 | 1,549.6 | 1,287.4 | 3,194.3 | 4,998.3 | 4,754.4 | 3,102.7 | 4,049.0 | 2,048.3 | 710.8 | 1,184.2 | 6,322.0 | |
| Supplement: Projected interest payments | | | 3.5 | 270.7 | 233.1 | 189.1 | 3.5 | 907.0 | 974.8 | 637.1 | 554.8 | 311.4 | 256.3 | 244.9 | 771.1 | |

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

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

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

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

Table H15: Gross External Debt by Other Sectors

million euros

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|---|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|
| | Dec. | Dec. | Dec. | Dec. | Dec. | Dec.* | Mar.* | Jun.* | Sep.* | Oct. |
| 1. Other sectors | 3,754.3 | 4,030.9 | 4,945.7 | 5,895.6 | 7,264.0 | 9,462.3 | 10,155.3 | 10,904.0 | 12,331.0 | 12,400.9 |
| Short-term | 454.6 | 472.6 | 512.9 | 535.2 | 707.7 | 725.2 | 939.8 | 1,046.9 | 1,339.7 | 1,315.8 |
| Money market instruments | 32.4 | 0.0 | 33.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 54.0 | 25.4 | 68.1 | 98.5 | 140.2 | 160.6 | 362.4 | 404.5 | 629.1 | 586.3 |
| Currency and deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Trade credits | 40.9 | 47.5 | 22.2 | 23.2 | 27.8 | 35.9 | 33.9 | 37.9 | 28.9 | 28.6 |
| Other debt liabilities | 327.4 | 399.7 | 389.0 | 413.5 | 539.8 | 528.7 | 543.6 | 604.6 | 681.7 | 700.9 |
| Principal arrears | 298.2 | 366.5 | 356.3 | 377.1 | 496.3 | 474.2 | 483.1 | 532.8 | 612.7 | 629.6 |
| Interest arrears | 29.1 | 33.2 | 32.7 | 36.3 | 43.5 | 54.5 | 60.5 | 71.8 | 69.1 | 71.3 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 3,299.8 | 3,558.2 | 4,432.8 | 5,360.4 | 6,556.2 | 8,737.1 | 9,215.5 | 9,857.1 | 10,991.2 | 11,085.1 |
| Bonds | 31.2 | 171.9 | 344.8 | 377.9 | 375.3 | 306.4 | 314.1 | 319.6 | 609.4 | 613.1 |
| Credits | 3,040.6 | 3,174.9 | 3,933.0 | 4,852.7 | 6,017.1 | 8,287.1 | 8,752.9 | 9,309.2 | 10,142.3 | 10,225.9 |
| Currency and deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Trade credits | 227.9 | 211.5 | 155.0 | 129.8 | 163.8 | 143.6 | 148.5 | 228.3 | 239.5 | 246.1 |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.1. Other banking institutions | 12.0 | 17.5 | 26.3 | 25.4 | 25.7 | 29.9 | 29.9 | 30.0 | 30.1 | 30.2 |
| Short-term | 1.0 | 1.1 | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Currency and deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other debt liabilities | 1.0 | 1.1 | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Principal arrears | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest arrears | 1.0 | 1.1 | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 10.9 | 16.5 | 25.3 | 25.4 | 25.7 | 29.9 | 29.9 | 30.0 | 30.1 | 30.2 |
| Bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 10.9 | 16.5 | 25.3 | 25.4 | 25.7 | 29.9 | 29.9 | 30.0 | 30.1 | 30.2 |
| Currency and deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.2. Non-banking financial institutions | 166.7 | 304.9 | 685.1 | 981.2 | 1,249.1 | 1,870.0 | 2,084.7 | 2,261.9 | 2,549.0 | 2,472.6 |
| Short-term | 3.9 | 3.1 | 2.7 | 9.5 | 19.6 | 61.0 | 86.5 | 105.3 | 141.9 | 70.8 |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 0.0 | 0.0 | 0.0 | 5.4 | 14.3 | 46.5 | 67.1 | 85.5 | 124.9 | 56.3 |
| Currency and deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Trade credits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other debt liabilities | 3.9 | 3.1 | 2.7 | 4.0 | 5.3 | 14.5 | 19.5 | 19.8 | 17.0 | 14.5 |
| Principal arrears | 3.3 | 2.1 | 1.5 | 1.5 | 2.9 | 6.7 | 8.6 | 7.5 | 12.4 | 9.4 |
| Interest arrears | 0.6 | 1.1 | 1.2 | 2.5 | 2.4 | 7.7 | 10.8 | 12.3 | 4.6 | 5.1 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 162.8 | 301.8 | 682.5 | 971.7 | 1,229.5 | 1,809.1 | 1,998.2 | 2,156.6 | 2,407.1 | 2,401.9 |
| Bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 162.5 | 301.8 | 681.8 | 971.7 | 1,229.3 | 1,809.1 | 1,998.1 | 2,156.6 | 2,407.1 | 2,401.8 |
| Currency and deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Trade credits | 0.3 | 0.0 | 0.7 | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.3. Public enterprises | 871.2 | 822.0 | 1,005.9 | 972.4 | 1,120.8 | 1,171.9 | 1,177.4 | 1,240.7 | 1,609.9 | 1,676.3 |
| Short-term | 94.3 | 31.6 | 41.8 | 20.6 | 13.3 | 31.8 | 25.6 | 27.0 | 28.1 | 50.7 |
| Money market instruments | 26.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 23.2 | 0.4 | 25.7 | 0.0 | 0.0 | 15.2 | 12.4 | 12.3 | 13.1 | 35.8 |
| Trade credits | 24.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other debt liabilities | 19.9 | 31.2 | 16.2 | 20.6 | 13.3 | 16.6 | 13.2 | 14.7 | 15.0 | 14.9 |
| Principal arrears | 18.5 | 29.8 | 15.5 | 20.0 | 12.5 | 14.7 | 11.9 | 12.8 | 12.4 | 12.4 |
| Interest arrears | 1.4 | 1.4 | 0.7 | 0.6 | 0.8 | 1.9 | 1.4 | 1.9 | 2.7 | 2.5 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 776.9 | 790.4 | 964.0 | 951.9 | 1,107.6 | 1,140.1 | 1,151.8 | 1,213.8 | 1,581.8 | 1,625.7 |
| Bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 294.8 | 297.1 |

| | | | | | | | | | | |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Credits | 712.6 | 726.3 | 929.6 | 919.4 | 1,026.8 | 1,070.9 | 1,081.6 | 1,090.5 | 1,155.9 | 1,190.1 |
| Trade credits | 64.3 | 64.1 | 34.4 | 32.5 | 80.7 | 69.3 | 70.2 | 123.3 | 131.2 | 138.5 |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.4. Mixed enterprises | 472.9 | 480.9 | 384.9 | 347.1 | 328.7 | 402.1 | 470.3 | 536.2 | 587.7 | 589.1 |
| Short-term | 6.6 | 4.7 | 6.8 | 3.9 | 5.3 | 6.9 | 6.9 | 3.1 | 4.5 | 10.9 |
| Money market instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 0.0 | 0.0 | 2.2 | 0.7 | 2.3 | 0.0 | 0.0 | 0.0 | 0.7 | 7.4 |
| Trade credits | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other debt liabilities | 4.6 | 4.7 | 4.6 | 3.2 | 3.0 | 6.9 | 6.9 | 3.1 | 3.8 | 3.5 |
| Principal arrears | 4.2 | 4.4 | 4.1 | 3.0 | 2.9 | 6.8 | 6.8 | 3.1 | 3.3 | 3.4 |
| Interest arrears | 0.4 | 0.3 | 0.6 | 0.1 | 0.1 | 0.2 | 0.0 | 0.1 | 0.6 | 0.1 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 466.4 | 476.3 | 378.1 | 343.2 | 323.4 | 395.2 | 463.4 | 533.1 | 583.1 | 578.3 |
| Bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 439.1 | 460.1 | 364.3 | 323.6 | 297.0 | 379.8 | 444.8 | 510.7 | 561.1 | 553.5 |
| Trade credits | 27.2 | 16.2 | 13.8 | 19.6 | 26.4 | 15.4 | 18.7 | 22.4 | 22.0 | 24.7 |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.5. Other enterprises | 2,180.7 | 2,335.3 | 2,763.8 | 3,473.2 | 4,428.1 | 5,874.7 | 6,274.0 | 6,682.4 | 7,399.2 | 7,476.3 |
| Short-term | 344.5 | 426.7 | 454.3 | 482.9 | 654.8 | 601.4 | 791.9 | 883.0 | 1,137.7 | 1,153.0 |
| Money market instruments | 5.6 | 0.0 | 33.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credits | 29.7 | 24.2 | 39.8 | 81.7 | 122.0 | 92.5 | 272.3 | 297.8 | 484.9 | 480.6 |
| Trade credits | 14.5 | 47.5 | 22.2 | 23.2 | 27.8 | 35.9 | 33.9 | 37.9 | 28.9 | 28.6 |
| Other debt liabilities | 294.7 | 355.1 | 358.6 | 378.1 | 505.1 | 473.0 | 485.7 | 547.4 | 624.0 | 643.8 |
| Principal arrears | 270.0 | 326.7 | 330.7 | 346.8 | 467.5 | 432.7 | 441.3 | 494.1 | 567.4 | 585.7 |
| Interest arrears | 24.7 | 28.4 | 27.9 | 31.3 | 37.5 | 40.3 | 44.5 | 53.3 | 56.6 | 58.1 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term | 1,836.1 | 1,908.6 | 2,309.6 | 2,990.2 | 3,773.3 | 5,273.3 | 5,482.1 | 5,799.4 | 6,261.5 | 6,323.3 |
| Bonds | 31.2 | 171.9 | 344.8 | 377.9 | 375.3 | 306.4 | 314.1 | 319.6 | 314.6 | 315.9 |
| Credits | 1,684.7 | 1,627.0 | 1,874.6 | 2,545.3 | 3,348.9 | 4,912.6 | 5,113.4 | 5,402.6 | 5,866.1 | 5,929.7 |
| Trade credits | 120.3 | 109.7 | 90.1 | 67.1 | 49.1 | 54.3 | 54.6 | 77.2 | 80.8 | 77.6 |
| Other debt liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.6. Non-profit institutions | 3.5 | 3.3 | 2.8 | 4.0 | 4.9 | 5.3 | 5.3 | 5.4 | 5.4 | 5.4 |
| 1.7. Craftsmen and sole traders | 28.3 | 40.9 | 50.0 | 42.7 | 35.2 | 26.8 | 28.6 | 28.2 | 25.3 | 24.7 |
| 1.8. Households | 19.2 | 26.1 | 26.9 | 49.7 | 71.5 | 81.7 | 85.1 | 119.2 | 124.4 | 126.4 |

Table H16: International Investment Position – Summary

million euros

| | 2001 | 2002 | 2003 | 2004 | 2005 ^a | 2006 ^a | 2007 | | |
|--|----------|----------|-----------|-----------|-------------------|-------------------|-----------------|-----------------|-----------------|
| | | | | | | | Q1 ^a | Q2 ^a | Q3 ^b |
| 1. International investment position (net) | -4,204.4 | -7,185.3 | -10,827.2 | -15,526.7 | -20,383.0 | -30,082.8 | -36,231.3 | -39,331.1 | -38,987.8 |
| 2. Assets | 12,720.6 | 12,492.1 | 14,237.1 | 14,962.5 | 15,888.6 | 18,079.4 | 18,786.3 | 19,471.8 | 19,822.7 |
| 2.1. Direct investment abroad | 1,008.0 | 1,606.8 | 1,626.7 | 1,563.4 | 1,729.8 | 1,832.6 | 1,896.4 | 2,362.9 | 2,344.8 |
| 2.2. Portfolio investment | 251.1 | 876.5 | 737.4 | 1,506.0 | 2,136.8 | 2,575.9 | 2,873.0 | 3,241.1 | 3,192.5 |
| 2.2.1. Equity securities | 23.6 | 79.1 | 141.3 | 176.8 | 418.0 | 720.4 | 1,145.5 | 1,454.7 | 1,725.8 |
| 2.2.2. Debt securities | 227.5 | 797.4 | 596.1 | 1,329.1 | 1,718.8 | 1,855.4 | 1,727.5 | 1,786.4 | 1,466.7 |
| Bonds | 196.4 | 787.5 | 593.7 | 1,168.7 | 1,571.6 | 1,464.0 | 1,322.4 | 1,364.8 | 1,210.6 |
| Money market instruments | 31.1 | 9.9 | 2.4 | 160.4 | 147.1 | 391.4 | 405.1 | 421.5 | 256.0 |
| 2.3. Financial derivatives | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.4. Other investment | 6,127.9 | 4,357.4 | 5,319.0 | 5,456.9 | 4,583.7 | 4,945.6 | 4,497.2 | 4,697.5 | 5,490.3 |
| 2.4.1. Trade credits | 249.3 | 222.5 | 253.4 | 221.6 | 263.0 | 234.6 | 223.5 | 226.0 | 205.7 |
| 2.4.2. Loans | 95.6 | 108.9 | 102.1 | 102.2 | 146.2 | 240.1 | 246.9 | 248.5 | 324.6 |
| 2.4.3. Currency and deposits | 5,782.9 | 4,026.0 | 4,963.5 | 5,133.1 | 4,174.5 | 4,470.5 | 4,026.8 | 4,223.0 | 4,960.0 |
| 2.4.4. Other assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 |
| 2.5. Reserve assets (CNB) | 5,333.6 | 5,651.3 | 6,554.1 | 6,436.1 | 7,438.4 | 8,725.3 | 9,519.7 | 9,170.3 | 8,795.1 |
| 3. Liabilities | 16,925.0 | 19,677.3 | 25,064.3 | 30,489.1 | 36,271.6 | 48,162.2 | 55,017.6 | 58,802.9 | 58,810.5 |
| 3.1. Direct investment in Croatia | 4,414.0 | 5,790.8 | 6,808.6 | 9,114.2 | 12,332.4 | 20,772.7 | 26,947.9 | 30,061.2 | 30,187.3 |
| 3.2. Portfolio investment | 4,474.5 | 4,347.4 | 4,918.4 | 5,981.6 | 5,530.4 | 5,442.4 | 5,386.3 | 5,840.9 | 5,919.2 |
| 3.2.1. Equity securities | 144.1 | 238.7 | 233.4 | 488.1 | 646.5 | 1,037.5 | 1,080.4 | 1,259.0 | 1,315.0 |
| 3.2.2. Debt securities | 4,330.4 | 4,108.7 | 4,685.1 | 5,493.5 | 4,883.9 | 4,404.9 | 4,305.9 | 4,581.9 | 4,604.2 |
| Bonds | 4,299.3 | 4,108.7 | 4,651.4 | 5,493.5 | 4,883.9 | 4,404.9 | 4,305.9 | 4,581.9 | 4,604.2 |
| Money market instruments | 31.1 | 0.0 | 33.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3.3. Financial derivatives | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3.4. Other investment | 8,036.5 | 9,539.1 | 13,337.3 | 15,393.4 | 18,408.7 | 21,947.0 | 22,683.3 | 22,900.8 | 22,704.1 |
| 3.4.1. Trade credits | 268.4 | 258.4 | 179.5 | 155.1 | 194.2 | 181.5 | 184.1 | 267.7 | 269.7 |
| 3.4.2. Loans | 6,722.9 | 6,981.2 | 10,027.9 | 11,578.7 | 14,035.5 | 16,836.1 | 16,945.5 | 16,971.6 | 17,599.6 |
| 3.4.3. Currency and deposits | 719.9 | 1,898.6 | 2,738.8 | 3,242.7 | 3,635.6 | 4,398.3 | 5,007.8 | 5,053.0 | 4,150.2 |
| 3.4.4. Other assets | 325.3 | 400.9 | 391.2 | 417.0 | 543.5 | 531.2 | 545.9 | 608.6 | 684.6 |

^a Revised data. ^b Preliminary data.**Table H16: International Investment Position**

This table is made in accordance with the recommendations of the IMF (Balance of Payments Manual, Fifth Edition, 1995). Data sources include: reports from banks, enterprises, the Croatian National Bank, and the Zagreb Stock Exchange (ZSE).

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

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

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

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

Item Portfolio debt investment – Assets and liabilities comprises data on investments of residents into debt securities issued by non-residents (assets) and investments of non-residents into debt securi-

ties issued by residents (liabilities). The source of data is the register of foreign credit relations kept by the Croatian National Bank, which also comprises claims and liabilities arising from bonds and money market instruments.

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

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

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

Item Other investment – Currency and deposits – Liabilities shows the total foreign currency and kuna liabilities of the said sectors abroad arising from current accounts, time and notice deposits, sight deposits and demand deposits. The sources of data for this item are reports from banks.

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

Table H17: International Investment Position – Direct Investment

million euros

| | 2001 | 2002 | 2003 | 2004 | 2005 ^a | 2006 ^a | 2007 | | |
|---|----------|----------|----------|----------|-------------------|-------------------|-----------------|-----------------|-----------------|
| | | | | | | | Q1 ^a | Q2 ^a | Q3 ^b |
| Direct investment (net) | -3,406.0 | -4,183.9 | -5,181.9 | -7,550.8 | -10,602.7 | -18,940.2 | -25,051.6 | -27,698.3 | -27,842.5 |
| 1. Abroad | 1,008.0 | 1,606.8 | 1,626.7 | 1,563.4 | 1,729.8 | 1,832.6 | 1,896.4 | 2,362.9 | 2,344.8 |
| 1.1. Equity capital and reinvested earnings | 975.0 | 1,569.1 | 1,587.0 | 1,502.3 | 1,610.4 | 1,725.0 | 1,770.6 | 2,237.7 | 2,234.3 |
| 1.1.1. Claims | 975.0 | 1,569.1 | 1,587.0 | 1,502.3 | 1,610.4 | 1,725.0 | 1,770.6 | 2,237.7 | 2,234.3 |
| 1.1.2. Liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1.2. Other capital | 33.0 | 37.7 | 39.7 | 61.2 | 119.3 | 107.6 | 125.8 | 125.3 | 110.4 |
| 1.1.1. Claims | 43.4 | 49.9 | 63.4 | 89.6 | 138.0 | 144.1 | 166.0 | 169.8 | 153.7 |
| 1.2.2. Liabilities | 10.4 | 12.2 | 23.7 | 28.4 | 18.7 | 36.5 | 40.3 | 44.5 | 43.2 |
| 1.3 Financial derivatives (net) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. In Croatia | 4,414.0 | 5,790.8 | 6,808.6 | 9,114.2 | 12,332.4 | 20,772.7 | 26,947.9 | 30,061.2 | 30,187.3 |
| 2.1. Equity capital and reinvested earnings | 3,339.4 | 4,400.6 | 4,972.7 | 7,116.4 | 9,920.6 | 17,961.3 | 23,945.9 | 26,619.6 | 26,699.9 |
| 2.1.1. Claims | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.1.2. Liabilities | 3,339.4 | 4,400.6 | 4,972.7 | 7,116.4 | 9,920.6 | 17,961.3 | 23,945.9 | 26,619.6 | 26,699.9 |
| 2.2. Other capital | 1,074.7 | 1,390.2 | 1,835.9 | 1,997.8 | 2,411.8 | 2,811.5 | 3,002.0 | 3,441.6 | 3,487.4 |
| 2.2.1. Claims | 0.0 | 0.3 | 1.8 | 19.9 | 20.1 | 21.1 | 22.7 | 23.2 | 24.1 |
| 2.2.2. Liabilities | 1,074.7 | 1,390.5 | 1,837.7 | 2,017.7 | 2,431.9 | 2,832.5 | 3,024.7 | 3,464.8 | 3,511.5 |
| 2.3. Financial derivatives (net) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

^a Revised data. ^b Preliminary data.

Table H18: International Investment Position – Portfolio Investment

million euros

| | 2001 | 2002 ^a | 2003 ^a | 2004 ^a | 2005 | 2006 ^a | 2007 | | |
|---------------------------------|----------|-------------------|-------------------|-------------------|----------|-------------------|-----------------|-----------------|-----------------|
| | | | | | | | Q1 ^a | Q2 ^a | Q3 ^b |
| Portfolio investment (net) | -4,223.3 | -3,473.0 | -4,183.3 | -4,475.6 | -3,393.6 | -2,866.5 | -2,513.3 | -2,599.8 | -2,726.7 |
| 1. Assets | 251.1 | 874.4 | 735.1 | 1,506.0 | 2,136.8 | 2,575.9 | 2,873.0 | 3,241.1 | 3,192.5 |
| 1.1. Equity securities | 23.6 | 77.1 | 139.0 | 176.8 | 418.0 | 720.4 | 1,145.5 | 1,454.7 | 1,725.8 |
| 1.1.1. Banks | 7.5 | 7.4 | 4.7 | 5.1 | 5.9 | 6.7 | 7.2 | 7.5 | 7.3 |
| 1.1.2. Other sectors | 16.2 | 69.6 | 134.2 | 171.8 | 412.1 | 713.7 | 1,138.3 | 1,447.2 | 1,718.5 |
| 1.2. Debt securities | 227.5 | 797.4 | 596.1 | 1,329.1 | 1,718.8 | 1,855.4 | 1,727.5 | 1,786.4 | 1,466.7 |
| 2. Liabilities | 4,474.5 | 4,347.4 | 4,918.4 | 5,981.6 | 5,530.4 | 5,442.4 | 5,386.3 | 5,840.9 | 5,919.2 |
| 2.1. Equity securities | 144.1 | 238.7 | 233.4 | 488.1 | 646.5 | 1,037.5 | 1,080.4 | 1,259.0 | 1,315.0 |
| 2.1.1. Banks | 40.7 | 44.5 | 46.3 | 64.7 | 84.0 | 156.7 | 182.7 | 192.5 | 187.9 |
| 2.1.2. Other sectors | 103.4 | 194.3 | 187.1 | 423.4 | 562.6 | 880.8 | 897.7 | 1,066.5 | 1,127.1 |
| 2.2. Debt securities | 4,330.4 | 4,108.7 | 4,685.1 | 5,493.5 | 4,883.9 | 4,404.9 | 4,305.9 | 4,581.9 | 4,604.2 |
| 2.2.1. Bonds | 4,299.3 | 4,108.7 | 4,651.4 | 5,493.5 | 4,883.9 | 4,404.9 | 4,305.9 | 4,581.9 | 4,604.2 |
| 2.2.1.1. General government | 4,268.2 | 3,947.6 | 4,306.6 | 4,662.4 | 4,052.1 | 3,640.5 | 3,528.6 | 3,793.8 | 3,540.6 |
| 2.2.1.2. Banks | 0.0 | 0.0 | 0.0 | 453.2 | 456.6 | 457.9 | 463.2 | 468.5 | 454.2 |
| 2.2.1.3. Other sectors | 31.2 | 161.2 | 344.8 | 377.9 | 375.3 | 306.4 | 314.1 | 319.6 | 609.4 |
| 2.2.2. Money market instruments | 31.1 | 0.0 | 33.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.2.1. Other sectors | 31.1 | 0.0 | 33.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

^a Revised data. ^b Preliminary data.

Table H19: International Investment Position – Other Investment

million euros

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 ^a | 2007 | | |
|-------------------------------|----------------|----------------|-----------------|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|
| | | | | | | | Q1 ^a | Q2 ^a | Q3 ^b |
| Other investment (net) | -1,908.7 | -5,181.7 | -8,018.4 | -9,936.5 | -13,825.1 | -17,001.4 | -18,186.1 | -18,203.3 | -17,213.8 |
| 1. Assets | 6,127.9 | 4,357.4 | 5,319.0 | 5,456.9 | 4,583.7 | 4,945.6 | 4,497.2 | 4,697.5 | 5,490.3 |
| 1.1. Trade credits | 249.3 | 222.5 | 253.4 | 221.6 | 263.0 | 234.6 | 223.5 | 226.0 | 205.7 |
| 1.1.1. General government | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.1 | 0.1 | 0.0 | 0.0 |
| Long-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.1 | 0.1 | 0.0 | 0.0 |
| 1.1.2. Other sectors | 249.3 | 222.5 | 253.4 | 221.6 | 262.7 | 234.5 | 223.4 | 226.0 | 205.7 |
| Long-term | 243.3 | 216.3 | 211.5 | 181.4 | 190.6 | 179.8 | 182.8 | 192.3 | 201.4 |
| Short-term | 6.0 | 6.2 | 41.9 | 40.2 | 72.1 | 54.7 | 40.6 | 33.7 | 4.3 |
| 1.2. Loans | 95.6 | 108.9 | 102.1 | 102.2 | 146.2 | 240.1 | 246.9 | 248.5 | 324.6 |
| 1.2.1. Croatian National Bank | 0.7 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| Long-term | 0.7 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| 1.2.2. General government | 6.1 | 4.8 | 5.3 | 7.0 | 8.7 | 9.5 | 9.0 | 12.6 | 12.9 |
| Long-term | 6.1 | 4.8 | 5.3 | 7.0 | 8.7 | 9.5 | 9.0 | 12.6 | 12.9 |
| 1.2.3. Banks | 83.4 | 97.5 | 87.1 | 81.6 | 113.2 | 188.6 | 189.6 | 187.0 | 215.9 |
| Long-term | 58.3 | 72.9 | 63.1 | 62.6 | 85.3 | 140.1 | 153.1 | 162.3 | 155.5 |
| Short-term | 25.1 | 24.6 | 23.9 | 19.0 | 27.9 | 48.5 | 36.5 | 24.7 | 60.3 |
| 1.2.4. Other sectors | 5.4 | 5.9 | 9.1 | 13.0 | 23.6 | 41.4 | 47.8 | 48.4 | 95.2 |
| Long-term | 5.4 | 5.8 | 9.1 | 11.7 | 23.3 | 41.2 | 46.8 | 47.0 | 88.7 |
| Short-term | 0.0 | 0.1 | 0.0 | 1.3 | 0.3 | 0.3 | 1.0 | 1.4 | 6.5 |
| 1.3. Currency and deposits | 5,782.9 | 4,026.0 | 4,963.5 | 5,133.1 | 4,174.5 | 4,470.5 | 4,026.8 | 4,223.0 | 4,960.0 |
| 1.3.2. General government | 94.7 | 115.7 | 81.9 | 8.9 | 54.2 | 26.4 | 1.4 | 0.0 | 0.0 |
| 1.3.3. Banks | 4,438.8 | 2,754.3 | 3,806.3 | 4,164.6 | 2,958.2 | 3,332.2 | 2,897.7 | 3,087.7 | 3,881.4 |
| 1.3.4. Other sectors | 1,249.4 | 1,156.0 | 1,075.4 | 959.7 | 1,162.1 | 1,111.9 | 1,127.7 | 1,135.3 | 1,078.7 |
| 1.4. Other assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 |
| 2. Liabilities | 8,036.5 | 9,539.1 | 13,337.3 | 15,393.4 | 18,408.7 | 21,947.0 | 22,683.3 | 22,900.8 | 22,704.1 |
| 2.1. Trade credits | 268.4 | 258.4 | 179.5 | 155.1 | 194.2 | 181.5 | 184.1 | 267.7 | 269.7 |
| 2.1.1. General government | 1.3 | 1.1 | 2.3 | 2.1 | 2.6 | 1.9 | 1.7 | 1.5 | 1.4 |
| Long-term | 1.3 | 1.1 | 2.3 | 2.1 | 2.6 | 1.9 | 1.7 | 1.5 | 1.4 |
| Short-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.1.2. Other sectors | 267.1 | 257.4 | 177.2 | 153.0 | 191.6 | 179.5 | 182.4 | 266.2 | 268.4 |
| Long-term | 226.7 | 209.9 | 155.0 | 129.8 | 163.8 | 143.6 | 148.5 | 228.3 | 239.5 |
| Short-term | 40.4 | 47.5 | 22.2 | 23.2 | 27.8 | 35.9 | 33.9 | 37.9 | 28.9 |
| 2.2. Loans | 6,722.9 | 6,981.2 | 10,027.9 | 11,578.7 | 14,035.5 | 16,836.1 | 16,945.5 | 16,971.6 | 17,599.6 |
| 2.2.1. Croatian National Bank | 213.8 | 21.5 | 363.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| o/w: IMF | 138.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.2. General government | 1,672.7 | 1,950.8 | 2,260.5 | 2,590.2 | 2,990.6 | 3,020.7 | 2,986.5 | 2,972.8 | 2,975.9 |
| Long-term | 1,672.7 | 1,950.8 | 2,260.5 | 2,590.2 | 2,990.6 | 3,020.7 | 2,986.5 | 2,972.8 | 2,975.9 |
| Short-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.2.3. Banks | 1,813.5 | 1,878.7 | 3,403.0 | 4,037.3 | 4,887.5 | 5,367.8 | 4,843.7 | 4,285.2 | 3,852.2 |
| Long-term | 1,810.8 | 1,878.4 | 2,798.5 | 3,517.4 | 3,822.7 | 4,217.3 | 3,830.0 | 3,440.5 | 3,415.0 |
| Short-term | 2.6 | 0.3 | 604.6 | 519.9 | 1,064.8 | 1,150.4 | 1,013.7 | 844.6 | 437.2 |
| 2.2.4. Other sectors | 3,022.9 | 3,130.1 | 4,001.0 | 4,951.3 | 6,157.3 | 8,447.7 | 9,115.3 | 9,713.6 | 10,771.5 |
| Long-term | 2,969.0 | 3,103.0 | 3,933.0 | 4,852.7 | 6,017.1 | 8,287.1 | 8,752.9 | 9,309.2 | 10,142.3 |
| Short-term | 53.9 | 27.2 | 68.1 | 98.5 | 140.2 | 160.6 | 362.4 | 404.5 | 629.1 |
| 2.3. Currency and deposits | 719.9 | 1,898.6 | 2,738.8 | 3,242.7 | 3,635.6 | 4,398.3 | 5,007.8 | 5,053.0 | 4,150.2 |
| 2.3.1. Croatian National Bank | 1.7 | 1.7 | 2.6 | 2.4 | 2.6 | 2.6 | 2.1 | 2.3 | 2.0 |
| 2.3.2. Banks | 718.3 | 1,896.9 | 2,736.2 | 3,240.3 | 3,632.9 | 4,395.7 | 5,005.7 | 5,050.7 | 4,148.2 |
| 2.4. Other liabilities | 325.3 | 400.9 | 391.2 | 417.0 | 543.5 | 531.2 | 545.9 | 608.6 | 684.6 |

^a Revised data. ^b Preliminary data.

Table I1: Consolidated Central Government According to the Government Level

million kuna

| | 2004 | 2005 | 2006 | 2007 | | | | | | |
|--|----------|----------|-----------|---------|---------|----------|----------|---------|---------|----------|
| | | | | Jan. | Feb. | Mar. | Apr. | May | Jun. | Jul. |
| 1. REVENUE (A+B) | 87,019.3 | 92,642.5 | 100,392.6 | 8,548.4 | 8,143.3 | 8,076.5 | 10,701.2 | 9,219.6 | 8,996.5 | 9,855.2 |
| A) Budgetary central government | 80,463.5 | 85,653.0 | 95,234.1 | 8,250.8 | 7,797.0 | 7,800.9 | 10,345.3 | 8,757.0 | 8,607.4 | 9,334.2 |
| B) Extrabudgetary users | 6,555.8 | 6,989.5 | 5,158.5 | 297.5 | 346.4 | 275.6 | 356.0 | 462.6 | 389.1 | 521.0 |
| 1. Croatian Pension Insurance Administration | 129.9 | 38.0 | 293.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. Croatian Institute for Health Insurance | 663.1 | 863.9 | 848.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3. Croatian Employment Service | 15.5 | 18.9 | 18.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4. Croatian Waters | 1,224.4 | 1,227.8 | 1,526.9 | 141.9 | 88.0 | 161.3 | 154.7 | 145.8 | 156.5 | 198.6 |
| 5. Fund for Environmental Protection and Energy Efficiency | 170.7 | 214.7 | 659.8 | 38.3 | 82.3 | 53.9 | 53.6 | 125.4 | 62.7 | 104.7 |
| 6. Croatian Motorways Ltd. | 2,295.4 | 2,547.0 | 1,271.1 | 87.7 | 95.9 | 54.1 | 124.2 | 108.0 | 123.6 | 196.9 |
| 7. Croatian Roads Ltd. | 1,417.8 | 1,474.7 | 64.7 | 4.5 | 4.0 | 3.3 | 3.7 | 3.9 | 36.0 | 6.4 |
| 8. State Agency for Deposit Insurance and Bank Rehabilitation | 575.9 | 367.4 | 409.6 | 15.6 | 73.7 | 2.4 | 16.2 | 78.1 | 5.5 | 12.3 |
| 9. Croatian Privatisation Fund | 62.9 | 237.0 | 65.9 | 9.5 | 2.5 | 0.6 | 3.5 | 1.4 | 4.8 | 2.2 |
| 2. EXPENSE (A+B) | 86,941.4 | 92,332.1 | 98,751.4 | 7,851.1 | 8,698.2 | 8,811.9 | 8,659.3 | 8,272.0 | 8,387.0 | 8,734.9 |
| A) Budgetary central government | 81,861.2 | 86,715.6 | 91,979.7 | 7,477.1 | 8,336.9 | 8,481.0 | 8,270.9 | 7,804.2 | 7,884.4 | 8,258.3 |
| B) Extrabudgetary users | 5,080.3 | 5,616.5 | 6,771.7 | 374.0 | 361.3 | 331.0 | 388.4 | 467.8 | 502.6 | 476.6 |
| 1. Croatian Pension Insurance Administration | 587.4 | 382.2 | 565.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. Croatian Institute for Health Insurance | 831.3 | 914.3 | 931.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3. Croatian Employment Service | 141.3 | 145.9 | 155.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4. Croatian Waters | 1,426.3 | 1,489.5 | 1,779.1 | 142.0 | 86.4 | 104.1 | 103.9 | 117.4 | 157.7 | 150.7 |
| 5. Fund for Environmental Protection and Energy Efficiency | 32.4 | 172.0 | 734.8 | 47.0 | 74.4 | 72.9 | 59.8 | 102.5 | 60.3 | 86.5 |
| 6. Croatian Motorways Ltd. | 752.3 | 1,085.1 | 1,272.7 | 79.1 | 123.2 | 72.2 | 135.7 | 147.3 | 182.6 | 116.7 |
| 7. Croatian Roads Ltd. | 934.6 | 1,062.4 | 1,226.9 | 79.6 | 70.3 | 75.6 | 76.9 | 92.0 | 83.1 | 113.0 |
| 8. State Agency for Deposit Insurance and Bank Rehabilitation | 314.5 | 183.0 | 27.4 | 19.8 | 1.2 | 1.1 | 2.8 | 2.2 | 9.3 | 4.1 |
| 9. Croatian Privatisation Fund | 60.1 | 182.1 | 78.4 | 6.5 | 5.9 | 5.0 | 9.2 | 6.4 | 9.6 | 5.7 |
| NET/GROSS OPERATING BALANCE (1–2) | 77.8 | 310.3 | 1,641.2 | 697.3 | -554.8 | -735.4 | 2,041.9 | 947.6 | 609.5 | 1,120.3 |
| 3. CHANGE IN NET WORTH: TRANSACTIONS (3.1.+3.2.–3.3.) | 77.8 | 310.3 | 1,641.2 | 697.3 | -554.8 | -735.4 | 2,041.9 | 947.6 | 609.5 | 1,120.3 |
| 3.1. CHANGE IN NET ACQUISITION OF NON-FINANCIAL ASSETS | 8,373.5 | 6,699.4 | 6,108.6 | 215.8 | 283.2 | 412.3 | 450.4 | 564.0 | 520.2 | 957.3 |
| Acquisition | 8,648.4 | 7,024.2 | 6,836.4 | 420.0 | 328.7 | 459.0 | 484.3 | 587.9 | 540.8 | 981.7 |
| A) Budgetary central government | 1,663.9 | 1,828.8 | 1,908.5 | 88.5 | 142.2 | 101.7 | 173.2 | 130.4 | 126.7 | 146.4 |
| B) Extrabudgetary users | 6,984.5 | 5,195.4 | 4,927.9 | 331.5 | 186.5 | 357.3 | 311.1 | 457.4 | 414.1 | 835.4 |
| Disposals | 274.9 | 324.8 | 727.7 | 204.2 | 45.5 | 46.8 | 33.9 | 23.8 | 20.7 | 24.4 |
| A) Budgetary central government | 244.4 | 275.1 | 352.7 | 170.3 | 45.4 | 32.3 | 33.3 | 23.7 | 20.5 | 24.2 |
| B) Extrabudgetary users | 30.5 | 49.6 | 375.1 | 33.8 | 0.1 | 14.5 | 0.6 | 0.1 | 0.1 | 0.3 |
| NET LENDING/BORROWING (1–2–3.1.) | -8,295.6 | -6,389.1 | -4,467.4 | 481.5 | -838.0 | -1,147.7 | 1,591.5 | 383.6 | 89.3 | 163.0 |
| TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING) (3.3.–3.2.) | 8,295.6 | 6,389.1 | 4,467.4 | -481.5 | 838.0 | 1,147.7 | -1,591.5 | -383.6 | -89.3 | -163.0 |
| 3.2. CHANGE IN NET ACQUISITION OF FINANCIAL ASSETS | 28.4 | 1,609.8 | -2,576.7 | -71.4 | 974.6 | -755.0 | 1,267.8 | -5.0 | -193.9 | -546.5 |
| 3.2.1. Domestic | 18.6 | 1,614.6 | -2,593.4 | -71.4 | 974.6 | -755.0 | 1,267.8 | -10.3 | -196.7 | -546.5 |
| A) Budgetary central government | 138.6 | 1,747.7 | -3,063.9 | 150.0 | 981.6 | -785.6 | 1,306.8 | -181.7 | -235.8 | -683.7 |
| B) Extrabudgetary users | -120.0 | -133.1 | 470.5 | -221.4 | -6.9 | 30.6 | -39.0 | 171.4 | 39.2 | 137.2 |
| 3.2.2. Foreign | 9.8 | -4.9 | 16.7 | 0.0 | 0.0 | 0.0 | 0.0 | 5.3 | 2.7 | 0.0 |
| A) Budgetary central government | 9.8 | -4.9 | 16.7 | 0.0 | 0.0 | 0.0 | 0.0 | 5.3 | 2.7 | 0.0 |
| B) Extrabudgetary users | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3.2.3. Monetary gold and SDRs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3.3. CHANGE IN NET INCURRENCE OF LIABILITIES | 8,324.0 | 7,998.8 | 1,890.7 | -552.8 | 1,812.7 | 392.6 | -323.7 | -388.5 | -283.3 | -709.5 |
| 3.3.1. Domestic | 4,107.7 | 12,041.7 | 5,282.8 | 6.2 | 1,822.5 | 472.3 | -79.2 | -745.5 | -390.7 | 1,327.5 |
| A) Budgetary central government | 4,038.7 | 10,591.6 | 3,166.3 | 12.4 | 1,824.5 | 277.8 | -222.3 | -819.2 | -388.0 | 918.9 |
| B) Extrabudgetary users | 69.0 | 1,450.1 | 2,116.5 | -6.3 | -1.9 | 194.5 | 143.2 | 73.7 | -2.6 | 408.5 |
| 3.3.2. Foreign | 4,216.3 | -4,042.8 | -3,392.1 | -559.0 | -9.9 | -79.6 | -244.5 | 357.0 | 107.4 | -2,037.0 |
| A) Budgetary central government | 270.3 | -5,080.6 | -3,943.2 | -468.5 | -9.9 | -93.6 | -166.3 | 68.1 | -195.6 | -2,215.7 |
| B) Extrabudgetary users | 3,946.0 | 1,037.8 | 551.2 | -90.5 | 0.0 | 14.0 | -78.2 | 288.8 | 303.0 | 178.7 |

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

million kuna

| | 2004 | 2005 | 2006 | 2007 | | | | | | |
|--|----------|----------|----------|---------|---------|---------|----------|---------|---------|----------|
| | | | | Jan. | Feb. | Mar. | Apr. | May | Jun. | Jul. |
| 1. REVENUE | 80,463.5 | 85,653.0 | 95,235.6 | 8250.84 | 7,797.1 | 7,803.2 | 10,346.8 | 8,757.8 | 8,607.4 | 9,334.3 |
| 1.1. Taxes | 47,149.9 | 50,687.6 | 58,469.1 | 5020.15 | 4,495.4 | 4,502.2 | 6,813.9 | 5,315.2 | 5,157.1 | 5,772.1 |
| 1.2. Social contributions | 29,477.6 | 31,301.3 | 33,877.1 | 2891.14 | 2,921.3 | 2,929.4 | 3,117.3 | 3,069.0 | 3,116.4 | 3,200.9 |
| 1.3. Grants | 10.1 | 27.5 | 196.0 | 0.98 | 0.5 | 10.8 | 43.1 | 18.4 | 40.8 | 7.8 |
| 1.4. Other revenue | 3,825.9 | 3,636.6 | 2,693.3 | 338.57 | 379.9 | 360.7 | 372.6 | 355.2 | 293.1 | 353.5 |
| 2. EXPENSE | 83,131.1 | 87,857.5 | 95,950.0 | 7726.61 | 8,533.3 | 8,703.5 | 8,511.5 | 8,076.3 | 8,150.7 | 8,599.0 |
| 2.1. Compensation of employees | 22,268.3 | 23,182.6 | 24,313.9 | 2183.45 | 2,171.8 | 2,152.2 | 2,441.1 | 2,209.9 | 2,224.9 | 2,504.4 |
| 2.2. Use of goods and services | 4,358.7 | 4,951.9 | 6,069.1 | 387.40 | 541.4 | 521.9 | 603.6 | 494.3 | 486.7 | 505.6 |
| 2.3. Consumption of fixed capital | 0.0 | 0.0 | 0.0 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.4. Interest | 3,972.5 | 4,387.0 | 4,713.6 | 362.48 | 602.3 | 715.5 | 291.8 | 273.7 | 370.6 | 393.0 |
| 2.5. Subsidies | 4,968.1 | 5,248.7 | 5,670.8 | 418.07 | 652.2 | 582.6 | 479.7 | 436.8 | 349.2 | 372.2 |
| 2.6. Grants | 3,420.3 | 3,796.8 | 6,653.0 | 512.56 | 325.2 | 379.6 | 450.5 | 486.4 | 495.2 | 557.3 |
| 2.7. Social benefits | 39,730.9 | 41,358.5 | 43,444.6 | 3699.75 | 3,843.0 | 4,013.5 | 3,755.7 | 3,803.4 | 3,851.3 | 3,788.5 |
| 2.8. Other expense | 4,412.4 | 4,931.9 | 5,085.0 | 162.89 | 397.4 | 338.2 | 489.1 | 371.9 | 372.7 | 478.0 |
| 3. CHANGE IN NET WORTH: TRANSACTIONS | -2,667.6 | -2,204.5 | -714.4 | 524.23 | -736.2 | -900.3 | 1,835.3 | 681.4 | 456.7 | 735.2 |
| 3.1. Change in net acquisition of non-financial assets | 1,419.5 | 1,553.7 | 1,555.8 | -81.87 | 96.8 | 69.5 | 139.9 | 106.7 | 106.2 | 122.2 |
| 3.1.1. Fixed assets | 1,384.6 | 1,517.0 | 1,595.1 | 66.68 | 120.3 | 62.1 | 133.1 | 101.5 | 99.3 | 119.2 |
| 3.1.2. Inventories | 0.0 | 0.0 | -80.2 | -148.91 | -23.6 | -1.3 | -3.4 | 1.5 | 0.0 | -1.7 |
| 3.1.3. Valuables | 7.5 | 7.2 | 7.8 | 0.09 | 0.3 | 0.9 | 0.9 | 0.9 | 2.6 | 1.1 |
| 3.1.4. Non-produced assets | 27.3 | 29.5 | 33.1 | 0.27 | -0.3 | 7.8 | 9.2 | 2.8 | 4.3 | 3.6 |
| 3.2. Change in net acquisition of financial assets | 222.0 | 1,752.8 | -3,047.2 | 150.00 | 981.6 | -785.6 | 1,306.8 | -176.3 | -233.1 | -683.7 |
| 3.2.1. Domestic | 212.2 | 1,757.7 | -3,063.9 | 150.00 | 981.6 | -785.6 | 1,306.8 | -181.7 | -235.8 | -683.7 |
| 3.2.2. Foreign | 9.8 | -4.9 | 16.7 | 0.00 | 0.0 | 0.0 | 0.0 | 5.3 | 2.7 | 0.0 |
| 3.2.3. Monetary gold and SDRs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3.3. Change in net incurrence of liabilities | 4,309.0 | 5,510.9 | -777.0 | -456.1 | 1,814.6 | 184.2 | -388.7 | -751.1 | -583.6 | -1,296.7 |
| 3.3.1. Domestic | 4,038.7 | 10,591.6 | 3,166.3 | 12.4 | 1,824.5 | 277.8 | -222.3 | -819.2 | -388.0 | 918.9 |
| 3.3.2. Foreign | 270.3 | -5,080.6 | -3,943.2 | -468.5 | -9.9 | -93.6 | -166.3 | 68.1 | -195.6 | -2,215.7 |

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

Table I3: Central Government Debt

end of period, million kuna

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | | |
|--|----------|-------------------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Dec. | Dec. ^a | Dec. | Dec. | Dec. | Dec.* | Mar.* | Jun.* | Sep.* | Oct. |
| 1. Domestic debt of central government | 24,907.3 | 31,421.5 | 34,736.4 | 41,517.0 | 55,028.8 | 59,732.5 | 62,292.6 | 62,437.5 | 64,484.3 | 63,086.9 |
| 1.1. Domestic debt of the Republic of Croatia | 21,467.9 | 23,320.0 | 28,160.8 | 37,223.7 | 50,559.5 | 54,216.7 | 56,553.6 | 56,616.2 | 58,174.9 | 56,675.2 |
| Treasury bills | 4,892.3 | 5,632.7 | 6,548.1 | 9,022.5 | 12,533.4 | 12,662.2 | 13,556.6 | 12,956.3 | 12,170.6 | 11,847.5 |
| Money market instruments | 7.4 | 0.1 | 0.3 | – | 0.9 | – | – | – | – | – |
| Bonds | 15,415.8 | 15,887.9 | 17,422.0 | 23,080.1 | 30,716.0 | 34,827.9 | 37,256.9 | 36,732.6 | 36,750.7 | 39,102.9 |
| Credits from the CNB | – | 0.5 | 1.4 | 3.3 | 1.4 | 0.9 | – | – | – | 0.8 |
| Credits from banks | 1,152.4 | 1,798.8 | 4,189.1 | 5,117.8 | 7,307.8 | 6,725.7 | 5,740.1 | 6,927.4 | 9,253.6 | 5,724.1 |
| 1.2. Domestic debt of central government funds | 3,439.4 | 8,101.5 | 6,575.5 | 4,293.3 | 4,469.2 | 5,515.8 | 5,739.0 | 5,821.2 | 6,309.4 | 6,411.7 |
| Money market instruments | – | – | – | – | – | – | – | – | – | – |
| Bonds | 1,636.1 | 4,460.7 | 3,616.4 | 2,040.1 | 176.9 | 253.1 | 277.1 | 202.4 | 203.3 | 204.2 |
| Credits from banks | 1,803.3 | 3,640.7 | 2,959.1 | 2,253.2 | 4,292.3 | 5,262.6 | 5,461.9 | 5,618.8 | 6,106.1 | 6,207.4 |
| 2. External debt of central government | 43,600.8 | 43,399.6 | 49,924.7 | 55,437.5 | 51,769.5 | 48,808.7 | 47,949.2 | 49,288.9 | 47,327.0 | 47,908.7 |
| 2.1. External debt of the Republic of Croatia | 39,732.6 | 37,432.1 | 41,041.9 | 42,231.2 | 36,414.5 | 32,556.6 | 31,798.4 | 31,191.3 | 29,001.7 | 29,317.1 |
| Money market instruments | – | – | – | – | – | – | – | – | – | – |
| Bonds | 30,984.2 | 28,719.3 | 32,115.1 | 32,919.3 | 27,020.1 | 22,836.9 | 22,204.0 | 21,950.1 | 20,023.3 | 20,257.7 |
| Credits | 8,748.4 | 8,712.8 | 8,926.8 | 9,311.9 | 9,394.5 | 9,719.7 | 9,594.4 | 9,241.2 | 8,978.4 | 9,059.4 |
| 2.2. External debt of central government funds | 3,868.2 | 5,967.6 | 8,882.8 | 13,206.3 | 15,354.9 | 16,252.1 | 16,150.9 | 18,097.6 | 18,325.3 | 18,591.6 |
| Money market instruments | – | – | – | – | – | – | – | – | – | – |
| Bonds | 730.1 | 680.4 | 816.9 | 2,846.8 | 2,866.5 | 3,903.1 | 3,845.8 | 5,756.5 | 5,758.1 | 5,837.4 |
| Credits | 3,138.1 | 5,287.2 | 8,066.0 | 10,359.5 | 12,488.4 | 12,349.0 | 12,305.1 | 12,341.1 | 12,567.2 | 12,754.2 |
| 3. Total (1+2) | 68,508.1 | 74,821.1 | 84,661.1 | 96,954.5 | 106,798.2 | 108,541.2 | 110,241.8 | 111,726.4 | 111,811.4 | 110,995.6 |
| Supplement: Central government guaranteed debt | | | | | | | | | | |
| – guarantees for domestic debt | 6,025.6 | 7,528.1 | 6,895.4 | 4,642.0 | 5,345.9 | 7,312.8 | 8,216.3 | 8,106.8 | 8,065.3 | 8,193.4 |
| – guarantees for external debt | 9,288.7 | 8,764.6 | 8,713.0 | 7,787.7 | 7,248.8 | 6,875.1 | 6,809.1 | 6,889.4 | 7,092.3 | 7,137.6 |

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

Table I3: Central Government Debt

Data on the central government debt are based on the available data and are not reconciled with the Ministry of Finance of the Republic of Croatia. The central government debt comprises the domestic and external debt. The Ministry of Finance Monthly Statistical Review, Monetary Authorities Accounts and Banks' Accounts are

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

Table J1: Consumer Price and Producer Price Indices

| Year | Month | Basic indices, 2005 = 100 | | | Chain indices | | | | Monthly year-on-year indices | | | |
|------|-----------|---------------------------|-------|----------|-------------------------------------|-------|----------|-----------------|-------------------------------------|-------|----------|-----------------|
| | | Consumer price indices | | | Consumer price indices ^a | | | Producer prices | Consumer price indices ^b | | | Producer prices |
| | | Total | Goods | Services | Total | Goods | Services | | Total | Goods | Services | |
| 1994 | December | .... | .... | .... | 100.2 | 100.1 | 100.8 | 100.2 | 97.0 | 95.0 | 108.1 | 94.5 |
| 1995 | December | .... | .... | .... | 100.2 | 100.2 | 99.8 | 100.5 | 103.7 | 102.4 | 109.3 | 101.6 |
| 1996 | December | .... | .... | .... | 100.0 | 100.2 | 99.5 | 100.3 | 103.4 | 102.3 | 108.7 | 101.5 |
| 1997 | December | .... | .... | .... | 100.7 | 100.3 | 102.3 | 99.9 | 103.8 | 102.7 | 108.2 | 101.6 |
| 1998 | December | 82.1 | 84.6 | 73.7 | 100.3 | 100.4 | 100.0 | 100.0 | 105.4 | 104.3 | 109.2 | 97.9 |
| 1999 | December | 85.3 | 87.2 | 78.5 | 100.6 | 100.8 | 100.0 | 100.3 | 103.9 | 103.1 | 106.5 | 105.9 |
| 2000 | December | 90.0 | 92.0 | 82.8 | 100.4 | 100.4 | 100.1 | 100.2 | 105.5 | 105.5 | 105.5 | 111.2 |
| 2001 | December | 92.1 | 93.2 | 88.5 | 100.4 | 100.4 | 100.5 | 99.0 | 102.4 | 101.3 | 106.8 | 96.9 |
| 2002 | December | 93.8 | 94.2 | 92.6 | 100.4 | 100.6 | 99.6 | 99.9 | 101.8 | 101.1 | 104.6 | 102.3 |
| 2003 | December | 95.4 | 95.7 | 94.6 | 100.3 | 100.2 | 100.5 | 100.0 | 101.7 | 101.6 | 102.2 | 101.0 |
| 2004 | December | 98.0 | 98.0 | 98.0 | 100.7 | 100.9 | 100.2 | 99.3 | 102.7 | 102.5 | 103.6 | 104.8 |
| 2005 | December | 101.6 | 101.4 | 102.0 | 100.5 | 100.5 | 100.5 | 99.7 | 103.6 | 103.5 | 104.1 | 102.7 |
| 2006 | December | 103.7 | 102.8 | 106.4 | 100.0 | 100.0 | 100.2 | 100.0 | 102.0 | 101.4 | 104.2 | 101.9 |
| 2007 | January | 104.0 | 102.7 | 107.8 | 100.3 | 100.0 | 101.4 | 100.8 | 101.8 | 100.9 | 104.4 | 102.2 |
| | February | 104.3 | 102.9 | 108.5 | 100.3 | 100.2 | 100.6 | 100.2 | 101.2 | 100.4 | 103.7 | 101.7 |
| | March | 104.9 | 103.8 | 108.6 | 100.6 | 100.8 | 100.1 | 100.6 | 101.8 | 101.1 | 103.7 | 102.0 |
| | April | 105.7 | 104.8 | 108.3 | 100.7 | 101.0 | 99.7 | 100.4 | 102.3 | 101.8 | 103.5 | 102.3 |
| | May | 106.2 | 105.5 | 108.1 | 100.5 | 100.6 | 99.9 | 100.4 | 102.2 | 101.9 | 103.0 | 102.3 |
| | June | 105.8 | 104.9 | 108.3 | 99.6 | 99.4 | 100.2 | 100.4 | 101.9 | 101.6 | 102.7 | 102.9 |
| | July | 105.1 | 103.8 | 109.3 | 99.4 | 98.9 | 100.8 | 100.2 | 102.1 | 101.9 | 102.8 | 103.0 |
| | August | 105.7 | 104.4 | 109.9 | 100.6 | 100.6 | 100.5 | 100.8 | 102.6 | 102.6 | 102.6 | 103.6 |
| | September | 107.0 | 106.4 | 108.7 | 101.2 | 101.9 | 98.9 | 100.6 | 103.9 | 104.3 | 102.2 | 104.5 |
| | October | 107.3 | 107.0 | 108.3 | 100.3 | 100.5 | 99.7 | 100.4 | 104.3 | 104.8 | 102.3 | 104.9 |
| | November | 108.4 | 108.3 | 108.6 | 101.0 | 101.2 | 100.2 | 100.6 | 104.6 | 105.3 | 102.4 | 105.4 |

^a Data from January 1992 to December 1997 relate to the retail price index.

^b Data from January 1992 to December 1998 relate to the retail price index.

Source: CBS.

Table J1: Consumer Price and Producer Price Indices

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

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

Table J2: Core Consumer Price Indices

| Year | Month | Basic indices, 2005 = 100 ^a | | | Chain indices | | | Monthly year-on-year indices | | |
|------|-----------|--|-------|----------|---------------|-------|----------|------------------------------|-------|----------|
| | | Total | Goods | Services | Total | Goods | Services | Total | Goods | Services |
| 1998 | December | 87.3 | 88.6 | 80.0 | 99.9 | 99.9 | 100.0 | .... | .... | .... |
| 1999 | December | 89.8 | 91.1 | 82.3 | 100.1 | 100.1 | 100.1 | 102.9 | 102.9 | 103.0 |
| 2000 | December | 92.8 | 93.9 | 86.5 | 100.4 | 100.4 | 100.2 | 103.3 | 103.0 | 105.0 |
| 2001 | December | 93.9 | 94.6 | 89.8 | 99.8 | 99.7 | 100.3 | 101.2 | 100.8 | 103.8 |
| 2002 | December | 95.0 | 95.6 | 91.9 | 100.0 | 100.1 | 99.4 | 101.2 | 101.0 | 102.4 |
| 2003 | December | 96.2 | 96.4 | 94.7 | 100.2 | 100.1 | 101.0 | 101.2 | 100.9 | 103.0 |
| 2004 | December | 98.4 | 98.5 | 97.4 | 100.1 | 100.1 | 100.4 | 102.3 | 102.2 | 102.9 |
| 2005 | December | 101.3 | 101.4 | 101.0 | 100.1 | 100.0 | 100.5 | 103.0 | 102.9 | 103.7 |
| 2006 | December | 103.6 | 103.6 | 103.6 | 99.8 | 99.7 | 100.3 | 102.3 | 102.2 | 102.5 |
| 2007 | January | 103.2 | 103.0 | 104.3 | 99.6 | 99.4 | 100.7 | 102.4 | 102.3 | 103.0 |
| | February | 103.5 | 103.2 | 104.9 | 100.2 | 100.2 | 100.6 | 102.3 | 102.1 | 103.2 |
| | March | 104.0 | 103.7 | 105.1 | 100.5 | 100.5 | 100.2 | 102.5 | 102.2 | 104.0 |
| | April | 104.6 | 104.5 | 104.9 | 100.6 | 100.8 | 99.9 | 102.6 | 102.5 | 103.5 |
| | May | 105.4 | 105.3 | 105.7 | 100.7 | 100.8 | 100.7 | 102.8 | 102.7 | 103.4 |
| | June | 105.5 | 105.2 | 106.7 | 100.1 | 99.9 | 101.0 | 102.4 | 102.2 | 103.1 |
| | July | 105.0 | 104.3 | 108.9 | 99.6 | 99.1 | 102.1 | 102.4 | 102.1 | 103.4 |
| | August | 105.6 | 104.7 | 110.1 | 100.6 | 100.5 | 101.1 | 103.0 | 102.8 | 104.1 |
| | September | 106.3 | 106.1 | 107.6 | 100.7 | 101.3 | 97.7 | 103.0 | 102.9 | 103.3 |
| | October | 107.2 | 107.3 | 106.4 | 100.8 | 101.1 | 98.9 | 103.4 | 103.4 | 103.1 |
| | November | 108.0 | 108.2 | 106.7 | 100.8 | 100.9 | 100.3 | 104.0 | 104.2 | 103.4 |

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

Table J2: Core Consumer Price Indices

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

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

Table J3: Average Monthly Net Wages

in current prices, in kuna

| Year | Month | Nominal amount in kuna | Chain indices | Monthly year-on-year indices | Cumulative year-on-year indices |
|------|-----------|------------------------|---------------|------------------------------|---------------------------------|
| 1994 | December | 1,646.0 | 119.0 | 153.4 | 233.2 |
| 1995 | December | 1,883.0 | 99.4 | 114.4 | 145.7 |
| 1996 | December | 2,217.0 | 104.4 | 117.7 | 111.8 |
| 1997 | December | 2,544.0 | 100.8 | 114.8 | 116.9 |
| 1998 | December | 2,935.0 | 104.6 | 115.4 | 112.8 |
| 1999 | December | 3,262.0 | 100.9 | 111.2 | 114.0 |
| 2000 | December | 3,499.0 | 99.9 | 107.3 | 108.9 |
| 2001 | December | 3,582.0 | 96.6 | 102.4 | 106.5 |
| 2002 | December | 3,839.0 | 98.0 | 107.2 | 105.0 |
| 2003 | December | 4,045.0 | 99.8 | 105.4 | 105.9 |
| 2004 | December | 4,312.0 | 99.1 | 106.6 | 105.9 |
| 2005 | December | 4,473.0 | 97.3 | 103.7 | 104.9 |
| 2006 | October | 4,585.0 | 100.9 | 105.7 | 105.0 |
| | November | 4,883.0 | 106.5 | 106.3 | 105.1 |
| | December | 4,735.0 | 97.0 | 105.9 | 105.2 |
| 2007 | January | 4,739.0 | 100.1 | 106.3 | 106.3 |
| | February | 4,649.0 | 98.1 | 105.6 | 105.9 |
| | March | 4,788.0 | 103.0 | 104.0 | 105.3 |
| | April | 4,750.0 | 99.2 | 105.7 | 105.4 |
| | May | 4,875.0 | 102.6 | 104.0 | 105.1 |
| | June | 4,848.0 | 99.5 | 104.5 | 105.0 |
| | July | 4,855.0 | 100.1 | 106.6 | 105.2 |
| | August | 4,869.0 | 100.3 | 105.1 | 105.2 |
| | September | 4,743.0 | 97.4 | 104.4 | 105.1 |

Source: CBS.

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

index points, original data

| Year | Month | Composite indices | | | Response indices (I) | | | | | | |
|------|-----------|---------------------------|-----------------------------|--------------------------|----------------------|-------|-------|-------|------|-------|-------|
| | | Consumer confidence index | Consumer expectations index | Consumer sentiment index | I1 | I2 | I3 | I4 | I7 | I8 | I11 |
| 1999 | October | -33.7 | -14.9 | -46.3 | -38.4 | -12.1 | -49.9 | -17.6 | 35.5 | -50.7 | -69.7 |
| 2000 | October | -20.9 | 3.5 | -32.2 | -26.2 | 1.2 | -22.0 | 5.7 | 26.9 | -48.3 | -63.6 |
| 2001 | October | -27.0 | -11.4 | -35.6 | -29.6 | -10.0 | -35.9 | -12.7 | 22.9 | -41.3 | -62.3 |
| 2002 | October | -25.2 | -8.3 | -29.3 | -22.6 | -5.1 | -31.2 | -11.5 | 20.1 | -34.1 | -64.0 |
| 2003 | October | -22.2 | -4.5 | -25.0 | -21.5 | -2.6 | -26.5 | -6.4 | 14.7 | -27.1 | -65.2 |
| 2004 | October | -23.9 | -7.9 | -22.0 | -19.1 | -4.1 | -30.5 | -11.6 | 22.5 | -16.5 | -57.3 |
| 2005 | December | -26.4 | -13.7 | -25.6 | -16.4 | -5.9 | -34.4 | -21.5 | 27.6 | -25.9 | -50.6 |
| 2006 | November | -20.0 | -7.6 | -18.1 | -12.5 | -2.3 | -21.6 | -12.9 | 15.7 | -20.2 | -49.0 |
| | December | -18.9 | -4.7 | -15.4 | -10.9 | 1.1 | -22.4 | -10.5 | 16.9 | -12.9 | -49.4 |
| 2007 | January | -14.6 | -0.5 | -15.1 | -12.6 | 1.3 | -20.2 | -2.2 | 11.0 | -12.5 | -46.3 |
| | February | -15.9 | -3.4 | -16.5 | -13.8 | -0.1 | -18.6 | -6.6 | 11.5 | -17.0 | -45.3 |
| | March | -16.7 | -5.0 | -17.8 | -13.0 | -1.4 | -21.7 | -8.6 | 9.7 | -18.7 | -47.2 |
| | April | -14.5 | -1.6 | -15.6 | -11.7 | 1.8 | -18.9 | -4.9 | 5.6 | -16.2 | -49.4 |
| | May | -16.8 | -2.2 | -18.1 | -15.5 | 0.5 | -21.0 | -4.8 | 10.1 | -17.7 | -52.7 |
| | June | -15.6 | -3.5 | -14.2 | -12.2 | -0.5 | -18.0 | -6.5 | 9.3 | -12.5 | -46.2 |
| | July | -13.9 | 0.3 | -12.7 | -12.3 | 2.5 | -13.8 | -2.0 | 8.3 | -11.9 | -47.8 |
| | August | -14.7 | -1.6 | -13.0 | -9.9 | 0.2 | -15.9 | -3.4 | 9.6 | -13.2 | -45.8 |
| | September | -17.9 | -4.5 | -18.6 | -14.4 | -1.2 | -22.0 | -7.8 | 14.4 | -19.5 | -48.2 |
| | October | -15.3 | -1.0 | -15.8 | -12.8 | 1.3 | -17.2 | -3.2 | 12.1 | -17.3 | -47.2 |
| | November | -15.3 | -2.5 | -16.3 | -13.0 | 0.9 | -18.7 | -5.8 | 6.9 | -17.1 | -49.4 |
| | December | -22.2 | -10.6 | -24.5 | -16.8 | 0.0 | -31.8 | -21.2 | 12.8 | -25.0 | -54.8 |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The components of composite indices are as follows:

CCI: I2, I4, I7×(-1), I11

CEI: I2, I4

CSI: I1, I3, I8.

List of Banks and Savings Banks

1 December 2007

Licensed Banks

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

Licensed Housing Savings Banks

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

Other Licensed Institutions with Full Authorisation

1. Hrvatska banka za obnovu i razvitak, Zagreb

Representative Offices of Foreign Banks

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

3. Deutsche Bank AG, Zagreb
4. Komercijalna banka a.d., Zagreb
5. LHB Internationale Handelsbank AG, Zagreb
6. Union de Banques Arabes et Françaises – UBAF, Zagreb

Banks and Savings Banks Undergoing Bankruptcy Proceedings

| Name of bank/savings bank | Date of bankruptcy proceedings initiation |
|---|---|
| 1. Agroobrtnička banka d.d., Zagreb | 14/6/2000 |
| 2. Alpe Jadran banka d.d., Split | 15/5/2002 |
| 3. Cibalae banka d.d., Vinkovci | 20/10/2000 |
| 4. Glumina banka d.d., Zagreb | 30/4/1999 |
| 5. Gospodarska štedionica d.d., Vrbovec | 3/4/2003 |
| 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. Invest štedionica d.o.o., Zagreb | 30/6/1999 |
| 10. Komercijalna banka d.d., Zagreb | 30/4/1999 |
| 11. Međimurska štedionica d.d., Čakovec | 17/3/2004 |
| 12. Neretvansko gospodarska banka d.d., Ploče | 10/5/1999 |
| 13. Štedionica Groš banak d.o.o., Zagreb | 23/4/2001 |
| 14. Štedionica Mediteran d.o.o., Split | 5/12/2001 |
| 15. Trgovačko-turistička banka d.d., Split | 8/9/2000 |
| 16. Županjska banka d.d., Županja | 3/5/1999 |

Banks and Savings Banks Undergoing Winding-up Proceedings

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

Banks and Savings Banks whose License Was Revoked, but Have Not Initiated Winding-up Proceedings

| Name of bank/savings bank | Date of revoking operating license |
|---------------------------------------|------------------------------------|
| 1. Hibis štedionica d.d., Zagreb | 7/3/2001 |
| 2. Marvil štedionica d.d., Zagreb | 8/6/2001 |
| 3. Zagrebačka štedionica d.d., Zagreb | 22/3/2000 |

Management of the Croatian National Bank

1 December 2007

Members of the Council of the Croatian National Bank

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

Management of the CNB

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

Executive Directors

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

